

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

June 19, 2008

The Board of Directors of Harris County Municipal Utility District No. 365 met in regular session, open to the public, on the 19th day of June, 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
Megan Bradley	Vice President
Alan Silverman	Assistant Vice President
Matthew Lund	Secretary
Claudine Pacioni	Director

and all of the above were present, except Director Pacioni, 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 ("SEC"); Shirley McLennan of McLennan & Associates; Greg Coleman of Beazer Homes Texas, L.P. ("Beazer"); Michael Murr of Murr Incorporated; Karen Riddle of Able Permits; Clayton Black of Jones & Carter, Inc. ("J&C"); 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 May 15, 2008, regular meeting. Revisions were submitted by Mr. Keefe. Upon a motion made by Director Bradley and seconded by Director Lund, the Board voted unanimously to approve the minutes of the May 15, 2008, regular meeting as amended.

TAX REPORT

Mr. Keefe distributed the District's monthly tax report reflecting that 98.2% of the 2007 taxes had been collected as of the end of May. Mr. Keefe also provided the Board with a copy of the delinquent account list that will be presented to the delinquent tax attorney for collection purposes. 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 Lund seconded the motion, which passed unanimously. Copies of the tax assessor/collector report and delinquent account list are attached to these minutes.

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

After discussion, Director Silverman moved that the Board authorize the delinquent tax attorney to proceed with the collection of delinquent taxes. Director Bradley seconded the motion, which passed by unanimous vote.

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. Mr. Burke said that repairs to the wastewater treatment plant were not complete and that the check written at a previous meeting to Epoxy Designs should continue to be held. Upon a motion made by Director Silverman and seconded by Director Lund, 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.

DISCUSS BUDGET FOR FISCAL YEAR END AUGUST 31, 2009

Ms. McLennan next reviewed with the Board draft budgets for the fiscal year ending August 31, 2009, for the joint facilities. After review and discussion, Director Lund moved to approve the joint facilities budgets. The motion was seconded by Director Bradley and passed unanimously. Ms. McLennan said that she would present the District's proposed budget at the next Board meeting.

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. He also reported that the Dry Clean Supercenter exceeded the Maximum Contaminant Level for tetrachloroethylene on May 14, 2008. Upon a motion made by Director Bradley and seconded by Director Lund, the Board voted unanimously to approve the operator's report and to authorize ABHR to forward a warning letter to the Dry Clean Supercenter. A copy of the operator's report and wastewater quality testing results for the Dry Clean Supercenter is attached to these minutes.

Director Bradley requested that water service be restored to the water fountain at the trail head. Director Lund said that the tube to the dog fountain is too short and asked that Mr. Franklin investigate.

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 Lund seconded the motion, which carried unanimously. A copy of the termination list is attached to these minutes.

ENGINEER'S REPORT

The Board reviewed a written engineer's report submitted by SEC 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.

TRANSITION OF DOCUMENTS FROM JONES & CARTER, INC.

Mr. Burke reported that SEC is beginning to receive files and drawings from J&C.

STORMWATER CHANNEL FACILITIES

The Board discussed the status of the drainage channel mowing and maintenance. Mr. Burke said that he had not yet received all the necessary information from J&C to identify capacity ownership in each phase of the channels and establish the percentage of district maintenance responsibility for each channel phase. Mr. Burke also presented invoices from Seaback Maintenance that were submitted and authorized for payment as part of the bookkeeper's report.

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 said that the contracts were prepared and ready for signature.

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 SWWC removed the emergency water interconnect vault, valves, meter and piping. Mr. Burke said that he had discussed relocating the interconnect vault either south on Barker Cypress or west of the water

plant. Mr. Burke said that it would cost approximately \$30,000 to run additional water line and install a new vault to the proposed locations.

REPAIR OF BASIN LEAKS AT WASTEWATER TREATMENT PLANT

Mr. Burke reported that Epoxy Designs will make additional repairs and that he has an onsite meeting scheduled to inspect the repairs.

WASTEWATER DISCHARGE PERMIT

Mr. Burke reported that the wastewater treatment plant permit renewal application is still pending at the Texas Commission on Environmental Quality.

THE PARK AT ARBORDALE

The Board next discussed the construction of facilities to serve The Park at Arbordale. Mr. Burke reported that J&C was preparing as-built drawings. Mr. Burke said that SEC is working with Legacy and J&C to get power to the new lift station and requested that the Board approve a contract through Integrys for the lift station. Upon a motion by Director Silverman and seconded by Director Lund, the Board voted unanimously to approve a new electricity service contract for the lift station as recommended by Legacy Integrys and authorize signature on the contract when received.

CANYONLANDS COMMERCIAL PROPERTY

The Board next discussed the status of the water, sewer, and drainage facilities to serve the Canyonlands commercial property. Mr. Black presented change order no. 1 in the amount of \$2,000 for boring under a concrete drive and recommended payment of pay estimate no. 1 in the amount of \$105,811.68 payable to Clearwater Utilities. Director Silverman moved to approve change order no. 1 in the amount of \$2,000 and pay estimate no. 1 in the amount of \$105,811.68 payable to Clearwater Utilities. Director Lund 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 SEC will schedule the inspections.

