

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

August 13, 2015

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 13th day of August, 2015, 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 Patty Rodriguez of Bob Leared Interests, Inc.; Shirley McLennan of McLennan & Associates; Brian Bare of Si Environmental, LLC ("SI"); Chris Burke and Erik Miller of Sander Engineering Corp. ("SEC"); Mary DuBois of Acclaim Energy Advisors; Sergeant Nagel of Harris County Sheriff's Department; and Katie Carner, Jane Miller and Chelsea Wappler 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 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.

PUBLIC COMMENT

Sgt. Nagel introduced himself and discussed the District's patrol contract, including personnel and community initiatives.

ADDITIONAL BOOKKEEPING MATTERS, INCLUDING AUDIT FOR FISCAL YEAR END AND BUDGET FOR FISCAL YEAR ENDING AUGUST 31, 2016

Ms. DuBois discussed with the Board the current ERCOT and market trends and the District's current energy contract. Following discussion, the Board concurred to authorize Acclaim to make District account inquiries for the purpose of obtaining pricing proposals.

Ms. McLennan reported the following handwritten checks which will be included in next month's bookkeeping report: no. 3905 in the amount of \$5,925, payable to Schultz & Son for Pay Estimate No. 2 and Final for relocation of the waterline to serve The Children's Learning Adventure, check no. 3879 to Director Silverman in the amount of \$681.59 and check no. 3880 to Director Myers in the amount of \$738.61, both as reimbursement of expenses for the summer AWBD conference.

The Board discussed estimated and budgeted fees for the District's fiscal year end audit of accounts.

Ms. McLennan reviewed draft budgets for the District's general fund and for the joint facilities for the fiscal year ending August 31, 2016.

Following review and discussion, Director Silverman moved to (1) approve the budgets for the District's general fund and for the joint facilities for the fiscal year ending August 31, 2016; and (2) approve audit fees for the fiscal year ending August 31, 2015 for an amount not to exceed \$18,000 for the District's account and an amount not to exceed \$2,100 for each joint account. Director Bland seconded the motion, which passed unanimously.

ADDITIONAL OPERATING MATTERS

Mr. Bare updated the Board regarding customer Burke Ellison's previous appeal for relief from unexpected/unusual high water meter readings and said the meter was pulled and tested, as previously authorized, and no damage to the meter was identified. He also presented a leak adjustment request submitted by the customer stating that no leaks had occurred. Following review and discussion, the Board concurred to deny the request for a leak adjustment because the request did not comply with the District's leak adjustment policy, and to authorize an installment payment plan.

Mr. Bare next presented a leak adjustment request from LA Fitness. Following review of information provided by the customer and account history and usage information provided by the District operator, Director Silverman moved to credit half the District's water charges, pursuant to the District's Leak Adjustment Policy. Director McClellan seconded the motion, which passed unanimously.

TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS

The Board discussed notifying the Coles Crossing Community Association ("CCCAI") of past due accounts scheduled for termination. Following discussion, the Board concurred to instruct SI to send a one-time notice letter to the CCCAI with past due amounts and stating the District and its operator will not continue to monitor CCCAI accounts.

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.

INTERLOCAL AGREEMENT WITH SUBSIDENCE DISTRICT FOR WATERWISE PROGRAM

Ms. Carner 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 fourth/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 introduced Mr. Miller and said Mr. Miller will take over the engineering duties and responsibilities for the District.

Mr. Burke reported well volumes, pumpage and run times and noted well no. 1 dropped in production.

Mr. Burke reported the installation of relocated water and sewer lines to serve the Children's Learning Adventure is complete. He said the old sanitary sewer line has been removed and said the previously approved partial abandonment of the sanitary sewer line easement is ready to be recorded in the Harris County real property records. Ms. McLennan reported the remaining developer deposit amount and discussed associated expenses pending.

Mr. Burke discussed performance of cathodic protection at water wells 1 and 2 and follow up inspection for corrosion.

Mr. Burke stated the plan for sealing the aeration basin at the wastewater treatment plant is still under development.

Following review and discussion, Director Silverman moved to approve Pay Estimate No. 2 and Final for relocation of the waterline to serve The Children's Learning Adventure. Director Bland seconded the motion, which passed unanimously.

ATTORNEY REPORT

Ms. Carner reported the interim water capacity lease agreement between the District and Harris County Municipal Utility District No. 364 has been executed and distributed. She stated the District's bookkeeper has calculated a base rate of \$1.14 per 1,000 gallons for the fiscal year ending August 31, 2016 based upon the joint facilities budget approved at today's meeting.


SEPTEMBER REGULAR AND SPECIAL AGENDAS

The Board discussed meeting on the following dates in September: September 15, 2015 regular meeting and September 17, 2015 special meeting.

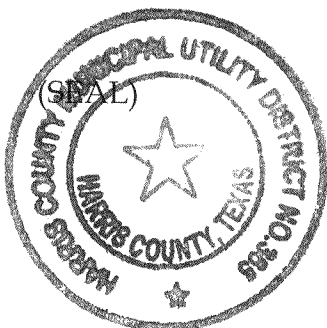
EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

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

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



Asst. Secretary, Board of Directors



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