

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

## MINUTES OF BOARD OF DIRECTORS MEETING

October 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 Thursday, October 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 V. Dunn	Assistant Secretary

All members of the Board were present. Consultants attending were Wendee Gamble of Municipal Accounts and Consulting ("Bookkeeper"); Andrew Dunn, District resident and liaison with the Harris County Constable's Department (the "Constable"); and Kaye C. Corprew, attorney, and Marian D Henderson, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC ("Attorneys").

Also attending were Robert and Geraldine Morton, residents of the District.

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 7:00 p.m.

1. PUBLIC COMMENT. The President recognized Mr. and Mrs. Morton. Mr. Morton expressed his concern about the taste of his water and Director Lackey stated that he would ask the District's Operator to look into the matter.

[Ms. Henderson entered the meeting at this time.]

2. PUBLIC HEARING ON 2006 TAX RATE RECOMMENDATION. At 7:05 p.m., the President declared the public hearing open to discuss the District's proposed tax rate for 2006. Ms. Corprew recalled that at the September 21, 2006 meeting, the Board voted to propose a tax rate of \$0.92 per \$100 of assessed valuation for debt service purposes and \$0.12 per \$100 of assessed valuation for operations and maintenance purposes for a total 2006 tax rate of \$1.04 per \$100 of assessed valuation, and to authorize the District's Tax Assessor/Collector to publish notice (the "Notice") of the proposed tax rate and the public hearing on such tax rate in the "This Week" section of the *Houston Chronicle* at least seven (7) days prior to tonight's public hearing. Ms. Corprew reported that the District's Tax Assessor/Collector had provided an Affidavit of Publication concerning the publication of the Notice, a copy of which is attached

hereto as Exhibit "A", and reported that the Notice had been published as discussed. Director Lackey then noted that such rate represents a decrease in the District's tax of \$0.10 per \$100 of value from the 2005 tax rate and that the Board has been able to continue to lower the District's tax rate over the past 11 years. Director Lackey then inquired if anyone from the general public desired to speak, to which no one responded. Director Lackey then closed the public hearing at 7:15 p.m., and the President reconvened the Board meeting.

3. CONSTABLE'S REPORT. The President next recognized Mr. Dunn who presented the Harris County Constable's Report. Mr. Dunn updated the Board on the number of calls handled by the contract deputies and the number of arrests. Mr. Dunn then requested that the Board authorize an extra deputy to work a shift for four (4) to six (6) hours on October 31, Halloween night, stating that this is a time when vandalism and pranks can get out of hand and that an extra deputy patrolling the District would make law enforcement more visible and deter would-be vandals. Upon motion by Director Cook, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board authorized hiring an additional deputy to work for up to six hours on Halloween night, as requested.

4. MINUTES OF PREVIOUS MEETING. The Board next considered approval of the minutes of the September 21, 2006 meeting. Ms. Corprew first distributed a blacklined copy of the minutes stating that she had made some changes since the version that was distributed to the Board with the agenda. Upon motion by Director Bishop, seconded by Director Dunn, after discussion and with all Directors present voting aye, the Board approved the minutes as corrected.

5. TAX ASSESSOR/COLLECTOR'S REPORT.

- a. Tax Assessor/Collector's Report. Ms. Corprew next stated that Mr. Leared was unable to attend the meeting but had forwarded his report to her office for distribution to the Board. Ms. Corprew then reviewed the Tax Assessor/Collector's Report with the Board, a copy of which is attached hereto as Exhibit "B". Upon motion by Director Bishop, seconded by Director Cook, after further 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 1526 through 1534, inclusive, from the Tax Account.
- b. Resolution Regarding Tax Collection Procedures. Ms. Corprew then presented the Board with a Resolution Regarding Tax Collection Procedures, a copy of which is attached hereto as Exhibit "C", and explained that the Resolution provides that the District may reject certain billing and collection practices such as split payments, discounts for early payments and minimum bills, while authorizing the Tax Assessor/Collector to send duplicate bills to properties where the statement is addressed to a mortgage company rather than the homeowner. Upon motion by Director Cook, seconded by Director Bishop, after full discussion and the question being put to the Board, the Board voted to reject split payments, discounts for early payments established

a minimum bill and to send duplicate bills to homeowners and mortgage companies.