DEEDS AND EASEMENTS

No deeds and easements were presented for consideration.

DEVELOPER'S REPORT

Mr. Coleman reported on the status of development activities within The Park at Arbordale. Mr. Coleman discussed with the Board the retainage being held by Beazer on the clearing and grubbing contract pending resolution of the homeowners' association claim against the contractor for the unauthorized removal of trees.

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 payment of pay estimate no. 8 in the amount of \$42,813 payable to D.L. Meacham. He explained that of the total amount, the District was responsible for \$19,819.89 and that the balance would be paid by Harris County Municipal Utility District No. 364 ("No. 364"). Upon a motion by Director Silverman, seconded by Director Bradley, the Board voted unanimously to approve payment of \$19,819.89 of pay estimate no. 8.

FENCING PROJECT AT THE DETENTION BASIN

Mr. Franklin reported that there would be a final walk-through this week. The Board discussed recent damage by an unknown vehicle to the fence. Mr. Franklin said that he would get a proposal price to repair the fence.

GRAFFITI ON THE TRAILS

The Board discussed how to remediate the ongoing graffiti on the trails. Following discussion, Director Silverman moved to authorize Director Myers to discuss with the Coles Crossing Homeowners' Association ("HOA") a proposal for the HOA to remove the graffiti and then be reimbursed by the District. Director Bradley seconded the motion which passed unanimously.

TRAIL MAINTENANCE AGREEMENT AND AMENDED EXHIBIT

Ms. Vinson reported that no comments or response had been received from No. 364's attorney on the revised agreement sent to No. 364 on May 16, 2008.

REVISED RECREATIONAL EASEMENT TO HARRIS COUNTY NO. 364

Ms. Edwards reviewed with the Board a revised area for a recreational easement requested by No. 364. A copy of a layout showing the revised easement area is attached

to these minutes. Upon a motion by Director Silverman, seconded by Director Bradley, the Board voted unanimously to approve the revised easement area.

CONSENT TO ENCROACHMENT

Karen Riddle reviewed a request from David and Tricia Balmos at 13623 Waverly Crest Court for the District's consent to the encroachment of a portion of a swimming pool and rock and concrete deck approximately 5' into a utility easement. Mr. Burke confirmed that there were no District utilities within the easement. Ms. Edwards discussed the terms and conditions of a written Consent to Encroachment with the Board. Upon a motion by Director Silverman, seconded by Director Bradley, the Board voted unanimously to approve the Consent to Encroachment for 13623 Waverly Crest Court.

DETENTION BASIN NATURE TRAIL MAINTENANCE

Mr. Murr reported that trail maintenance is already being provided through an HOA contract and said that he would contact the maintenance supervisor to identify any additional maintenance that the District may want done outside of the HOA contract. Mr. Murr said that the maintenance provider would not charge the District for any additional maintenance. Director Myers said that the drip line and pipes for the irrigation system were exposed and asked that Mr. Murr get a proposal to get them covered. Upon a motion by Director Silverman, seconded by Director Bradley, the Board voted unanimously to authorize Mr. Murr to get the drip line and pipes covered for an amount not to exceed \$1,000.

DETENTION BASIN PARK CONCEPTUAL PLAN

The Board concurred to schedule a special meeting on July 15, 2008, in the District to discuss the plan.

RENEWAL OF DISTRICT INSURANCE POLICIES

Ms. Edwards said that the District's current insurance policies would expire at the end of August. Upon a motion by Director Silverman, seconded by Director Bradley, the Board voted unanimously to approve renewal of the District's insurance policies through Anco-McDonald Waterworks Insurance Services, L.L.C., subject to a combined premium increase of no more than 20%. The Board also discussed with Mr. Coleman and Mr. Burke the schedule for completion of the lift station at The Park at Arbordale and the inclusion of the lift station as an insured property in the District's policies.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR
ASSOCIATION OF WATER BOARD DIRECTORS FOR SUMMER CONFERENCE

Ms. Edwards reviewed with the Board the District's travel reimbursement guidelines for reimbursement of the directors' expenses for the Association of Water Board Directors ("AWBD") summer conference.

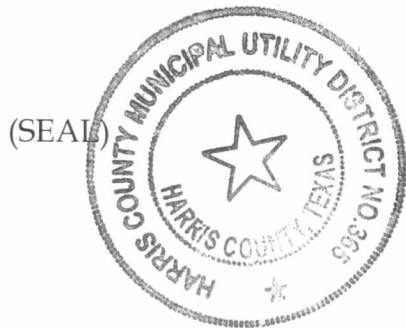
CONVENE EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS
GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH
ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION

The Board concurred it was not necessary to convene in executive session pursuant to Section 551.071, Texas Government Code.

OTHER MATTERS

The Board concurred to hold its regular meeting on July 24th due to the AWBD summer conference schedule. The Board also discussed rescheduling the joint meeting with No. 364.

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



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

LIST OF ATTACHMENTS TO MINUTES

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