

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

November 20, 2008

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 365 (the "District") met in regular session, open to the public, on the 20th day of November, 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:

Joe Myers	President
Megan Bradley	Vice President
Alan Silverman	Assistant Vice President
Matthew Lund	Secretary
Mike Vandewater	Assistant Secretary

and all of the above were present.

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"); Dennis Sander of Sander Engineering Corporation ("SEC"); Shirley McLennan of McLennan & Associates; Greg Coleman of Beazer Homes ("Beazer"); 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 October 9, 2008, joint meeting, the October 15, 2008, special meeting, the October 16, 2008, regular meeting, and the November 13, 2008, special meeting. Upon a motion made by Director Vandewater and seconded by Director Bradley, the Board voted unanimously to approve the minutes of the October 9, October 15, October 16, and November 13, 2008, meetings as submitted.

TAX ASSESSMENT AND COLLECTIONS MATTERS, INCLUDING DELINQUENT TAX COLLECTIONS, INSTALLMENT AGREEMENTS, AND PAYMENT OF TAX BILLS

Mr. Keefe distributed the District's monthly tax report reflecting that 99.4% of the 2007 taxes and \$4,173.95 of the 2008 taxes had been collected as of October 30, 2008. Mr. Keefe confirmed that tax statements for 2008 taxes had been mailed. He also distributed to and reviewed with the Board a delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, LLP. The Board discussed delinquent taxes due from Jefferson Development Corporation. After discussion, Director Bradley moved to 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's report and the delinquent tax report are attached.

FINANCIAL AND BOOKKEEPING MATTERS, INCLUDING PAYMENT OF THE BILLS AND REVIEW OF INVESTMENTS

Ms. McLennan reviewed with the Board the bookkeeper's report, investment report, budget comparison, and the bills and checks presented for payment, including handwritten check number 2216 to Gemtone Texas as a replacement for a previously approved and written check to Gemtone Texas which is now stale. She also presented the deposit agreement with TexStar, as approved at the November meeting, for signature. After review of the invoices and corresponding checks, and 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 for payment. A copy of the bookkeeper's report is attached.

BUDGET AND JOINT WATER FACILITIES BUDGET FOR FISCAL YEAR ENDING AUGUST 31, 2009

Ms. McLennan reviewed with the Board proposed amendments to the general operating budget and the joint water facilities operating budget. Upon a motion by Director Silverman and a second by Director Lund, the Board voted unanimously to amend the general operating budget and joint water facilities budget as presented. Copies of the budgets as amended are attached to these minutes.

AUTHORIZE PREPARATION OF ANNUAL REPORT IN ACCORDANCE WITH 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 Lund and seconded by Director Bradley, the Board unanimously authorized the consultants to prepare the Annual Report.

OPERATION OF DISTRICT WATER, SANITARY SEWER, AND STORMWATER FACILITIES, BILLINGS, REPAIRS AND MAINTENANCE

Mr. Bare reviewed the written operations report with the Board, a copy of which is attached. He reviewed routine maintenance and repairs in the District, including lighting at the wastewater treatment plant and preventative maintenance on pumps and generators. The Board also discussed the amount expended for relocation of the emergency water interconnect vault on Spring Cypress and whether the relocation cost is reimbursable pursuant to the proposed reimbursement agreement with Harris County. Upon a motion made by Director Lund and seconded by Director Vandewater, the Board voted unanimously to approve the operator's report.

HEARING ON TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS AND AUTHORIZE TERMINATION OF 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 Lund 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 Vandewater seconded the motion, which carried unanimously. A copy of the termination list is attached.

DISCUSS REQUEST FOR PUBLIC ASSISTANCE FROM FEDERAL EMERGENCY MANAGEMENT AGENCY ("FEMA")

Ms. Edwards reviewed with the Board the application process for requesting reimbursement from FEMA for storm related damages. Mr. Bare approximated the District's total damages from Hurricane Ike at \$5,000.00.

Following discussion, the Board concurred not to file an application with FEMA to request reimbursement of storm related damages due to the relatively small amount of the District's damages.

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.

