

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

February 17, 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 17th day of February, 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, except Director Myers, thus constituting a quorum.

Also present at the meeting were Brian Bare of SWWC Services, Inc. ("SWWC"); Michael Keefe of Bob Leared Interests, Inc.; Greg Coleman of Beazer Homes of Texas ("Beazer"); Shirley McLennan of McLennan & Associates; and Susan Edwards, Alia Vinson and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REPORT REGARDING DEVELOPMENT IN THE DISTRICT

Mr. Coleman reported regarding the number of homes sold to date, current sales within the Park at Arbordale, special incentive sales programs, future sections and elementary school rezoning for the subdivision. 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

Mr. Coleman reported that Jones & Carter has prepared a draft cost summary for infrastructure constructed within the Park at Arbordale that has been submitted to SEC for comment. Upon a motion by Director Silverman and a second by Director Lund, the Board voted unanimously to approve a Resolution Authorizing Application to the Texas Commission on Environmental Quality ("TCEQ") for Use of Surplus Funds, subject to final review by Director Myers.

PUBLIC COMMENT

There was no public comment.

MINUTES

The Board considered approving the minutes of the January 20, 2011, regular meeting. Upon a motion made by Director Vandewater and seconded by Director Lund, the Board voted unanimously to approve the minutes of the January 20, 2011, regular meeting, as submitted.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Keefe reviewed the District's monthly tax report, noting that 95.6% of the 2010 taxes had been collected as of the end of January, 2011. He also reviewed a delinquent accounts and collections report. After discussion, Director Silverman moved to approve the tax assessor/collector's report, and the checks drawn on the District's tax account. Director Vandewater seconded the motion, which passed unanimously. A copy of the tax assessor/collector's report is attached.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board took no action on this agenda item.

RESOLUTION CONCERNING TAX COLLECTION PROCEDURES

The Board took no action on this agenda item.

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. Vinson updated the Board regarding the status of Tech Radium invoices and backup requested by the bookkeeper from Tech Radium. 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, including handwritten check nos. 2412 through 2415, with the exception of check no. 2411, which was voided. A copy of the bookkeeper's report is attached.

Ms. Edwards reviewed an Annual Report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the District's bond resolutions. Following review and discussion, Director Silverman moved to approve the Annual Report, authorize the attorney to submit the District's updated financial and operating data in compliance with the continuing disclosure provisions contained in the bond resolutions, and direct that the Annual

Report be filed appropriately and retained in the District's official records. Director Lund seconded the motion, which passed unanimously.

ARBITRAGE REBATE STUDY FOR SERIES 1998, 1999 AND 2000 BONDS

Ms. Edwards reviewed a rebate calculation report for the District's Series 1998, 1999 and 2000 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 removal of a water meter vault in front of Cheddar's Casual Café. He also provided 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 97.1% and said that Northwest Harris County Municipal Utility District No. 10 ("10") will repay the District in kind for water 10 received when the emergency interconnect between the districts was inadvertently opened. Mr. Bare also reviewed SWWC's and SEC's response to the notice of violation received from the Texas Commission on Environmental Quality ("TCEQ") for the wastewater treatment plant regarding corrective actions. The Board also reviewed the Water Smart application and concurred with the water conservation goals outlined by SEC. Mr. Bare also submitted a request from David Evans to pay in installments. Upon a motion made by Director Silverman and seconded by Director Vandewater, the Board voted unanimously to (1) approve the operator's report; (2) approve the Water Smart application and authorize the District operator to file the application; (3) authorize the District operator to continue with conservation-related messages and brochure inserts in District water bills; and (4) authorize SWWC to accept installment payments for the balance owed on Mr. Evans' account.

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 Vandewater seconded the motion, which carried unanimously. A copy of the termination list is attached.

AMENDMENT OF DISTRICT RATE ORDER

The Board discussed amending the District Rate Order to include seasonal rates, but took no action on this agenda item.

REPORT ON RECREATIONAL AND LANDSCAPE FACILITIES

Ms. Edwards and Ms. Vinson reported regarding information from the Department of Justice regarding access to public recreational facilities by mobility devices. The Board requested that ABHR prepare a policy for the Board's review addressing use of motorized vehicles on the District trails and then the Board will evaluate the need to re-word signage at the trailheads.

ENGINEERING MATTERS

No engineering report was given.

SECURITY REPORT

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

DISTRICT WEBSITE

Director Bradley discussed the proposal from Association Voice. The Board discussed the amount of storage required and documents to be posted to the website. Director Bradley said that, pursuant to the Board's prior authorization, she has selected the basic package and additional storage to be provided by Association Voice.

RENEWAL OF ENERGY CONTRACT

Ms. Vinson noted that the District's current contract extends through April, 2014. The Board took no action on this agenda item.

INTERLOCAL AGREEMENT WITH HARRIS COUNTY FLOOD CONTROL DISTRICT

Ms. Edwards reported on an interlocal agreement with the Harris County Flood Control District for mowing services. Upon a motion made by Director Lund and seconded by Director Vandewater, the Board voted unanimously to approve the interlocal agreement.

MARCH SPECIAL MEETING AGENDA

The Board discussed the special meeting agenda and date for March.

JOINT MEETING AGENDA FOR APRIL

The Board took no action on this agenda item.

MARCH REGULAR MEETING DATE

The Board discussed rescheduling the regular Board meeting for March, 2011, to March 23, 2011, due to spring break.

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



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