

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

MINUTES OF BOARD OF DIRECTORS MEETING

November 15, 2007

The Board of Directors (the "Board") of the Harris County Municipal Utility District No. 368 (the "District") met in regular session, open to the public, at 6:30 p.m. on Thursday, November 15, 2007 at the District's regular meeting place, Graceview Baptist Church, 25510 Tomball Parkway, Tomball, Texas, 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 in attendance were: Katherine Turner of Municipal Accounts & Consulting ("Bookkeeper" or "Municipal Accounts"); Rusty Leared of Bob Leared Interests, Inc. ("Tax Assessor/Collector"); Mark T. Stendahl, P.E., consulting engineer ("Engineer") and representative of Pate Engineers, Inc. ("Pate"); Richard "Dick" Rue of Woodmere Development Company; Sgt. Mike Swindler of the Harris County Constable's Office; and Kaye C. Corprew, attorney, and Marian D. Henderson, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC ("Attorney" or "JRPB").

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 7:02 p.m. for such business as may properly come before the Board.

1. COMMENTS AND QUESTIONS FROM GENERAL PUBLIC. There were no comments from the public.
2. REQUEST FOR ANNEXATION OF 55-ACRE TRACT. The President first recognized Mr. Rue who addressed the Board with respect to development of the 55-acre Gallegos tract located outside the boundaries of the District. Mr. Rue stated that Woodmere Development has purchased the property and plans to develop it into 224 single family lots. The development is adjacent to Ashford Place and will be called Ashford Grove. Mr. Rue presented his Application for Service and Annexation and deposit check in the amount of \$7,500.00 and requested that the Board authorize the Engineer to conduct the feasibility study. Upon motion by Director Bishop, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board authorized the feasibility study.

3. MINUTES. The Board next considered approval of the minutes of the November 1, 2007 Board of Directors meeting. Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board approved the minutes with corrections noted.

4. TAX ASSESSOR/COLLECTOR'S REPORT. The President next recognized Mr. Leared 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 Ward, 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 the payment of invoices reflected therein.
 - a. *Public Hearing Regarding 2007 Tax Rate*. At 7:20 p.m., the President declared the public hearing open to discuss the District's proposed tax rate for 2007. Ms. Corprew recalled that at the October 18, 2007 meeting, the Board voted to propose a tax rate of \$0.82 per \$100 of assessed valuation for debt service purposes and \$0.14 per \$100 of assessed valuation for operations and maintenance purposes for a total 2007 tax rate of \$0.96 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 "B", and reported that the Notice had been published as discussed. 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 7:21 p.m., and the President reconvened the Board meeting.

 - b. *Order Setting Rate and Levying Tax for 2007*. Ms. Corprew next presented an Order Setting Rate and Levying Tax for 2007, a copy of which is attached hereto as Exhibit "C". Ms. Corprew explained that due to 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 today's meeting will be for the calendar year ending December 31, 2008, and that the operations/maintenance tax to be levied will be for the District's fiscal year ending May 31, 2008. Upon motion by Director Bishop, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board adopted the Order as presented thereby levying a tax rate of \$0.82 per \$100 of assessed valuation for debt service purposes and \$0.14 per \$100 of assessed valuation for operations and maintenance purposes.

 - c. *Order Appointing Tax Assessor/Collector*. There was next introduced an Order Appointing Tax Assessor/Collector, a copy of which is attached hereto as Exhibit "D", which Order names the District's current Tax Assessor/Collector, Bob

Leared as the District's Tax Assessor/Collector for 2007. Upon motion by Director Bishop, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board adopted the Order as presented.

