

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

November 15, 2007

The Board of Directors of Harris County Municipal Utility District No. 365 met in regular session, open to the public, on the 15th day of November, 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 Bradley, thus constituting a quorum.

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 October 18, 2007, regular meeting. Upon a motion made by Director Silverman and seconded by Director Gilligan, the Board voted unanimously to approve the minutes of the October 18, 2007, regular meeting as amended.

AUTHORIZE PREPARATION OF ANNUAL REPORT IN ACCORDANCE WITH THE DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT AND AS REQUIRED BY SEC RULE 15c2-12

The Board considered authorizing the consultants to prepare the Annual Report in accordance with the District's Continuing Disclosure of Information Agreement. Upon a motion made by Director Silverman and seconded by Director Pacioni, the Board unanimously authorized the consultants to prepare the Annual Report.

TAX REPORT

Mr. Keefe distributed the District's monthly tax report, reflecting that less than 1% of the 2007 taxes had been collected as of the end of October. Mr. Keefe also distributed a delinquent tax collection report. The Board discussed two businesses on the delinquent tax list that are no longer in business and potential locations for service of notice of delinquency. After discussion, Director Silverman moved that the Board approve the tax assessor/collector's report and the checks drawn on the District's tax account. Director Pacioni seconded the motion, which passed unanimously. Copies of the tax assessor/collector's report and the delinquent tax collection 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. The Board directed Ms. McLennan to confirm that Harris County Municipal Utility District No. 364 ("364") is being invoiced for one-half of the phase 2 trail project, either directly by the contractor or by the District.

Upon a motion made by Director Silverman and seconded by Director Pacioni, 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.

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 inspection of the District fire hydrants. Mr. Bare said that repairs needed to the District's fire hydrants will cost approximately \$6,000. Upon a motion made by Director Silverman and seconded by Director Pacioni, the Board voted unanimously to approve the operator's report and repair of the District fire hydrants as recommended. A copy of the operator's report is attached to these minutes.

Mr. Bare reported that ECO was working with ABHR to prepare a document acknowledging the merger of ECO into Southwest Water Company.

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 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

Mr. Martinec said that J&C is evaluating a three-year history of water usage in Coles Crossing before finalizing its report. 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 \$1,515 for mowing and handwork of the drainage channels, the regional detention basin, and the Dry Creek detention basin. He further stated that \$847.85 represents the District's share of the work. Mr. Martinec said that District No. 364 wanted to continue with fertilization that the Board previously instructed be discontinued. Ms. Edwards said that the Board has the right under the Joint Facilities Agreement to make decisions regarding maintenance of the drainage channels. The Board concurred to take no action regarding its earlier decision to terminate fertilizer applications. Following discussion and upon a motion by Director Gilligan and seconded by Director Myers, the Board voted unanimously to approve payment to Seaback Maintenance in the amount of \$847.85.

SEWAGE TREATMENT PLANT DRIVEWAY

Mr. Martinec reported that the plans for the wastewater treatment plant concrete access road have been revised for a 30-ft. turn radius and a 20-ft. width to accommodate larger vehicles. He said that Harris County agreed to split the additional \$8,000 in cost to increase the size of the drive. Mr. Martinec requested that the Board approve the Right of Entry Agreement to allow the County to construct a portion of the concrete drive. Mr. Martinec said the driveway access from Jarvis Road would be constructed by the County's road-widening contractor. Director Myers noted that the County's contractor will be solely responsible for any stormwater control violations associated with the construction work, not the District. Following discussion and upon a motion by Director Gilligan and seconded by Director Myers, the Board voted unanimously to approve the Right of Entry Agreement to allow the County to construct a portion of the

concrete drive and to approve the additional cost to be shared equally with Harris County.

HARRIS COUNTY WIDENING OF SPRING CYPRESS ROAD

Mr. Martinec reported that Harris County demanded that the fence at water plant no. 1 be moved immediately. He said that J&C relocated the fence in order to comply with the County's deadline, but that there are still utility poles and a meter drop in the County's right-of-way. Mr. Martinec said that he had not heard back from the County regarding a deadline to move the poles and the meter drop. He said that J&C is working on plan revisions.

DETENTION BASIN EROSION REPAIR

Mr. Martinec reported J&C had contacted Erosion Prevention Products to evaluate the interlocking blocks and sodding problem in the regional detention basin and assist J&C in reaching a solution to the continuing problem. No Board action was required.

WASTEWATER TREATMENT PLANT WATERPROOFING/SEALING

Mr. Martinec reported that the sealing activities were complete, but that no payments to Epoxy Design Systems are recommended because additional leaks, some in areas previously repaired and some in new areas, have appeared. He said that Epoxy Design Systems has agreed to repair the leaks in the original scope of work and would repair the leaks in new areas for \$1,950. Mr. Martinec said that J&C's will have a structural engineer inspect the facility to make any further recommendations regarding the leaks. The Board concurred that Epoxy Design Systems should proceed with repairs as described.

WASTEWATER DISCHARGE PERMIT

Mr. Martinec reported that the permit renewal application is pending with the Texas Commission on Environmental Quality and that J&C has not yet received the draft.

PILOT CHANNEL DE-SILTING

Mr. Martinec said that the contractor is in the process of restoring the disturbed turf. No Board action was required.

