

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

April 17, 2008

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 April, 2008, 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 SWWC Services, Inc.; Michael Keefe of Bob Leared Interests, Inc.; Caleb Franklin of TBG Partners ("TBG"); Chris Burke of Sander Engineering Corporation ("Sander"); Shirley McLennan of McLennan & Associates; Greg Coleman of Beazer Homes Texas, L.P.; Matthew Lund, District resident; Michael Murr of Murr Incorporated; Clayton Black of Jones & Carter; and Susan Edwards, Alia Vinson, and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The Board considered approving the minutes of the March 13, 2008, regular meeting. Upon a motion made by Director Pacioni and seconded by Director Bradley, the Board voted unanimously to approve the minutes of the March 13, 2008, regular meeting.

TAX REPORT

Mr. Keefe distributed the District's monthly tax report reflecting that 96.8% of the 2007 taxes had been collected as of the end of March. Director Silverman reported that the owner of Heath Clips had contacted him and said that he had Harris County Appraisal District documentation regarding a roll correction regarding his delinquent personal property account. Mr. Keefe said that he would contact the owner to review the documentation and clear the account from the delinquent list, if appropriate. 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

Bradley seconded the motion, which passed unanimously. A copy of the tax assessor/collector's report 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, including handwritten check no. 1584 from the operating account in the amount of \$4,826.25 to the Cole's Crossing Homeowners' Association as reimbursement for removal of fallen trees on the nature trail. Mr. Burke requested that Ms. McLennan continue to hold check no. 2070 issued to Epoxy Design pending resolution of a continuing leak at the chlorine contact basin. Ms. Edwards also said that the annexation proceedings for Beazer Homes were complete and that the annexation deposit balance could be returned to Beazer Homes. 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, to authorize the district bookkeeper to continue to hold payment to Epoxy Design, and to release the balance of the Beazer annexation deposit to Beazer Homes. 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. Upon a motion made by Director Bradley and seconded by Director Silverman, the Board voted unanimously to approve the operator's report. A copy of the operator's report and wastewater quality testing results for the Dry Clean Supercenter 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 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 Silverman seconded the motion, which carried unanimously. A copy of the termination list is attached to these minutes.

APPROVE CONSUMER CONFIDENCE REPORT AND AUTHORIZE OPERATOR TO MAIL CONSUMER CONFIDENCE REPORT AND FILE CERTIFICATE OF MAILING WITH THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Mr. Bare reviewed a draft Consumer Confidence Report ("CCR"), a copy of which is attached, regarding the quality of the District's water. He said the CCR must be filed with the Texas Commission on Environmental Quality ("Commission") and mailed to District residents by July 1, 2008. Following review and discussion, Director Bradley moved that the Board approve the CCR and authorize the operator to file the CCR with the Commission and mail it to District customers. Director Silverman seconded the motion and it passed unanimously.

ENGINEER'S REPORT

The Board reviewed a written engineer's report submitted by Sander 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

The Board discussed the status of the drainage channel mowing and maintenance. Mr. Burke said that he was working with Jones & Carter ("J&C") to identify ownership of each of the channels and establish the percentage of District maintenance responsibility for each channel. Mr. Burke also said that Seaback Maintenance had again been approached by Harris County Municipal Utility District No. 364 ("No. 364") regarding fertilization and seeding. The Board concurred not to authorize Seaback to fertilize and seed at this time.

ACCESS ROAD AT WASTEWATER PLANT

The Board next discussed the status of the construction of the access road at the wastewater treatment plant. Mr. Burke advised that Sander would obtain the plans from J&C and assume administration of the construction phase of the contract.

HARRIS COUNTY WIDENING OF SPRING CYPRESS ROAD

The Board discussed the status of the widening of Spring Cypress Road by Harris County. Mr. Burke reported that J&C had prepared plans and specifications and recommended that the Board allow J&C to finish the plans and specifications and obtain all regulatory approvals on the plans.

Mr. Burke said that Sander will coordinate the water plant turnout, as revised, and confirm that the turnout, as revised, is included in the bidding. The Board discussed with Mr. Burke placement of the fencing and recession of the gate. He said that NTS will relocate the water plant no. 1 electrical service structure within 2 weeks at

a cost of less than \$20,000. Ms. Edwards said relocation costs should be tracked and submitted to the County for reimbursement.

