

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

April 21, 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 21st day of April, 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, with the exception of Director Silverman, thus constituting a quorum.

Also present at the meeting were Brian Bare of SWWC Services, Inc. ("SWWC"); Brenda McLaughlin of Bob Leared Interests, Inc.; Greg Coleman of Beazer Homes of Texas ("Beazer"); Diane Fingleman of McLennan & Associates; Chris Burke of Sander Engineering Corporation ("SEC"); John DeCell of Vepo, LLC; 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 February 17, 2011 and March 23, 2011, regular meetings and the February 10, 2011 and March 9, 2011, special meetings. Upon a motion made by Director Lund and seconded by Director Bradley, the Board voted unanimously to approve the February 17, 2011 and March 23, 2011, regular meetings and the February 10, 2011 and March 9, 2011, special meetings, as submitted.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McLaughlin reviewed the District's monthly tax report, noting that 98.5% of the 2010 taxes had been collected as of the end of March, 2011, and reviewed delinquent accounts. After discussion, Director Vandewater 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. Fingleman reviewed with the Board the bookkeeper's report, investment report, budget comparison, and the bills and checks presented for payment. After review and discussion, and upon a motion made by Director Lund and seconded by Director Vandewater, the Board voted unanimously to approve: (1) the bookkeeper's report; and (2) checks presented for payment, including check no. 2466 in the amount of \$510 payable to Silversand Services and check no. 2467 in the amount of \$622.65, payable to Association Repairs. A copy of the bookkeeper's report is attached.

AMEND BUDGET FOR FISCAL YEAR AUGUST 31, 2011

Ms. Fingleman next reviewed an amended budget for the fiscal year ending August 31, 2011, and the joint water plant budget for the fiscal year ending August 31, 2011, adjusting entries for the joint water plant, the annual valve and manhole survey and repairs following completion and maintenance of nature trails and tree planting. Upon a motion by Director Bradley and a second by Director Lund, the Board voted unanimously to approve the amended budgets for the fiscal year ending August 31, 2011, as revised.

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 a main line repair near Cheddar's Casual Café, replacement of the chlorine leak detector at the wastewater treatment plant and pumping down of the clarifier at the wastewater treatment plant. He also provided test results on effluent at the wastewater treatment plant and reported that the Dry Clean Supercenter wastewater sample taken on March 23, 2011, exceeded State permitted contaminant levels. Mr. Bare reported that the District's monthly water accountability was 98%. Mr. Bare discussed flushing of well no. 2 to dilute chlorine used to treat the well. Upon a motion made by Director Bradley and seconded by Director Lund, the Board voted unanimously to approve the operator's report and authorize ABHR to prepare and send a warning letter to the Dry Clean Supercenter.

Mr. Bare distributed and reviewed an annual report on the District's Identity Theft Prevention Program ("Program") reflecting the effectiveness of the Program in addressing Identity Theft risk. He noted that SWWC is required to prepare an annual report as Program Administrator. Mr. Bare stated that the annual report indicates no significant incidents of Identity Theft detection and recommends no changes to the Program at this time.

Mr. Bare reviewed a draft Consumer Confidence Report ("CCR"), a copy of which is attached, regarding the quality of the District's water. He said the CCR must be filed with the Texas Commission on Environmental Quality ("Commission") and mailed to District residents by July 1, 2011. Following review and discussion, Director Bradley moved that the Board approve the CCR and authorize the operator to file the CCR with the Commission and mail it to District customers. Director Lund seconded the motion and it passed unanimously.

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

HURRICANE PREPAREDNESS

Mr. Bare reported regarding load testing of all generators, monthly maintenance and fuel supply as part of ongoing storm preparedness.

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 planning for future phases.

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

REPORT ON RECREATIONAL AND LANDSCAPE FACILITIES

Mr. DeCell reported on the status of the District's residential irrigation evaluation program. The Board requested that Mr. DeCell report to the Board quarterly.

Mr. Murr presented proposals, including schedules and budgets, for detention area maintenance and construction. He also presented a proposal to monitor

maintenance of common areas. The Board concurred that Mr. Murr finalize a proposed list of duties for maintenance of common areas and fee schedule.

