

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

May 17, 2007

The Board of Directors of Harris County Municipal Utility District No. 365 met in regular session, open to the public, on the 17th day of May, 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.

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.; Bill Odle of TBG Partners ("TBG"); Michael Murr of Murr Incorporated; Greg Coleman of Beazer Homes of Texas LP ("Beazer"); and Susan Edwards and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The Board considered approving the minutes of the April 11, 2007 and April 19, 2007 meetings. Director Myers requested revisions to the meeting minutes of April 19, 2007. Upon a motion made by Director Silverman and seconded by Director Pacioni, the Board voted unanimously to approve the April 11, 2007 meeting minutes as presented and the April 19, 2007 meeting minutes as revised.

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 April. Mr. Keefe also presented and reviewed the delinquent tax report submitted by Perdue, Brandon, Fielder, Collins and Mott, L.L.P. Director Bradley requested that the delinquent tax report be presented to the Board only quarterly instead of monthly unless a major change occurs. After discussion, Director Silverman moved that the Board approve the tax assessor/collector's report, the checks drawn on the District's tax account, and the delinquent tax collection report. 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. 1335 in the amount of \$1,516.25 to Seaback Maintenance and check no. 1925 in the amount of \$23,100.00 to Layne Texas for approval as well. Ms. McLennan then presented proposed revisions to the budget to the Board for approval adjusting the maintenance tax using a .23 cent maintenance tax and adding additional expenses.

Upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to approve the bookkeeper's report, the checks presented for payment, and the revised budget. Copies of the bookkeeper's report and the amended budget are attached to these minutes.

OPERATIONS REPORT

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

Mr. Bare reported that ECO had replaced the communication card between water well no. 1 and water well no. 2 and is in the process of replacing District meters.

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 April 17, 2007. A copy of the report on the test results is attached. Upon a motion made by Director Silverman 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 \$1,000 fine in accordance with the District's Wastewater Services Contract with Dry Clean Super Center of March, 2003.

Upon a motion made by Director Pacioni and seconded by Director Gilligan, 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 Gilligan seconded the motion, which carried unanimously. A copy of the termination list is attached to these minutes.

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

Ms. Edwards updated the Board regarding a request from Harris County Water Control and Improvement District No. 113 ("No. 113") for long term water supply from Harris County Municipal Utility District No. 365 and Harris County Municipal Utility District No. 364 ("No. 364") in the event of failure of one of No. 113's wells. Ms. Edwards said that No. 113 meets on June 12, 2007 and had requested an extension of time to deposit \$5,000 to cover engineering fees and expenses for a feasibility study. Ms. Edwards said that she has discussed with the attorney for No. 364 depositing the funds into the joint water plant account upon receipt. No Board action was taken.

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 in the amount of \$2,025 for mowing and handwork of the drainage channels and the Dry Creek detention basin of which \$1,516.25 represents the District's share of the work. He said that the invoice was higher than usual because Seaback had to mow the area twice and because the District pays 100% of the maintenance on the Dry Creek detention basin. Upon a motion by Director Silverman and seconded by Director Bradley, the District moved to approve payment to Seaback Maintenance in the amount of \$1,516.25.

SEWAGE TREATMENT PLANT DRIVEWAY

Mr. Martinec reported that an as-built topographic survey of the site has been completed and that the access driveway around the sewage treatment plant is under design.

HARRIS COUNTY WIDENING OF SPRING CYPRESS ROAD

Mr. Martinec advised he has reviewed the plans from Harris County for the widening of Spring-Cypress and is incorporating the changes into the District's utility relocation plans. He said that Harris County had changed the realignment near the CVS Pharmacy and that the realignment has been taken into account in the District's utility relocation plans.

DETENTION BASIN EROSION REPAIR

Mr. Martinec reported that Storm Water Services has re-seeded the detention basin area, but said that the area behind the articulating block would need to be re-seeded. Director Myers suggested that the District request a more permanent solution, like sod. Mr. Maxian said that he would contact Storm Water Services regarding installing sod instead of seeding again.

WASTEWATER REUSE SYSTEM

Mr. Martinec presented to the Board a wastewater reuse feasibility study, a copy of which is attached. Mr. Martinec said that the estimated \$1.5 million cost to install the additional facilities would not be recovered in a reasonable time by any significant savings the District would not save any money by installing and using the system. He added that there are indirect benefits, such as reducing the District's demand on groundwater supply and setting a good example regarding environmental concerns. No Board action was taken.

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 presented to the Board three proposals for de-silting of the detention basin pilot channel based on District's requirements for repair and rehabilitation, copies of which are attached. After discussion, and because the contract would result in the best and most economical completion of the project, Director Silverman moved to accept Storm Water Services' proposal and authorize execution of the contract documents. Director Pacioni seconded the motion which carried unanimously.

THE PARK AT ARBORDALE

Mr. Martinec reported that the developer has received bids for clearing and grubbing of the Park at Arbordale. He stated that he recommended that the developer accept the bid from Double Oak Construction in the amount of \$149,979.73. After discussion, Director Silverman moved to approve the developer's award of the contract to Double Oak Construction. Director Gilligan seconded the motion which passed unanimously.

