

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

May 15, 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 15th day of May, 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, except Directors Bland and Bradley, thus constituting a quorum.

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"); Shannon Scoville and Jonathan Myers of Unilev Management Corp ("Unilev"); Greg Lentz of First Southwest Company; 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 Silverman then moved to approve all items on the consent agenda. Director McClellan seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

ENGINEERING ITEM 14D

Ms. Scoville discussed a traffic intake analysis initiated by Unilev to determine placement of a proposed median cut on Jarvis Road to access a proposed development. She also reported discussions with a proposed tenant regarding other possible development on the tract. Discussion ensued regarding landscaping issues associated with both development and movement of the median cut. Director Silverman requested the developer provide information regarding any proposed "re-greening" of the area. The Board tabled discussion to take Unilev's request under consideration.

2014 DIRECTORS ELECTION

The Board considered approving a Certificate of Election, reflecting the election of Megan Bradley and Jeff McClellan to the Board of Directors of the District each for a four-year term. After review and discussion, Director Silverman moved to approve the Certificate of Election and the distribution of same to Directors Bradley and McClellan, and direct that the Certificate of Election be filed appropriately and retained in the District's official records. Director Myers seconded the motion, which passed by unanimous vote.

Ms. Carner reviewed the Sworn Statements and Oaths of Office for Directors Bradley and McClellan. After review and discussion, Director Silverman moved that the Board approve the Sworn Statements and Oaths of Office and direct that the documents be filed in the official records of the District, and that the Oaths of Office be filed with the Secretary of State, as required by law. Director Myers seconded the motion, which passed by unanimous vote.

The Board considered reorganizing the Board of Directors. Following review and discussion, Director Silverman moved to make no changes to the Board organization. Director McClellan seconded the motion, which passed by unanimous vote.

The Board then considered authorizing filing of an updated District Registration Form with the Texas Commission on Environmental Quality ("TCEQ"), reflecting the terms of the newly elected directors and the reorganization of the Board. Following review and discussion, Director Silverman made a motion to authorize filing of the updated District Registration Form with the TCEQ and direct that the District Registration Form be filed appropriately and retained in the District's official records. Director Myers seconded the motion, which passed by unanimous vote.

REFUNDING BOND ISSUE

Mr. Lentz reviewed a financial analysis of savings potentially created by the proposed refunding bond issuance, discussed current bond market conditions, issuance costs of the refunding bonds, and scheduling a closing date. Mr. Lentz also discussed the City of Houston's requirements applicable to the District's refunding bonds. Mr. Lentz reviewed the draft Preliminary Official Statement for the District's Series 2014 Refunding Bonds. Following review and discussion, Director Silverman moved to approve the Preliminary Official Statement, subject to final revisions. Director McClellan seconded the motion, which passed unanimously.

The Board considered designating an underwriter for the Series 2014 Refunding Bonds. Following review and discussion, Director Silverman moved to designate

BOSC, as underwriter of the Series 2014 Refunding Bonds. Director McClellan seconded the motion, which passed unanimously.

The Board considered appointing a paying agent/registrar for the Series 2014 Refunding Bonds. Following review and discussion, Director Silverman moved to appoint Bank of New York Mellon, N.A. as paying agent/registrar for the Series 2014 Refunding Bonds. Director McClellan seconded the motion, which passed unanimously.

Ms. Vinson presented a Resolution Authorizing the Issuance of the District's Series 2014 Refunding Bonds. After review and discussion, Director Silverman moved to (1) adopt the Resolution Authorizing the Issuance of the District's Series 2014 Refunding Bonds for a maximum par amount not to exceed \$4,900,000, and (2) authorize Director Myers to act as the District's authorized representative to approve the sale of the refunding bonds subject to a minimum net present value savings of 4.75% and to select the specific maturities or series of the District's outstanding bonds to be refunded and to perform any actions needed to effect the sale of the Refunding Bonds, including the execution of the Bond Purchase Agreement and any other necessary documents. Director McClellan seconded the motion, which passed unanimously.

ADDITIONAL BOOKKEEPING MATTERS

Ms. McLennan discussed budgeted revenue.

ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

There was no additional discussion.

ADDITIONAL OPERATING MATTERS

Mr. Bare reviewed a revised repair estimates for valve repairs identified during a recent valve exercise and survey with Director Myers.

Ms. Vinson presented and reviewed the District's Critical Load List and explained that the District is required to file the list annually with Harris County and state agencies. Ms. Vinson said that the District engineer, operator and bookkeeper have reviewed the revised Critical Load List and verified that the information is accurate.

Mr. Bare provided a draft Consumer Confidence Report ("CCR") to the Board and said the CCR must be mailed to District customers by July 1.

Following review and discussion, Director Silverman moved to (1) approve the District operator's report; (2) authorize valve repairs listed in the estimated presented;

(3) approve the Critical Load list and authorize ABHR to file with appropriate local and State agencies; and (4) approve the CCR and authorize SI to mail it to District customers by July 1, 2014.

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

ADDITIONAL ENGINEERING MATTERS

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, reviewed two bids for construction of waterline modifications and recommended the Board award the contract to the lowest qualified bidder, Statewide Services, in the amount of \$43,177. After review and discussion, and because it would result in the best and most economical completion of the project, Director McClellan moved to approve the award of the contract to Statewide Services, subject to review and of payment and performance bonds and verification of insurance and subject to receipt of deposits required in Lasco's financing agreement with the District. Director Silverman seconded the motion which passed unanimously.

The Board discussed correspondence from Cy-Fair Christian Church requesting water service.

ATTORNEY REPORT

There was no discussion for this agenda item.

JUNE REGULAR AND SPECIAL

The Board concurred to hold a special meeting on June 17, 2014 and hold a regular meeting on June 19, 2014.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONSULT WITH ATTORNEY REGARDING SWWC SERVICES, INC., AND ANY DAMAGE INCURRED BY THE DISTRICT

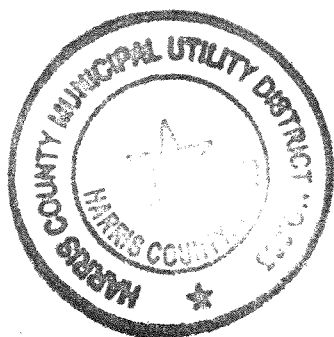
At 1:21 p.m., Director Myers announced that the Board would convene in executive session to conduct a private consultation with attorney to discuss pending or contemplated litigation, or a settlement offer.

RECONVENE TO OPEN SESSION

The Board reconvened in open session at 1:24 p.m. Following discussion in executive session, Director Silverman moved to direct SEC to prepare a change order with MK Painting, as discussed in executive session. Director McClellan seconded the motion, which passed unanimously.

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

(SEAL)




Secretary, Board of Directors

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