

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

December 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 December, 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
Jeff McClellan	Assistant Secretary
Paul Bland	Assistant Vice President

and all of the above were present.

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"); Chris Burke of Sander Engineering Corporation; Greg Coleman of Beazer Homes Texas LP; Sherri Greenwood of BKD, Inc.; and Alia Vinson and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

CONSENT AGENDA

Director Myers offered Board members and consultants the opportunity to remove items from the consent agenda for individual discussion. Director Silverman moved to approve all items on the consent agenda. Director Bradley seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

PUBLIC COMMENT

There was no public comment.

ADDITIONAL BOOKKEEPING MATTERS, INCLUDING TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

Ms. Vinson discussed with the Board the District's Travel Reimbursement Guidelines with respect to the upcoming Association of Water Board Directors winter conference in Austin. Upon a motion by Director Bradley and a second by Director Silverman, the Board voted unanimously that a director attending the conference would

be eligible for three per diems and two nights' hotel stay, and reimbursement for reasonable and necessary meals.

ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Scott discussed updating the District's aerial photograph for \$600. Upon a motion by Director Bradley and a second by Director McClellan, the Board voted unanimously to authorize the District tax assessor collector to obtain an updated photograph for a cost not to exceed \$600.

AUDIT FOR FISCAL YEAR END AUGUST 31, 2012, AND AGREED UPON PROCEDURES REPORT

Ms. Greenwood reviewed a draft audit of the District's funds, including joint facility funds, for the fiscal year ending August 31, 2012, a copy of which is attached to these minutes. Upon a motion made by Director Silverman, seconded by Director McClellan, the Board voted unanimously to approve the audit and management letter, subject to final review and comments.

Ms. Greenwood reviewed an Agreed Upon Procedures Report regarding SWWC Services, Inc. Following discussion, Director Bradley moved to accept the Agreed Upon Procedures Report. The motion, which was seconded by Director Silverman, was approved unanimously.

ADDITIONAL OPERATING MATTERS AND TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS

Mr. Bare reported installation of 21 meters under builder services, repair of lift pump no. 1 on Barker Cypress Road, repair of 37 fire hydrants, replacement of the air conditioning unit at the wastewater treatment plant and inspection of the ground storage and hydro-pneumatic tanks. Mr. Bare said that he expects to receive security system proposals for the District's facilities after Christmas.

The Board then considered delinquent accounts for utility services and concurred to defer acting upon delinquent accounts until January 2013. A copy of the delinquent account list is attached.

Director Silverman discussed cleaning benches on the District's trails. Director Myers said that Michael Murr will discuss Association Repair's proposal to clean the benches at the January 2013 meeting.

ADDITIONAL ENGINEERING MATTERS

Mr. Burke reported on the status of repair to tank nos. 1 and 2 at water plant no. 1 by Preventative Services, LP.

The Board next discussed permit and maintenance transfer of the storm sceptors in The Park at Arbordale. Following review of a proposal from Storm Water Solutions, LP for maintenance and transfer of the storm sceptors in The Park at Arbordale, Director Bradley moved to (1) approve transfer from Beazer Homes Texas LP to the District of the permit for storm sceptors in The Park at Arbordale; (2) accept maintenance of the storm sceptors in The Park at Arbordale; and (3) approve a Services Agreement with Storm Water Solutions, LP for a proposal in the amount of \$4,470 annually for maintenance of storm sceptors in The Park at Arbordale. The motion, which was seconded by Director Bland, passed unanimously.

RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR USE OF SURPLUS FUNDS AND DEVELOPER REIMBURSEMENT REPORT

The Board next discussed property value within The Park at Arbordale and pending amounts to be reimbursed to Beazer Homes Texas LP. Following discussion, Director Bradley moved to approve a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Use of Surplus Funds and authorize the District auditor to prepare a developer reimbursement report. Director Silverman seconded the motion, which passed unanimously.

ATTORNEY REPORT

Ms. Vinson and Directors Bradley and Silverman updated the Board on the last consolidation committee meeting and the progress of both due diligence reviews and consolidation discussions.

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 Ms. McLennan confirmed the District has invoiced the developer for an additional \$5,000 deposit to cover pending invoices.

JANUARY REGULAR, JOINT, AND SPECIAL MEETING AGENDAS

The Board concurred to hold a joint meeting with Harris County Municipal Utility District No. 364 in the District on January 9, 2013, at 7:00 p.m. and a regular meeting on January 17, 2013, at noon in the offices of ABHR. The Board requested that Michael Murr attend the regular meeting on January 17, 2013.

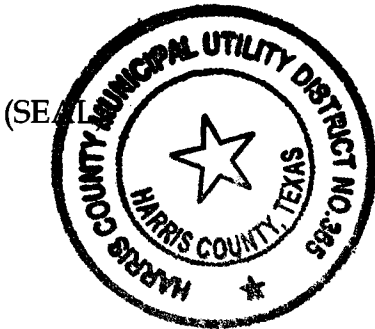
EXECUTIVE SESSION PURSUANT TO SECTIONS 551.071 AND 551.076, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER, AND TO DELIBERATE THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION, OF SECURITY PERSONNEL OR DEVICES

At 12:10 p.m., Director Myers announced that the Board would convene in executive session to conduct a private consultation with the District's attorney to discuss pending or contemplated litigation, or a settlement offer, and to deliberate the deployment, or specific occasions for implementation, of security personnel or devices.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

Director Myers announced the Board would reconvene in open session at 12:25 p.m. No action was taken as a result of discussion in executive session.

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




Secretary, Board of Directors

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