

Vanessa Smith

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

June 28, 2007

The Board of Directors of Harris County Municipal Utility District No. 365 met in regular session, open to the public, on the 28th day of June, 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 Gilligan, thus constituting a quorum.

Also present at the meeting were Brian Bare of ECO Resources, Inc. ("ECO"); Daniel Maxian of Jones & Carter, Inc. ("J&C"); Shirley McLennan 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; and Susan Edwards and Jane Miller of Allen Boone Humphries Robinson LLP.

APPROVE MINUTES

The Board considered approving the minutes of the May 17, 2007, meeting. Upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to approve the May 17, 2007, meeting minutes as presented.

TAX REPORT

Mr. Keefe distributed the District's monthly tax report, reflecting that 98.2% of the 2006 taxes had been collected as of the end of May. Mr. Keefe also presented requests for waiver of penalty and interest from Douglas Batchelor of 13023 Far Point Manor Court, Graeme S. McNeil of 16623 Chalmette Park Street and Richard Hill of L.B. Walker & Associates regarding representing JDC/Greenleaf regarding 12300 Durdee Court. After discussion, Director Bradley moved that the Board approve the tax assessor/collector's report and the checks drawn on the District's tax account, and waive penalty and interest as requested by Graeme S. McNeil and Richard Hill due to appraisal district error and deny a waiver of penalty and interest as requested by Douglas Batchelor. Director Silverman seconded the motion, which passed

unanimously. Copies of the tax assessor/collector's report and requests for waiver of penalty and interest 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. 1360 to Director Pacioni in the amount of \$645.38 as reimbursement for Association of Water Board Directors conference expenses and check no. 1361 in the amount of \$55,810.00 to Summit Landscaping for Nature Trail improvements for approval.

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

JOINT FACILITIES BUDGETS

Ms. McLennan next reviewed with the Board draft budgets for the fiscal year ending August 31, 2008, for the joint facilities. Mr. Maxian noted that a portion of the waterline relocation costs due to the Spring-Cypress widening will be joint facilities cost. He said he would provide estimated costs to Ms. McLennan for the budget. After review and discussion, Director Silverman moved to approve the joint facilities budgets. The motion was seconded by Director Pacioni. The motion passed by a vote of 3 to 1 with Director Bradley dissenting.

OPERATIONS REPORT

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

Mr. Bare reported that a main line had been damaged by Centerpoint Energy and that ECO was pursuing payment for damages in the amount of \$8,700 from Centerpoint Energy.

Mr. Bare reported that a damaged bar screen at the wastewater treatment plant had been repaired and that the District has been reimbursed in the amount \$4,681 through insurance claim proceeds.

Mr. Bare next reported that the Dry Clean Super Center located at 12384 Barker-Cypress was in compliance with regard to maximum contaminant levels for the month of May, 2007.

Mr. Bare advised the Board that ECO had completed a District valve survey and recommended repair of 343 valves at an estimated cost of \$17,490.

Upon a motion made by Director Silverman and seconded by Director Pacioni, the Board voted unanimously to approve the operator's report and to authorize ECO to repair the valves at a cost not to exceed \$18,000. Copies of the operator's report, the valve survey and the valve repair/maintenance proposal are 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 Bradley 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 Pacioni 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 submitted a deposit in the amount of \$5,000 to cover engineering fees. Mr. Maxian said J&C will begin the feasibility study.

ENGINEER'S REPORT

Mr. Maxian 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. Maxian reported on the status of the drainage channel mowing and maintenance. Mr. Maxian presented an invoice in the amount of \$22,116.40 for mowing and handwork of the drainage channels, Dry Creek detention basin and commercial channels south of Jarvis Road and spring seeding of the 45-acre detention basin. He further stated that \$11,744.65 represents the District's share of the work. Upon a motion by Director Silverman and seconded by Director Pacioni, the District moved to approve

payment to Seaback Maintenance in the amount of \$11,744.65. Mr. Maxian added that Seaback's maintenance is restricted to the maintenance berm at the Dry Creek Detention Pond and that Harris County Flood Control maintains the channel facilities in and around the areas where trees are planted.

SEWAGE TREATMENT PLANT DRIVEWAY

Mr. Maxian reported that preliminary design of the access road is complete and that plans will be submitted to Harris County for review.

HARRIS COUNTY WIDENING OF SPRING CYPRESS ROAD

Mr. Maxian advised that Jones & Carter, Inc. will begin advertisement of the project on Thursday, June 28th, and will receive bids on July 19th. He said that he anticipated that construction would take 30 days. Mr. Maxian said that he is preparing legal descriptions for easements in the Walgreen's and CVS Pharmacy sites. Ms. Edwards reminded the Board that they would not be able to award the construction contract until the easements have been conveyed to the District. Mr. Maxian said that the District did not receive notice of the final alignment from Harris County until late May. Mr. Maxian said that a pre-construction meeting will be held on July 3, 2007.

DETENTION BASIN EROSION REPAIR

Mr. Maxian reported that the area behind the articulating block would need to be re-seeded due to excessive stormwater run-off. Mr. Maxian said that Storm Water Services has agreed to address the problem when the contractor mobilizes for pilot channel de-silting.

