

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

April 17, 2014

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 April, 2014, 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 Kristin Scott of Bob Leared Interests, Inc.; Shirley McLennan of McLennan & Associates; Brian Bare of Si Environmental, LLC ("SI"); Chris Burke of Sander Engineering Corp. ("SEC"); Michael Murr of Murr, Inc.; Greg Lentz of First Southwest Company; Prasad Maragani with Vatani Consulting Engineering, PLLC; Raad Mahdavi of USA Auto Care; Alia Vinson, Katie Carner 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 then moved to approve all items on the consent agenda. Director Silverman seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

REFUNDING BOND ISSUE

Mr. Lentz addressed the Board regarding the possibility of issuing refunding bonds to refund a portion of the District's outstanding Series 2005 bonds. He presented and reviewed a preliminary summary of the refunding issue, including a financial analysis of savings potentially created by the proposed refunding bond issue, a copy of which is attached. After review and discussion, Director Silverman moved to authorize First Southwest and ABHR to move forward with the rating and insurance applications and document preparation, including preparation of the Preliminary Official Statement,

to issue refunding bonds. Director Bradley seconded the motion, which passed unanimously.

ENGINEERING ITEM 16C

Mr. Burke said Mr. Mahdavi is requesting utilities to serve a proposed Auto Care USA to be constructed between CVS Pharmacy and water plant no. 1. Mr. Burke discussed the location of District facilities in relation to the proposed Auto Care USA. The Board concurred to defer discussion and requested Mr. Mahdavi provide additional information regarding proposed access points and proposed utility service.

2014 DIRECTORS ELECTION

Ms. Carner discussed procedures related to the 2014 Directors Election. She presented a Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors executed by the Board Secretary stating that the District received two candidate applications for the two director positions for the May 10, 2014, Directors Election. Following review and discussion, Director Silverman moved to accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors. Director Bland seconded the motion, which passed unanimously.

Ms. Carner presented an Order Cancelling Election and Declaring Unopposed Candidates Elected to Office stating that the May 10, 2014, Directors Election is cancelled and that the unopposed candidates, Megan Bradley and Jeff McClellan, are declared elected to office to serve from the May 10, 2014, election until the May 12, 2018, Directors Election. Following review and discussion, Director Silverman moved to adopt the Order Cancelling Election and Declaring Unopposed Candidates Elected to Office. The motion was seconded by Director Bland and passed unanimously.

ADDITIONAL BOOKKEEPING MATTERS

Ms. McLennan noted the District's new electric contract with Direct Energy begins in April.

Ms. Vinson discussed a notice received from an attorney for Crisp Analytical Laboratories regarding payment for services rendered, but said the payment has been made and no further action is required.

ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

The Board also considered adopting a Resolution Concerning Exemptions from Taxation ("Resolution"), which provides for the exemption from ad valorem taxation of \$20,000 of the appraised value of residence homesteads of individuals who are disabled or are sixty-five years of age or older, but rejects a general homestead exemption as well

as any exemption for travel trailers. Upon a motion made by Director Silverman and seconded by Director Bland, the Board voted unanimously to adopt the Resolution as described.

The Board next considered a Depository Pledge Agreement with Wells Fargo Bank. After review and discussion, Director Silverman moved to approve a Depository Pledge Agreement with Wells Fargo Bank. The motion, which was seconded by Director McClellan, passed unanimously.

SECURITY MATTERS

No report was given.

RECYCLING SERVICES

No report was given.

ADDITIONAL OPERATING MATTERS

Mr. Bare reported on the status of his review of repairs identified during a recent valve exercise and survey with Director Myers. Discussed ensued regarding previous valve repairs completed in the District. Mr. Bare said he would bring a revised repair estimate next month.

The Board next discussed testing of tetrachloroethene levels at the Dry Clean Supercenter and concurred to consider reducing the frequency of testing to bi-annual, but only if levels remain acceptable for the next quarter.

