

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

### MINUTES OF BOARD OF DIRECTORS MEETING

January 19, 2006

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 19, 2006, 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
Michael J. Ward	Treasurer
Allison Dunn	Assistant Secretary

All members of the Board were present. Also attending were Wendee Gamble of Municipal Accounts & Consulting, L.P., formerly P. J. Hargis & Associates ("Bookkeeper"); Ben Pawlak of Bob Leared Interests, Inc. ("Tax Assessor/Collector"); Mike Plunkett of Eagle Water Management, Inc. ("Operator"); Andrew Dunn, District resident and liaison with Harris County Constable's Office, Precinct Four; and Kaye C. Corprew, 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 7:25 p.m. and declared it open for such business as may come before it.

1. PUBLIC COMMENTS. There were no members of the public present.
2. CONSTABLE'S REPORT. The President next recognized Mr. Dunn, who presented and reviewed with the Board the Harris County Constable's Report regarding the security patrols in the District.  
[Mr. Dunn departed the meeting at this time.]
3. MINUTES. The Board next considered approval of the minutes of the December 1, 2005 and December 20, 2005 Board meetings. 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 December 1, 2005 meeting, as presented, and approved the minutes of the December 20, 2005 meeting with corrections noted by Director Ward.
4. TAX ASSESSOR/COLLECTOR'S REPORT. The President then recognized Mr. Pawlak who presented and reviewed with the Board the Tax Assessor/Collector's Report, a copy of which is attached hereto as Exhibit "A". Upon motion by Director Cook, seconded by

Director Lackey, after discussion and with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report, as presented, and authorized payment of checks numbered 1362 through 1369, inclusive, from the Tax Account.

5. AMENDED TAX ASSESSOR/COLLECTOR SERVICE AGREEMENT.

Mr. Pawlak then presented for the Board's consideration, the amended Tax Assessor/Collector's Service Agreement, a copy of which is attached hereto as Exhibit "B". Mr. Pawlak stated that the last amendment to the District's Agreement with Bob Leared Interests, Inc. occurred in 1998. Mr. Pawlak explained that the proposed amendment increases the rate assessed for Tax Assessor/Collector services from \$0.90 per tax account to \$1.00 per tax account. Mr. Pawlak further explained that based upon the Harris County Central Appraisal District Records, the new rate will result in a total increase of \$327. Upon motion by Director Cook, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board approved the amended Tax Assessor/Collector's Service Agreement.

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

6. BOOKKEEPER'S REPORT. Director Lackey next recognized Ms. Gamble, who presented the Bookkeeper's Report and the Quarterly Investment Report, copies of which are attached hereto as Exhibits "C" and "D," respectively. Ms. Gamble reviewed the Report with the Board, then Director Bishop questioned Ms. Gamble as to why the District is issuing a refund check in the amount of \$0.14. Ms. Gamble responded that she did not know whether the District has a policy of not issuing refund checks for amounts less than \$1.00. Discussion ensued and it was the consensus of the Board that the District should adopt the policy of not issuing refund checks to customers for amounts less than \$1.00. Ms. Gamble then reviewed the new format of the Bookkeeper's Report and Investment Report in detail with the Board. The Board noted that the cash flows relating to the Harris County Constable services was missing from the newly formatted Bookkeeper's Report, and Ms. Gamble stated that she would make sure that it was added back to the District's monthly Report. Upon motion by Director Bishop, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report as presented.

7. NEW BUSINESS. The President then recognized Mr. Plunkett who presented to the Board the following estimates for repairs of District facilities, copies of which are attached collectively hereto as Exhibit "E," as follows:

a. Three Lakes East Detention Pond. Mr. Plunkett reported that he needed to add additional rip-rap in the Three Lakes East detention pond and that he had received an estimate of \$2,200.00 from Champions Hydro-Lawn to do the work.

b. Water Well Nos. 2 and 3: Mr. Plunkett next reported that he had received an estimate from Clear Stream Environmental to replace the gas chlorination systems for Water Wells No. 2 and No. 3 at Water Plant No. 1 with liquid (bleach) chemical feeders for a total of \$14,990.00.

c. Wastewater Treatment Plant. Mr. Plunkett then presented estimates from Shaw Services to paint the control building and generator fuel tank and to replace the facia

boards on the building with treated lumber at the Wastewater Treatment Plant for a total of \$7,795.00. Mr. Plunkett went on to explain that the estimate also includes an additional \$2,895.00 to install a concrete sidewalk along the front of the control building and a walkway for the walk-thru gate entrance. Discussion ensued regarding the distance of the rebar for the proposed sidewalks. Director Ward stated that he thought the use of the no. 3 steel rebar was sufficient, but that he thought it would be better to place them 18" apart, especially at the walk-in gate, rather than the 24" quoted.

d. Water Plant. Finally, Mr. Plunkett directed the Board's attention to the Water Plant coating improvements portion of the Shaw Services quote in the amount of \$3,795.00 for pressure washing and applying two (2) coats of Tinemec Tneme-Cryl Series 6 to the control building, replacing deteriorating wood eaves with pressure treated lumber and coat, replacing selected door with fiberglass door with no vents present, surface preparation of doors and frames and commercial blasting of the generator skid.

