

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

October 18, 2007

The Board of Directors of Harris County Municipal Utility District No. 365 met in regular session, open to the public, on the 18th day of October, 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.; Michael Keefe of Bob Leared Interests, Inc.; Caleb Franklin of TBG Partners ("TBG"); Kenneth Martinec and Cristina M. Pena of Jones & Carter, Inc. ("J&C"); Shirley McLennan of McLennan & Associates; Greg Coleman of Beazer Homes; and Susan Edwards and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The Board considered approving the minutes of the September 27, 2007, regular meeting and the October 10, 2007, joint meeting. Upon a motion made by Director Pacioni and seconded by Director Gilligan, the Board voted unanimously to approve the minutes of the September 27, 2007, regular meeting and the October 10, 2007, joint meeting as presented.

TAX REPORT

Mr. Keefe distributed the District's monthly tax report, reflecting that 99.309% of the 2006 taxes had been collected as of the end of September. After discussion, Director Pacioni moved that the Board approve the tax assessor/collector's report and the checks drawn on the District's tax account. Director Bradley seconded the motion, which passed unanimously. A copy of the tax assessor/collector's report is attached to these

ADOPT ORDER LEVYING TAXES

The Board opened the public hearing on the District's proposed tax levy. Mr. Keefe confirmed that notice of the proposed levy had been published. Upon receipt of no comments from the public, the Board considered an Order Levying Taxes, reflecting a tax rate of \$0.55 per \$100 valuation consisting of \$0.24 for debt service and \$0.31 for operations and maintenance. Upon a motion made by Director Gilligan and seconded by Director Bradley, the Board unanimously adopted the Order Levying Taxes. A copy of the Order Levying Taxes is attached to these minutes.

APPROVE AMENDMENT TO DISTRICT INFORMATION FORM

Ms. Edwards reviewed the District's proposed Amendment to Information Form to reflect the District's 2007 tax rate. After discussion, Director Gilligan moved to approve the Amendment to Information Form. Director Bradley seconded the motion, which passed by unanimous vote. A copy of the Amendment to Information Form is 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. Ms. McLennan reviewed with the Board an internal insurance refund from the District's general fund to the joint water and wastewater funds for general liability, pollution liability and umbrella premiums per the request of Harris County Municipal Utility District No. 364 ("364").

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

BUDGET

Ms. McLennan reviewed proposed revisions to the District's operating budget to reflect the 2007 certified taxable value, the 2007 maintenance and operation tax, updated security and park expenses, and an adjustment to the Chalmette Park line item showing the project as an installation instead of a repair. Upon a motion made by Director Gilligan and seconded by Director Silverman, the Board voted unanimously to adopt the amended budget for the fiscal year ending August 31, 2008.

OPERATIONS REPORT

Mr. Bare reviewed the written operations report with the Board, a copy of which is attached to these minutes. He reviewed routine maintenance and repairs, including

the installation of sprayers on the clarifiers. He also requested that the Board consider the purchase of a power washer to maintain the facilities. Upon a motion made by Director Silverman and seconded by Director Bradley, the Board voted unanimously to approve the operator's report and the purchase of a power washer. 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 Silverman 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.

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

Mr. Martinec reported that he had not received any further communication from Harris County Water Control and Improvement District No. 113 or their engineer. The Board concurred to defer action on this agenda item pending receipt of J&C's written report.

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 \$2,260 for mowing and handwork of the drainage channels, the regional detention basin, and the Dry Creek detention basin. He further stated that \$1,235.25 represents the District's share of the work. Mr. Martinec also reported that Seaback had requested either authority to reduce the amount of fertilizer used or to allow an increase in the price of fertilizer from \$7.00 per bag to \$9.50 per bag in Seaback's pass through charges. Following discussion and upon a motion by Director Gilligan and seconded by Director Pacioni, the Board voted unanimously to approve payment to Seaback Maintenance in the amount of \$1,235.25 and to eliminate the use of fertilizer.

SEWAGE TREATMENT PLANT DRIVEWAY

Mr. Martinec reported that the plans for the wastewater treatment plant concrete access road are pending approval through Harris County. Mr. Martinec said that he had reviewed the plans and thinks that there is adequate distance (70 feet) between Jarvis Road and the gate for sludge trucks to pull off of Jarvis. The Board took no action on this agenda item.

HARRIS COUNTY WIDENING OF SPRING CYPRESS ROAD

Ms. Edwards discussed with the Board the status of the acquisition of three easements along Spring Cypress for the relocation of the waterline. The Board also discussed the removal/replacement of fencing at the water plant entrance. Mr. Martinec explained that J&C relied on Harris County's plans to design the District's right-of-way. He said that Harris County's plans excluded part of Harris County's easement and that J&C had not taken that into account when designing the water plant site adjustments to accommodate the County's expanded right-of-way. Mr. Martinec said that besides the fence, there are also concrete drainage structures and a hydropneumatic tank ("hpt") that will likely need to be relocated. He said that if the District constructed the fence as currently designed, it would still be within County right-of-way. He said that J&C would revise the plans to bring the fence back within the District's property lines, improve the drainage plan, move the hpt splash pad, and revise the driveway plans to show a loop drive. Following discussion, Director Silverman moved to authorize J&C to revise the plans as described. Director Pacioni seconded the motion which passed unanimously.

DETENTION BASIN EROSION REPAIR

Mr. Martinec reported that the interlocking blocks in the regional detention basin need to be reset and requested authorization to work with the contractor to come up with a different solution to keep sod from washing away. Mr. Martinec discussed sodding and reconfiguring the interlocking blocks. Following discussion, Director Silverman moved to authorize J&C to work with the contractor to develop a solution to keep the sod from washing away and bring a proposal for such work back to the Board for approval. Director Pacioni seconded the motion which passed unanimously.