MAINTENANCE OF STORMWATER CHANNEL FACILITIES

Mr. Sander said that SEC is preparing plans and specifications for a bid package as previously discussed with the Board. Director Lund commented on the monthly mowing invoices and asked that the fuel adjustment surcharge be removed from the billing in light of recent lower fuel prices. Mr. Bare said that he would contact Seaback Maintenance regarding same.

ACCESS ROAD AT WASTEWATER PLANT

The Board next discussed the status of the construction of the access road at the wastewater treatment plant. Mr. Sander presented and recommended payment of Pay Estimate No. 1 in the amount of \$120,753.54 payable to C.E. Barker, Ltd. Mr. Sander also presented previously approved Change Order No. 2 for signature by the Board.

Upon a motion by Director Bradley and a second by Director Lund, the Board voted unanimously to approve payment of Pay Estimate No. 1 in the amount of \$120,753.54 to C.E. Barker, Ltd.

HARRIS COUNTY WIDENING OF SPRING CYPRESS ROAD

The Board discussed the status of the widening of Spring Cypress Road by Harris County. Mr. Sander reported that nine bids were received for the relocation of the District's waterline along Spring Cypress and recommended that the Board accept the low bid from C.E. Barker, Ltd., in the amount of \$211,637.01. After discussion, based on the engineer's recommendation, and because it would result in the best and most economical completion of the project, Director Bradley moved to approve the award of the contract to C.E. Barker, Ltd., subject to review of payment and performance bonds by ABHR. Director Lund seconded the motion which passed unanimously.

REPAIR OF BASIN LEAKS AT WASTEWATER TREATMENT PLANT

Mr. Sander said that a proposal for additional repairs on the cold joints of the chlorine contact basin had not yet been received. The Board took no action on this agenda item.

JARVIS ROAD IMPROVEMENTS

Mr. Sander said that Weiser Engineering is preparing a report to Harris County regarding the Jarvis Road project, including Stormwater detention requirements, and will contact the District in the future to discuss detention for the project. No action was taken by the Board.

UTILITY COMMITMENT REQUESTS

No requests were submitted.

GIS HOSTING

Mr. Sander said that SEC has requested a GIS hosting proposal from LJA Engineering which has not yet been received.

WATER PLANT CAPACITY ANALYSIS

Mr. Sander discussed flow data provided by SWWC and requested that the Board approve a proposal in the amount of \$5,424.00 for a 28 day influent sampling at the wastewater treatment plant. He said that this sampling will give the District a more accurate analysis of flow received at the plant which will be used to more accurately evaluate unused capacity at the plant. Following discussion, Director Bradley moved to

approve the proposal from SWWC. Director Lund seconded the motion, which passed unanimously.

AUXILIARY POWER FOR WATER PLANT NO. 1, WASTEWATER TREATMENT PLANT, LIFT STATION NO. 2 AND THE PARK AT ARBORDALE LIFT STATION

Mr. Sander said that SEC is looking at costs of additional fuel storage and generators at two lift stations as discussed previously. Ms. Vinson then discussed with the Board a Hazard Mitigation Grant Program ("HMGP") established by the Federal Emergency Management Agency ("FEMA") to provide resources, especially auxiliary power and related appurtenances. She said that state officials will review and select grant proposals from all eligible projects and that the amount of money for the HMGP will be established within 90 days of the disaster declaration and will not be more than 15% of the total estimated federal grant assistance for Texas regarding the disaster. She said that the first step is to submit a Notice of Interest by January 9, 2009. The Board discussed whether the District may be obligated to participate in Harris County's submission to FEMA for assistance for auxiliary power grants. Upon a motion by Director Bradley and a second by Director Lund, the Board voted unanimously to authorize the filing of a notice of interest with FEMA.

PERENNIAL SEEDING ON DETENTION BASIN SOUTH SLOPE

Mr. Sander discussed with the Board an email proposal from Seaback Maintenance to prepare the south slope of the detention basin and seed the area for \$700.00 per acre. Upon a motion by Director Lund and a second by Director Silverman, the Board voted unanimously to approve Seaback Maintenance's proposal. Director Lund said that he would meet with Seaback Maintenance to discuss the application area.

