

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

December 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 December, 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 McClellan, 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"); Sherri Greenwood of BKD, LLP; and Alia Vinson, Whitney Ables, and Chelsea Wappler 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.

PUBLIC COMMENT

There was no public comment.

ADDITIONAL BOOKKEEPING MATTERS, INCLUDING TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

Ms. Vinson discussed with the Board the District's Travel Reimbursement Guidelines with respect to the upcoming Association of Water Board Directors winter conference in Galveston. Upon a motion by Director Silverman and a second by

Director Bland the Board voted unanimously that a director attending the conference would be eligible for three per diems and two nights' hotel stay, and reimbursement for reasonable and necessary meals.

AUDIT FOR THE FISCAL YEAR ENDING AUGUST 31, 2015

Ms. Greenwood reviewed a draft audit of the District's funds, including joint facility funds, for the fiscal year ending August 31, 2015, a copy of which is attached to these minutes. Upon a motion made by Director Bradley, seconded by Director Silverman, the Board voted unanimously to approve the audit and management letter, subject to final review and comments.

ADDITIONAL OPERATING MATTERS

Mr. Bare updated the Board regarding semi-annual testing of wastewater from the sample well at the Dry Clean Super Center on Barker Cypress Road and said all samples pulled since the District's last notice of violation letter to the owner of the Dry Clean Super Center have been within the parameters allowed by the Texas Commission on Environmental Quality ("TCEQ") for Maximum Contaminant Levels ("MCL") for tetrachloroethylene. Following review and discussion, the Board concurred that SI should sample again in 6 months.

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. Following review and discussion, the Board concurred to defer termination of utility services to delinquent accounts until January, 2016.

ADDITIONAL ENGINEERING MATTERS

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

Mr. Miller next updated the Board regarding No. 364's proposed expansion of the District's joint water and wastewater facilities and requested authorization to prepare preliminary engineering reports to address expansion of the wastewater treatment plant and installation of a 250-300 gallons per day (GPM) water well, as discussed, subject to approval of the pending Joint Facilities Expansion and Financing Agreement between the District and No. 364 and receipt of a deposit to cover engineering fees. Following review and discussion, Director Bradley moved to authorize SEC to prepare preliminary engineering reports, subject to approval of the pending Joint Facilities Expansion and Financing Agreement between the District and

No. 364 and receipt of a deposit to cover engineering fees. Director Bland seconded the motion, which passed unanimously.

Mr. Miller next reported regarding ongoing mechanical issues at water well no. 2 as a result of excessive vibration. Mr. Miller reviewed a proposal from Layne Christensen Companies ("Layne") in the amount of \$20,104 to replace the top special shaft on water well no. 2, conduct vibration testing, replace the shaft, set the pump and performance test the reinstalled assembly. He also presented a proposal from Corpro Companies, Inc. ("Corrpro") in the amount of \$905 to disconnect the previously installed cathodic protection system at water well no. 2 prior to the start of any work proposed by Layne. Following review and discussion, Director Bradley moved to authorize the District operator to subcontract the work proposed by Layne and Corrpro, as discussed. Director Bland seconded the motion, which passed unanimously.

Mr. Miller confirmed receipt of a photo and ongoing investigation of a disengaged drainage pipe between the soccer fields.

Mr. Miller said Preventive Services, LP prepared an inspection report for Water Plants Nos. 1 and 2 indicating that hydro-pneumatic tanks at Water Plant No. 2 require recoating. Preventative Services has revised their report to confirm that hydro-pneumatic tanks at both plants were recoated in 2012 and do not require recoating at this time. The Board concurred to request that ABHR send correspondence to Harris County Municipal Utility District No. 364 ("No. 364") regarding the report correction.

The Board next discussed correspondence received from No. 364 requesting the Board reconsider an effluent reuse project. Following discussion, the Board concurred to authorize ABHR to return a letter of interest to No. 364.

Director Bradley requested an agenda item to discuss projects eligible for inclusion in an Association of Water Board Directors Water Smart application and authorize preparation of the application on the January, 2016 agenda.

ATTORNEY REPORT

Ms. Vinson updated the Board regarding No. 364's proposed expansion of the District's joint water and wastewater facilities and negotiation of proposed terms and conditions. Following review and discussion, Director Bradley moved to authorize ABHR to draft a Joint Facilities Expansion and Financing Agreement between the District and No. 364, as discussed. Director Bland seconded the motion, which passed unanimously.

Ms. Vinson stated that, when the District issues bonds, the District enters into a continuing disclosure undertaking for the benefit of the bondholders. She added that the provisions of that undertaking require the District to comply with certain

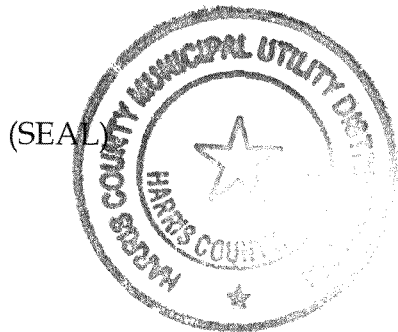
continuing disclosure requirements for its bonds. Ms. Vinson explained that the Board of Directors is ultimately responsible for continuing disclosure compliance for its bonds with assistance by its consultants. She added that, in order to ensure that the District's procedures for continuing disclosure compliance are well documented, the District adopted an Order Adopting Procedures for Continuing Disclosure Compliance and is required to review procedures for Continuing Disclosure Compliance annually.

The Board next discussing touring the District's wastewater treatment plant on Tuesday, January 19, 2016 at 4:00 p.m. and concurred to authorize ABHR to post notice of same, if necessary.

JANUARY 2016 REGULAR AND SPECIAL AGENDAS

The Board discussed meeting on the following dates in January, 2016: January 19, 2016 special meeting and January 21, 2016 regular meeting.

There being no further business brought before the Board, and based on a motion made by Director Bland and seconded by Director Silverman, the Board voted unanimously to adjourn the meeting.





Secretary, Board of Directors

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