WASTEWATER TREATMENT PLANT WATERPROOFING/SEALING

Mr. Martinec reported that the sealing activities were complete, but that no pay applications had been received.

WASTEWATER DISCHARGE PERMIT

Mr. Martinec reported that the permit renewal application is pending with the Texas Commission on Environmental Quality and that he anticipated receiving a draft permit by mid-November.

PILOT CHANNEL DE-SILTING

Mr. Martinec reported that the contractor was notified this week that the work on the regional detention basin pilot channel was being done in the wrong area and to halt work and return the area to its original condition. Mr. Martinec said that the contractor would return to restore the area when the area was dry. The Board discussed with Mr. Martinec the scope of the work expected by the Board and the location of the swales.

THE PARK AT ARBORDALE

Mr. Martinec next reported regarding the construction of facilities to serve The Park at Arbordale. Mr. Martinec presented Pay Application No. 4 from Double Oak Construction in the amount of \$23,904.72 for clearing and grubbing and recommended that the Board approve the pay application. Mr. Martinec and Mr. Coleman also discussed with the Board a request for the District to accept the storm sewer lines proposed to serve Reserve E for maintenance. Mr. Coleman explained that Beazer is not requesting reimbursement for the outfall. The Board concurred that the outfall was located on private property and that the District could not maintain the outfall. After discussion, Director Silverman moved to approve Pay Application No. 4 to Double Oak Construction in the amount of \$23,904.72 for clearing and grubbing and authorize payment of same. Director Pacioni seconded the motion which carried unanimously.

CANYONLANDS COMMERCIAL PROPERTY

The Board took no action on this agenda item.

DEVELOPER'S REPORT

Mr. Coleman reported on the status of development activities within The Park at Arbordale. Mr. Coleman said he expects street paving to be underway in December.

MS4 PHASE II PERMITTING REQUIREMENTS

Ms. Edwards reviewed a memorandum regarding the Phase II MS4 permitting requirements. She reported that on August 13, 2007, the Texas Commission on Environmental Quality ("TCEQ") issued TPDES General Permit TXR040000, which authorizes the discharge of storm water from small "Municipal Separate Storm Sewer Systems" ("MS4s") to surface water in the state. She stated that the TCEQ confirms that

districts located within Harris County will be considered part of Harris County's MS4 and will be regulated under Harris County's MS4 permit. She stated that no further action under permit is required by the District because it is located in Harris County. A copy of the ABHR memorandum regarding the Phase II MS4 permitting requirements is attached as an exhibit to these minutes.

TBG REPORT

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

JOGGING TRAIL IMPROVEMENTS

Mr. Franklin reported that the bridge will be delivered on October 29. Mr. Martinec recommended that the contractor get in touch with the landowner to coordinate access. Mr. Franklin also presented to the Board and recommended for payment Pay Application No. 1 in the amount of \$37,809.45 to D.L. Meacham as downpayment for the bridge and Pay Application No. 2 in the amount of \$8,810 to D.L. Meacham for the bid bond and payment and performance bonds. Mr. Franklin also presented to the Board and recommended that the Board approve a change order in the amount of \$7,500 for the inclusion of 90-days' maintenance on the landscaping. After discussion, Director Silverman moved to approve Pay Application No. 1 in the amount of \$37,809.45 to D.L. Meacham, Pay Application No. 2 in the amount of \$8,810 to D.L. Meacham, and a change order in the amount of a \$7,500 increase. Director Bradley seconded the motion which carried unanimously.

FENCING PROJECT AT DETENTION BASIN

The Board discussed with Mr. Franklin coordination of installation of the fence at the corner of Jarvis Road and Barker Cypress Road.

HARRIS COUNTY PRECINCT 3 LANDSCAPING AND TRAIL PROJECT

The Board took no action on this agenda item.

MURR INCORPORATED REPORT ON NATURE TRAIL AMENITIES

Ms. Edwards presented to the Board a report forwarded by Michael Murr. Ms. Edwards discussed with the Board the most recent draft of the trail maintenance cost sharing agreement for trail maintenance proposed by No. 364, a copy of which is attached. After discussion, the Board concurred to take no action on NO. 364's draft and directed Ms. Edwards to notify No. 364 that the District had approved the form of trail maintenance agreement dated March 15, 2007, a copy of which is attached.

PROPOSAL FROM HARRIS COUNTY SHERIFF'S OFFICE FOR SECURITY SERVICES

Ms. Edwards reported to the Board that Harris County would not be able to start the security services contract until January 2008 and that the District should receive contract drafts in about two weeks.

JOINT MEETING CALENDAR

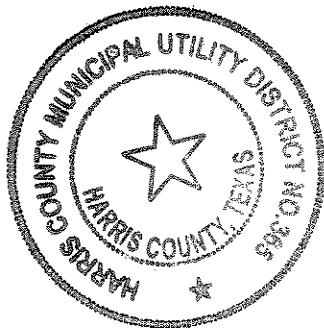
The Board concurred to continue with joint meetings held on the second Wednesday of January, April, July, and October.

SUCH OTHER MATTERS

The Board discussed purchasing recycling bins at \$8.00 per bin for each household within the District. Following discussion, Director Bradley moved to purchase recycling bins at \$8.00 per bin per household subject to an agreement with the Cole's Crossing Homeowners' Association to provide pick up of the bins. Director Silverman seconded the motion. The motion passed with Directors Bradley, Gilligan and Silverman voting in favor of the motion. Directors Myers and Pacioni abstained.

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

(SEAL)



A handwritten signature in black ink, appearing to be "S. W.", written over a horizontal line.

Secretary, Board of Directors

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