JARVIS ROAD CONSTRUCTION

Mr. Martinec next reported to the Board regarding the paving and drainage improvements on Jarvis Road from Skinner Road to Barker-Cypress Road. He said that he attended a preconstruction meeting on May 11, 2007 wherein Harris County indicated that construction should begin on May 21, 2007 and complete on March 15, 2008. Mr. Maxian said that it did not appear that the construction would affect the District's fence line, but said that Jones & Carter would send a letter to Harris County advising the County of the District's ongoing fence construction.

WATER WELL NO. 1 MOTOR

Mr. Martinec next reported to the Board that repair of the motor to water well no. 1 is complete and presented the first and final pay estimate from Layne-Texas, Inc. in the amount of \$23,100.00 to the Board for approval and payment. After review and discussion, Director Silverman moved to approve the approve and authorize payment of the first and final pay estimate in the amount of \$23,100.00 to Layne-Texas, Inc. Director Bradley seconded the motion which passed unanimously.

32-ACRE SPRING CYPRESS TRACT

Mr. Maxian advised the Board that he had been contacted by Weisser Engineering Company regarding annexation of a 32-acre tract owned by one of Weisser's clients. Mr. Maxian said that the owner of the tract planned to build retail shops and apartments on the tract and would require 200,000 gallons per day of wastewater capacity. He said that the owner had contacted Northwest Harris County Municipal Utility District No. 10, but that he did not know the outcome of that request. Mr. Maxian added that construction of facilities would be needed to accommodate the tract if the District had interest in annexing the tract. The Board asked Mr. Maxian to tell Weisser Engineering that its client needs to attend a District meeting to discuss the proposed development and annexation request with the Board.

DUNNCO .8-ACRE TRACT OF LAND

Ms. Edwards reported to the Board that DunnCo Properties, Ltd. ("DunnCo") has requested authorization from the Board to construct a public waterline extension to

serve its property. Ms. Edwards said that DunnCo proposes to design and construct the waterline extension at its cost without reimbursement and to turn the line over to the District upon completion for ownership and operation. She said that DunnCo has also requested out-of-district water service at one-and-a-half times in-District rates even if the District cannot provide sewer service and annex the land. Ms. Edwards said that she is contacting the commercial property owners to propose the conveyance of the private sanitary sewer line to the District. After review and discussion, Director Bradley moved to authorize DunnCo to design and construct the waterline extension to serve the DunnCo tract, subject to the District engineer's approval of the plans and construction, without any reimbursement from the District, and that the District provide out-of-District water service to DunnCo at one-and-one-half times in-District rates for the same type of customer. Director Pacioni seconded the motion which passed unanimously.

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 No. 365 has been extended an additional 30 days. He said that No. 364 had already approved the bid.

FENCING PROJECT AT DETENTION BASIN

Mr. Odle reported to the Board that he had issued a Notice to Proceed to American Wall for fencing at the detention basin. He presented a contract between the District and American Wall to the Board for signature and to ABHR for review of payment and performance bonds.

MAINTENANCE COST SHARING AGREEMENT

Ms. Edwards presented No. 364's proposed changes to the trail maintenance cost sharing agreement. After all discussion, Director Silverman moved to reject No. 364's proposed maintenance cost sharing agreement and accept the bid of D.L. Meachan, including all alternate items, subject to confirmation of execution of the installation cost sharing agreement by both Districts. Director Bradley seconded the motion. The motion passed with Directors Myers, Silverman, Bradley and Gilligan voting in favor of the motion and Director Pacioni voting against the motion. The Board concurred to discuss the need for the joint District meetings next month.

MURR INCORPORATED REPORT ON NATURE TRAIL AMENITIES

Mr. Murr reported that the sidewalks are complete, clearing is complete, construction of the boardwalk is 50% complete, and the pet stations and arbors are on order. He said that construction should be completed in 3 weeks. The Board discussed watering of the plant material and Mr. Murr's previous suggestion of a drip watering system. Director Silverman moved to authorize Murr Incorporated to solicit proposals for a drip watering system for the nature trail plant area. Director Bradley seconded the motion which passed unanimously. Mr. Murr said he will schedule installing the plant material towards the end of construction.

ADDITIONAL SECURITY OFFICER WITHIN THE DISTRICT

The Board took no action on this item.

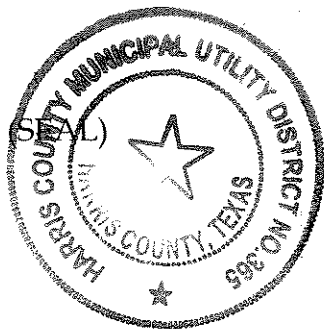
EXECUTIVE SESSION REGARDING PURCHASE OF REAL PROPERTY

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.

JUNE MEETING

The Board concurred to move its June, 2007 regular meeting to June 28, 2007, so that the directors could attend Association of Water Board Directors conference in Corpus Christi.

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



Megan E Bradley
Secretary Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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