

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

January 12, 2011

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 12<sup>th</sup> day of January, 2011, 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, Vince De'Anglis and Dale Trevino, 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 and Steve Stacy with Klotz & Associates, Inc. ("Klotz"); Shirley McLennan with McLennan & Associates, L.P.; and Alia Vinson and Jane Miller of Allen Boone Humphries Robinson LLP.

JOINT FACILITIES OPERATIONS AND FINANCES

Ms. McLennan reviewed and discussed with the Board and No. 364 a proposal to increase the joint water and wastewater account reserves. Following discussion, Director Vandewater moved to increase the joint water account reserve to 2 months of budgeted operating expenses. Director Silverman seconded the motion which passed unanimously. Director Vandewater then moved to increase the joint wastewater account reserve to 2 months of budgeted operating expenses. Director Lund seconded the motion which passed unanimously.

Mr. Burke first reported regarding mowing and maintenance of ditches, Harris County's analysis of the detention required to accommodate drainage from Jarvis Road, and reimbursement from Harris County for relocation of a waterline along Spring Cypress Road.

Mr. Burke then reported regarding the status of super-chlorinating well no. 1 and mechanical cleaning, acid treatment, and chlorine treatment of well no. 2. Mr. Burke said that SEC plans to inspect ground storage tank no. 1 when the pump lowering at well no. 2 is complete, clean the tank floor, and repair nodules. He said that SEC will continue to monitor well no. 3.

Mr. Burke next reported regarding an inspection of the wastewater treatment plant by the Texas Commission on Environmental Quality ("TCEQ") noting months when average daily flow at the plant exceeded 75% of the permitted capacity. Mr. Burke said that SEC is preparing a response to the TCEQ, to explain why an expansion of the plant is unnecessary.

#### DROUGHT AND WATER CONSERVATION MEASURES

Mr. Burke and Mr. Struzik next discussed revisions recommended by Klotz to the District's water capacity analysis. Discussion ensued regarding surface water availability.

Mr. Burke updated the Board regarding storage required by the proposed water reuse project.

#### TRAIL IMPROVEMENT/CONTINUATION REPORTS

Mr. De'Anglis reported regarding the status of construction of a new trail section near the Stillwater subdivision.

#### SECURITY SERVICES

There was no discussion on this agenda item.

#### ATTORNEY GENERAL OPINION ON THE EFFECTS OF WATER DISTRICT CONSOLIDATION

Mr. Polley reported on the status of No. 364's request that Texas State Representative William Callegari submit to the Attorney General an opinion request regarding the constitutionality of the proposed consolidated district levying different debt service tax rates within the boundaries of the consolidated district.

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

  
Secretary, Board of Directors