Upon motion by Director Cook, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board authorized the repairs per the quotes presented, with the exception that the steel rebar around the area of the walk-in gate at the Wastewater Treatment Plant be placed 18" apart rather than the 24" quoted.

8. COBBLESTONE ANNEXATION PETITIONS. Ms. Henderson reported that the Petitions for Annexation of the 33.005-acre Cobblestone Construction tract will be presented for approval at the February 2, 2006 Board meeting.

9. COMPLETION OF NORTHPOINTE BOULEVARD BY JEC TEXAS, LTD. Next, Ms. Corprew reported that she had forwarded a letter to JEC Texas, Ltd. requesting it complete the extension of NorthPointe Boulevard and convey the street to Harris County (the "County") per the Board's instructions.

10. STRATEGIC PARTNERSHIP AGREEMENT. Ms. Corprew reported that she is still waiting for a response from the City of Houston regarding the proposed Strategic Partnership Agreement.

11. ATTORNEYS' REPORT. Ms. Corprew then presented the Attorneys' Report as follows:

a. Reimbursement and Easement Issues with NewQuest Properties ("NewQuest") for Parkway Detention Basin. Ms. Corprew reported that Diane Allen of her office has spoken with the County and is expecting to obtain permission from Commissioner Eversole to cross Tawakom Drive in order to access the Parkway Detention Basin. Ms. Corprew explained that once this is obtained, all that will be left for NewQuest to qualify for reimbursement from the District's Series 2005 Bonds is to provide a title policy for the Parkway Detention Basin.

b. Proposed Interconnect with Northwest Municipal Utility District No. 15 ("NW15") and Harris County Municipal Utility District Nos. 280, 281, and 282.

Ms. Corprew reported that she and Abraham Rubinsky, the attorney for NW15, have not yet discussed the proposed emergency interconnect between the District, NW15 and Nos. 280, 281 and 282.

- c. 2006 Directors Election. Ms. Corprew updated the Board on the status of the preparations for the May election and suggested that the Board change its prior decision to use only an electronic voting device and instead, also have paper ballots on hand in case of some type of equipment malfunction. The Board concurred with Ms. Corprew's recommendation. Ms. Henderson also distributed a draft Calendar of Events for the Election, a copy of which is attached hereto as Exhibit "F".
- d. Negotiations with Industrial TX Regarding Water Plant No. 2 Project. Ms. Corprew stated that she has nothing new to report regarding the negotiations with Industrial TX to comply with the terms of the District's contract with Industrial TX to construct Water Plant No. 2. Discussion ensued regarding a slow-down in work and what effect, if any, it will have on the District's ability to meet its obligations to its customers and NW15's need for water.
- e. Booster Pump Repair at Water Plant No. 1. Director Lackey reported that the replacement motor for the booster pump repair at Water Plant No. 1 had been redelivered but that it has not yet been installed. The project should be completed by the Board's next meeting, he added.
- f. Approval of Contract Documents for Northern Point, Section 4. Ms. Corprew next presented to the Board for approval a contract for Storm Water Pollution Prevention Enforcement and Practices with respect to the Northern Point, Section 4, water, sewer and drainage contract explaining that this is a new requirement relating to the District's NPDES permit. Upon motion by Director Bishop, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board approved the contract and authorized the execution of same, a copy of which is attached hereto as Exhibit "G".
- g. Review Annual Agenda for 2006. Finally, Ms. Corprew presented the Board with an Annual Agenda for 2006 for the Board's review, a copy of which is attached hereto as Exhibit "H".

Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board approved the Attorney's Report, as presented.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, upon motion by Director Ward, seconded by Director Bishop, with all Directors present voting aye, the meeting was adjourned at 9:10 p.m.

Passed and approved this \_\_\_\_ day of February, 2006.

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Secretary, Board of Directors

**EXHIBITS:**

- A - Tax Assessor/Collector's Report
- B - Amended Tax Assessor/Collector's Contract
- C - Bookkeeper's Report
- D - Quarterly Investment Report
- E - Operator's Report with pay estimates
- F - Calendar of Events for 2006 Directors Election
- G - Contract for Northern Point, Section 4
- H - 2006 Annual Agenda