

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

MINUTES OF BOARD OF DIRECTORS MEETING

April 21, 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 April 21, 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 6:53 p.m. and declared it open for such business as may come before it.

1. PUBLIC COMMENTS. There were no public comments.
2. HARRIS COUNTY CONSTABLE REPORT. The President first recognized Mr. Dunn who presented the security report for the month of March 2005 to the Board.
3. MINUTES OF PRIOR MEETING(S): Ms. Corprew then presented the minutes of the March 17, 2005 Board meeting, previously distributed to the Board. Upon motion by Director Moerbe, seconded by Director Ward, after full discussion and with all Directors present voting aye, the Board approved the minutes of the March 17, 2005 meeting, as presented.
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 and the Top Delinquent Taxpayers list, copies of which are attached hereto as Exhibits "A" and "B," respectively. Mr. Pawlak reported that 94.946% of the District's 2004 taxes have been collected to date. With regard to the Top Delinquent Taxpayers list, Mr. Pawlak reported that Edward P. White of Three Lakes Plaza has the top commercial delinquent account at \$7,814.43 for the 2004 tax year and that Gehan Homes Houston Ltd. has the top residential delinquent account at \$3,515.85 for the 2004 tax year.

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.

[Mr. Pawlak departed the meeting at this time.]

5. 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 4155 through 4204, inclusive, from the Operating Account for payment.

Discussion next ensued regarding preparation of the draft budget for the Fiscal Year Ending May 31, 2006 and it was suggested that a meeting among Mr. Summerlin, Director Bishop, Director Ward, Mr. Mike Plunkett of Eagle Water Management, the District's operator, Mr. Bob Boozer of Pate Engineers Inc., the District's engineer, and Ms. Corprew take place prior to the next meeting to draft the budget.

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.

6. CHANGE ORDER. Ms. Corprew then presented a proposal of \$8,350.00 for modifying the crushed concrete and concrete pavement (the "Concrete Modifications") portion of the Wastewater Treatment Plant expansion project, a copy of which is attached hereto as Exhibit "D." The Board then considered approval of Change Order No. 7 to the N&S Construction Co., LLC contract for the Wastewater Treatment Plant project for the Concrete Modifications in the amount of \$8,350.00. Upon motion by Director Ward, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board approved Change Order No. 7 for the Concrete Modifications, a copy of which is attached hereto as Exhibit "E."

7. DROUGHT CONTINGENCY PLAN. Ms. Corprew next presented and reviewed with the Board a memorandum from her firm outlining the required changes to the Drought Contingency Plan pursuant to House Bill 2663 of the 78th Texas Legislative, Regular Session, amending Section 11.1272 of the Texas Water Code, a copy of which memorandum is attached hereto as Exhibit "F." Ms. Corprew explained that in order to implement the amendments, the Board should adopt an Order Amending Drought Contingency Plan, which she then distributed to the Board for review. Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board adopted the Order Amending Drought Contingency Plan, a copy of which is attached hereto as Exhibit "G."

8. MAINTENANCE BUILDING. Director Lackey then reported that he and Director Moerbe are still working on the plans for the maintenance building to be constructed at the District's Water Plant No. 1 site and that no action is required at tonight's meeting.

9. PROPOSED AMENDMENT TO DISTRICT'S POLICY REGARDING DEVELOPER REIMBURSEMENT. Ms. Corprew then stated that she had discussed the

proposed changes to the District's policy regarding developer reimbursement with the District's financial advisor, Craig Rathmann of Rathmann & Associates, and that Mr. Rathmann believes that the District can continue to support 100% reimbursement to developers while continuing to lower the District's tax rate, provided the District continues to require developers to be self-supporting before the District sells bonds to reimburse the developers. The Board decided to leave the Reimbursement Policy as it is currently stated.

10. DISTRICT WEB SITE. Director Cook stated that she has no new updates to report regarding the District's web site.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, upon motion, the President adjourned the meeting at 8:25 p.m.

PASSED AND APPROVED this 19th day of May, 2005.

Secretary, Board of Directors

[SEAL]

EXHIBITS:

- A - Tax Assessor/Collector's Report
- B - Top Delinquent Taxpayers list
- C - Bookkeeper's Report
- D - Cost estimate from N&S Construction Co. Inc. for the Concrete Modifications
- E - Change Order No. 7 to the N&S Construction Co. Inc. contract for the Concrete Modifications at the Wastewater Treatment Plant site
- F - Memorandum from Attorney regarding the proposed changes to the District's Drought Contingency Plan
- G - Order Amending Drought Contingency Plan