

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

MINUTES OF BOARD OF DIRECTORS MEETING

February 16, 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 Thursday, February 16, 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
Allison Dunn	Assistant Secretary
Michael J. Ward	Treasurer

All members of the Board were present. Consultants in attendance were: Wendee Gamble of Municipal Accounts & Consulting, L.P. ("Bookkeeper"); Ben Pawlak of Bob Leared Interests Inc. ("Tax Assessor/Collector"); and Kaye C. Corprew and Andrew P. Johnson, III, attorneys, and Marian D Henderson, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC ("Attorneys").

Also attending were the following members of the general public: Larry Roark, Diane Myers, Mike Moliere, Xavier Leal, Andrea Bronson, and Lorri Jones, residents of Northwest Harris County Municipal Utility District No. 16, and Robert Cook, a District resident.

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 and declared it open for such business as may come before it at 7:07 p.m.

1. PUBLIC COMMENT. There were no public comments.
2. CONSTABLE'S REPORT. There was no report from the Harris County Constable Department.
3. MINUTES OF PREVIOUS MEETINGS. The Board next considered approval of the minutes of the January 19, 2006 meeting. Upon motion by Director Bishop, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board approved the minutes as presented.
4. TAX ASSESSOR/COLLECTOR'S REPORT. The President next recognized Mr. Pawlak, who presented the Tax Assessor/Collector's Report, a copy of

which is attached hereto as Exhibit "A". Mr. Pawlak first explained the new item on the report "rendition penalty". Mr. Pawlak then reviewed the written report and presented checks numbered 1370 through 1383, inclusive, from the Tax Account for approval. Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report as presented, and authorized the execution of the Tax Assessor/Collector Service Agreement, the terms of which were approved at the January meeting.

5. BOOKKEEPER'S REPORT. Ms. Gamble next presented the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "B". Ms. Gamble presented checks numbered 4712 through 4771, inclusive, for payment from the Operating Account and checks numbered 1380 through 1384, inclusive, from the Capital Projects Account for approval. Ms. Gamble then reviewed the Investment Report and Funds Balances with the Board, a copy of which is attached to the Bookkeeper's Report. Ms. Gamble suggested that the Board diversify its investments into smaller denominations since certificates of deposits ("CDs") generally pay better rates than TexPool and it would give the District more flexibility. Director Ward then questioned the District's Interlocal Agreement with the Harris County Constable and whether the District should add another contract deputy at this time. Director Lackey stated that he believes that the security coverage is sufficient at this time. Ms. Corprew then inquired as to whether the District's Budget for the fiscal year ending May 31, 2006 had ever been amended to reflect the addition of the 4th deputy and Ms. Gamble responded with a no and suggested that the Board amend the budget at the March 16th meeting. Upon motion by Director Cook, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report as presented, approved the checks presented for payment with the exception of check number 4748 payable to Moffatt Fuels which was to be voided until such time as the Bookkeeper verified the terms of the District's contract with Moffatt Fuels, and authorized Ms. Gamble to diversify the District's investments with CDs.

[Mr. Pawlak left the meeting during the Bookkeeper's Report at 7:25 p.m.]

6. REHABILITATION OF BOUDREAUX OUTFALL CHANNEL. Next, Ms. Corprew updated the Board on the status of obtaining access to the portion of the Boudreaux Outfall Channel running north of the District's boundaries to Willow Creek. Ms. Corprew reported that the Engineer has determined that there are easements recorded which reflect the Harris County Flood Control District (the "HCFCD") as the grantee and that she is in the process of requesting authorization from the HCFCD and the property owners to access the Boudreaux Outfall channel outside of the District boundaries in order for the District to rehabilitate and maintain such channel.

7. STATUS OF DISTRICT'S WEB SITE. Director Cook mentioned that the District's web site is up and working and that the address is "hcmud368.com".

8. ATTORNEY'S REPORT.

a. 2006 Directors Election. Ms. Corprew then presented the Order Calling Directors Election (the "Order") for the upcoming May 13, 2006 Directors Election (the "Election"), a copy of which is attached hereto as Exhibit "C". Ms. Corprew explained that Directors Lackey and Dunn terms expire in May. Ms. Corprew also noted that the District's intent to use direct recording electronic voting machines ("DREs") in accordance with the requirement of the Help America Vote Act of 2002 had been included in the Order. Ms. Henderson added that each of the incumbents should have already received a package from the Attorney's office enclosing an Application for Place on Ballot, and other campaign contribution forms for completion. Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board adopted the Order as presented.

b. Submission Under Section 5, Voting Rights Act. Ms. Corprew then explained that due to the newly-required use of the DREs and the changes in voting times and polling locations for early voting and Election day voting constitute changes in the District's Election procedures and, therefore, require preparation and submission of a letter to the U. S. Department of Justice (the "DOJ") requesting approval of such changes pursuant to the provisions of Section 5 of the Voting Rights Act of 1965, as amended. Ms. Corprew then requested authorization to prepare the necessary submission letter(s) to the DOJ. Upon motion by Director Dunn, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board authorized the Attorney to prepare and file the necessary submission letter(s) to the DOJ.

c. Determine Canvass Date For May 13, 2006 Election. Ms. Corprew next requested that the Board determine the date of the special meeting to canvass the results of the Directors Election explaining that due to the required notices and translations involved and limited translation services, the Attorney would like to have everything regarding the Election finalized by the end of February. Discussion ensued regarding the available date and availability of the Church and it was the consensus of the Board that the special meeting to canvass the results of the Election would be held on Tuesday, May 23, 2006 at 6:30 p.m.

d. Reimbursement and Easement Issues With NewQuest Properties Regarding Parkway Chevrolet Development Tract. Ms. Corprew updated the Board on the status of negotiations with NewQuest Properties.

e. Negotiations With Industrial Tx With Respect To Water Plant No. 2 Project. Ms. Corprew stated that a meeting is scheduled for early next week to discuss ways to resolve the problems with the new galvanized ground storage tanks constructed by Industrial TX Corp.

Upon motion by Director Cook, seconded by Director Dunn, 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 Cook, seconded by Director Ward, with all Directors present voting aye, the President adjourned the meeting at 8:05 p.m.

Passed and approved this _____ day of March, 2006.

Secretary, Board of Directors

EXHIBITS:

- A - Tax Assessor/Collector's Report
- B - Bookkeeper's Report
- C - Order Calling Directors Election