

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

MINUTES OF BOARD OF DIRECTORS MEETING

November 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, November 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
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"); Corporal Richard Hill of the Harris County Constable's Department and Andrew Dunn, District resident and liaison with the Harris County Constable's Department (the "Constable"); Rusty Leared of Bob Leared Interests, Inc. ("Tax Assessor/Collector") 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 and declared it open for such business as may come before it at 7:00 p.m.

1. PUBLIC COMMENT. There were no public comments.

2. CONSTABLE'S REPORT. The President next recognized Corporal Hill who presented the Harris County Constable's Report and presented the new contract for 2007. The Board noted that the cost per deputy is \$52,887. Upon motion by Director Dunn, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board approved the new contract for security with the Harris County Constable for the 2007 calendar year, a copy of which is attached hereto as Exhibit "A".

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

3. MINUTES OF PREVIOUS MEETING. The Board tabled approval of the minutes until the December 6, 2006 Board meeting.

4. TAX ASSESSOR/COLLECTOR'S REPORT. Tax Assessor/Collector's Report. Mr. Leared 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 Lackey, 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 1535 through 1539, inclusive, from the Tax Account.

5. BOOKKEEPER'S REPORT. Director Lackey then recognized Ms. Gamble who presented the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "C". Ms. Gamble presented checks numbered 5289 through 5354, inclusive, for payment on the Operating Account and check numbered 1408 from the Capital Projects Account. Ms. Gamble then reviewed the Investment Report and Funds Balances with the Board. [START HERE] 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.

6. 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.]

7. 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.

8. 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.

Secretary, Board of Directors

EXHIBITS:

- A - Interlocal Agreement with Harris County Constable
- B - Tax Assessor/Collector's Report
- C - Bookkeeper's Report