

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

## MINUTES OF BOARD OF DIRECTORS MEETING

February 3, 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, 25510 Tomball Parkway, Tomball, Texas on Thursday, February 3, 2005, pursuant to 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
Michael J. Ward	Treasurer
Drexel Moerbe	Assistant Secretary

All members of the Board were present. Consultants attending were: Mike Plunkett of Eagle Water Management, Inc. ("Operator"); Bob D. Boozer, P.E. of Pate Engineers, Inc. ("Engineer"); and Kaye C. Corprew of Johnson Radcliffe Petrov & Bobbitt PLLC ("Attorney").

Developers in attendance were: A.J. Sullivan of Sam Yager Inc./Willow Falls Development, Ltd. ("Willow Falls"); and Loan Ho of RPDC, Inc./Stonepine Creek Ltd. ("Stonepine").

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 6:40 p.m. and declared it open for such business as may come before it.

1. PUBLIC COMMENT. There were no members of the general public present to address the Board.

2. OPERATOR'S REPORT. The President next recognized Mr. Plunkett, who presented the monthly Operations Report, a copy of which is attached hereto as Exhibit "A." Mr. Plunkett first reviewed the monthly Operations Report and then presented the Termination List and the following discussion items:

a. Superior Water Rating. Mr. Plunkett reported that he had spoken with Region H of the Texas Commission on Environmental Quality (the "TCEQ") and determined that the TCEQ inspection of the District's system that is required in order to obtain a Superior Water Rating should be done soon.

b. Water Well No. 4. Next, Mr. Plunkett stated that Water Well No. 4 had to be temporarily shut down due to a problem with the alarm system. Once an electrician makes the necessary repair, the Well will be restarted, explained Mr. Plunkett.

Upon motion by Director Moerbe, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the Operator's Report and authorized the termination of delinquent accounts listed on the Termination List in accordance with the District's Rate Order.

3. ENGINEER'S REPORT. The President next recognized Mr. Boozer, who presented the Engineer's Report, a copy of which is attached hereto as Exhibit "B." Attached to the Engineer's Report are copies of the pay estimates, change orders, utility commitments, and the recommendation of award of contracts discussed therein. Mr. Boozer reviewed the Report as follows:

a. Engineer's Action Items. Mr. Boozer explained that the District's Engineer is requesting the following actions be taken by the Board at tonight's meeting: (1) approve Pay Application No. 3 in the amount of \$416,384.42 to Industrial TX Corp. ("Industrial") for the construction of Water Plant No. 2; (2) approve Pay Application No. 13 in the amount of \$8,371.40 to Industrial for the Wastewater Treatment Plant expansion from 0.575 MGD to 0.90 MGD; (3) approve Change Order No. 5 submitted by N&S Construction Co., LLC ("N&S"), which results in no net increase or decrease in the contract amount, for the Wastewater Treatment Plant expansion from 0.575 MGD to 0.90 MGD; (4) approve Pay Application No. 3 in the amount of \$27,765.00 to Rebel Contractors, Inc. for the outfall drainage channel rehabilitation project; (5) approve Pay Application No. 6 in the amount of \$19,071.73 to Triple B Services, LLP ("Triple B") for water distribution, sanitary sewer and drainage facilities to serve Ashford Place, Section 1; (6) approve Change Order No. 1 submitted by Triple B, which results in no net increase or decrease in the contract amount, for water distribution, sanitary sewer and drainage facilities to serve Ashford Place, Section 1; (7) approve Pay Application No. 15 in the amount of \$-0- to Reddico Construction Co. for water distribution, sanitary sewer and drainage facilities to serve Northern Point, Section 1; (8) approve Pay Application No. 5 in the amount of \$12,617.24 to Triple B for water distribution, sanitary sewer and drainage facilities to serve Northern Point, Section 2; (9) approve Pay Application No. 1 in the amount of \$214,317.45 to Kenneth Lamb Construction Company for water distribution, sanitary sewer and drainage facilities to serve Northern Point, Section 3 (collectively referred to herein as the "Engineer Action Items").

b. District Maintenance Building. The Board then discussed the engineering proposal for designing the District's maintenance building and decided to defer this matter to the next meeting in order for Mr. Boozer to obtain additional information.

