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**MINUTES OF REGULAR MEETING
OF
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365**

April 19, 2007

The Board of Directors of Harris County Municipal Utility District No. 365 met in regular session, open to the public, on the 19th day of April, 2007, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board, to-wit:

Joe Myers	President
Alan Silverman	Vice President
Claudine Pacioni	Assistant Vice President
Kevin Gilligan	Secretary
Megan Bradley	Assistant Secretary

and all of the above were present except Director Silverman, thus constituting a quorum.

Also present at the meeting were Brian Bare of ECO Resources, Inc. ("ECO"); Kenneth Martinec and Daniel Maxian of Jones & Carter, Inc.; Shirley McLennan and Diane Fingleman of McLennan & Associates; Michael Keefe of Bob Leared Interests, Inc.; Caleb Franklin of TBG Partners ("TBG"); Michael Murr of Murr Incorporated; Greg Coleman of Beazer Homes of Texas LP ("Beazer"); Scott Dunn of Dunnco Properties, Ltd ("Dunnco"); and Susan Edwards and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The Board considered approving the minutes of the March 15, 2007, meeting. Director Myers requested a revision to the meeting minutes of March 15, 2007, with regard to the entry on the stormwater channel facilities. Upon a motion made by Director Bradley and seconded by Director Gilligan, the Board voted unanimously to approve the March 15, 2007, meeting minutes as revised. The Board deferred action on the April 11, 2007, meeting minutes pending receipt.

TAX REPORT

Mr. Keefe distributed the District's monthly tax report, reflecting that 97.1% of the 2006 taxes had been collected as of the end of March. Mr. Keefe also presented and reviewed the delinquent tax report submitted by Perdue, Brandon, Fielder, Collins and Mott, L.L.P. After discussion, Director Gilligan moved that the Board approve the tax assessor/collector's report, and the checks drawn on the District's tax account and the

report submitted by the delinquent tax attorney's office. Director Bradley seconded the motion, which passed unanimously. Copies of the tax assessor/collector's report and the delinquent tax attorney's report are attached to these minutes.

BOOKKEEPER'S REPORT

Ms. McLennan presented the bookkeeper's report, reviewed the investment report and budget-to-actual comparison, and submitted the bills and checks drawn on the District's accounts for the Board's review. She reviewed checks written since the report was prepared and also presented handwritten check no. 1310 in the amount of \$630 to the Association of Water Board Directors and check no. 1311 in the amount of \$416.25 to Seaback Maintenance for approval as well. Upon a motion made by Director Pacioni and seconded by Director Gilligan, the Board voted unanimously to approve the bookkeeper's report and the checks presented for payment. A copy of the bookkeeper's report is attached to these minutes.

Ms. McClennan also reported on the \$98,792 escrow release approved by the Texas Commission on Environmental Quality on April 4, 2007, for an auxiliary power system at the lift station and stated the transfer of those funds to the operating account will appear on the next bookkeeper's report.

OPERATIONS REPORT

Mr. Bare reviewed the written operations report with the Board.

Mr. Bare reported that ECO had deposited and spread 167 tons of rock on the circular drive at the wastewater treatment plant as a temporary repair to the drive.

Mr. Bare reported to the Board regarding ECO's response to notice of violation of discharge permit received by the District from Harris County Public Health and Environmental Services on March 22, 2007, for a low chlorine residual. Mr. Bare provided the Board with ECO's response to Harris County wherein he stated that the feed rate of the chlorinator had drifted, but had subsequently been restored to permitted levels.

Mr. Bare next reported that routine samples of wastewater from the Dry Clean Super Center located at 12384 Barker Cypress showed that the wastewater exceeded the maximum contaminant levels for tetrachloroethylene, a dry cleaning solvent on March 23, 2007. A copy of the report on the test results is attached. Upon a motion made by Director Pacioni and seconded by Director Bradley, the Board voted unanimously to authorize ABHR to send a letter notifying the Dry Clean Super Center of the violation and assessing a \$500 fine in accordance with the District's Wastewater Services Contract with Dry Clean Super Center of March, 2003.

Mr. Bare reviewed a draft Consumer Confidence Report ("CCR"), a copy of which is attached, regarding the quality of the District's water. He said the CCR must be filed with the Texas Commission on Environmental Quality ("Commission") and mailed to District residents by July 1, 2007. Following review and discussion, Director Pacioni moved that the Board approve the CCR and authorize the operator to file the CCR with the Commission and mail it to District customers. Director Bradley seconded the motion and it passed unanimously.

Upon a motion made by Director Pacioni and seconded by Director Bradley, the Board voted unanimously to approve the operator's report. A copy of the operator's report is attached to these minutes.

HEARING ON TERMINATION OF WATER SERVICE

The Board conducted a hearing on the termination of utility service to delinquent accounts. Mr. Bare reported that the persons on the attached 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 Pacioni moved that, since the customers on the attached 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 Rate Order. Director Bradley seconded the motion, which carried unanimously. A copy of the termination list is attached to these minutes.

