

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

November 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 November, 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 Lund, thus constituting a quorum.

Also present at the meeting were Brian Bare of SWWC Services, Inc. ("SWWC"); Bob Leared of Bob Leared Interests, Inc.; Shirley McLennan of McLennan & Associates; Chris Burke of Sander Engineering Corporation ("SEC"); Greg Coleman of Beazer Homes Texas LP; and 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 October 12 and October 13, 2011, special meetings and the October 20, 2011, regular meeting. Upon a motion made by Director Bradley and seconded by Director Silverman, the Board voted unanimously to approve of the October 12 and October 13, 2011, special meetings and the October 20, 2011, regular meeting, as submitted.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Leared reviewed the District's monthly tax report, noting that less than 1% of the 2011 taxes had been collected as of the end of October, 2011, and reviewed delinquent accounts. Mr. Leared also reported regarding historical collections. After discussion, Director Silverman 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.

RESOLUTION VOTING FOR DIRECTOR FOR BOARD OF DIRECTOR ELECTION FOR HARRIS COUNTY APPRAISAL DISTRICT

The Board considered adopting a Resolution Casting its Ballot for Director for Board of Directors Election for HCAD. Following review and discussion, Director Vandewater moved to adopt a Resolution Casting its Ballot for Director for Board of Directors Election for HCAD, cast the District's vote for Glenn Peters, and direct that the Resolution and ballot be filed appropriately and retained in the District's official records. Director Bradley seconded the motion, which passed by unanimous vote.

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. After review and discussion, and upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to: (1) approve the bookkeeper's report; and (2) approve the checks presented for payment.

ANNUAL REPORT

Ms. Vinson stated that the District is required to file an Annual Report in accordance with the District's Continuing Disclosure of Information Agreement and as required by SEC Rule 15c2-12. Upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to authorize the consultants to prepare the Annual 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 repair of two lift pump motors at lift station no. 3, installation of a new breaker, and replacement of the air conditioning unit and minor repair of a fence at the wastewater treatment plant.

Mr. Bare then discussed with the Board damages incurred by the District when a contractor, performing work unrelated to the District, hit a water main on Barker Cypress Road. He said that invoices for damages thus far total \$6,361.12, that he is expecting an additional invoice, and that all invoices will be submitted with the SWWC December invoice to the District. The Board discussed invoicing the contractor for damages and for water lost, including pumpage fees. Following discussion, the Board concurred to authorize ABHR to send a letter to the contractor requesting

reimbursement for actual damages, for water lost at a rate of \$1.50 per 1,000 gallons, and for pumpage fees incurred as a result of the water lost.

Mr. Bare reported that the District's monthly water accountability was 94.6%. He also provided test results on effluent at the wastewater treatment plant and reported that the Dry Clean Supercenter wastewater sample taken on October 31, 2011, exceeded State permitted contaminant levels.

Following discussion, Director Silverman moved to (1) accept the District operator's report; (2) authorize ABHR to send a letter to the contractor requesting reimbursement for actual damages, for water lost at a rate of \$1.50 per 1,000 gallons and for pumpage fees incurred as a result of the water lost; and (3) authorize ABHR to prepare and send a letter to the Dry Clean Supercenter assessing a penalty of \$1,000 for violation of the District's Rate Order.

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

The Board received a report from Mr. Coleman regarding the number of homes sold to date and current sales within The Park at Arbordale and planning for future phases. Mr. Coleman also commented regarding security patrol and gate access within The Park at Arbordale.

Ms. Vinson and Mr. Burke discussed the status of conveyance of the privately owned sanitary sewer line within Coles Crossing South.

REPORT ON RECREATIONAL AND LANDSCAPE FACILITIES

No report was given.

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 said that the October invoices for mowing of the dry detention pond and removal of a tree were submitted by Seaback Maintenance for payment.

