

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

August 16, 2007

The Board of Directors of Harris County Municipal Utility District No. 365 met in regular session, open to the public, on the 16th day of August, 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 Directors Silverman and Gilligan, thus constituting a quorum.

Also present at the meeting were Daniel Maxian and Kenneth Martinec of Jones & Carter, Inc. ("J&C"); Shirley McLennan of McLennan & Associates; Paul Bland of Cole's Crossing Homeowners' Association; Michael Murr of Murr Incorporated; Greg Coleman of Beazer Homes; and Susan Edwards and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The Board took no action on this agenda item.

TAX REPORT

No tax report was given.

**AUTHORIZE DELINQUENT TAX ATTORNEY TO PROCEED WITH THE
COLLECTION OF DELINQUENT TAXES**

The Board took no action on this agenda item.

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. Ms. McLennan reported to the Board that an invoice had been forwarded to DunnCo Properties, Ltd. ("DunnCo"), for the balance owed to the District for services and expenses associated with DunnCo's previous request for annexation and that no payment had been received from DunnCo as of this meeting. Ms. McClennan also presented to and reviewed with the Board proposed District and joint facilities budgets for the fiscal year ending August 31, 2008.

Upon a motion made by Director Bradley and seconded by Director Pacioni, the Board voted unanimously to approve the bookkeeper's report and the checks presented for payment, to approve the joint facilities budgets with the wastewater plant budget revised to remove the circle drive repair as a budgeted item, and approve the District's operating budget revised to include a line item for the District's pro rata share of the wastewater plant circle drive repair. A copy of the bookkeeper's report is attached as an exhibit to these minutes.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND LIST OF QUALIFIED BROKER/DEALERS AND AUTHORIZE APPROPRIATE ACTION

The Board took no action on this agenda item.

OPERATIONS REPORT

No operations report was given.

HEARING ON TERMINATION OF WATER SERVICE

No termination list was presented.

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

Mr. Martinec reported that J&C had completed the feasibility study for the Harris County Water Control and Improvement District No. 113 ("No. 113") request for long term water supply from the District and No. 364 in the event of failure of one of No. 113's wells, and that providing water supply capacity to No. 113 is not feasible without the construction of an additional ground storage tank. Mr. Martinec said he would bring the written feasibility study to the Board. Following discussion, the Board concurred that providing water supply to No. 113 would not be feasible.

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 \$1,915 for mowing and handwork of the drainage channels and the Dry Creek detention. He further stated that \$1,406.25 represents the District's share of the work. Mr. Maxian also presented a proposal from Seaback Maintenance for mowing the tops and sides of the regional detention basin on a monthly basis. Upon a motion by Director Bradley and seconded by Director Pacioni, the District moved to approve payment to Seaback Maintenance in the amount of \$1,406.25 and to authorize mowing the tops and sides of the regional detention basin on a monthly basis.

SEWAGE TREATMENT PLANT DRIVEWAY

The Board did not discuss the sewage treatment plant driveway.

HARRIS COUNTY WIDENING OF SPRING CYPRESS ROAD

The Board did not discuss the Harris County widening of Spring Cypress Road.

DETENTION BASIN EROSION REPAIR

The Board did not discuss detention basin erosion repair.

WASTEWATER DISCHARGE PERMIT

The Board did not discuss the wastewater discharge permit.

PILOT CHANNEL DE-SILTING

The Board did not discuss pilot channel de-silting.

THE PARK AT ARBORDALE

Mr. Maxian next reported regarding the construction of facilities to serve 137 lots within the Park at Arbordale. He said that water and sewer lines were being extended from Axton Falls and that a lift station would be constructed within the Park at Arbordale to pump sewage back to Axton Falls. Mr. Maxian also presented to and reviewed with the Board a stormwater quality management plan which includes the installation of two trash-trooper units on the outfall pipes from the subdivision to the existing drainage channels. Discussion ensued regarding the maintenance of the outfall facilities, specifically the trash trooper units. Mr. Martinec said J&C would investigate the feasibility of collecting debris from the stormwater at the outfall from the detention basin on Jarvis Road. Mr. Maxian reviewed with the Board certain easements needed from the Cole's Crossing Homeowners' Association ("HOA"). Director Myers

requested that Mr. Coleman contact Don Richards of the HOA for a walk through of the easements to see what trees would be affected by the construction.

