

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

March 21, 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 21st day of March, 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:

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| 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, except Director Silverman, 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"); Chris Burke of Sander Engineering Corporation; Greg Coleman of Beazer Homes Texas LP ("Beazer"); and Kerri J. Dorman 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 Bradley requested that the minutes be removed for separate discussion, and then moved to approve all items on the consent agenda with the exception of the minutes. Director McClellan seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

MINUTES

The Board considered approving the minutes of the February 13, 2013, special meeting and the February 21, 2013, regular meeting. Upon a motion made by Director McClellan and seconded by Director Bradley, the Board voted unanimously to approve the minutes of the February 13, 2013, special meeting, as amended, and the February 21, 2013, regular meeting, as submitted.

PUBLIC COMMENT

There was no public comment.

ADDITIONAL BOOKKEEPING MATTERS

Ms. McLennan presented handwritten check no. 3133 to Houston Landscape Services in the amount of \$9,605 for planting of trees on the trail at Park at Arbordale. Upon a motion by Director Bradley and a second by Director McClellan, the Board voted unanimously to approve handwritten check no. 3133 to Houston Landscape Services in the amount of \$9,605 for the services described.

Ms. McLennan also discussed registration for the Association of Water Board Directors ("AWBD") summer conference.

ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Scott presented a new aerial map to the Board. Mr. Burke said he would overlay the map with the District boundary and mount it.

ADDITIONAL OPERATING MATTERS AND TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS

Mr. Bare discussed Dry Clean Supercenter ("DCS") wastewater samples taken during January and February 2013, and methodology for drawing and preparing effluent samples taken. Mr. Bare and Ms. Dorman reported on customer emails and phone calls regarding the fine assessed against DCS by the Board at the February 21, 2013, meeting, including DCS's issues regarding sampling methodology. Mr. Bare explained options for additional sampling. Following discussion, Director Bland moved to authorize a payment plan for the \$2,000 fine assessed against DCS, consisting of four monthly installments of \$500, to be included in DCS's regular utility billing beginning May 1, 2013. Director Bradley seconded the motion, which passed unanimously. The Board concurred to request that Mr. Bare notify the owner of DCS that he remains in violation of the District Rate Order based on sampling results presented this month and that additional fines can and may be assessed.

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 Bradley 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 McClellan seconded the motion, which carried unanimously. A copy of the termination list is attached.

Mr. Bare also reported that SI will check and exercise valves in Section 25 prior to service interruption to repair one valve in Section 25 on Tuesday. He said that SI will appropriately notify customers who will be affected by the outage.

Mr. Bare reported lock tampering at the lift station next to the wastewater treatment plant and said the lock has been replaced.

ADDITIONAL ENGINEERING MATTERS

Mr. Burke reported on corrosion at water plant no. 2 and repair of ground storage tank no. 1. He noted that welders repaired temporary patching at ground storage tank no. 1 due to tank floor flexing and resulting patch failure. Mr. Burke said water plant no. 2 is now fully operational and that Alsay, Inc. will begin well work on the pump at well no. 2. The Board discussed water usage levels during the month and scheduling a facilities tour for Directors Bland and McClellan. Mr. Burke said now that water plant no. 2 is fully operational.

ATTORNEY REPORT

The Board discussed consolidation discussions, and reviewed related correspondence from Harris County Municipal Utility District No. 364 ("No. 364"). No action was taken.

Ms. Dorman updated the Board on the District's pending claim against SWWC, Inc. and noted that a settlement check was received from Traffic Control Devices for a separate claim filed by the District.

The Board reviewed the District's Investment Policy adopted February 16, 2012, to determine if any amendments were necessary. After discussion, the Board determined no amendment was necessary. Upon a motion made by Director Bradley, seconded by Director Bland, the Board voted unanimously to adopt a Resolution Regarding Annual Review of Investment Policy.

The Board reviewed the District's list of qualified broker/dealers and authorized depository institutions. Upon a motion by Director Bradley and a second by Director McClellan, the Board voted unanimously to adopt the Resolution Establishing the Authorized Depository Institution and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions.

Ms. Dorman distributed maps for Harris County Emergency Services District No. 9 ("ESD No. 9") and reported on ESD No. 9's upcoming May 2013 election.

APRIL REGULAR, JOINT AND SPECIAL MEETING AGENDAS

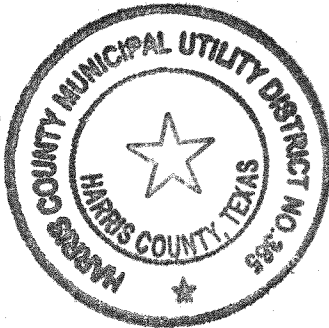
The Board concurred to hold a special meeting jointly with No. 364 in the District on April 10, 2013, at 7:00 p.m. and a regular meeting on April 18, 2013, at noon in the offices of ABHR.

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

The Board did not convene in executive session.

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

(SEAL)




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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