

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

MINUTES OF BOARD OF DIRECTORS MEETING

June 15, 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, June 15, 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 V. Dunn	Assistant Secretary

All members of the Board were present. Also attending were Wendee Gamble of Municipal Accounts and Consulting ("Bookkeeper"); Andrew Dunn, the District's security liaison with the Harris County Constable Department ("Constable"); and Andrew P. Johnson, III, 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 and declared it open for such business as may come before it at 7:18 p.m.

1. PUBLIC COMMENT. There were no members of the general public present.
2. CONSTABLE'S REPORT. The President first recognized Mr. Dunn who presented the Constable's Report. He reported that year-to-date, there had been seven burglaries of habitation, fourteen burglaries of motor vehicles, two thefts of habitation, forty-five suspicious vehicles, twenty-two criminal mischief, seventeen family disturbances, two felony arrests and nineteen misdemeanor arrests. Mr. Dunn also reported that the Constables had responded to 104 alarms.
3. MINUTES OF PREVIOUS MEETINGS. The Board next tabled approval of the minutes of the May 18, 2006 and June 6, 2006 meetings.
4. TAX ASSESSOR/COLLECTOR'S REPORT. Director Lackey next distributed and reviewed the Tax Assessor/Collector's Report in Mr. Pawlak's absence, a copy of which is attached hereto as Exhibit "A". Director Lackey reported that 94.494% of the 2005 taxes had been collected and that Harris County Appraisal District ("HCAD") has assessed a preliminary value of the property within the District at \$358,111,565. Director Lackey then directed the Board's attention to a letter received from Cecil Pearson, property owner in the District,

requesting a waiver of penalty and interest on his seven properties due to an HCAD billing error. Discussion ensued and Mr. Johnson reminded the Board of the provisions of the law regarding waiver of penalty and interest. Upon motion by Director Dunn, seconded by Director Ward, after further discussion and with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report as presented, authorized payment of checks numbered 1384 and 1490 through 1505, inclusive, from the Tax Account, and approved waiver of penalty and interest on the District's tax accounts for Mr. Pearson due to the HCAD billing error.

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 4888, 4889, 4891, 4892, 4899, 4912, 4940, 4948 and 4966 through 5034, inclusive, for payment from the District's Operating Account and checks numbered 1395 through 1397, inclusive, from the District's 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. Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report, as presented, and the payment of checks reflected therein.

6. NEW BUSINESS. Director Lackey reported that there are a number of streets in the Northpoint East subdivision that have not been accepted by Harris County (the "County") for maintenance and that some of the streets have broken curbs and missing street signs. Director Dunn reported that there have been many complaints from residents and that emergency vehicles cannot find addresses due to the missing street signs. Discussion ensued regarding whose responsibility it is to repair the streets. Director Lackey stated that Robert Farrar of Palo Pinto Land Company/PPLC/NPE-2001, LP, ("Palo Pinto") purchased the land from Land Tejas and that there is not much incentive to get Palo Pinto to make the repairs other than getting the County to invoke the construction bond. Director Lackey reported that according to Mike Kennedy of Pate Engineers, Inc. (the District's Engineer), the estimated cost of replacing the missing signs and repairing broken curbs is approximately \$3,000.00.

7. REPAIRS TO DISTRICT FACILITIES. Director Lackey next reported that a sanitary sewer line in Ashford Place had separated and that the excavation is beyond the Operator's capability for repair. The District will, therefore, have to engage a contractor to make the repair.

Director Lackey also updated the Board on the status of the District's Water Plant No. 2 ("WP #2) construction and reported that WP #2 is still not on line. He explained that the pressure sustaining valves are still not reliable and that WP #2 is still not in a state where it can be put on line. Director Lackey further reported that both ground storage tanks had been filled to the top today and the contractor will let them sit for a week to determine if there are any other leaks. Ms. Gamble presented check numbered 5035 payable to Industrial TX Corp. ("Industrial") for the Board's consideration explaining that she had not received the back-up supporting the payment from the District's Engineer by the time she had to leave for the meeting tonight, but had been given the dollar amount via email. Director Lackey stated that he had spoken with the Engineer regarding the payment and although it was not received one week in advance as required, he had no objections to payment to Industrial TX. Director Bishop stated that she was uncomfortable with payment to Industrial without sufficient back-up supporting the

payment and that in light of the fact that WP #2 is still not on-line, she does not think that the Board should bend its rules to accommodate the contractor. Director Lackey stated that he would support the Board in whatever decision they made. The Board agreed to hold check number 5035 until such time as sufficient back-up is received and reviewed by the Board.

Director Lackey next reported that a sensor failed at the Northern Point lift station. The trailer-mounted generator is being built and the contract for constructing the new District maintenance building is being advertised on June 14, 2006, added Director Lackey.

PARTICIPATION IN HARRIS-GALVESTON SUBSIDENCE DISTRICT'S WATER WISE PROGRAM. Director Dunn updated the Board on the status of her conversations with Susan Brown of the WaterWise Program. Director Dunn reported that Ms. Brown suggested that she meet with the principal of the elementary school in August to make a presentation for the WaterWise Program.

8. OLD BUSINESS. Discussion next ensued regarding the District's website and the need for additional information on the website. Ms. Henderson agreed to forward the District's garbage collection schedule to the webmaster for inclusion on the District's website.

9. ATTORNEY'S REPORT. The President next recognized Mr. Johnson who presented the Attorney's report. Mr. Johnson presented a Resolution Requesting Estimate of Appraised Value, a copy of which is attached hereto as Exhibit "C" for the Board's approval. Upon motion by Director Bishop, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board adopted the Resolution as presented.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, upon motion, the President adjourned the meeting.

Passed and approved this _____ day of _____, 2006.

Secretary, Board of Directors

EXHIBITS:

- A - Tax Assessor/Collector's Report
- B - Bookkeeper's Report
- C - Resolution Requesting Estimate of Appraised Value