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. 5 from Double Oak Construction in the amount of \$16,843.77 for clearing and grubbing and recommended

that the Board approve the pay application. Mr. Martinec reported that Double Oak had received a citation from the Harris County Health and Environment Department to discontinue burning, but that half of the material to be burned remains. He said that Double Oak proposed to chip and haul the remainder for half of their alternative bid amount for chipping and hauling. Mr. Coleman said that he wanted to get some additional quotes to see if Double Oak's proposal for half of the alternative bid amount was in line for the amount of material remaining. Director Gilligan questioned whether or not the contractor had the appropriate equipment for the job. Mr. Martinec also said that the contractor had been instructed not to cut any additional trees in the District's right-of-way until further verification has been made.

Mr. Martinec also presented Pay Application No. 1 from C.E. Barker Construction in the amount of \$388,537.28 for water, sewer and drainage facilities to serve The Park at Arbordale and recommended that the Board approve the pay application. Mr. Martinec said that there would be a change order in the amount of \$111,432.40 on next month's engineering report for hauling excess excavation dirt off-site rather than spreading it within the property which could damage tree roots. Ms. Pena added that the trash troopers would be installed this week. She also said that she met with the Coles Crossing Homeowners' Association and Director Myers regarding the force main and waterline along Spring Cypress to determine the best locations for the bore pits to avoid damage to the vegetation.

After discussion, Director Gilligan moved to approve Pay Application No. 5 from Double Oak Construction in the amount of \$16,843.77 for clearing and grubbing and authorize payment of same, Pay Application No. 1 from C.E. Barker Construction in the amount of \$388,537.28 for water, sewer and drainage facilities to serve The Park at Arbordale and authorize payment of same, and Change Order No. 1 from C.E. Barker Construction in the amount of \$111,432.40 based on the alternate bid item to haul excess excavation from the site. Director Myers seconded the motion which carried unanimously.

CANYONLANDS COMMERCIAL PROPERTY

Mr. Martinec reported that J&C is preparing the legal descriptions for the sanitary sewer easement running through the commercial reserves to serve the Canyonland tract. Ms. Edwards said that she has been in contact with the property owners and is negotiating those easements. She said that the District would require that the lines be inspected before the lines are conveyed to the District. 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.

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 presented Pay Application No. 3 from D.L. Meacham in the amount of \$142,770.60 for installation of the bridge and abutments. He said that following installation, TBG will realign the trail, install bench pads and move the trash receptacles. Mr. Franklin said that TBG would coordinate with J&C on compaction testing. After discussion, Director Pacioni moved to approve Pay Application No. 3 in the amount of \$142,770.60 to D.L. Meacham. Director Silverman 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. Mr. Franklin said that TBG would finish the fencing with the exception of the fencing at the creek where construction is blocked by Harris County contractor equipment.

PROPOSED TRAIL MAINTENANCE AGREEMENT

Ms. Edwards said that there was no new information regarding this proposed agreement. The Board concurred that this item be removed from the agenda.

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 was not present to report and the Board concurred to defer discussion of this agenda item, specifically trail maintenance, until next month's agenda. Director Myers reported that the Chalmette Park sidewalk is complete.

ADOPT ORDER ADDING LAND AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Ms. Edwards said that the City of Houston consented to the annexation, but ABHR has not yet received certified copies of the City's ordinance granting consent. The Board concurred to defer action on this agenda item until the ordinance granting consent is received.

PROPOSAL FROM HARRIS COUNTY SHERIFF'S OFFICE FOR SECURITY SERVICES

Ms. Edwards reported the contracts have not yet been received for execution. The Board took no action on this agenda item.

ADOPT RESOLUTION VOTING FOR DIRECTOR FOR BOARD OF DIRECTOR ELECTION FOR HARRIS COUNTY APPRAISAL DISTRICT

The Board took no action on this agenda item.

ADOPT RESOLUTION DECLARING A PUBLIC NECESSITY FOR THE ACQUISITION OF WATERLINE EASEMENTS AND APPROVE ENGAGEMENT OF EMINENT DOMAIN ATTORNEY

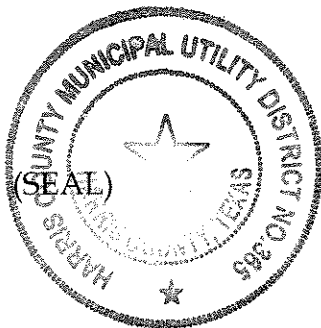
Ms. Edwards discussed the need for the District to acquire waterline easements for the relocation of its waterline due to Harris County's widening of Spring Cypress Road. Ms. Edwards reviewed a Resolution Declaring a Public Necessity for the Acquisition of Waterline Easements. Ms. Edwards also recommended the Board approve the engagement of an eminent domain attorney and she recommended Frederick Junkin with Andrews & Kurth, LLP in the event that ABHR cannot reach an agreement with the affected landowners regarding conveyance of the necessary easements. Following discussion, Director Pacioni moved to approve a Resolution Declaring a Public Necessity for the Acquisition of Waterline Easements and the engagement of Andrews & Kurth, LLP to represent the District as necessary.

PURCHASE AND DISTRIBUTION OF HOUSEHOLD RECYCLING BINS

The Board concurred to defer action on this agenda item in Director Bradley's absence.

SUCH OTHER MATTERS

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



Secretary, Board of Directors

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