The Board discussed drainage facilities along the trails, and obstructions to those facilities.

Director Bradley presented a proposal from Association Repairs for various maintenance items in the amount of \$800. Following discussion, the Board concurred to authorize the repairs recommended by Association Repairs.

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 FOR PARK AT ARBORDALE INFRASTRUCTURE

Mr. Burke updated the Board regarding submission of a surplus funds application to the Texas Commission on Environmental Quality ("TCEQ") requesting the use of surplus funds to reimburse Beazer Homes for construction of water, sewer and drainage facilities to serve The Park at Arbordale. Ms. Edwards presented an easement from Hearthstone Multi-Asset Entity D, LP conveying a lift station site to serve The Park at Arbordale. Upon a motion by Director Lund and a second by Director Bradley, the Board voted unanimously to accept an easement from Hearthstone Multi-Asset Entity D, LP conveying a lift station site to serve The Park at Arbordale.

REIMBURSEMENT FROM HARRIS COUNTY FOR WATERLINE RELOCATION

Mr. Burke updated the Board regarding the District's request for reimbursement from Harris County for the District's costs to relocate the waterline along Spring Cypress Road.

STORMWATER CHANNEL MAINTENANCE

Mr. Burke said that no invoices for mowing of the dry detention pond were submitted by Seaback for payment. Mr. Murr provided a map showing maintenance areas for distribution to the mowing contractors. Mr. Burke said that Seaback did minor seeding and fertilizing and reported tree debris on a Coles Crossing Community Association, Inc. ("CCCAI") lot near Dry Creek basin. Director Bradley said that she would advise CCCAI.

JARVIS ROAD WIDENING

Ms. Edwards reported that Harris County is preparing an agreement between the District and Harris County regarding use of the detention facility and construction of a sidewalk along Jarvis Road relating to the expansion of Jarvis Road.

UTILITY AVAILABILITY REQUESTS

Mr. Burke reported on the status of providing service to Cheddar's Casual Café and a previous request for service received from Texas Furniture Hut and discussed inquiries regarding other potential commercial construction projects.

Mr. Burke also reported regarding a wastewater capacity inquiry by Harris County Municipal Utility District No. 418.

PUMP LOWERING PROJECT AT WATER WELL NO. 2 AND FUTURE WATER SUPPLY

Mr. Burke then reported that chlorine treatment of well no. 2 and super chlorination of well no. 1 are complete and that both have been returned to service. He stated that SEC will take down the ground storage tanks at water plant no. 2 for inspection and repair next week.

WASTEWATER TREATMENT PLANT AND WATER REUSE PROJECT

Mr. Burke next reported that the District received a waiver from the ("TCEQ") from the rule requiring expansion of the wastewater treatment plant

Mr. Burke also reported regarding revisions to the reuse feasibility analysis and the scheduling of meetings with potential users of the proposed reuse system.

ELEVATED STORAGE TANK WAIVER

Mr. Burke reported that SEC continues to work on the elevated storage tank waiver request to be submitted to the TCEQ later this year.

SANITARY SEWER SERVICE TO ENTOUCH

Ms. Edwards reported on the status of easements to be conveyed by CCCAI, Inc., to install the sanitary sewer line to serve Entouch.

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

SECURITY REPORT

The Board discussed community response to the District's security efforts and discussed security contract options available. Following discussion, the Board requested that the patrolling officer for the District attend the May special meeting.

PUBLIC COMMUNICATIONS

Director Bradley reported regarding response to a letter to residents regarding the Classic Messaging Emergency Messaging Opt-In Program.

MAY SPECIAL MEETING AGENDA

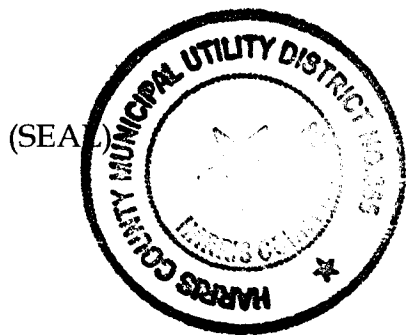
The Board discussed the May special and regular meeting dates and agendas, and concurred to hold the regular meeting on May 26, 2011.

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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