

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

MINUTES OF BOARD OF DIRECTORS MEETING

January 20, 2005

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 January 20, 2005, 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"); Loan Ho of RPDC, Inc./Stonepine Creek Ltd. ("Stonepine"); Andrew Dunn, District resident and liaison with Harris County Constable Department (the "Constable"); Officer Richard Hill of the Constable; Matt Roland of Westin Homes of Texas, Ltd. ("Westin"); 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 7:00 p.m. and declared it open for such business as may come before it.

1. PUBLIC COMMENTS. Director Lackey recognized Mr. Matt Roland of Westin and asked if he cared to address the Board. Mr. Roland explained that he was attending the meeting in order to discuss the invoice sent from the District to Westin for relocating certain electric utilities serving 19106 Logan Timbers. Mr. Roland stated that he did not believe it was Westin's responsibility to pay for relocating the utilities, and Director Lackey explained that the utilities had been relocated since they crossed the District's Extreme Event Swale Easement located along and behind such property and the District needed to rehabilitate the Easement. Director Lackey explained that the District had given Westin the opportunity to relocate the utilities, and only proceeded to have the utilities relocated after waiting at least six (6) months for Westin to take care of it. The Board deferred action on this matter until later in the meeting.

2. HARRIS COUNTY CONSTABLE DEPARTMENT'S REPORT. The President then recognized Mr. Dunn who presented the security report. Mr. Dunn reported that additional hours had been added to the patrol shifts during the Christmas holidays and that there had been only one (1) burglary reported since last month's report. Mr. Dunn then introduced Officer Hill and stated that Officer Hill works the day shift in the District and is up for promotion to

Corporal. Director Lackey then recommended the Board consider adopting a resolution requesting that the Constable appoint Officer Hill as the Corporal in charge of supervising the security patrol in the District. The Board agreed to consider such action at their February 3, 2005 Board meeting.

[Messrs. Dunn and Hill then exited the meeting.]

3. TAX ASSESSOR/COLLECTOR'S REPORT. Director Lackey then recognized Mr. Pawlak, who distributed for the Board's review the Tax Assessor/Collector's Report and the Top Delinquent Taxpayers list, copies of which are attached hereto as Exhibits "A" and "B," respectively. Mr. Pawlak reviewed the Report and the list with the Board and then reported that the District's estimated taxable property value as of December 1, 2004 is up approximately \$30 million from the certified value as of January 1, 2004.

Mr. Pawlak then stated that since the District added approximately 540 new tax accounts during 2004, the amount to be paid for tax assessor/collection activities in 2005 will increase accordingly. Upon motion by Director Bishop, seconded by Director Moerbe, after full discussion and with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report, the payment of checks reflected therein and the increase in fees to the Tax Assessor/Collector.

[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 "C." Mr. Summerlin reviewed the Report previously distributed to 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 Bookkeeper's Report, the checks presented for payment, and the investment report.

[Director Ward arrived at this time.]

5. NEW BUSINESS. Ms. Corprew then presented the following new business discussion items:

a. Proposed Annexation of and Service to a 55-Acre Tract. Ms. Corprew presented a proposal from Pate Engineers, Inc., the District's Engineer, for performing professional engineering services of the feasibility study for serving the 55-acre Gallegos tract proposed for annexation by Great America Companies at the January 6, 2005 Board meeting, a copy of which is attached hereto as Exhibit "D." Upon motion by Director Ward, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the proposal from the District's Engineer for performing the feasibility study for serving the 55-acre Gallegos proposed annexation tract.

b. Proposed Annexation of and Service to a 29-Acre Tract. Ms. Corprew then recalled the request from Mr. Frank Lenk, representing Mr. Joe Lee Todd, owner of a 29-acre tract, for annexation of such tract located next to Water Plant No. 2 at the January 6, 2005 meeting and stated that in order for the District's Engineer to proceed

with the proposed annexation study, the Board needs to formally authorize such action upon receipt of their Application for Service and Annexation. Upon motion by Director Lackey, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the proposal from the District's Engineer for performing the feasibility study, subject to receipt of the Application for Service and Annexation.

6. OLD BUSINESS. Ms. Corprew then directed the Board's attention to the following matters:

a. District Maintenance Building. Ms. Corprew next recalled that the Board had decided to defer action on the engineering proposal for designing the District's maintenance building from the January 6 meeting to tonight's meeting. The Board discussed whether to build out the building at the time the structure is constructed or whether to wait. The Board decided to defer action on this matter until further discussion with the Engineer.

b. Easements. Then, Ms. Corprew reported that Stonepine has determined that the property description for the Stonepine Detention Pond Easement previously conveyed to the District is incorrect. The Attorney is, therefore, recommending the District abandon the original Easement and approve a new revised Detention Pond Easement using the revised metes and bounds description. Upon motion by Director Cook, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board approved the Abandonment of Stonepine Detention Pond Easement and the newly revised Stonepine Detention Pond Easement, copies of which are attached hereto as Exhibits "E" and "F," respectively.

7. MINUTES OF PRIOR MEETING(S): Ms. Corprew then presented the minutes of the December 16, 2004 Board meeting, previously distributed to the Board. Ms. Corprew directed the Board's attention to several grammatical corrections she had made since forwarding the draft. Upon motion by Director Ward, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the minutes of the December 16, 2004 meeting, as corrected.

[Ms. Ho then exited the meeting.]

8. EXECUTIVE SESSION.

a. Westin Homes. At 8:05 p.m., the President called an Executive Session pursuant to Section 551.071, Texas Government Code, as amended, to consult with its Attorney and receive legal advice. All attendees to the meeting were dismissed, with the exception of the Board and Ms. Corprew. At 8:30 p.m., the Board reconvened in open session, with Matt Roland in attendance. Upon motion by Director Moerbe, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board agreed to share in the cost for relocating the electric utilities serving 19106 Logan Timbers and, therefore, reduce the amount of the invoice to Westin.

b. Co/Kwan Sanitary Sewer Easement. At 8:33 p.m., the President called an Executive Session pursuant to Section 551.072, Texas Government Code, as amended, to discuss matters relating to real property. All attendees to the meeting were dismissed, with the exception of the Board and Ms. Corprew. At 8:43 p.m., the Board reconvened in open session. Upon motion by Director Cook, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board authorized the District's Attorney to respond to the offer to settle the eminent domain proceeding against the Kenny Co and Hung Kwan Sanitary Sewer Easement, which acquisition is necessary in order to serve the Ashford Place subdivision.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, upon motion, the President adjourned the meeting at 8:45 p.m.

PASSED AND APPROVED this 17th day of February, 2005.

Secretary, Board of Directors

[SEAL]

EXHIBITS

- A - Tax Assessor/Collector's Report
- B - Top Delinquent Taxpayers list
- C - Bookkeeper's Report
- D - Engineering proposal for preparing feasibility study for serving 55-acre tract
- E - Abandonment of Stonepine Detention Pond Easement
- F - Stonepine Detention Pond Easement

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