Mr. Bare distributed and reviewed an annual report on the District's Identity Theft Prevention Program ("Program") reflecting the effectiveness of the Program in addressing Identity Theft risk. He noted that Si is required to prepare an annual report as Program Administrator. Mr. Bare stated the annual report indicates no significant incidents of Identity Theft detection and recommends no changes to the Program at this time.

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

ADDITIONAL ENGINEERING MATTERS

Mr. Burke first discussed pending floor repairs and coatings at water plant no. 1 and said the contractor has confirmed that it will not complete the contracted work within the contract period. The Board discussed inspection of the second water tank and the timing of repairs. Following review and discussion, Director Bradley moved to delegate authority to Director Myers to coordinate with the District engineer and operator to determine how to proceed with the repair of water tank no. 2. The motion, which was seconded by Director Silverman, passed unanimously.

Mr. Burke discussed ongoing issues at water well no. 2, presented contracts with Layne Christensen, Co. ("Layne") for signature, confirmed that the bids were forwarded to the engineer for Harris County Municipal Utility District No. 364 ("No. 364") and said that SEC will not issue Notice to Proceed to Layne until the report from Corrpro Companies, Inc. ("Corrpro") is received. Following review and discussion, upon a motion by Director Bland a second by Director McClellan, the Board voted unanimously to (1) approve a change order to the contract with Layne for purchase of a maintenance bond; and (2) appoint Director Myers to receive and review the Corrpro report and make a determination regarding installation of cathodic protection for an amount not to exceed \$15,000.

Mr. Burke updated the Board on preparation of plans for relocation of a waterline to accommodate a proposed daycare along U.S. Highway 290 frontage and said the developer is re-bidding the project at his own cost.

The Board discussed correspondence from Unilev Management Corp. ("Unilev") requesting a letter of no objection to the relocation of a median cut on Jarvis Road. Following discussion, the Board requested that representatives of Unilev attend the May regular meeting.

REPORT ON RECREATIONAL AND LANDSCAPE FACILITIES

Mr. Murr updated the Board on pending detention area improvements and soccer field rehabilitation. Discussion ensued regarding ongoing maintenance of the soccer field, including irrigation meters.

Mr. Murr updated the Board on trail repairs made, including repair of water fountains. He also discussed cracks in pavement and provided an estimate of \$2,500 to repair a hole in the nature trail at Belle Helene.

Director Myers reported correspondence from the Coles Crossing Homeowner's Association requesting installation of a sidewalk behind the tennis courts along Burham Park trails.

ATTORNEY REPORT

Ms. Vinson updated the Board on the status of conveyance of a private sanitary sewer line through commercial property adjacent to Highway 290.

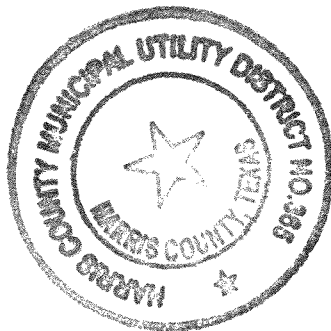
Ms. Vinson stated that the Texas Commission on Environmental Quality ("TCEQ") rules require that the District review and adopt an Amended and Restated Drought Contingency Plan in 2014, prior to May 1st. Ms. Vinson reviewed an Amended and Restated Drought Contingency Plan with the Board. After review and discussion, Director Silverman moved to adopt an Order Adopting Amended and Restated Drought Contingency Plan; Providing for Implementation and Enforcement Thereof; Providing Penalties for Violations; and Containing Other Provisions Related to the Subject and direct that the Order be filed appropriately and retained in the District's official records. Director McClellan seconded the motion, which passed by unanimous vote.

MAY REGULAR AND SPECIAL

The Board concurred to hold a special meeting on May 22, 2014 and hold a regular meeting on May 15, 2014.

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

(SEAL)





Secretary, Board of Directors

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