REQUEST FROM HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113

Ms. Edwards presented to the Board a request from Harris County Water Control and Improvement District No. 113 ("No. 113") requesting a long term water supply from No. 365 in the event of failure of one of No. 113's wells. Mr. Martinec told the Board that the District had sufficient well capacity to serve No. 113, but not enough ground storage. Ms. Edwards reminded the Board that Harris County Municipal Utility District No. 364 ("No. 364") would also need to agree to extend capacity to No. 113. After review and discussion, Director Gilligan moved to authorize the District engineer to conduct a feasibility study at the expense of No. 113, to determine whether the District has sufficient capacity to serve No. 113 and what additional facilities, if any, may be needed to serve No. 113, subject to No. 113's deposit in the amount of \$5,000 to secure payment of the engineering fees and expenses to be incurred by No. 365 for the feasibility study. Director Bradley seconded the motion which passed unanimously.

ENGINEER'S REPORT

Mr. Martinec reviewed a written engineer's report and updated the Board on the status of various projects in the District as follows in these minutes. A copy of the engineer's report is attached to these minutes.

STORMWATER CHANNEL FACILITIES

Mr. Martinec reported on the status of the drainage channel mowing and maintenance. Mr. Martinec presented an invoice from Seaback Maintenance for mowing the drainage channels and the 45 acre detention in the amount of \$925 of which \$416.25 is the District's share. Mr. Martinec said that Seaback could not brush hog the Dry Creek detention basin and submitted a bid to finish mow the trees, slopes and tops at \$525 per occurrence. The Board discussed whether or not to leave the maintenance of the basin solely to Harris County Flood Control District and also discussed the complaints from district residents that initially prompted the maintenance contract with Seaback. Upon a motion by Director Pacioni and seconded by Director Bradley, the District moved to approve Seaback's proposal to finish mow around the trees, slopes and tops of the Dry Creek detention basin at \$525 per occurrence. A copy of the Seaback proposal is included in the engineer's report.

SEWAGE TREATMENT PLANT DRIVEWAY

Mr. Martinec reported that improvements to the access driveway around the sewage treatment plant are under design and that he will consult with the operator regarding the design.

HARRIS COUNTY WIDENING OF SPRING CYPRESS ROAD

Mr. Martinec advised the Board that Harris County has received bids for the widening of a portion of Spring-Cypress and plans to start construction in 2 to 3 months. Mr. Martinec said that he should receive plans from Harris County for the widening of Spring-Cypress that will require re-location of the District's water line. Mr. Martinec asked that the Board authorize advertising the water line relocation for bids, subject to plan approvals by the governmental agencies, because the project will be urgent once Harris County plans are received. After discussion, Director Bradley moved to authorize advertisement for bids for relocation of the District water line to accommodate the Spring-Cypress widening. Director Gilligan seconded the motion which passed unanimously.

DETENTION BASIN EROSION REPAIR

Mr. Martinec reported that Storm Water Services completed erosion repair in the pilot channel and would return to spread additional seed washed away during recent

storms. Director Myers commented that the turf appeared rough and requested that the District's engineer follow up with the contractor regarding the repair.

WASTEWATER REUSE SYSTEM

Mr. Martinec reported that the re-use study was incomplete at this time and requested that the agenda item be repeated for the May, 2007, meeting.

WASTEWATER DISCHARGE PERMIT

Mr. Martinec reminded the Board that the wastewater discharge permit expires in February, 2008, and stated that the renewal application would be ready for approval by the Board in July, 2007.

PILOT CHANNEL DE-SILTING

Mr. Martinec reported that he is in the process of soliciting additional proposals for de-silting of the detention basin pilot channel and will request that Seaback submit a new proposal based on new requirements for repair and rehabilitation.

THE PARK AT ARBORDALE

Mr. Martinec requested authorization from the Board to advertise for bids for the clearing and grubbing of The Park at Arbordale, Sections 1 and 2. Upon a motion by Director Pacioni and seconded by Director Bradley, the Board authorized the district engineer to advertise for the clearing and grubbing of The Park at Arbordale, Sections 1 and 2.

TBG REPORT

Mr. Odle updated the Board on the status of various projects in the District as follows in these minutes.

JOGGING TRAIL IMPROVEMENTS

Mr. Odle presented a status report on the phase 2 trail improvement costs and advised the Board that the current bid pending acceptance by District Nos. 364 and 365 is good until May 27, 2007. He said that District No. 364 had already approved the bid at its last meeting. Director Myers said that he wanted to see the maintenance agreement executed prior to the District's approval of the bid.

FENCING PROJECT AT DETENTION BASIN

Mr. Odle presented four bids to the Board for fencing at the detention basin and recommended that the Board approve and accept the bid of American Wall. After discussion, and because the contract would result in the best and most economical

completion of the project, Director Bradley moved to accept American Wall's bid and authorize execution of the contract documents subject to review of payment and performance bonds. Director Gilligan seconded the motion which carried unanimously.

