

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

January 20, 2011

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 20<sup>th</sup> day of January, 2011, 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.

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; and Susan Edwards, Alia Vinson 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 December 14, 2010, regular meeting, and the December 9, 2010, and January 6, 2011, special and January 12, 2011, joint meetings. Upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to approve the minutes of the December 14, 2010, regular meeting, as submitted, and the December 9, 2010, and January 6, 2011, special and January 12, 2011, joint meetings, as revised.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Keefe reviewed the District's monthly tax report, noting that 64.3% of the 2010 taxes had been collected as of the end of December, 2010. After discussion, Director Lund moved to approve the tax assessor/collector's report, and the checks drawn on the District's tax account. Director Bradley 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. Ms. McLennan reported that increases to the joint account reserves were invoiced to Harris County Municipal Utility District No. 364 ("No. 364"). Ms. Vinson and Ms. McLennan reported regarding invoices received from Tech Radium that appears to calculate charges incorrectly. The Board requested that more information on the Tech Radium invoices be provided. After review and discussion, and upon a motion made by Director Silverman and seconded by Director Bradley, 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.

The Board considered accepting the Disclosure Statements from the District's bookkeeper and Investment Officer as required by the Public Funds Investment Act. Upon a motion made by Director Bradley and seconded by Director Silverman, the Board voted unanimously to accept the Disclosure Statements from the District's bookkeeper and Investment Officer and to authorize filing with the Texas Ethics Commission.

## ARBITRAGE REBATE STUDY FOR SERIES 2005 BONDS

Ms. Edwards reviewed a rebate calculation report for the District's Series 2005 Bonds and stated that the report concludes that no rebate is owed to the Internal Revenue Service. No Board action was taken on this agenda item.

## 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 repair of two commercial meters, cleaning of both lift stations, cleaning of the wastewater treatment plant aeration basin and chlorine basin, repairs following an infrared survey and repair of a crack in the polyphosphate basin at the water 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 92.4%, and attributed the relatively low accountability percentage to an inadvertently open interconnect with Northwest Harris County Municipal Utility District No. 10 ("No. 10"). Mr. Bare also reported on a resident's request for an adjustment of water rates charged at 13107 Far Point Manor Drive. The Board requested that the resident submit a written request for the relief sought or attend a meeting to describe the request. The Board discussed amending the District Rate Order to include seasonal rates and requested that the Rate Order be included on the next regular agenda. Upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to approve the operator's report.

## TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS

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 Lund 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, current sales within the Park at Arbordale and storm water permit renewals. A copy of his written report is attached to these minutes.

Ms. Edwards updated the Board regarding the private sanitary sewer line running through the commercial section of Coles Crossing and status of the District's acquisition of the sanitary sewer line and easements.

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

Mr. Coleman reported regarding the construction of certain improvements within the Park at Arbordale, Sections 1 and 2. He said that Jones & Carter has prepared a draft cost summary that has been submitted to SEC for comment.

## REPORT ON RECREATIONAL AND LANDSCAPE FACILITIES

Mr. Murr reported that he met with contractors to discuss re-grading of the recreational fields. The Board agreed to defer discussing re-grading until closer to the summer.

Mr. Murr also distributed the final public irrigation analysis.

## 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.

## REIMBURSEMENT FROM HARRIS COUNTY FOR WATERLINE RELOCATION

Mr. Burke reported that Harris County has requested back up documentation to support the District's request for reimbursement for its costs to relocate the waterline along Spring Cypress Road and that SEC is compiling same.

## STORMWATER CHANNEL MAINTENANCE

Mr. Burke recommended payment of an invoice for December mowing of the dry detention pond by Seaback.

## JARVIS ROAD WIDENING

Mr. Burke reported that Dannenbaum Engineering continues on behalf of Harris County to evaluate detention related to the expansion of Jarvis Road. Ms. Vinson reported that Randy Schilhab of Harris County Precinct 3 is discussing the project with Harris County Public Infrastructure tomorrow and will contact the District following completion of the detention analysis.

## UTILITY AVAILABILITY REQUESTS

Mr. Burke reported on the status of service to Cheddars Restaurant and noted that Cypress Kids has not yet submitted a deposit for a feasibility study.

## PUMP LOWERING PROJECT AT WATER WELL NO. 2

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. He said that he is asking SWWC to run a sample at well no. 3 to check for iron-fixing bacteria.

## FUTURE WATER SUPPLY, INCLUDING WATER CAPACITY ANALYSIS

Mr. Burke reported regarding recent discussions with the North Harris County Regional Water Authority regarding the schedule for surface water delivery. Mr. Burke updated the Board regarding water capacity of surrounding districts. The Board discussed entering into a regional effort between the District, No. 364, No. 10 and Harris County Water Control District No. 113 to coordinate surface water delivery discussions with the North Harris County Regional Water Authority.

## 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.

## WASTEWATER TREATMENT PLANT, INCLUDING WATER REUSE PROJECT

Mr. Burke next reported regarding an inspection of the wastewater treatment plant by the Texas Commission on Environmental Quality ("TCEQ"), which noted 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.

## 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

Ms. Edwards reported that the attorney representing Coles Crossing Community Association, Inc., requested certain revisions to the easement needed by the District to install the sanitary sewer line to serve Entouch, which revisions have been made.

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 December security report. No Board action was taken.

## EMERGENCY MASS MESSAGING SYSTEM AGREEMENT AND PROPOSAL

The Board discussed the presentation from Classic Messaging LLC at the Board's January special meeting.

## FEBRUARY SPECIAL MEETING AGENDA

The Board discussed the joint meeting agenda for February.

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

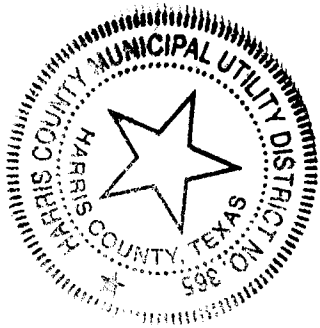
The Board determined that no executive session was necessary.

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

*Matthew L. [Signature]*

Secretary, Board of Directors

(SEAL)



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