PETITION FOR ADDITION OF CERTAIN LAND TO THE DISTRICT

The Board considered accepting a Petition for Addition of Certain Land to the District ("Petition") from Hearthstone Multi-Asset Entity D, L.P. ("Hearthstone"), for a 46.48-acre tract of land. After discussion, Director Bradley moved that the Board accept the Petition. Director Pacioni seconded the motion, which carried unanimously.

CONDUCT FEASIBILITY HEARING

Mr. Maxian reminded the Board that J&C presented an annexation feasibility study dated February 15, 2007, to the Board that showed that annexation of the 46.48-acre tract of land by the District is feasible.

PETITION FOR CONSENT TO ANNEX LAND INTO THE DISTRICT

The Board considered authorizing the execution of a Petition for Consent to Annex Land into the District ("Petition") whereby the District and Hearthstone petition the City of Houston for consent to annex a 46.48-acre tract of land into the District. After discussion, Director Bradley moved that the Board authorize execution of the Petition. Director Pacioni seconded the motion, which carried unanimously.

APPROVE DEVELOPER FINANCING AND REIMBURSEMENT AGREEMENT WITH CANYONLANDS CORPORATION

The Board took no action on this agenda item.

TBG REPORT

No report was given.

JOGGING TRAIL IMPROVEMENTS

No report was given.

FENCING PROJECT AT DETENTION BASIN

No report was given.

PARK AND RECREATIONAL FACILITIES GRANT APPLICATION

The Board discussed with Mr. Murr the park grant application process. The Board concurred that a separate meeting to discuss the scope of the proposed park

project and the grant process was needed and requested that ABHR coordinate such a meeting.

HARRIS COUNTY PRECINCT 3 LANDSCAPING AND TRAIL PROJECT

The Board took no action on this agenda item.

MURR INCORPORATED REPORT ON NATURE TRAIL AMENITIES

Mr. Murr reported that plants are being installed on the nature trail and that the drip system would follow. Directors Bradley and Pacioni volunteered to walk and punch-list the trail project with Mr. Murr within the next week. Mr. Murr said that he would also have the canopy pruned and look into getting bags for the dog stations. The Board concurred that Mr. Murr should go ahead and purchase the bags for the stations.

ADDITIONAL SECURITY OFFICER WITHIN THE DISTRICT

The Board took no action on this agenda item.

VANDALISM WITHIN THE DISTRICT

The Board took no action on this agenda item.

RENEW DISTRICT INSURANCE POLICIES

The Board took no action on this agenda item.

RETAIL ENERGY AGREEMENT

The Board took no action on this agenda item.

RECORDING AND REPORTING OF ELECTRICITY, WATER AND NATURAL GAS CONSUMPTION

The Board took no action on this agenda item.

JOINT FACILITIES ADVISORY COUNCIL CONTRACT

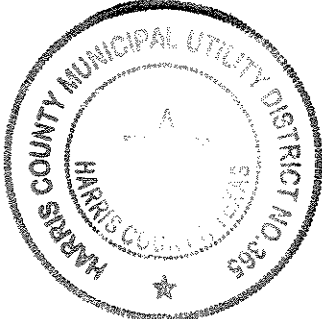
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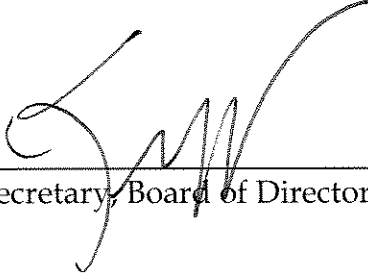
EXECUTIVE SESSION REGARDING PURCHASE OF REAL PROPERTY

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.

(SEAL)




Secretary, Board of Directors

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