Mr. Burke discussed with the Board the interconnect with Northwest Harris County MUD No. 10 ("No. 10") near Walgreen's. Mr. Burke said that he had spoken with the engineer for No. 10 and confirmed the point of interconnect is on the north side of Spring Cypress Road, meaning the line under the road belongs to the District. Mr. Burke suggested abandoning the interconnect, pulling the vault, and reinstalling the vault as part of the District's waterline relocation project. Mr. Burke requested that the Board approve the interconnect abandonment and authorize the district operator to pull and store the vault.

Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to allow J&C to continue preparation of the plans and specifications for the widening of Spring Cypress Road, approve abandonment of the interconnect, and authorize the district operator to pull and store the vault.

WASTEWATER DISCHARGE PERMIT

The Board discussed the status of the pending.

THE PARK AT ARBORDALE

The Board next discussed the construction of facilities to serve The Park at Arbordale and acknowledged receipt of Pay Request No. 4 in the amount of \$182,731.83 payable to C.E. Barker, Ltd., for lift station improvements and silt fencing around the outfalls. Upon a motion by Director Silverman and seconded by Director Bradley, the Board voted unanimously to approve Pay Request No. 4 in the amount of \$182,731.83 payable to C.E. Barker, Ltd. subject to final review by Sander.

CANYONLANDS COMMERCIAL PROPERTY

The Board next discussed the status of the water, sewer, and drainage facilities to serve the Canyonlands commercial property. Mr. Black reported that 13 bids had been received and recommended that the Board accept the bid from Clearwater Utilities in the amount of \$119,330.84. After discussion, based on the engineer's recommendation, and because it would result in the best and most economical completion of the project, Director Silverman moved to approve the award of the contract to Clearwater Utilities. Director Bradley seconded the motion which passed unanimously.

ONE-YEAR WARRANTY FOR WATER WELL NO. 1 MOTOR AND LIFT STATION NO. 1 GENERATOR

Mr. Burke said that he would be inspecting both and would report back to the Board.

DEEDS AND EASEMENTS

Ms. Edwards next discussed certain reserves conveyed to the District by JDC Greenleaf in 2004. Ms. Edwards said that the property was conveyed to the District without the District's knowledge or acceptance.

Ms. Edwards also presented to and reviewed with the Board 4 sanitary sewer and 2 water line easements being conveyed to the District by Canyonlands Corporation in conjunction with the installation of water, sewer, and drainage facilities to serve the commercial tract under development.

Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to accept a Special Warranty Deed by JDC Greenleaf to the District on December 29, 2004 and to accept 4 sanitary sewer and 2 water line easements being conveyed to the District by Canyonlands Corporation.

DEVELOPER'S REPORT

Mr. Coleman reported on the status of development activities within The Park at Arbordale. Mr. Coleman discussed with the Board correspondence received from No. 364 regarding the storm sewer outfall into the drainage channel. Ms. Edwards explained that the storm sewer outfall would be turned over to the District for ownership and maintenance upon construction in accordance with the approved plans. Mr. Coleman added that Beazer had contracted with Stormwater Solutions to control stormwater quality during construction and until the District accepts the drainage facilities. Mr. Coleman noted that No. 364 seeks confirmation that it will not be responsible for the drainage outfall structure within its boundaries and that the outfall will be effectively maintained so that sediment is not discharged into the drainage channel within No. 364's boundaries. Following discussion, the Board concurred that Ms. Edwards should work with Mr. Coleman to draft a letter in response addressing No. 364's specific concerns.

TBG REPORT

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

PHASE 2 TRAIL IMPROVEMENTS

Mr. Franklin reviewed with the Board and recommended approval of a change order in the amount of \$2,271.50, a copy of which is attached to these minutes, to account for a shortage of 59' of concrete rail fencing in the Yorkmont Drive cul-de-sac. Mr. Franklin noted that the final walk-through may be scheduled in 10 - 14 days. Upon a motion by Director Silverman and a second by Director Pacioni, the Board voted unanimously to approve the change order.

