

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

MINUTES OF BOARD OF DIRECTORS MEETING

November 18, 2004

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 368 (the "District") met in regular session, open to the public, at 6:30 p.m., at Graceview Baptist Church, 22510 Tomball Parkway, Tomball, Texas, on November 18, 2004, pursuant to the notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code; whereupon the roll was called of the members of the Board, to-wit:

Roy P. Lackey	President
Tiffani C. Bishop	Vice President/Investment Officer
Sharon L. Cook	Secretary
Drexel Moerbe	Assistant Secretary
Michael J. Ward	Treasurer

All members of the Board were present. Also attending were David Summerlin of P.J. Hargis & Associates ("Bookkeeper"); Ben Pawlak of Bob Leared Interests ("Tax Assessor/Collector"); Andrew Dunn, District resident and liaison with Harris County Constable Department (the "Constable"); and Kaye C. Corprew of Johnson Radcliffe Petrov & Bobbitt PLLC ("Attorneys").

The President, after finding that notice of the meeting was posted as required by law and determining that a quorum of the Board was present, called the meeting to order at 6:35 p.m. and declared it open for such business as may come before it.

1. PUBLIC COMMENTS. Director Lackey noted that no one from the general public was in attendance.

2. TAX ASSESSOR/COLLECTOR'S REPORT. Director Lackey then recognized Mr. Pawlak who distributed for the Board's review the Tax Assessor/Collector's Report, a copy of which is attached hereto as Exhibit "A," and the Top Delinquent Taxpayer List, a copy of which is attached hereto as Exhibit "B." Mr. Pawlak reviewed the Report with the Board. Upon motion by Director Bishop, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report and the payment of checks reflected therein.

3. DELINQUENT TAX REPORT. Next, Mr. Pawlak distributed for the Board's review the Delinquent Tax Report prepared by Perdue, Brandon, Fielder, Collins & Mott L.L.P., the District's Delinquent Tax Attorney, a copy of which is attached hereto as Exhibit "C." Mr. Pawlak reported that the Delinquent Tax Attorney is requesting that the Board authorize him to forward notice of the termination of service for non-payment of taxes to those delinquent tax accounts listed on such exhibit. Upon motion by Director Bishop, seconded by Director Cook,

after full discussion and with all Directors present voting aye, the Board authorized the Delinquent Tax Attorney to forward notices of the termination of service as requested.

Mr. Pawlak then exited the meeting.

4. BOOKKEEPER'S REPORT. Mr. Summerlin then presented the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "D." Mr. Summerlin reviewed the Report, then Ms. Corprew noted that certain developers' deposit accounts are in arrears and that such accounts need to be settled prior to the District reimbursing such developers for the construction of District facilities. Director Cook then stated that she would like to discuss the District's policy and procedures for paying bills between meetings. After some discussion, the Board agreed that costs for sending checks via messenger should be kept to a minimum and only be used when absolutely necessary. Upon motion by Director Bishop, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report, the checks presented for payment, and the investment report.

5. 2005 AGREEMENT FOR LAW ENFORCEMENT SERVICES. Next, Ms. Corprew distributed for the Board's review a letter from the Constable regarding the rates for the 2005 Agreement for Law Enforcement Services, a copy of which is attached hereto as Exhibit "E." The Board reviewed the increased rates and discussed whether to add a fourth deputy. The Board agreed not to add another deputy to the rotation at this time. Ms. Corprew stated that she expected to have the 2005 Agreement for Law Enforcement Services ready for the Board's approval at the next Board meeting.

Director Ward arrived at the meeting at this time.

6. MINUTES. The Board then discussed approval of the minutes of the October 21, 2004 Board meeting. Upon motion by Director Bishop, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the October 21, 2004 minutes, as presented.

7. EASEMENT ACQUISITIONS. Ms. Corprew then reported on the status of the acquisition of the easements needed to serve Ashford Place subdivision. Ms. Corprew stated that the Veronico and Augustina Benitez Sanitary Sewer Line Easement has been executed by the Benitez and is ready for the Board's approval and acceptance, that the Stewart family has agreed to the terms of the purchase and is in the process of signing their Water Line Easements, and that Mr. David Garrett has asked that the District move forward with the condemnation of the Kenny Co Sanitary Sewer Line Easement, which was previously authorized by the Board. Upon motion by Director Ward, seconded by Director Moerbe, after full discussion and with all Directors present voting aye, the Board approved and accepted the Benitez Sanitary Sewer Line Easement, a copy of which is attached hereto as Exhibit "F."

8. MISCELLANEOUS MATTERS. Next, Ms. Corprew discussed the following matters with the Board:

- a. Maintenance Building. Ms. Corprew distributed for the Board's review the latest revision of the preliminary drawing of the District maintenance

building to be located at the Water Plant No. 1 site, a copy of which is attached hereto as Exhibit "G." The Board discussed further revisions and Director Lackey agreed to discuss them with the District's Engineer, Mr. Bob Boozer of Pate Engineers, Inc.

- b. Letter Regarding Harris County Municipal Utility District No. 416's Application for Wastewater Discharge Permit. Ms. Corprew then distributed a letter from Carter & Burgess regarding an application for a new Domestic Wastewater Discharge Permit for the proposed Maple Ridge Wastewater Treatment Plant, a copy of which is attached hereto as Exhibit "H." The Board agreed that it has no objection to such application.
- c. Certificate of Acceptance. Next, Ms. Corprew presented a Certificate of Acceptance relating to the construction of Northern Point Sanitary Lift Station and Storm Water Pump Station, a copy of which is attached hereto as Exhibit "I." Ms. Corprew explained that the construction project has been completed, that the Final Pay Application has been approved by the Board and that the Board just needs to approve and execute the Certificate as recommended by the District's Engineer. The Board authorized Director Lackey to execute the Certificate of Acceptance.
- d. Clearwater Utilities, Inc. Contract. Ms. Corprew then presented a memorandum from the Attorney regarding the bonds and insurance for the Clearwater Utilities, Inc. water, sewer and drainage facilities contract to serve Stonepine, Section 2 subdivision, a copy of which is attached hereto as Exhibit "J." Ms. Corprew reported that everything appears to be in order.
- e. Parkway Chevrolet Detention Pond. Director Moerbe then stated that the Chevrolet Detention Pond is in need of rehabilitation and requested that the District Engineer look into the matter.

Mr. Dunn arrived at the meeting at this time.

9. HARRIS COUNTY CONSTABLE'S DEPARTMENT REPORT. Next, Mr. Dunn reviewed the Constable's Report with the Board.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, upon motion by Director Cook, the President adjourned the meeting at 8:20 p.m.

PASSED AND APPROVED this 16th day of December, 2004.

Secretary, Board of Directors

[SEAL]

**EXHIBITS TO MINUTES OF NOVEMBER 18, 2004 MEETING
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368**

- A - Tax Assessor/Collector's Report
- B - Top Delinquent Taxpayer List
- C - Delinquent Tax Report
- D - Bookkeeper's Report
- E - Letter from the Constable regarding the rates for 2005 Agreement for Law Enforcement Services
- F - Benitez Sanitary Sewer Line Easement
- G - Preliminary drawing of the proposed District maintenance building
- H - Letter from Carter & Burgess regarding an application for a new Domestic Wastewater Discharge Permit by Harris County Municipal Utility District No. 416
- I - Certificate of Acceptance relating to the construction of Northern Point Sanitary Lift Station and Storm Water Pump Station
- J - Memorandum from the Attorney regarding the bonds and insurance for the Clearwater Utilities, Inc. water, sewer and drainage facilities contract to serve Stonepine, Section 2 subdivision