HARRIS COUNTY PRECINCT 3 LANDSCAPING AND TRAIL PROJECT

Director Myers reported that he has drafted a letter to Commissioner Raddack which is currently being reviewed by Director Gilligan and is to be reviewed by Ms. Edwards. Director Myers said that he will submit the letter at a future meeting for approval by the Board.

MAINTENANCE COST SHARING AGREEMENT

Ms. Edwards said that she has not received any comments on the trail maintenance agreement from the attorney for No. 364.

WARRANTY FOR PHASE I TRAIL IMPROVEMENTS

Mr. Odle reported that the warranty for improvements to Phase I trails through Four Seasons expires on June 27, 2007. He said that he has left a message for Four Seasons to schedule a walk through and will follow up with the Board at its May meeting regarding his inspection.

MURR INCORPORATED REPORT ON NATURE TRAIL AMENITIES

Mr. Martinec reported that the District received two bids for the project out of 25 invitees and 4 bidders who attended the pre-bid conference and walk-through. Mr. Martinec stated that both bids were insufficient as received, because neither bidder submitted a bid security check and one contractor's bid was submitted by fax, but that both bidders cured the defects in their bids prior to the Board meeting. Mr. Murr recommended that the Board approve and accept the bid of Summit Landscaping Services. Mr. Murr expressed concern regarding planting at this time of the year. Director Pacioni said that she preferred to wait until the fall to plant. Mr. Murr suggested a drip type watering system between \$5,000 and \$7,000. After discussion, and because the contract would result in the best and most economical completion of the project, Director Bradley moved to accept Summit Landscaping's bid and authorize execution of the contract documents subject to review of payment and performance bonds. Director Gilligan seconded the motion which carried unanimously. A copy of the bid tabulation sheet is included in the engineer's report.

BEAZER 46-ACRE TRACT OF LAND

Mr. Coleman reported that Beazer has closed its purchase of the 46-acre tract on April 6, 2007, and plans to complete Section 1 by the end of the year.

CONSENT TO ASSIGNMENT OF ANNEXATION LETTER AGREEMENT AND DEVELOPER FINANCING AGREEMENT FOR BEAZER 46-ACRE TRACT OF LAND

Ms. Edwards stated that Beazer requests the District's consent to Beazer's assignment of the financing and reimbursement agreement. After review and discussion, Director Pacioni moved to consent to the assignment of the financing agreement with Beazer to Beazer's lender on the project. Director Bradley seconded the motion which passed unanimously.

DUNNCO .8-ACRE TRACT OF LAND

Ms. Edwards reported to the Board that she and the District engineers are working with Mr. Dunn to resolve the extension of utility lines to the Dunnco tract. Mr. Dunn said that the most advantageous solution would be for him to tie on to a private line that runs through the tract adjacent to his, however the private line stops short of the property line. Mr. Dunn said that he currently does not have an agreement with the adjacent land owner for the extension of the line or for an easement to tie onto the line. Mr. Dunn said he was continuing to work towards a solution and would keep the Board updated.

The Board discussed the possibility of using capital project funds to extend the lines. Director Myers suggested that the Board send a letter to the owners of the commercial property stating that the District would be willing to accept the sewer line for ownership and operation to inspection of condition of the lines. Director Pacioni moved to authorize ABHR to prepare a letter to the adjacent land owners offering to assume ownership of the sewer line subject to approval of the condition of the lines. The motion was seconded by Director Bradley and passed unanimously.

GRAFFITI IN PILOT CHANNELS

Director Myers said that the Coles Crossing Homeowner's Association would take care of the clean up of graffiti on the pilot channels.

ADDITIONAL SECURITY OFFICER WITHIN THE DISTRICT

The Board took no action on this item.

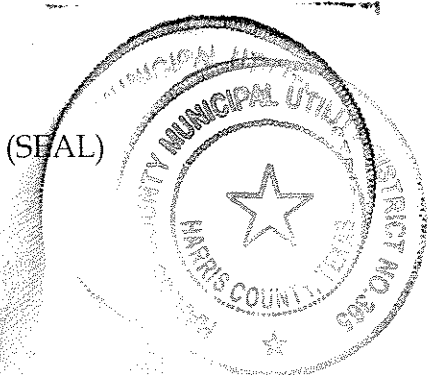
STRATEGIC PARTNERSHIP AGREEMENT WITH THE CITY OF HOUSTON

Ms. Edwards updated the Board regarding the Strategic Partnership Agreement ("Agreement") with the City of Houston. She reported the Agreement was executed by Houston City Council on March 21, 2007, and that the District will most likely begin receiving revenue in the summer of 2007.

EXECUTIVE SESSION REGARDING PURCHASE OF REAL PROPERTY

The Board determined that it was unnecessary at this time to convene in Executive Session pursuant to Chapter 551.072, Texas Government Code, to deliberate the purchase, exchange, lease, or value of real property.

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



Megan Brady
Secretary/Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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