- c. Order Setting Rate and Levying Tax for 2006. Next, Ms. Corprew presented for the Board's approval an Order Setting Rate and Levying Tax for 2006 regarding the proposed levy of a tax rate of \$0.92 for debt service purposes and a tax rate of \$0.12 per \$100 of assessed valuation for operations and maintenance, for a total 2006 tax rate of \$1.04 per \$100 of assessed valuation, a copy of which is attached hereto as Exhibit "D". Ms. Corprew explained that due to Governmental Accounting Standards Board Statement No. 34 ("GASB 34") accounting requirements, it is necessary to reflect in the minutes at the time such Order is adopted the applicable accounting period for the taxes being levied. Ms. Corprew explained that the debt service tax to be levied at tonight's meeting will be for the calendar year ending December 31, 2007, and that the operations/maintenance tax to be levied will be for the District's fiscal year ending May 31, 2007. Upon motion by Director Ward, seconded by Director Cook, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Setting Rate and Levying Tax for 2006, thereby levying a debt service tax rate of \$0.92 per \$100 of assessed valuation for the calendar year ending December 31, 2007, and an operations/maintenance tax rate of \$0.12 per \$100 of assessed valuation for the District's fiscal year ending May 31, 2007, for a total 2006 tax rate of \$1.04 per \$100 of assessed valuation.
- d. Order Appointing Tax Assessor/Collector. Ms. Corprew next presented the Board with an Order appointing Bob Leared Interests as the District's Tax Assessor/Collector. Upon motion by Director Ward, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board adopted the Order as presented, a copy of which is attached hereto as Exhibit "E".
- e. Order Amending District Information Form. Next, Ms. Corprew presented the Board with an Order Amending District Information Form explaining that each time the District sets a different tax rate, it has to amend its District Information Form to properly notify any purchasers of real property of the District's tax rate, outstanding debt and remaining bond authorization. Upon motion by Director Ward, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board adopted the Order as presented, a copy of which is attached hereto as Exhibit "F".

6. BOOKKEEPER'S REPORT. Director Lackey then recognized Ms. Gamble who presented the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "G". Ms. Gamble presented checks numbered 5225 through 5288, inclusive, for payment on the Operating Account and check numbered 1407 from the Capital Projects Account. Ms. Gamble then reviewed the Quarterly Investment Report and Funds Balances with the Board, a copy of which is attached hereto as Exhibit "H". Director Bishop suggested that the Operating Funds in the TexPool Account be reduced by at least \$500,000. The account currently has a balance of

\$2,000,000. Ms. Corprew then reported that she had received notice from the Constable of a 5% rate increase for contract peace officers for 2007. The Board then discussed the proposed amendment to the budget for the fiscal year ending May 31, 2007 and decided to defer action on it to the November 2, 2006 meeting to allow for the 5% rate increase for contract peace officers and for the North Harris County Regional Water Authority increase in pumpage fees. 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 and the Quarterly Investment Report and authorized the issuance of checks reflected therein.

[Mr. and Mrs. Morton departed the meeting after the Bookkeeper's Report.]

7. NEW BUSINESS.

- a. Repairs To District Facilities. Director Lackey updated the Board on various repairs and projects as follows: the door is being cut and the new air conditioning unit is being installed at Water Plant No. 2; a transfer switch at Lift Station No. 1 is being installed; the revised plans for the District's Maintenance Building should be ready soon so that the project can be advertised; the 90% level review at the Wastewater Treatment Plant was completed and there is another review scheduled for the 95% level; the new portable generator is somewhere between Minneapolis, Minnesota and Arlington, Texas; the trailer to hold the generator had to be modified because the boxes were built incorrectly and the new trailer should be leaving Sherman, Texas in about a week; and, the Water Well No. 4 pump motor will be inspected on October 23, 2006.

[Ms. Gamble departed the meeting during Director's Lackey update at 8:20 p.m.]

8. OLD BUSINESS.

- a. District Website. Discussion next ensued regarding the District's website. Ms. Henderson updated the Board on her efforts to have the webmaster track the number of hits to the site and upload a poll regarding recycling and costs to keep track of same. Director Cook noted that a counter was part of their original service agreement with Barbara Payne and should not cost the District any additional money.
- b. High Voltage at Water Plant No. 2. Director Lackey reported that he has the ammunition to get Center Point to change out the transformer.

9. ATTORNEY'S REPORT. The President next recognized Ms. Corprew who discussed the Harris-Galveston Subsidence District's proposed rate increase and public hearing on same. Upon motion by Director Cook, seconded by Director Lackey, 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 Dunn, seconded by Director Cook, with all Directors present voting aye, the President adjourned the meeting at 8:40 p.m.

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

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Secretary, Board of Directors

**EXHIBITS:**

- A - Affidavit of Publication of District's 2006 Tax Rate Recommendation  
And Notice of Public Hearing
- B - Tax Assessor/Collector's Report
- C - Resolution Regarding Tax Collection Procedures
- D - Order Setting Rate and Levying Tax for 2006
- E - Order Appointing Tax Assessor/Collector
- F - Order Amending District Information Form
- G - Bookkeeper's Report
- H - Quarterly Investment Report