

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

January 17, 2013

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 January, 2013, 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.; Mary Lutz of McLennan & Associates; Brian Bare of Si Environmental, LLC ("SI"); Chris Burke of Sander Engineering Corporation; Greg Coleman of Beazer Homes Texas LP ("Beazer"); 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 Bland moved to approve all items on the consent agenda, with the exception of item 6(a) which was removed for additional discussion by Director Myers. 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

The Board discussed entries for purchased water on the bookkeeping report, sales tax funds received through the District's Strategic Partnership Agreement with the City of Houston, and check no. 3066 for freight charges on warranty items.

ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Scott reported that the actual collection percentage for 2012 taxes is 71.8%.

ADDITIONAL OPERATING MATTERS, INCLUDING TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS

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.

Mr. Bare reviewed an estimate from Electrical Field Services for installation of intrusion alarm systems at District facilities. Following discussion of the estimate and other security options, the Board requested that ABHR send the proposal to Harris County Municipal Utility District No. 364 ("No. 364") requesting feedback and concurred to defer action pending information on additional options.

ADDITIONAL ENGINEERING MATTERS

Mr. Burke reported on preparation of bid packages to address corrosion at water plant no. 2, including additional repair of ground storage tank no. 1 and requested authorization to advertise for bids for repairs to tank nos. 1 and 2. He said he estimates repairs at \$100,000 for patching and coating both tank interiors to the roof. Mr. Burke discussed construction schedules and anticipated dates to return the tanks to service prior to peak usage months and discussed the age and condition of all District tanks and options for controlling erosion. Following discussion, the Board concurred to defer the project until after the peak summer season and requested discussion of the project with No. 364 at the April joint meeting.

The Board also reviewed correspondence from Sanders Engineering regarding a 2.74% rate increase, based on the Consumer Price Index ("CPI") increase. The Board concurred to place the request for increase on the February 2013 regular agenda for consideration.

REPORT ON RECREATIONAL AND LANDSCAPE FACILITIES

Mr. Murr updated the Board on the District's grant application to be submitted to the Texas Parks and Wildlife Department before the February 1, 2013 deadline.

Mr. Murr next reported that Association Repairs submitted an estimate in the amount of \$250 to remove mildew from trail benches. Director Myers requested that Mr. Murr contact the Coles Crossing Community Association and provide them with Association Repair's contact information. Mr. Murr also discussed pricing to replace benches and trash receptacles, if necessary. The Board then discussed trash receptacles currently placed along District trails and adding additional receptacles at trail heads and requested that Mr. Murr prepare a map for the Board's review with proposed placement of additional receptacles.

Mr. Murr next reported that Hayden Paving is delayed in repair of cracks along District trails due to inclement weather, but is scheduled to begin repairs on January 28, 2013.

Director Myers and Mr. Coleman discussed with the Board planting 20 trees along the north trail at the Park at Arbordale and the District's proposed reimbursement of the project costs. Mr. Murr estimated the proposed planting cost at \$4,700. Mr. Coleman requested that Mr. Murr also include pricing for installation of a bubbler irrigation system in the proposal to be presented to the District.

Following discussion, Director Bland moved (1) to authorize payment to Association Repairs for removal of mildew from trail benches; and (2) authorize submittal of a grant application to Texas Parks and Wildlife Department. Director McLellan seconded the motion, which passed unanimously.

ATTORNEY REPORT

Ms. Vinson and Directors Bradley and Myers updated the Board on the last consolidation committee meeting, progress of consolidation discussions and issues remaining to resolve in order to finalize any agreements for consolidation. The Board requested additional information from No. 364 regarding preventative meter replacement and reasons behind No. 364's support of consolidation.

Ms. Vinson reported regarding the District's Post-Issuance Compliance Policy and said that ABHR is not recommending any changes to the District's current policy.

The Board next discussed a request from Texas Water Foundation and Averitt & Associates for participation in a water conservation study for Region H, including a \$3,000 annual contribution for 2 years. Following discussion, the Board concurred to defer action until the February regular Board meeting.

FEBRUARY REGULAR AND SPECIAL MEETING AGENDAS

The Board concurred to hold a special meeting in the District on February 13, 2013, at 7:00 p.m. and a regular meeting on February 21, 2013, at noon in the offices of ABHR. Mr. Murr said that he is not able to attend the special meeting on February 13, 2013, but will send a report.

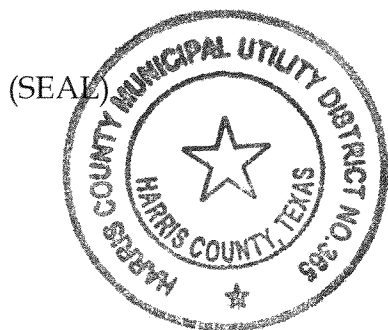
EXECUTIVE SESSION PURSUANT TO SECTIONS 551.071 AND 551.076, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER, AND TO DELIBERATE THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION, OF SECURITY PERSONNEL OR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

At 1:45 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 1:58 p.m. Following discussion in executive session, Director Silverman moved to authorize ABHR to extend a settlement offer to SWWC, Inc., as discussed in executive session. The motion, which was seconded by Director Bradley, passed unanimously.

There being no additional business to consider, the meeting was adjourned at 2:01 p.m.




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

Minutes
Page

engineer's report.....	1
operator's report.....	1
tax assessor/collector report.....	1
termination list	2