- d. *Order Amending District Information Form.* Next, Ms. Corprew presented the Board with an Order Amending District Information Form explaining that each time the District levies a 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 Bishop, seconded by Director Lackey, 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. *Resolution Concerning Tax Collection Procedures.* Then Ms. Corprew presented the Board with a Resolution Regarding Tax Collection Procedures, a copy of which is attached hereto as Exhibit "F," 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 Ward, seconded by Director Dunn, after full discussion and the question being put to the Board, the Board voted to reject split payments and discounts for early payments, to establish a minimum bill and to send duplicate bills to homeowners and mortgage companies.
5. BOOKKEEPER'S REPORT. Ms. Turner next presented the Bookkeeper's Report, a copy of which report is attached hereto as Exhibit "G". Ms. Turner reviewed the receipts and expenditures, then reviewed the fund balances year-to-date budget and Investment Report, all of which are attached to the Bookkeeper's Report. 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, the investment report and the payment of invoices. Discussion of the proposed amendment of the District's budget for the fiscal year ending May 31, 2008 was deferred to the December 20th Board meeting.
6. GENERAL BUSINESS.
- a. *Application for Service to and Annexation of 55-acre Woodmere Development Tract.* [Please refer to No. 2 above for discussion regarding this Agenda Item.]
 - b. *Water Well No. 6 and Related Raw Water Line Easements, Including Title Policies.* Ms. Corprew next updated the Board on the status of the easement acquisitions and presented a draft letter to the residents of Solomon Road Extension regarding the District's offer to purchase a water line easement across their property. Discussion ensued regarding the contents of the draft letter and timing of the special meeting with the residents of Solomon Road Extension to

execute the easements. It was the consensus of the Board that, based upon estimates received from the appraiser, the District could hold a special meeting at 7:00 p.m., Thursday, December 13, 2007. Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board authorized the Attorney to proceed with the offer letters to the residents.

Discussion then ensued regarding the status of the closing on the Jenkins property for the Water Well No. 6 site and whether to purchase title insurance on the water rights. Upon motion by Director Bishop, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board authorized the purchase of the water rights title insurance.

- c. *Harris County Constable's Report.* The President next recognized Sgt. Swindler who presented and reviewed with the Board, the various calls received and activity of the patrol officers during the month of October. [Ms. Turner departed the meeting at 8:17 p.m., during the Constable's Report.]
- d. *JR 27909, L.L.C. Water Line Easement along State Hwy. 249, Including Proposed Condemnation of Same.* [Old Weisner Dodge Property, now owned by Durdin.] Director Lackey updated the Board on the status of acquisition of the easement. Upon motion by Director Cook, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board authorized the Attorney to commence condemnation proceedings.
- e. *WaterSmart/WaterWise.* Director Bishop updated the Board on the status of communications with the Vice Principal of Kohrville Elementary regarding their participation in the WaterWise Education Program. Director Dunn also updated the Board on her communications with Susan Brown of the Harris-Galveston Coastal Subsidence District with respect to the WaterWise program.
- f. *Recycling.* Ms. Henderson updated the Board on her conversations with Matthew May of WCA Waste Corporation ("WCA"), the District's garbage collector, regarding the feasibility of recycling within the District. Ms. Henderson stated that the large recycle bins placed within the District would cost \$6,000.00 each and that Mr. May had stated that in his experience, this type of recycling is not very successful as the bins would be unmanned and people would raid the bins for anything they could sell, and other people would dump regular trash in the bins. As for the curbside recycling, the cost would be an additional \$3.25 per household and the District would be required to sign a three-year contract to insure that WCA could recoup the cost of providing the recycling bins. It was the consensus of the Board that recycling was not economically feasible for the District and that this matter be dropped from future agendas.
- g. *District's Website.* Nothing new to report.

- h. *Repairs to District Facilities.* Mr. Stendhal reported that the Water Well No. 4 motor had been shipped out of Lubbock, Texas yesterday.
- i. *District Maintenance Building.* Director Lackey reported that the civil drawings did not include grass, sod or hydro mulch at the District Maintenance Building so neither was included in the construction packet. Consequently, bids were just solicited and Director Lackey presented two estimates he received, one for \$4,400.00 and one for \$3,400.00. Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board approved the estimate submitted by Lawns & More in the amount of \$3,400.00 and authorized Ms. Corprew to forward the invoice to Ms. Turner for payment.

There being no further business to come before the Board, upon motion by Director Cook, the President adjourned the meeting at 9:31 p.m.

Passed and approved this 6th day of December, 2007.




Secretary, Board of Directors

EXHIBITS:

- A – Tax Assessor/Collector's Report
- B – Affidavit of Publication of Notice of Hearing
- C – Order Setting Rate and Levying Tax for 2007
- D – Order Appointing Tax Assessor/Collector
- E – Order Amending District Information Form
- F – Resolution Regarding Tax Collection Procedures
- G – Bookkeeper's Report