DEEDS AND EASEMENTS

Ms. Vinson updated the Board regarding deeds conveying property to the District for the regional detention basin, the commercial ditch, and the lift station no. 2 site on Barker Cypress. Ms. Vinson said that ABHR had obtained proof of title work and was awaiting receipt of an environmental survey. Ms. Edwards also presented to the Board for approval a waterline easement from Gemtone Texas for relocation of the waterline along Spring Cypress. Ms. Edwards also presented for approval by the Board a Canyonlands waterline easement and corresponding abandonment of waterline easement. Upon a motion made by Director Bradley and seconded by Director Lund, the Board voted unanimously to approve (1) a waterline easement from Gemtone Texas; (2) a waterline easement from Canyonlands Corporation; and (3) abandonment of a waterline easement.

Mr. Sander also reviewed with the Board an on-call maintenance proposal for repair of District facilities. The Board took no action with regard to the maintenance proposal.

DEVELOPER'S REPORT

Mr. Coleman updated the Board with regard to the construction of facilities to serve The Park at Arbordale. Mr. Coleman's report is attached. No Board action was taken on this agenda item.

TBG REPORT

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

PHASE 2 TRAIL IMPROVEMENTS

Mr. Franklin presented pay application no. 9 in the amount of \$14,940 and pay application no. 10 in the amount of \$35,990, both payable to D.L. Meacham. He also presented change order no. 4 to replace two dead crepe myrtles with red oaks and deduct one live oak for a decrease of \$1,960.00 in the contract total. Upon a motion by Director Bradley and a second by Director Lund, the Board voted unanimously to approve the pay applications and change order as presented.

FENCING PROJECT AT THE DETENTION BASIN

No Board action was taken.

PHASE 3 TRAIL CONSTRUCTION

The Board concurred to defer discussion on this agenda item to the special meeting on December 11, 2008.

The Board discussed funding of signage as part of the Cole's Crossing Homeowners' Association ("HOA") master plan. Ms. Edwards advised the Board that the District had no legal authority to pay for signs except those pertaining to water, sewer, drainage, and District recreational areas.

RECREATIONAL EASEMENT TO HARRIS COUNTY NO. 364

Ms. Vinson reported that the public recreational easement was recorded with Harris County.

UPDATE ON COORDINATION WITH HARRIS COUNTY PRECINCT 3 FOR LANDSCAPING AND TRAIL PROJECT

The Board discussed a landscape reserve owned by the HOA.

INTERLOCAL AGREEMENT WITH HARRIS-GALVESTON SUBSIDENCE DISTRICT FOR WATER WISE PROGRAM

Ms. Edwards presented an Interlocal Agreement with Harris-Galveston Subsidence District for the Water Wise Program, wherein the District sponsors half of the fourth/fifth grade enrollment at Sampson Elementary at a cost of \$34.50 per student. Upon a motion by Director Lund and a second by Director Vandewater, the Board voted unanimously to approve the Interlocal Agreement with Harris-Galveston Subsidence District for the Water Wise Program.

DETENTION BASIN PARK CONCEPTUAL PLAN

There was no discussion regarding this agenda item.

CONSTRUCTION OF SPLASH PAD

There was no discussion regarding this agenda item.

RECYCLING CONTRACT

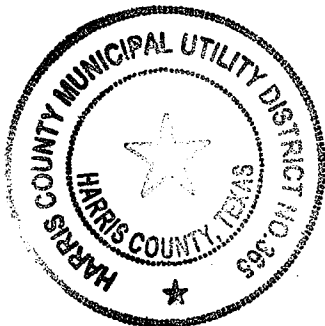
Ms. Vinson distributed to and reviewed with the Board a six month trial community recycling contract from Residential Recycling of Texas, which included a conditional buyback of the recycling bins. The Board discussed the content of a flyer to be distributed to the residents regarding the program and also discussed possible participation goals. The Board agreed that pickups should be done on Friday and that the initial pickup should occur on January 9, 2009. Mr. Bare confirmed that there is room to temporarily store the recycling bins at the wastewater treatment plant. Following discussion, Director Bradley moved to approve the contract with Residential Recycling of Texas. Director Silverman seconded the motion which passed unanimously.


SECURITY CONTRACT WITH HARRIS COUNTY SHERIFF'S OFFICE

The Board concurred to defer action on this agenda item.

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

(SEAL)




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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