

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

December 15, 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 15th day of December, 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.; Shirley McLennan of McLennan & Associates; Chris Burke of Sander Engineering Corporation ("SEC"); Greg Coleman of Beazer Homes Texas LP; Michael Murr of Murr, Inc.; Sherri Greenwood of BKD, Inc.; and Susan Edwards, Alia Vinson and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

There was no public comment.

AUDIT FOR THE FISCAL YEAR ENDING AUGUST 31, 2011

Ms. Greenwood reviewed a draft audit of the District's funds, including joint facility funds, for the fiscal year ending August 31, 2011, a copy of which is attached to these minutes. Upon a motion made by Director Bradley, seconded by Director Silverman, the Board voted unanimously to approve the audit and management letter, subject to final review and comments.

MINUTES

The Board considered approving the minutes of the November 10, 2011, special meeting and the November 17, 2011, regular meeting. Upon a motion made by Director Lund and seconded by Director Silverman, the Board voted unanimously to approve of the November 10, 2011, special meeting and the November 17, 2011, regular meeting, as submitted.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Keefe reviewed the District's monthly tax report, noting that 6.6% of the 2011 taxes had been collected as of the end of November, 2011, and reviewed delinquent accounts. Mr. Keefe 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 Lund 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, and the bills and checks presented for payment. Ms. McLennan reported no budget to actual comparison this month due to technical difficulties at SWWC. After review and discussion, and upon a motion made by Director Lund and seconded by Director Silverman, the Board voted unanimously to: (1) approve the bookkeeper's report; and (2) approve the checks presented for payment.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

Ms. Edwards discussed with the Board the District's Travel Reimbursement Guidelines with respect to the upcoming Association of Water Board Directors winter conference in Dallas. Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously that a director attending the conference would be eligible for three per diems, based upon arrival Friday and departure Sunday.

OPERATION OF DISTRICT WATER, SANITARY SEWER, AND STORMWATER FACILITIES, INCLUDING TERMINATION OF DELINQUENT ACCOUNTS

Mr. Bare reviewed the written operations report with the Board, a copy of which is attached. No invoices for repairs were submitted due to SWWC's computer billing system conversion. Mr. Bare also reported that many customer bills were not issued due to the conversion. Following discussion, the Board agreed to notify the District customers on the District website of the conversion issues. The Board also requested Mr. Bare to report on the acceptance of electronic customer payments under the new SWWC system when the problems are resolved.

Mr. Bare then discussed with the Board damages incurred by the District when a contractor, performing work unrelated to the District, hit water lines on Barker Cypress Road. He said that invoices for damages total almost \$16,000.00 including estimated lost water and related pumpage fees to the North Harris County Regional Water Authority. Following discussion, Director Bradley moved to accept the District operator's report. Director Lund seconded the motion which passed unanimously.

No accounts were presented for termination due to the failure to send all customer bills.

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.

Ms. Edwards 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

Mr. Murr reported regarding lack of available funding through Texas and Parks Wildlife in connection with a possible grant proposal for a connecting trail system. The Board concurred that Mr. Murr continue with the preparation of the Sidewalk Connection Artery Plan and Design.

Mr. Burke reported regarding ongoing surveying along Jarvis Road and the Board discussed the status of Harris County funding for the widening of Jarvis Road.

Mr. Murr said that he is waiting for proposals for asphalt repairs on the trails and has developed a plan to replace trees/plants along the north trail lost during the summer drought. Director Lund said that clean up of limbs and brush is needed along the north trail at the detention basin.

Mr. Murr reported regarding a meeting with Don Richards of the Coles Crossing Homeowners' Association, Inc. regarding a local Boy Scout's interest in placing mile/location markers along the District trail system as an Eagle Scout project.

Mr. Murr and the Board then discussed ongoing issues with water fountains along the trails, including water ponding issues at the fountain on Coles Crossing Drive. Mr. Murr said that the distributor inspected the fountains and said that there were no pressure regulators. He said that the distributor has offered to install the pressure regulators and refinish the fountains with powder coating. Mr. Murr said that Association Repairs estimates between \$800 to \$900 to dig up the fountains for repair. Mr. Murr said that he will repair the pads under the fountains after they are returned.

