

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

July 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 July, 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:

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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 Bradley, thus constituting a quorum.

Also present at the meeting were Kristin Scott of Bob Leared Interests, Inc.; Mary Lutz of McLennan & Associates; Brian Bare of Si Environmental, LLC ("SI"); Chris Burke of Sander Engineering Corp. ("SEC"); Kim Courte of Highpoint Insurance Group, LLC; Dan McDonald of SIG/McDonald & Wessendorff; Michael Murr of Murr Incorporated; 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 Bland seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

ADDITIONAL BOOKKEEPING MATTERS AND BUDGET FOR FISCAL YEAR ENDING AUGUST 31, 2015

Ms. Lutz reviewed draft joint operating budgets for the wastewater treatment plant and water treatment plant for the fiscal year ending August 31, 2015. Following review and discussion, Director Silverman moved to approve the joint operating budgets for the wastewater treatment plant and water treatment plant for the fiscal year ending August 31, 2015. Director McClellan seconded the motion, which passed unanimously.

The Board considered expenses submitted by Board members who attended the summer conference and considered authorizing attendance of the Association of Water Board Directors ("AWBD") winter conference. The bookkeeper noted the expenses are in compliance with the District's travel and reimbursement guidelines. Upon a motion made by Director Silverman and seconded by Director Bland, the Board unanimously authorized reimbursement of the expenses submitted for the summer conference and authorized attendance by all interested directors at the AWBD winter conference.

ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Scott reported that delinquent tax accounts have been turned over to the District's delinquent tax attorney to proceed with collection of delinquent taxes, including additional penalties after July 1. Ms. Scott also discussed preliminary values for 2014.

RENEWAL OF INSURANCE

The Board discussed expiration of District insurance policies and reviewed proposals submitted. Ms. Courte and Mr. McDonald provided additional information regarding the proposals submitted by Highpoint Insurance Group and SIG/McDonald & Wessendorff and Mr. Burke and Mr. Bare discussed outstanding claims. Following discussion, Director Myers requested an agenda item for the August special meeting to review proposals. The Board also requested that revised proposals be resubmitted with including specific coverage for the bridge near the recreational fields.

ADDITIONAL OPERATING MATTERS

The Board discussed website correspondence from a homeowner on Far Point Manor Court requesting the Board remove limbs and foliage extending into his backyard from land behind his home. The Board requested additional information from consultants regarding ownership of the land and deferred further discussion pending receipt of same.

The Board also discussed website correspondence received regarding trash left on the recreational fields. The Board concurred to request ABHR notify the sender that landscaped mowed areas are picked up prior to regular mowing.

Mr. Bare next reported regarding new lead and copper monitoring requirements and reviewed a draft customer letter requesting voluntary sample collection.

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

DROUGHT CONTINGENCY PLANS

Mr. Burke reported the status of repairs to water plant nos. 1 and 2 and reviewed a well production graph. After review and discussion, Director Silverman moved to lift implementation of Stage 1 of the District's Drought Contingency Order. Director McClellan seconded the motion, which passed unanimously.

INTERLOCAL AGREEMENT WITH SUBSIDENCE DISTRICT FOR WATERWISE PROGRAM

Ms. Vinson presented an Interlocal Agreement with Harris-Galveston Subsidence District for the Water Wise Program, in which the District sponsors water conservation educational kits for half of the fifth grade enrollment at Sampson Elementary at a cost of \$35.40 per student. Upon a motion made by Director Silverman and seconded by Director Bland, the Board voted unanimously to approve the Interlocal Agreement with Harris-Galveston Subsidence District for the Water Wise Program.

ADDITIONAL ENGINEERING MATTERS

Mr. Burke presented Change Order No. 1 to the contract with MK Painting, Inc.

Mr. Burke next updated the Board on repair of the column and pump at water well no. 2, and said the well was placed back online July 2, 2014. Mr. Burke reported on an insurance claim submitted for the cost to rebuild the motor is estimated at \$14,000 and has been submitted to the District's insurance carrier as part of the failure claim.

Mr. Burke updated the Board on relocation of a waterline to accommodate a proposed daycare along U.S. Highway 290 frontage, and discussed easements and abandonments necessary to complete construction and issues regarding a storm sewer easement running through the center of the tract.

Discussion ensued regarding inquiry from Harris County Municipal Utility District No. 364 ("No. 364") regarding an available capacity for annexation and expansion.

Following review and discussion, Director McClellan moved to approve Change Order No. 1 to the contract with MK Painting, Inc. The motion, which was seconded by Director Silverman, passed unanimously.

ATTORNEY REPORT

There was no discussion for this agenda item.

SECURITY REPORT

There was no discussion for this agenda item.

EMERGENCY MASS MESSAGING

There was no discussion for this agenda item.

RECREATIONAL AND LANDSCAPE FACILITIES

Mr. Murr reported the back stop at the recreational field was removed.

Mr. Murr reviewed a District project progress report and updated the Board regarding a proposed Eagle Scout project to replace the back stop at the recreational field and a proposed Eagle Scout Project to install numbered posts with corresponding global positioning system identifiers ("GPS") on District trails for use by emergency service personnel ("EMS").

Mr. Murr updated the Board regarding proposals to repair cracks on the trails.

Mr. Murr reported additional dog stations on the District's trail system are on order.

Mr. Murr next discussed proposed trail map signage. Discussion ensued regarding sign size options, proposed installation locations and proposed content. Following review and discussion, Director Silverman moved to choose the sign option on the left of Mr. Murr's report, to make signage double sided and to add the following language: "Coles Crossing is a deed restricted community." Director McClellan seconded the motion, which passed by a vote of 3 to 0, with Director Myers being absent from the vote.

Mr. Murr reported the recreational fields will be hydro-mulched next week.

Mr. Murr next reviewed a layout for development of a possible dog park.

Mr. Murr said he will obtain a quote from Vista Landscape Services for painting and general maintenance of District fences and gates.

RECYCLING SERVICES

There was no discussion for this agenda item.

PUBLIC COMMUNICATIONS

There was no discussion for this agenda item.

AUGUST REGULAR AND SPECIAL

The Board discussed agenda items for the August special and regular meetings

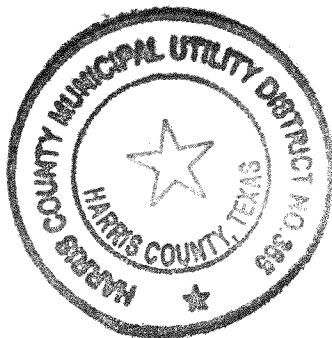
The Board also discussed correspondence from No. 364 regarding a proposed special joint session. Following review and discussion, Director Silverman moved to authorize ABHR to notify the attorney for No. 364 that the District has no additional information for discussion. Director McClellan seconded the motion, which passed by a vote of 3 to 0, with Director Myers being absent from the vote.

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

The Board determined it was not necessary to convene in executive session.

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

(SEAL)




Secretary, Board of Directors

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