WASTEWATER DISCHARGE PERMIT

Mr. Maxian said that he was preparing the permit for approval at the Board's July meeting and planned to file the application in August.

PILOT CHANNEL DE-SILTING

Mr. Maxian reported that he held a pre-construction meeting at the site with Storm Water Services, but that the contractor had been unable to mobilize because of the rain. He said that the project should take about two weeks depending upon the weather after started.

DUNNCO PROPERTIES, LTD., 0.8-ACRE TRACT OF LAND

Ms. Edwards told the Board that DunnCo Properties, Ltd. ("DunnCo"), had stopped payment on a \$15,000 annexation deposit due to concerns the District cannot provide services to the DunnCo tract. Furthermore, Ms. Edwards reported that Jay Moore of Greenstone Investments, Ltd. ("Greenstone"), would not agree to cooperate on conveyance of a waterline easement or the private sanitary sewer line to the District so that services may be provided to DunnCo. After review and discussion, Director Silverman moved to authorize the district bookkeeper to send an invoice to DunnCo Properties, Ltd. for the balance owed to the District for services and expenses associated with DunnCo's previous request for annexation. The motion was seconded by Director Pacioni and passed unanimously.

THE PARK AT ARBORDALE

Mr. Maxian reported that the clearing and grubbing contractor has been unable to mobilize due to the rain.

GREENSTONE INVESTMENTS, LTD. COMMERCIAL TRACT

Ms. Edwards presented to the Board an analysis of construction costs against future value received from Greenstone. Ms. Edwards said that the District's financial advisor has reviewed the analysis and confirmed that property taxes on the additional value would cover the District's costs to reimburse Greenstone for eligible sewer and stormwater costs. Ms. Edwards suggested the Board could agree to reimburse Greenstone's eligible costs, subject to receipt of additional project information and execution of a satisfactory written agreement. The Board concurred to proceed with preparation of a development financing agreement.

CAPACITY REQUESTS

Mr. Maxian presented two capacity requests from entities applying for new or amended waste discharge permits. Mr. Maxian requested Board authorization for J&C to respond, confirming there is not adequate, unused capacity in the regional wastewater treatment plant for other users. Upon a motion by Director Silverman and seconded by Director Pacioni, the Board voted unanimously to authorize J&C to respond to the requests accordingly.

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 said that he expected the drawings on the bridge in two weeks and anticipates delivery of the bridge by September 21st. Mr. Odle suggested placing the abutments now, but the Board concurred not to place the abutments before the arrival of the bridge. Mr. Maxian said that No. 364 had requested that J&C prepare a proposal for construction management and inspection during the Phase 2 installation. Mr. Maxian presented to the Board a management and inspection contract for Phase 2 interconnect of \$4,700. No Board action was taken.

FENCING PROJECT AT DETENTION BASIN

Mr. Odle reported to the Board that the fencing had been ordered and that survey points had been confirmed. Director Myers asked Mr. Odle to contact the Harris County road construction contractors and direct them to stop parking and placing material on the District's property at the detention basin.

HARRIS COUNTY PRECINCT 3 LANDSCAPING AND TRAIL PROJECT

Director Myers said that he has completed and received comments on a draft letter to Harris County. Director Myers said that he thinks he can get the Homeowners' Association to sign the letter in support of the District.

ONE YEAR WARRANTY ON PHASE I TRAIL IMPROVEMENTS

Mr. Odle reported that he had walked the trail with a representative from Four Seasons and is preparing a list of items that need to be corrected.

MURR INCORPORATED REPORT ON NATURE TRAIL AMENITIES

Mr. Murr reported that the arbors and signs had been ripped from the ground and thrown into the water. Ms. Edwards said that the damaged items are the contractor's cost because the project has not yet been completed and accepted by the District. Mr. Murr presented and recommended for payment an invoice from Summit Landscaping in the amount of \$55,810. After review and consideration, Director Bradley moved to pay the invoice as submitted and to deduct the cost of the arbors from the next payment. Director Silverman seconded the motion which passed unanimously.

Mr. Murr also submitted proposals for a drip system and drainage on the side of the trail. After discussion, and because the proposal would result in the best and most economical completion of the project, Director Bradley moved to accept the proposal of Summit Landscaping. Director Silverman seconded the motion which passed

unanimously. A copy of the proposals for the irrigation and drainage improvements is attached.

ADDITIONAL SECURITY OFFICER WITHIN THE DISTRICT

The Board took no action on this item.

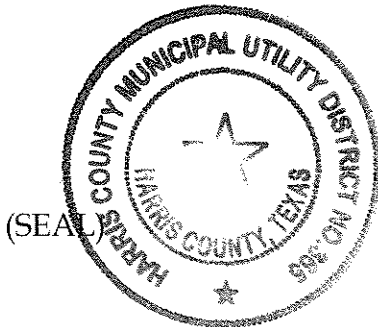
JOINT MEETING WITH NO. 364

Director Silverman moved not to attend a joint meeting with No. 364. The motion was seconded by Director Pacioni and passed unanimously.

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.




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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