

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368**

**MINUTES OF BOARD OF DIRECTORS MEETING**

**February 17, 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 February 17, 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"); 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 6:55 p.m. and declared it open for such business as may come before it.

1. PUBLIC COMMENTS. There were no public comments.
2. MINUTES OF PRIOR MEETING(S): Ms. Corprew then presented the minutes of the January 20, 2005 Board meeting, previously distributed to the Board. Upon motion by Director Cook, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board approved the minutes of the January 20, 2005 meeting, as corrected.
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 reported that he had received the payment in lieu of taxes from KB Home ("KB") pursuant to the terms of their Annexation Agreement with the District, but not the other developers. Mr. Pawlak went on to report that KB is protesting the 2004 appraised value of the land they own in the District and, therefore, have not paid their 2004 taxes.

[Director Ward arrived at this time.]

Upon motion by Director Moerbe, 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 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 and then presented check numbers 3845 and 3981 through 3984 for payment and explained such checks are not included in the Report.

The Board then discussed the delinquent developer accounts and directed Ms. Corprew to forward a letter to each developer whose account with the District is delinquent along with an invoice and inform them that they have 30 days to bring their account current, otherwise the District is going to withhold further taps until the balance is paid in full.

Mr. Summerlin then reported that the Texas Water Development Board is going to start requiring water audits beginning in 2006. Upon motion by Director Moerbe, 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. HARRIS COUNTY CONSTABLE DEPARTMENT'S REPORT. The President then recognized Mr. Dunn who presented the security report.

6. 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 an engineering feasibility study and cost estimate for providing water and sanitary sewer service to the 55-acre Gallegos tract proposed for annexation by Great America Companies prepared by Bob Boozer, P.E. of Pate Engineers, Inc., the District's Engineer, a copy of which is attached hereto as Exhibit "D." Upon motion by Director Moerbe, seconded by Director Ward, after full discussion and with all Directors present voting aye, the Board approved the engineering feasibility study and cost estimate for providing service to the 55-acre Gallegos proposed annexation tract and authorized Ms. Corprew to proceed with the proposed annexation of such tract and to prepare an Annexation Agreement and a Water, Sewer and Drainage Facilities Reimbursement Agreement.

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

a. District Maintenance Building. The Board decided to defer action on the engineering proposal for designing the District's maintenance building to the next Board meeting with the Engineer, March 3, 2005.

b. District's Web Site. The Board then discussed the District's web site. Director Ward requested that another Director be appointed to oversee the web site. Director Cook agreed to be responsible for managing the site. Upon motion by Director Moerbe, seconded by Director Ward, after full discussion and with all Directors present voting aye, the Board appointed Director Cook to manage the District's web site.

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 March, 2005.

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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 - Engineering feasibility study and cost estimate for providing water and sanitary sewer service to the 55-acre Gallegos tract proposed for annexation

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