

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

July 14, 2010

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 365 (the "District") met in special session, open to the public, on the 14<sup>th</sup> day of July, 2010, at the Information Center, 13050 Barker Cypress Road, Cypress, Texas, and the roll was called of the members of the Board:

Joe Myers	President
Megan Bradley	Vice President
Alan Silverman	Assistant Vice President
Matthew Lund	Secretary
Michael Vandewater	Assistant Secretary

and all of the above were present.

Also present at the meeting were Alan Beard, Ross Crawford and David Brunnert, directors of Harris County Municipal Utility District No. 364 ("No. 364"); Jon Polley of Johnson, Radcliffe, Petrov & Bobbitt PLLC; Chris Burke of Sander Engineering Corporation ("SEC"); Gary Struzik with Klotz & Associates, Inc. ("Klotz"); Michael Murr of Murr Incorporated; Tim Brown, District resident; Mike Greenwood, Joanne Webb and Mike Breland, residents of No. 364; Terry Cesnik and Leslie Brimmage of Cywood Wildcats Right After Prom ("WRAP"); and Alia Vinson and Jane Miller of Allen Boone Humphries Robinson LLP.

JOINT FACILITIES OPERATIONS AND FINANCES

Mr. Burke reported on iron fixing bacteria test results from the three wells, which could be corroding the groundwater storage tanks. He said that, initially, only well no. 3 tested positive for the bacteria. He reported that live samples from all three wells were inconsistent with the initial findings and showed bacteria in well no. 2, traces in well no. 1 and none in well no. 3. He said that SEC will pull additional samples. The Board discussed the previous floor coating repair to ground storage tank no. 1 and plans to epoxy coat the floor of ground storage tank no. 2.

Mr. Burke reported that Harris County has completed widening of Spring-Cypress Road and the relocation of the joint waterline and that SEC is preparing an application to Harris County for reimbursement of the eligible costs.

MAINTENANCE OF STORMWATER CHANNEL FACILITIES

Mr. Burke reported that standard maintenance is ongoing and discussed pending maintenance invoices for the months of June and July. Upon inquiry by Mr. Brunnert, Mr. Burke reported on the condition of the interlocking pavers in the detention area.

## LOWERING OF WATER WELLS NOS. 1 AND 2

Mr. Burke reported that well no. 1 has been repaired and returned to service, but lowering of well no. 2 will be deferred until the fall of 2010.

## DROUGHT AND WATER CONSERVATION MEASURES

The Board and No. 364 discussed average water pumped per day in the District and No. 364. Mr. Burke said that 2010 consumption levels are lower than 2009.

## RESIDENTIAL IRRIGATION ANALYSIS

Mr. Murr reported to No. 364 that the District received proposals for residential irrigation analysis from Vepo, LLC and PT Spinklers.

## PUBLIC SPACE IRRIGATION ANALYSIS

Mr. Murr presented and discussed his public space irrigation analysis. The Board and No. 364 discussed scheduling a joint meeting with the Coles Crossing Community Association to discuss public space water use.

## WATER CAPACITY AND REUSE

Mr. Burke reported that he is working on a water reuse feasibility analysis, which will assume participation by all invited participants.

## TRAIL IMPROVEMENT/CONTINUATION REPORTS

Ms. Brimmage discussed a 5K and 10K run benefitting WRAP on October 30 from Cy Woods High School through the joint trail system.

The Board, Mr. Murr, and No. 364 discussed the status of construction of the District's Phase III project and No. 364's trail project. Mr. Murr said that additional plantings and sealing of the District's Phase III trail will be completed in September, 2010.

## IRIS ALERT COMMUNITY MESSAGING SYSTEM

Director Myers described the IRIS Alert messaging system to No. 364 and said that he and Director Bradley will be meeting with the service provider to resolve outstanding service issues.

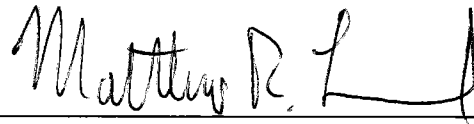
## SECURITY MATTERS

Mr. Breland discussed security within the Coles Crossing community. Director Myers discussed the District's contract with the Harris County Sheriff's Office for a night-shift deputy.

POSSIBLE CONSOLIDATION OF DISTRICT AND HARRIS COUNTY MUNICIPAL  
UTILITY DISTRICT NO. 364

The Board and No. 364 discussed current and projected tax rates for the District and No. 364, the necessary debt service tax rates if the districts consolidated, the effects of consolidation on the districts' debt and operating costs and No. 364's pending bond application on file with the Texas Commission on Environmental Quality. Ms. Vinson and Mr. Polley discussed legal requirements regarding the imposition of uniform tax rates. The Board and No. 364 discussed requesting an opinion from the Texas Attorney General. No. 364's Board of Directors authorized Mr. Polley to draft an opinion request regarding whether consolidated districts may impose separate tax rates.

There being no further business to come before the Board, the Board concurred to adjourn.



Secretary, Board of Directors

(SEAL)

