

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

September 20, 2012

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 20th day of September, 2012, 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	Secretary
Mike Vandewater	Assistant Secretary
Paul Bland	Assistant Vice President

and all of the above were present, except Director Myers, thus constituting a quorum.

Also present at the meeting were Kristen Scott of Bob Leared Interests, Inc.; Shirley McLennan of McLennan & Associates; Brian Bare of Si Environmental, LLC ("SI"); Greg Lentz of First Southwest Company; Jeff McLellan, District resident; Chris Burke of Sander Engineering Corporation ("SEC"); and Alia Vinson and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

Director Bradley offered Board members and consultants the opportunity to remove items from the consent agenda for individual discussion. The Board concurred to remove the bookkeeper's report and hearing on termination of water service to delinquent customers and authorize termination of service to the regular agenda and the Director Silverman moved to approve all remaining items on the consent agenda. Director Vandewater seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are 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. After review and discussion, and upon a motion made by Director Silverman and seconded by Director Bland, the Board voted unanimously to approve: (1) the bookkeeper's

report; and (2) checks presented for payment, including handwritten check no. 2964 in the amount of \$141.65 to the Texas State Comptroller and payment to SWWC, Inc. in the amount of \$29,000. A copy of the bookkeeper's report is attached. Ms. McLennan stated she will bring a proposed amended budget to the next regular meeting.

ADDITIONAL OPERATING MATTERS

Mr. Bare reported regarding copper thefts at nearby municipal utility districts' facilities and discussed installing security alarms and estimates to install and monitor same.

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.

ADDITIONAL ENGINEERING MATTERS

There was no additional discussion under this agenda item.

2012 TAX RATE

Mr. Lentz distributed a written tax rate analysis, a copy of which is attached. Mr. Lentz presented and reviewed two debt service tax rate scenarios and the effects of each on the current budget. After all discussion, upon a motion made by Director Silverman and seconded by Director Bradley, the Board unanimously authorized the tax assessor to publish notice of a public hearing on October 18, 2012, regarding the District's proposed adoption of a total tax rate of \$0.52 per \$100 of valuation, comprised of a \$0.375 debt service component and a \$0.145 operation and maintenance component.

RECYCLING CONTRACT

The Board next discussed extending the District's current contract at the same rate, but took no action. Ms. Vinson reported that an amendment to the recycling services agreement should be available for the Board's consideration at the October regular meeting.

ATTORNEY'S REPORT

Ms. Vinson reported on the next round of documents to be produced as part of the due diligence period between the District and No. 364.

Ms. Vinson 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 and said the developer is assessing the necessity of the conveyance.

OCTOBER REGULAR, SPECIAL AND JOINT MEETING AGENDAS AND CONSULTANTS ATTENDANCE

The Board concurred to (1) hold a joint meeting in the District on October 10, 2012 at 7:00 p.m.; (2) to cancel the special meeting for the month of October; and (3) hold a regular meeting on October 18, 2012, at noon in the offices of ABHR. The Board requested that Michael Murr attend the October 18, 2012 regular meeting to report on landscaping issues.

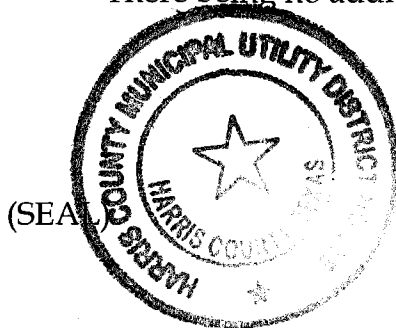
EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER

At 12:49 p.m., Director Bradley announced that the Board would convene in executive session to conduct a private consultation with its attorney to discuss pending or contemplated litigation.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

Director Bradley announced the Board would reconvene in open session at 12:52 p.m. Following discussion, the Board took no action following executive session.

There being no additional business to consider, the meeting was adjourned.




Secretary, Board of Directors

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