

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

MINUTES OF BOARD OF DIRECTORS MEETING

December 20, 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, December 20, 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"); David Garrett of Great America Companies ("Great America"); 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 6:53 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. MINUTES. Ms. Henderson requested that approval of the minutes be postponed until the January 3, 2008 Board meeting.
3. 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". Mr. Leared reported that the District's total taxable value as of November 30, 2007 was \$390,687,218 with \$26,000,000 remaining to be certified. 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 the payment of checks numbered 1606, 1634 through 1638, inclusive, from the Tax Account. [Mr. Leared departed the meeting at this time.]

4. BOOKKEEPER'S REPORT. Ms. Turner next presented the Bookkeeper's Report, a copy of which report is attached hereto as Exhibit "B". 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. Ms. Corprew then reported that the District had received the Texas Commission On Environmental Quality letter authorizing the District to purchase the facilities with the Series 2007 Bond proceeds, a copy of which is attached hereto as Exhibit "C", and that Pate had assured Ms. Corprew that all facilities are in good condition for the District to purchase. Ms. Corprew then distributed a letter from Craig Rathmann of Rathmann & Associates, the District's Financial Advisor, a copy of which is attached hereto as Exhibit "D", reporting that Willow Falls Ltd., KB Homes and Stonepine Creek have qualified for 100% reimbursement pursuant to the terms of their respective Reimbursement Agreements and, therefore, the payments to such developers can be released once we receive the fully executed conveyance document from the respective developers. Upon motion by Director Bishop, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report as presented, the investment report, the payment of invoices, and the payments to the developers. Director Cook then asked whether or not the Directors would receive business card in time for the Association of Water Board Directors – Texas Mid-Winter Conference in Dallas, to which Director Lackey replied that he is working on the design of the cards. Discussion ensued and upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board authorized Director Lackey to purchase business cards for the Directors and authorized payment of same.

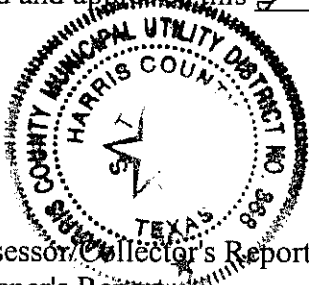
5. GENERAL BUSINESS.


- a. *80 Huffsmith Venture (Great America/Legacy) Reimbursement from Series 2007 Bond Proceeds.* The President next recognized Mr. Garrett who reported that Ashford Place had three (3) completed sections, but Section 1 and the Detention Pond are the only items included in the Series 2007 Bond issue. Mr. Garrett further stated that 242 of the 342 total lots are on the ground. Mr. Garrett stated that he had contacted Eric Johnson with Pate in an attempt to ascertain what percentage of the Ashford Place construction costs are attributable to other development projects due to their benefitting the District or other development projects, such as the Woodmere/Gallegos tract. Mr. Garrett requested that the Board base the reimbursement amount due to 80 Huffsmith Venture on the amount not attributable to other projects. Ms. Corprew stated that she had spoken with Mr. Rathmann and that he believes the concept is reasonable; however, 80 Huffsmith Venture may still fall short of their 100% reimbursement mark. Mr. Garrett stated that he is requesting consideration from the Board for their out-of-pocket expenses for facilities constructed that will serve future developments. The Board agreed to the concept but not to the amount to be reimbursed until obtaining the final recommendation from Mr. Rathmann. [Mr. Garrett departed the meeting at this time, 7:53 p.m.]

- b. *Deed for Water Well No. 6, Including Title Policies.* Ms. Corprew next updated the Board on the status of the closing on the Water Well No. 6 site and presented a copy of the title commitment for the water rights from Stewart Title, a copy of which is attached hereto as Exhibit "E" along with a sanitary control easement for approval by the Board. Upon motion by Director Bishop, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board accepted the title commitment and sanitary control easement.
- c. *Water Line Easements along State Highway 249, Including Condemnation Proceedings.* Ms. Corprew that no action was necessary with respect to the 249 Water Line Easements and that Ms. Allen had forwarded an offer letter to Hillegeist and Durdin yesterday.
- d. *Easements to Serve Cobblestone Development Tracts.* Ms. Corprew presented the Board with a draft offer letter for the sanitary sewer and water line easements needed from Dia Den, Ltd. Upon motion by Director Cook, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board approved the offer letter.
- e. *2008 Annual Agenda.* Ms. Corprew next directed the Board's attention to the draft 2008 Annual Agenda. Upon motion by Director Cook, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board approved the 2008 Annual Agenda.
- f. *Repairs to District Facilities.* Mr. Stendahl presented an invoice from Layne Texas in the amount of \$35,684 with respect to the Water Well No. 4 motor repair and requested approval. Mr. Stendahl stated that the only thing remaining is the performance testing. Mr. Stendahl also pointed out that the estimate received from Layne was \$48,000.00. Upon motion by Director Bishop, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board authorized payment of the invoice to Layne Texas in the amount of \$35,684.00, a copy of which is attached hereto as Exhibit "F".
- g. *Electrical Power Generators.* Mr. Stendahl next presented a proposal from Electrical Field Services, Inc., the District's electrical contractor, for Remote Facility Power Reliability – Soft Start Modifications at remote Water Well No. 3, the Ashford Place Lift Station and the Northpointe East Stormwater Lift Station in the total amount of \$18,259.20, a copy of which is attached hereto as Exhibit "G". Upon motion by Director Bishop, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board accepted the proposal as presented.

There being no further business to come before the Board, upon motion by Director Bishop, the President adjourned the meeting at 8:36 p.m.

Passed and approved this 3rd day of January, 2008.




Secretary, Board of Directors

EXHIBITS:

- A – Tax Assessor/Collector's Report
- B – Bookkeeper's Report
- C -- TCEQ authorization letter
- D – Rathmann's letter concerning developer reimbursement
- E -- Title commitment for water rights
- F -- Layne Texas Invoice
- G -- Electrical Field Services, Inc. Proposal