FENCING PROJECT AT THE DETENTION BASIN

Mr. Franklin said a Harris County contractor had entered District property and removed certain fence panels closest to the ditch. He said that he sent to Ms. Edwards the contractor's cost to provide new panels and remobilize for the repairs. Ms. Edwards recommended that the Board authorize notice of a claim in the amount of the District contractor's quote be sent to the County's contractor and the contractor's bonding company. Upon a motion by Director Silverman and a second by Director Bradley, the Board voted unanimously to authorize the repair work and submittal of the claim against the County's contractor.

Director Myers said that the bolts on the gates are stripped, possibly because of the weight of the gate, and requested that TBG change the bolts out to a heavier grade bolt.

HARRIS COUNTY PRECINCT 3 LANDSCAPING AND TRAIL PROJECT

The Board concurred to defer this discussion until the November, 2008, agenda.

DETENTION BASIN NATURE TRAIL MAINTENANCE

Mr. Murr reported that he had forwarded a reduced trail maintenance proposal. No Board action was taken regarding the proposal.

PARK GRANT APPLICATION AND DETENTION BASIN PARK DESIGN

The Board discussed the components of proposals submitted by Talley-Pope & Associates and Murr Incorporated in addition to the previously approved amount of \$15,800 to prepare cross-section drawings and overlays for the proposed detention basin improvements. Following discussion, Director Silverman requested that Mr. Murr and Ms. Talley-Pope provide the Board with an event schedule to include costs for each project event and the recipient of pay for each event. No Board action was taken.

AUTHORIZE POSTING DISTRICT AGENDAS AND MINUTES TO DISTRICT WEBSITE

The Board discussed posting agendas and minutes to the District website. Upon a motion by Director Bradley and a second by Director Silverman, the Board voted unanimously to authorize ABHR to post approved minutes and agendas to the website, to maintain 12 months of minutes on the website, and to remove the previous agenda as the minutes for that meeting are posted.

AUTHORIZE EXECUTION OF DISTRICT REGISTRATION FORM

Ms. Edwards explained that the District was required to update the District Registration Form and file it with the Texas Commission on Environmental Quality ("TCEQ"). She explained that the Registration Form would be updated to reflect the newly hired engineer and the new name of the District operator. After discussion, Director Silverman moved that the Board authorize execution and submission of the District Registration Form. Director Bradley seconded the motion, which carried unanimously.

AGREEMENT WITH HARRIS COUNTY RELATING TO THE LEASE OF ELECTION EQUIPMENT

Ms. Edwards discussed with the Board an agreement with Harris County for the lease of voting machines. Upon a motion by Director Silverman and a second by Director Pacioni, the Board voted unanimously to approve the agreement and authorize payment of the lease deposit to Harris County.

TRAIL MAINTENANCE AGREEMENT

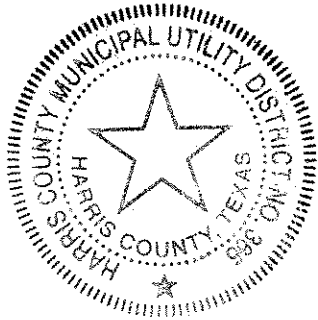
Ms. Edwards discussed with the Board a draft of a letter agreement dated April 17, 2008, between the District and No. 364 regarding trail maintenance, a copy of which is attached. Director Myers explained that the agreement proposes that yearly funding of the maintenance would be contingent upon the availability of funds to each district. Director Silverman moved to approve the letter agreement as presented. Director Bradley seconded the motion which passed by a vote of 3 to 1, with Director Pacioni voting against.

Director Silverman noted that No. 364 has reported it has designated funds in its current budget for installation of phases 3 and 4 of the trail system, and further noted that the District has not designated funds in its 2008 budget for this work. Director Silverman suggested that the District and No. 364 begin planning phases 3 and 4, based on sharing the costs equally, with No. 364 funding its share of the costs for the first portion of the project and the District funding its share of the costs on the balance of the work. The Board concurred with this approach.

SUCH OTHER MATTERS

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

(SEAL)



Matthew R. L. L.
Secretary, Board of Directors

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