ILLEGAL CONNECTION TO COMMERCIAL DITCH

Mr. Burke and Ms. Vinson reported that the previous illegal connection to the District's drainage ditch has been removed. Mr. Burke said that the owner of the former outfall will need to complete final grading and hydromulching to restore the site. Ms. Vinson also reviewed a letter directed to Harris County (the "County") notifying the County that the ditch is owned by the District and not available for public detention capacity.

MOWING COSTS AND ESTIMATES

The Board next discussed a verbal cost per acre estimate from Environmental Allies for maintenance and modifying Seaback Maintenance's contract to reduce the frequency of mowing.

JARVIS ROAD WIDENING

Mr. Burke next reported regarding Harris County's schedule for the widening of Jarvis Road and the status of obtaining a written agreement between the District and Harris County and said that the project has been placed on hold indefinitely by Harris County.

UTILITY AVAILABILITY REQUESTS

Mr. Burke updated the Board on the status of the proposed Saltgrass Steakhouse and the utilities required to serve it.

FUTURE WATER SUPPLY, INCLUDING WATER CAPACITY ANALYSIS

There was no additional discussion on this agenda item.

WELL RUN TIMES AND DROUGHT CONTINGENCY MEASURES

Mr. Burke reviewed well run times provided by the District's operator and reported well levels. The Board discussed voluntary water conservation signs posted through the District and concurred to remove the signs.

CORROSION AT WATER PLANT NO. 2, INCLUDING EPOXY COATING OF GROUND STORAGE TANK NO. 2

Mr. Burke reported that SEC will inspect ground storage tank no. 2 and repair ground storage tank no. 1 in the winter at the same time that water well no. 3 is down for rehabilitation.

REHABILITATION OF WATER WELL NO. 3

Mr. Burke reported that the contractor was given notice to proceed and that there will be a pre-construction meeting tomorrow. He also said that the emergency interconnect with Northwest Municipal Utility District No. 10 will be open during rehabilitation.

ELEVATED STORAGE TANK WAIVER

Mr. Burke reported that SEC has suspended work on the elevated storage tank waiver request to be submitted to the TCEQ due to the fact that the District is within the limits of current waiver.

SANITARY SEWER SERVICE TO ENTOUCH FACILITY ON SPRING CYPRESS ROAD

Mr. Burke reported that the contractor was given notice to proceed and that a preconstruction meeting will be held on Tuesday. Mr. Burke discussed locating irrigation valves and lines and requested approval of testing for compaction of soil on the backfill. Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to approve the additional testing of soil.

DEEDS, EASEMENTS, AND ENCROACHMENTS

There was no action on this agenda item.

SECURITY REPORT AND CONTRACT WITH HARRIS COUNTY FOR SECURITY SERVICES, INCLUDING LETTER TO HARRIS COUNTY

Ms. Vinson discussed the status of receipt of contracts from Harris County for patrol services to become effective January 1, 2012, and the requested transfer of the District's contract from the Harris County Sheriff's Office to Harris County Constable Precinct 4.

PUBLIC COMMUNICATIONS

There was no action on this agenda item. The Board discussed other methods of notifying the public in the event of service disruptions.

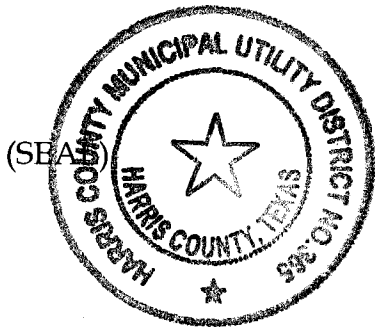
POSSIBLE CONSOLIDATION OF DISTRICT AND HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 364

Ms. Vinson and the Board discussed the proposed consolidation of the District and No. 364 and the initial meeting of the consolidation committee scheduled for November 22, 2011.

DECEMBER REGULAR AND SPECIAL MEETING AGENDAS AND JOINT MEETING CALENDAR FOR 2012

The Board discussed the December special and regular meeting dates and agendas.

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




Secretary, Board of Directors

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