

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

August 28, 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 28th day of August, 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 Director Myers, thus constituting a quorum.

Also present at the meeting were Stacy Wagner and Kristin Scott of Bob Leared Interests, Inc.; Shirley McLennan and Karla Velasquez of McLennan & Associates; Chris Wilson of Si Environmental, LLC ("SI"); Chris Burke of Sander Engineering Corp. ("SEC"); Sherri Greenwood of BKD, Inc.; Claudine Pacioni, District resident; Katie Carner and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

CONSENT AGENDA

Director Bradley offered Board members and consultants the opportunity to remove items from the consent agenda for individual discussion. Director Bland 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.

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

Ms. McLennan reviewed a draft budget for the fiscal year ending August 31, 2015. Following review and discussion, Director Silverman moved to approve the budget for the fiscal year ending August 31, 2015. Director Bland seconded the motion, which passed unanimously.

AUDIT FOR FISCAL YEAR END AUGUST 31, 2014

Ms. Greenwood reviewed a proposal for auditing services from BKD. Ms. Greenwood stated the estimated fees are \$16,600 plus an estimated \$2,100 to audit each

joint facility account. After discussion, Director Silverman moved to approve the audit proposals from BKD, LLP. The motion was seconded by Director McClellan, and passed unanimously.

ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Scott updated the Board on preliminary values for 2014.

RENEWAL OF INSURANCE

The Board discussed the August 31, 2014 expiration of the District's current insurance policies placed through SIG/McDonald & Wessendorff and reviewed the boiler machinery premium proposals, including minimum deductibles, from Traveler's Insurance and Hanover/Chubb Group. Following discussion, Director Silverman moved to renew the District's insurance and approve the Hanover/Chubb Group proposal. The motion, which was seconded by Director McClellan, passed unanimously.

ADDITIONAL OPERATING MATTERS

There was no additional discussion for this agenda item.

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

ADDITIONAL ENGINEERING MATTERS

Mr. Burke next updated the Board on repair of the column and pump at water well no. 2, and recommended approval of Pay Estimate No. 1 and Final in the amount of \$95,407. He said SEC is getting proposals for annual maintenance. Following review and discussion, Director Bland moved for approval of Pay Estimate No. 1 and Final in the amount of \$95,407. The motion, which was seconded by Director McClellan, passed unanimously.

Discussion ensued regarding inquiry from Harris County Municipal Utility District No. 364 ("No. 364") regarding available capacity in the joint water facilities. Mr. Burke stated that, although No. 364 requested only an updated water capacity analysis, he recommended that an updated wastewater capacity analysis also be conducted. Following review and discussion, Director Bland moved to authorize SEC to update the water and wastewater capacity analysis for the joint facilities, including influent testing. The motion, which was seconded by Director McClellan, passed unanimously.

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.

Additional discussion ensued regarding placing on the maintenance calendar for the next budget cycle exterior paint at District facilities.

ATTORNEY REPORT

Ms. Carner updated the Board on pending conveyance of a private commercial sanitary sewer line.

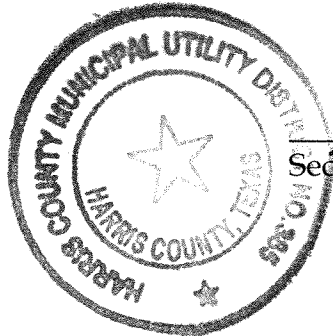
SEPTEMBER REGULAR AND SPECIAL


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

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.




Secretary, Board of Directors

(SEAL)

LIST OF ATTACHMENTS TO MINUTES

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