

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

August 18, 2016

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 18th day of August, 2016, 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.

Also present at the meeting were Patty Rodriguez of Bob Leared Interests, Inc.; Mary Lutz and Kelly Andel of McLennan & Associates; Brian Bare of Si Environmental, LLC ("SI"); Erik Miller of Sander Engineering Corp. ("SEC"); Sherri Greenwood of BKD, Inc.; and Jessica Holoubek, Whitney Ables 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 Bradley 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

Ms. Lutz confirmed receipt of the City of Houston sales tax payment pursuant to the District's Strategic Partnership Agreement with the City of Houston.

BUDGET FOR FISCAL YEAR END AUGUST 31, 2017

The Board next reviewed a draft budget for the fiscal year ending August 31, 2017, including the joint facilities budget. Following review and discussion, upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to adopt the budget and the joint facilities budget for the fiscal year ending August 31, 2017.

Discussion ensued regarding additional capital improvement projects that may be added during the fiscal year and allocation of expenses in the water and sewer plant expansions proposed by Harris County Municipal Utility District No. 364 ("No. 364").

ENGAGE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END AUGUST 31, 2016

Ms. Greenwood reviewed a proposal for auditing services from BKD, Inc. Ms. Greenwood stated the estimated fees are \$17,400, plus expenses, 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

There was no additional discussion for this agenda item.

RENEWAL OF INSURANCE

The Board next reviewed an insurance renewal proposal submitted by McDonald & Wessendorff Insurance. Following review and discussion, upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to approve the proposal.

ADDITIONAL OPERATING MATTERS

Mr. Bare also presented a request for a leak adjustment from Kevin Sullivan. Following review of information provided by the customer and the District operator, Director Silverman moved to authorize adjustment of the customer's utility bill pursuant to the District's Leak Adjustment Policy. The motion was seconded by Director Bradley and passed unanimously.

The Board reviewed a quote from Accurate Meter & Backflow for a Beacon AMA E-Series Meter system and concurred to defer further discussion until the spring of 2017.

Mr. Bare next discussed ongoing issues with low water levels in storage tanks during peak use months and discussed operational expense associated with routine shut down of booster pumps to restrict water flow so the wells can catch up and refill the storage tanks. Discussion ensued regarding water conservation education and effluent reuse options and cost estimates.

HEARING ON TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS AND AUTHORIZE TERMINATION OF SERVICE

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 Silverman seconded the motion, which carried unanimously.

AMEND DISTRICT RATE ORDER

There was no additional discussion for this agenda item.

ADDITIONAL ENGINEERING MATTERS

Discussion regarding effluent reuse options and benefits and the Board requested that SEC review effluent reuse proposals and plans prepared previously and prepare an analysis of current system needs and estimated costs.

Mr. Miller next discussed the preliminary engineering report ("PER") for the proposed water plant no. 2 expansion, which proposes additional booster pumps, and the status of finalizing and presenting the PER to the No. 364 Board. He also reported that the District is required to make application for an elevated storage waiver and discussed an estimate from Jones & Carter, Inc. in the amount of \$45,000 to prepare the associated flow testing and water modeling. Mr. Miller said the PER for the proposed wastewater treatment plant expansion is not yet complete. Upon a motion by Director Silverman and second by Director Bradley, the Board voted unanimously to proceed with modeling necessary for making application for an elevated storage waiver.

Mr. Miller next reported that sinkholes that developed on the Greenwood Manor trail circle north of the detention pond have been temporarily repaired and said permanent repair proposals have been solicited. Discussion ensued regarding contractor access for repair and the Board requested that SEC notify affected residents

on Greenwood Manor when repairs begin. Following review and discussion, Director Silverman moved to authorize notice of an emergency repair to the Texas Commission on Environmental Quality ("TCEQ") and authorize Director Myers to award a contract to the lowest, qualified bidder, subject to receipt of a 1295 disclosure from the winning bidder. Director Bland seconded the motion which passed unanimously. The Board concurred to request that SEC include removal of the failed outfall pipe causing the sinkhole in the bid to repair.

ATTORNEY REPORT

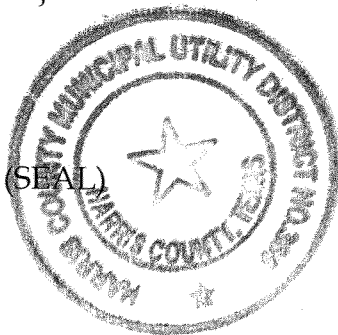
Ms. Holoubek discussed amending the District's Services Agreements with Association Repairs now doing business as Vista Landscape and Seaback Maintenance and presented signed agreements. Following review and discussion, Director Silverman moved to approve amendment of the District's Services Agreements with Association Repairs now doing business as Vista Landscape and Seaback Maintenance. The motion was seconded by Director Bradley and passed unanimously.

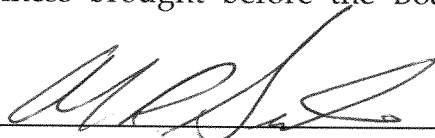
Ms. Holoubek also discussed the District's Financing Agreement with Canyonlands, LLC for relocation of a waterline and said the developer has now requested reimbursement. The Board requested that Ms. Greenwood collect the necessary receipts from the developer and prepare the reimbursement report for the September, 2016 Board meeting.

SEPTEMBER 2016 REGULAR AND SPECIAL AGENDAS

The Board discussed meeting on the following dates in September, 2016: September 13, 2016 special meeting and September 15, 2016 regular meeting.

There being no further business brought before the Board, the meeting was adjourned.





Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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