Following discussion, Director Bradley moved to authorize repairs to the trail fountains as discussed, including the additional work by Association Repairs to remove the fountains. Director Lund seconded the motion which passed unanimously.

CONSTRUCTION CONTRACT FORMS

Ms. Edwards next distributed a memorandum regarding recent legislation changing the enforceability of broad-form indemnity provisions used in construction contracts that will become effective January 1, 2012. She explained that ABHR has prepared a standard form of construction contract to address the indemnity and other issues, which will be distributed to the District engineer and landscape architect for use on projects advertised after January 1, 2012.

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 AND MOWING COSTS AND ESTIMATES

Mr. Burke said that the November invoice for mowing of the dry detention pond was submitted by Seaback Maintenance for payment. Mr. Burke said that he asked Seaback to discontinue mowing until further notified by the District due to ongoing drought conditions. Mr. Burke discussed with the Board other proposals submitted to the Board for mowing services and budgeted funds for same.

UTILITY AVAILABILITY REQUESTS

Mr. Burke updated the Board on the status of the proposed Saltgrass Steakhouse and the utilities required to serve it and a request for a fire line for an existing commercial center on Highway 290.

Ms. Vinson updated the Board on the previous illegal connection to the District's drainage ditch, which has since been removed. Mr. Burke said that the owner of the former outfall has completed final grading and hydromulching to restore the site. Ms. Vinson discussed response to 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.

Mr. Burke reported that the seepage at the wastewater treatment plant basin has resumed and that SEC's structural engineer will inspect the basins and make a recommendation to the Board.

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.

CORROSION AT WATER PLANT NO. 2, INCLUDING EPOXY COATING OF GROUND STORAGE TANK NO. 2 AND REHABILITATION OF WATER WELL NO. 3

Mr. Burke reported that SEC will inspect ground storage tank no. 2 next week and repair ground storage tank no. 1 while water well no. 3 is down for rehabilitation. Mr. Burke said that Alsay, Inc. pulled the pump from water well no. 3 and that repairs to the column piping and hydro-pneumatic tanks may be needed. He said that he would have recommendations for the Board in January, 2012.

SANITARY SEWER SERVICE TO ENTOUCH FACILITY ON SPRING CYPRESS ROAD

Mr. Burke discussed the status of construction of sanitary sewer service to the Entouch facility on Spring Cypress Road and said that he anticipated that the contractor would complete the construction over the Christmas holidays. The Board requested that Mr. Burke instruct the contractor to restore the irrigation systems removed for construction to the satisfaction of the Coles Crossing Homeowners' Association.

DEEDS, EASEMENTS, AND ENCROACHMENTS

There was no action on this agenda item.

SECURITY REPORT

The Board discussed security patrol within the District and Ms. Vinson updated the Board on the status of the interlocal agreement for security patrol with Harris County.

PUBLIC COMMUNICATIONS

The Board discussed media options for distributing public service announcements to District customers and residents. Following discussion, the Board concurred to authorize Director Bradley to create a draft Facebook page for Board review.

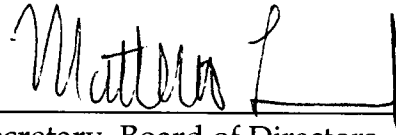
POSSIBLE CONSOLIDATION OF DISTRICT AND HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 364 ("NO. 364")

Directors Myers and Lund discussed the initial meeting of the consolidation committee and proceeding to the next level of discussion with No. 364.

JANUARY REGULAR, SPECIAL AND JOINT MEETING AGENDAS

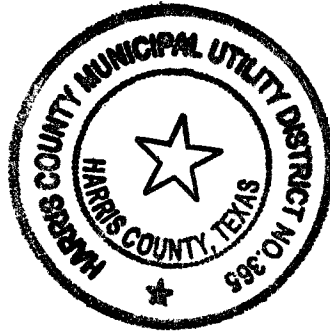
The Board discussed the January joint, special and regular meeting dates and agendas.

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



Secretary, Board of Directors

(SEAL)



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