[Director Ward arrived at the meeting at this time.]

c. 55-Acre Proposed Annexation Tract. Next, Mr. Boozer explained that the feasibility and cost study for the 55-acre tract proposed for annexation by Jesus Gallegos and Great America Companies will be ready for the Board's consideration at the March 3<sup>rd</sup> meeting.

d. 29-Acre Proposed Annexation Tract. Mr. Boozer then reported that with regard to the proposed annexation of the Joe Lee Todd 29-acre tract, he is still waiting to receive the land plan before proceeding with the feasibility and cost study for annexation of the tract.

e. Site Development. Mr. Boozer then reported that Mr. Bob Crouch, the developer of a shopping center at the corner of Three Lakes Boulevard and State Highway 249, has submitted plans and requested a Utility Commitment for water and sanitary sewer service. This matter was deferred to the March meeting.

Upon motion by Director Ward, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report and the Engineer's Action Items.

4. DEVELOPERS' REPORT. The Developers then reported on the sales status of their various development projects.

5. ATTORNEY'S REPORT. The President next recognized Ms. Corprew, who presented the Attorney's Report, a copy of which is attached hereto as Exhibit "C," and reported as follows:

- a. Resolution Authorizing Use of Surplus Funds. Ms. Corprew presented a Resolution Authorizing Use of Surplus Funds without Application to the TCEQ for the outfall drainage channel rehabilitation project, a copy of which is attached hereto as Exhibit "D," and explained that upon the adoption of the Resolution, the District's surplus construction funds could be used to pay for the rehabilitation of the outfall drainage channel since such project meets the qualifications for use of such funds without TCEQ approval.
- b. Status of Acquisition/Transfer of Easements. Ms. Corprew requested that the Board approve and accept the following Easements: (1) Co/Kwan Sanitary Sewer Easement; (2) various on-site, out-of-plat easements for Ashford Place subdivision; (3) Abandonment of Stonepine Detention Pond Easement; and (4) new revised Stonepine Detention Pond Easement, copies of which are in the District's files. Ms. Corprew went on to explain that the easements that Willow Falls Development, Ltd. is conveying are public utility easements, and that the Board does not need to approve such easements or take any further action.
- c. Resolution Requesting Appointment by Harris County Constable of Officer Richard Hill as Corporal Over Interlocal Agreement for Law Enforcement Services between Harris County and Harris County Municipal Utility District No. 368. Ms. Corprew then presented for the Board's consideration a Resolution Requesting Appointment by Harris County Constable of Officer Richard Hill as Corporal Over Interlocal Agreement for Law Enforcement Services between Harris County and Harris County Municipal Utility District No. 368, a copy of which is attached hereto as Exhibit "E."

- d. Payment from Westin Homes. Ms. Corprew next reported that payment in full had been received from Westin Homes for relocating the electricity utilities serving 19106 Logan Timbers in response to the January 21, 2005 letter, a copy of which is attached to the Attorney's Report.

Upon motion by Director Cook, seconded by Director Ward, after full discussion and with all Directors present voting aye, the Board: (1) approved the Attorney's Report; (2) adopted the Resolution Authorizing Use of Surplus Funds without Application to the TCEQ; (3) approved and accepted the Easements described above; and (4) adopted the Resolution Requesting Appointment by Harris County Constable of Officer Richard Hill as Corporal Over Interlocal Agreement for Law Enforcement Services between Harris County and Harris County Municipal Utility District No. 368, subject to the review of Andrew Dunn.

6. APPROVAL OF MINUTES. The Board then considered approval of the minutes of the January 6, 2005 meeting, previously distributed to the Board. Director Moerbe corrected the spelling of Mr. Alvis' name. Upon motion by Director Ward, seconded by Director Moerbe, after full discussion and with all Directors present voting aye, the Board approved the minutes of the January 6, 2005 meeting, as revised.

THERE BEING NO FURTHER BUSINESS BEFORE THE BOARD, the meeting was adjourned at 8:20 p.m.

PASSED and APPROVED this the 3rd day of March, 2005.

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Secretary, Board of Directors

(SEAL)

EXHIBITS

- A - Operator's Report
- B - Engineer's Report
- C - Attorney's Report
- D - Resolution Authorizing Use of Surplus Funds
- E - Resolution Requesting Appointment by Harris County Constable of Officer Richard Hill as Corporal Over Interlocal Agreement for Law Enforcement Services between Harris County and Harris County Municipal Utility District No. 368