

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

December 14, 2010

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 365 (the "District") met in regular session, open to the public, on the 14th day of December, 2010, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, Houston, Texas, outside the boundaries of the District, 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, with the exception of Director Vandewater, thus constituting a quorum.

Also present at the meeting were Brian Bare of SWWC Services, Inc. ("SWWC"); Michael Keefe of Bob Leared Interests, Inc.; Chris Burke of Sander Engineering Corporation ("SEC"); Shirley McLennan of McLennan & Associates; Greg Coleman of Beazer Homes Texas ("Beazer"); Sherri Greenwood of BKD, Inc.; and Susan Edwards and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

There was no public comment.

MINUTES

The Board considered approving the minutes of the November 18, 2010, regular meeting, and the November 10, joint and November 11, special meetings. Upon a motion made by Director Bradley and seconded by Director Silverman, the Board voted unanimously to approve the minutes of the November 18, 2010, regular meeting, as amended, and the November 10, joint and November 11, special meetings, as submitted.

AUDIT FOR FISCAL YEAR END AUGUST 31, 2010

Ms. Greenwood reviewed a draft audit of the District's funds for the fiscal year ending August 31, 2010, a copy of which is attached to these minutes. Upon a motion made by Director Lund, seconded by Director Bradley, the Board voted unanimously to approve the audit and management letter, subject to final review and comments.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Keefe reviewed the District's monthly tax report, noting that 4.8% of the 2010 taxes had been collected as of the end of November, 2010. After discussion, Director Silverman moved to approve the tax assessor/collector's report and the checks drawn on the District's tax account. Director Lund seconded the motion, which passed unanimously. A copy of the tax assessor/collector's report is attached.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. McLennan reviewed with the Board the bookkeeper's report, investment report, budget comparison, and the bills and checks presented for payment, including handwritten check no. 2356 to Silversand Services for installation of trees along Jarvis Road. Ms. McLennan updated the directors on Association of Water Board Directors ("AWBD") winter conference registration. Ms. Edwards reported that increases to the joint account reserves had been proposed to Harris County Municipal Utility District No. 364 ("No. 364") for consideration and Ms. McLennan discussed with the Board proposed scenarios to establish the larger reserves. The Board requested that Ms. McLennan make a recommendation to be submitted to No. 364 by ABHR in advance of the January joint meeting. After review and discussion, and upon a motion made by Director Silverman and seconded by Director Lund, the Board voted unanimously to approve (1) the bookkeeper's report; and (2) checks presented for payment. A copy of the bookkeeper's report is attached.

ARBITRAGE REBATE STUDY FOR SERIES 2000 BONDS

The Board took no action on this agenda item, pending receipt of the arbitrage report.

OPERATION OF DISTRICT WATER, SANITARY SEWER, AND STORMWATER FACILITIES

Mr. Bare reviewed the written operations report with the Board, a copy of which is attached. He reviewed routine maintenance and repairs in the District, including valve repairs and adjustments, replacement of meters and replacement of the flow meter at the wastewater treatment plant. He also reviewed test results on effluent at the wastewater treatment plant and wastewater from the Dry Clean Supercenter. Mr. Bare reported that the District's monthly water accountability was 91%. Mr. Bare reported on an inspection of the wastewater treatment plant by the Texas Commission on Environmental Quality ("TCEQ") and corrections made as a result of that inspection. Mr. Bare also distributed a written report, a copy of which is attached, on testing results of meters removed as part of the District's routine meter replacement program. Upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to approve the operator's report.

The Board then conducted a hearing on the termination of utility service to delinquent accounts. Mr. Bare reported that the persons on the termination list were mailed written notice prior to this meeting in accordance with the Rate Order, notifying them of the opportunity to appear before the Board of Directors to explain, contest, or correct the utility service bill and to show reason why utility service should not be terminated for reason of nonpayment. Director Silverman moved that, since the customers on the termination list were neither present at the meeting nor had presented any statement on the matter, utility service should be terminated in accordance with procedures set forth in the District's Rate Order. Director Bradley seconded the motion, which carried unanimously. A copy of the termination list is attached.

REPORT REGARDING DEVELOPMENT IN THE DISTRICT

Mr. Coleman reported regarding the number of homes sold to date and current sales within the Park at Arbordale. A copy of his written report is attached to these minutes.

RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR USE OF SURPLUS FUNDS

The Board discussed reimbursement due to Beazer for certain improvements within the Park at Arbordale. Ms. Edwards said that the developer's engineer is preparing the cost summary for review by SEC and ABHR for the District's application to the TCEQ for release of surplus funds to reimburse Beazer for improvements with the Park at Arbordale.

RECREATIONAL AND LANDSCAPE FACILITIES

The Board discussed trail maintenance and repairs by Association Repairs.

