

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

September 17, 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 17th day of September, 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"); Erik Miller of Sander Engineering Corp. ("SEC"); Greg Lentz of First Southwest Company; Mary DuBois of Acclaim Energy Advisors; 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.

PRESENTATION AND ENERGY MARKET REPORT FROM ACCLAIM ENERGY ADVISORS

Ms. DuBois discussed with the Board the current ERCOT and market trends and the District's current energy contract. Discussion ensued regarding possible facility expansion and contract pricing swing tolerance. Following review and discussion, Director Silverman moved to (1) authorize a 2 year contract through Constellation Energy following the expiration of the District's current contract in April, 2018; and (2) authorize ABHR and Acclaim to review the current contract to determine if any opportunity exists to cancel the current contract and enter into a new contract with Constellation now and to determine the amount of associated penalties and fees for cancellation, if any. Director Bradley seconded the motion, which passed unanimously.

ADDITIONAL BOOKKEEPING MATTERS

Ms. McLennan reported the merger of her firm with ABIP Advisors, LLC.

Ms. Miller reported the audit fee for the fiscal year ending August 31, 2015, is \$17,100 for the District and \$2,100 for each joint account.

ADDITIONAL OPERATING MATTERS AND 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 notify the CCCAI of past due amounts and request the CCCAI to sign up for electronic notice.

The Board discussed regional reports of high water usage.

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.

Director Bland discussed operating information, specifically the Consumer Confidence Report, posted to the District website and resident inquiry regarding same.

2015 TAX RATE

Mr. Lentz distributed a written tax rate analysis, a copy of which is attached. Discussion ensued regarding the proposed joint facilities expansion and the financial impact on the District's projected budget for both capital and maintenance and operational cost participation. After all discussion, upon a motion made by Director Silverman and seconded by Director McClellan, the Board unanimously authorized the tax assessor to publish notice in the Cypress Creek Mirror of a public hearing on October 15, 2015, regarding the District's proposed adoption of a total tax rate of \$0.485 per \$100 of valuation, comprised of a \$0.30 debt service component and a \$0.185 operation and maintenance component and authorize posting of the notice on the District website.

RESOLUTION NOMINATING CANDIDATE FOR BOARD OF DIRECTOR ELECTION
FOR HARRIS COUNTY APPRAISAL DISTRICT

No action was taken on this agenda item.

ADDITIONAL ENGINEERING MATTERS

Mr. Miller reported well volumes, pumpage and run times.

Mr. Miller stated the main leak at the aeration basin at the wastewater treatment plant is sealed, but there is still a minor leak. The Board discussed possible schedules for additional work including de-gritting aeration basin 3, digester 3 and digester 4.

Mr. Miller next discussed a proposal for bi-monthly cathodic protection survey evaluation at well no. 2. Following review and discussion, the Board concurred to table discussion and request SEC get a quarterly evaluation proposal from Corrpro.

Mr. Miller requested a Board member inspect the commercial ditch with SEC. Director Bland volunteered.

Ms. Carner discussed sending a letter to the Texas Commission on Environmental Quality and the Environmental Protection Agency designating Erik Miller as the District's agent, updating the Emergency Preparedness Plan to show Erik Miller as the District's authorized emergency contact and updating the Critical Load Spreadsheet and authorize filing with appropriate agencies to designate Erik Miller as the District's contact for emergencies. Following review and discussion, Director Bland moved to authorize update of the items discussed above to designate Erik Miller as the District's agent, for the purposes described above. Director McClellan seconded the motion, which passed unanimously.

ATTORNEY REPORT

Discussion ensued regarding possible expansion of water facilities and Ms. Carner reviewed a letter from Harris County Municipal Utility District No. 364 ("No. 364") regarding expansion of the joint facilities. The Board also discussed construction management for the expansion of the joint facilities and schedules for receipt of surface water from the North Harris County Regional Water Authority. Following review and discussion, Director Silverman moved to authorize ABHR and SEC to meet with representatives of No. 364 to further discuss the proposed expansion and prepare a written preliminary response to No. 364's notice triggering expansion of joint facilities. Director Silverman seconded the motion, which passed unanimously.

Ms. Carner reviewed a Memorandum from ABHR regarding conflict of interest disclosure required under Chapter 176 of the Texas Local Government Code and

disclosure forms adopted by the Texas Ethics Commission, a copy of which is attached. Ms. Carner stated that pursuant to Chapter 176 of the Texas Local Government Code, the District will maintain a List of Local Government Officers. Ms. Carner reviewed the List of Local Government Officers. After review and discussion, Director McClellan moved to approve and authorize execution of the List of Local Government Officers and direct that the List be filed appropriately and retained in the District's official records. Director Bland seconded the motion, which passed by unanimous vote.

OCTOBER REGULAR AND SPECIAL AGENDAS

The Board discussed meeting on the following dates in October: October 15, 2015 regular meeting and October 13, 2015 special meeting.

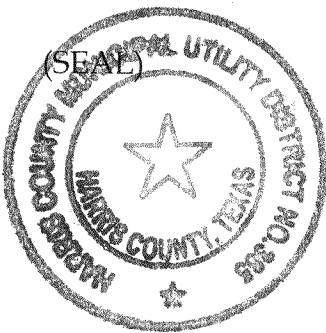
EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

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

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



Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

Minutes
Page

| | |
|-------------------------------------|---|
| engineer's report..... | 1 |
| operator's report..... | 1 |
| tax assessor/collector report | 1 |
| termination list | 2 |
| written tax rate analysis | 2 |