

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

MINUTES OF BOARD OF DIRECTORS MEETING

December 16, 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 December 16, 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 Andrew P. Johnson, III, attorney and Marian D. Henderson, paralegal 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. HARRIS COUNTY CONSTABLE DEPARTMENT'S REPORT. The President first recognized Mr. Dunn who presented the security report. Mr. Dunn reported that the Constables had been busy with a number of car burglaries mostly from the shopping centers in and around the District, probably due to the Christmas Holiday season and thieves being aware that shoppers are storing packages in the trunks of their cars. Director Lackey mentioned that there had been a burglary at the Wastewater Treatment Plant and that all the keys and locks were stolen off of the heavy duty construction equipment; however, none of the equipment was missing.

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

3. MINUTES OF PRIOR MEETING(S): Upon motion by Director Ward, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board approved the minutes of the August 21, 2003, September 4, 2003, September 18, 2003, and November 18, 2004 meetings.

4. 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." Mr. Pawlak reviewed the Report with the Board. Upon motion by Director Ward, 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.

Mr. Pawlak then queried the Board on whether or not they wanted a new aerial photograph of the District. Discussion ensued regarding how much of the surrounding land that could potentially come into the District be shown on the aerial. Upon motion by Director Cook, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board authorized Mr. Pawlak to request the new aerial photograph on behalf of the District.

5. BOOKKEEPER'S REPORT. Mr. Summerlin then presented the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "B." Mr. Summerlin reviewed the Report, and stated that checks numbered 3978 and 3979 was the only difference in the report distributed at the meeting at the one previously mailed to the Board for review. Discussion ensued regarding the status of cash flow relating to the Harris County Constable service and Mr. Summerlin reported that the District would be making its first payment this month for the increase in the contract and that so far, the security was paying for itself. Upon motion by Director Ward, 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.

6. NEW BUSINESS.

- a. Assignment of Receivables. Mr. Johnson next presented the Board with an assignment of Utility Capacity Commitment, construction contracts, and receivables relating to Stonepine, Section Two Subdivision from Stonepine Creek, Ltd. To DR Horton-Texas, Ltd. and stated that the Assignment had been reviewed by his office and was similar to the assignment approved and executed in conjunction with Stonepine, Section One. Upon motion by Director Ward, seconded by Director Moerbe, after discussion and with all Directors present voting aye, the Board approved the Assignment as presented.
- b. Approve New District Boundary Maps. Mr. Johnson next presented the Board with a new mylar of the District and explained that the new map was necessary to show the completion of the annexation of the 77-acre Legacy/Great American tract. Upon motion by Director Ward, seconded by Director Moerbe, with all Directors present voting aye, the Board authorized the execution of the new boundary map and recording of same.
- c. Annual Agenda for 2005. Ms. Henderson then presented the Board with a draft of the Annual Agenda for 2005, explaining that the only changes from the 2004 Annual Agenda was to remove all Directors election items.

Upon motion by Director Bishop, seconded by Director Ward, with all Directors present voting aye, the Board approved the Annual Agenda for 2005 with noted corrections.

- d. AWBD Mid-Winter Conference. Upon motion by Director Bishop, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board authorized attendance of the Association of Water Board Directors Mid-Winter Conference in Austin, Texas by the Board.
- e. AWBD Membership Renewal. Upon motion by Director Ward, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board authorized renewal of the District's membership in the Association of Water Board Directors.
- f. NHCRWA Update. Mr. Johnson distributed correspondence from the North Harris County Regional Water Authority notifying the District of an impending pumpage fee increase to be effective the 2nd Quarter of 2005 which would increase the pumpage fees from \$0.34 per 1,000 gallons to \$0.59 per 1,000 gallons and notifying the District of the new bond issue.

7. OLD BUSINESS. Discussion next ensued regarding the status of the acquisition of various easements. Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board approved the Steward Water Line Easements.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, upon motion by Director Bishop, seconded by Director Cook, the President adjourned the meeting at 7:30 p.m.

PASSED AND APPROVED this _____ day of January, 2005.

Secretary, Board of Directors

[SEAL]

EXHIBITS

- A - Tax Assessor/Collector's Report
- B - Bookkeeper's Report