Director Bradley noted that the fence along Jarvis Road is down again. Mr. Burke said that the fence repair contractor has been notified.

ENGINEERING MATTERS

The Board reviewed a written engineer's report submitted by SEC on the status of various projects in the District as follows in these minutes. A copy of the engineer's report is attached.

STORMWATER CHANNEL MAINTENANCE

Mr. Burke recommended payment of invoices for November mowing by Seaback and reported regarding mowing of the fence line along Jarvis Road.

JARVIS ROAD WIDENING

The Board discussed ongoing surveying in the Jarvis Road area and right-of-way. Ms. Edwards said that ABHR has initially contacted Harris County regarding the District's concerns over coordinating construction scheduling and construction. Mr. Burke reported that SEC is meeting with Dannenbaum Engineering to discuss the County's detention analysis. Ms. Edwards further suggested the directors notify the Sheriff's Office that no County construction equipment or activity is permissible on the detention basin site pending the District's written consent. The Board authorized SEC to have the detention basin site boundaries staked.

UTILITY AVAILABILITY REQUESTS

Mr. Burke reported on the status of service to Cheddars Restaurant and Cypress Kids.

Mr. Burke also updated the Board regarding comments received from Harris County Municipal Utility District No. 364's ("No. 364") engineer regarding the 2009 water capacity analysis, regarding any possible surplus capacity available.

PUMP LOWERING PROJECT AT WATER WELL NO. 2

Mr. Burke reported regarding the status of super-chlorinating well no. 1 and mechanical cleaning, acid treatment, and chlorine treatment of well no. 2.

FUTURE WATER SUPPLY

Mr. Burke reported regarding recent discussions with the North Harris County Regional Water Authority regarding expected surface water delivery dates.

CORROSION AT WATER PLANT NO. 2

Mr. Burke reported on the plan to inspect the ground storage tank when the pump lowering at well no. 2 is complete.

WATER REUSE PROJECT

Mr. Burke updated the Board regarding proposed storage required by the proposed water reuse project and comparative costs to treat stored pond water.

ELEVATED STORAGE TANK WAIVER

Mr. Burke reported that SEC continues to work on the elevated storage tank waiver request to be submitted to the Texas Commission on Environmental Quality ("TCEQ").

SANITARY SEWER SERVICE TO ENTOUCH FACILITY AND DEEDS, EASEMENTS AND ENCROACHMENTS

Director Myers stated that he will attend Cole's Crossing Community Association, Inc.'s ("CCCAI") next meeting to follow up on the District's request for sanitary sewer line easements needed from CCCAI to install the line to serve Entouch.

Mr. Burke also reported that Harris County has requested back up documentation to support the District's request for reimbursement for relocation of a waterline along Spring Cypress Road. He also reported that Walgreen's fire line tap has now been tied into the District's relocated water line and that SEC has approached CVS Pharmacy regarding testing its fire system.

Upon a motion by Director Bradley and a second by Director Lund, the Board voted unanimously to approve the engineer's report.

SECURITY REPORT

The Board received the November security report. No Board action was taken.

LICENSING AGREEMENT WITH TECH RADIUM

Director Bradley reported that discussions with Tech Radium regarding program administration are ongoing.

REQUEST FOR ATTORNEY GENERAL OPINION ON THE EFFECTS OF WATER DISTRICT CONSOLIDATION

Ms. Edwards reported that ABHR sent a letter on behalf of the District to Texas State Representative William Callegari supporting No. 364's request for the submittal of an Attorney General's opinion request regarding the constitutionality of the proposed consolidated district levying different debt service tax rates within the boundaries of the consolidated district and submitting three additional questions regarding the tax rates of the proposed consolidated District and the District's existing bond covenants.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

Ms. Edwards discussed with the Board the District's Travel Reimbursement Guidelines with respect to the upcoming Association of Water Board Directors winter conference in Galveston. The Board stated that a director's attendance at the conference

would be eligible for three per diems, based upon arrival Friday and departure Sunday.

JANUARY SPECIAL MEETING AGENDA

The Board discussed the special meeting agenda for January.

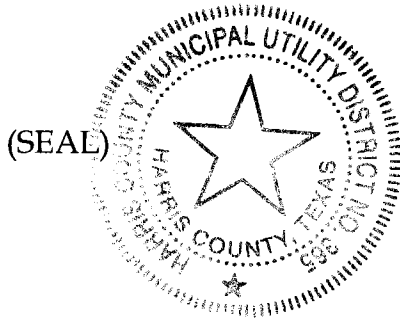
JANUARY JOINT MEETING AGENDA

The Board discussed the joint meeting agenda for January.

CONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551.072, TEXAS GOVERNMENT CODE, TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

The Board determined that no executive session was necessary.

There being no further business to come before the Board, the meeting was adjourned.



Secretary, Board of Directors