

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

## MINUTES OF THE BOARD OF DIRECTORS MEETING

April 19, 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, April 19, 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: Mark T. Stendahl, P.E., consulting engineer; Katherine Turner of Municipal Accounts & Consulting ("Bookkeeper"); Kaye C. Corprew, attorney, and Marian D. Henderson, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC ("Attorneys").

Also attending were Christina Cook and Gordon Cook, 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 at 7:06 p.m. for such business as may properly come before the Board.

1. PUBLIC COMMENT. The President noted that no one from the general public was in attendance.

2. INTERLOCAL AGREEMENT. The President first recognized Ms. Corprew who recalled that the Board had expressed an interest in amending the District's Interlocal Agreement for Law Enforcement Services with the Harris County Constable's Office to change one of the positions from a deputy to a sergeant. Upon motion by Director Ward, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board approved the amendment to the Interlocal Agreement.

3. MINUTES OF PRIOR BOARD MEETING(S). The Board next considered approval of the minutes of the March 15, 2007 Board meeting. Upon motion by Director Cook, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board approved the minutes as corrected.

4. TAX ASSESSOR/COLLECTOR'S REPORT. Ms. Henderson next presented the Tax Assessor/Collector's Report in the absence of Mr. Rusty Leared, a copy of which report 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 authorized payment of checks numbered 1577 through 1585, inclusive, from the Tax Account.

5. BOOKKEEPER'S REPORT. The President next recognized Ms. Turner, who presented the Bookkeeper's Report, a copy which is attached hereto as Exhibit "B". Director Bishop directed the Board's attention to a problem she had noticed with the Direct Energy invoice for electric services. Director Bishop stated that she and Wendee Gamble of the Bookkeeper's office are working to resolve the matter. Ms. Corprew suggested she contact Dick Lewis of American Enerpower, the District's energy service broker, to assist with this matter. Director Bishop then reported that she had also contacted Mike Plunkett of Eagle Water Management, the District's Operator, to request that he cancel the contract with Republic Wastes Corporation for the dumpster at the Wastewater Treatment Plant and have WCA Waste Corporation to commence the service. Ms. Turner then reviewed the Quarterly Investment Report, a copy of which is attached to the Bookkeeper's Report.

Discussion next ensued regarding the draft budget for fiscal year ending May 31, 2008, a copy of which is attached hereto as Exhibit "C". Director Bishop stated that she had reviewed the budget and requested that all comments be submitted to the Board by the next meeting so that the Board can review and make its adjustments, as warranted, at the May 17, 2007 meeting. Director Bishop then outlined the adjustments she had discussed with Ms. Gamble on the draft budget.

Upon motion by Director Dunn, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report, as presented, and authorized the issuance of checks presented for payment.

6. INSURANCE PROPOSALS. Ms. Henderson next distributed insurance proposals solicited from AquaSurance, Essential Insurance and Anco-McDonald for the Board members to take home and review over the next couple of weeks. Ms. Henderson stated that if during the course of their review, they come across any questions, they may wish to invite a representative from each of the agencies to the May 17, 2007 Board meeting.

7. OLD BUSINESS. The President next recognized Mr. Stendahl who reported that the North Harris County Regional Water Authority is near the completion of their peak water study with respect to the District's proposed Water Well No. 6.

8. REPAIRS TO DISTRICT FACILITIES. Director Lackey reported that the air conditioning unit has been installed at Water Plant No. 2. Director Lackey then presented a proposal for installation of a like unit (10 seer Bard unit with grills and controls) at the Wastewater Treatment Plant for a cost of approximately \$5,095.00 from

Total Climate Control Service Inc. Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board authorized the installation of the air conditioning unit at the Wastewater Treatment Plant.

9. DISTRICT WEBSITE. Director Cook next updated the Board on the status of the District's website. Discussion ensued regarding misinformation regarding the District on the Three Lakes Community Improvement Association website (www.pinecrestforest.com).

10. DISTRICT MAINTENANCE BUILDING. Director Lackey reported that the Contractor is waiting on signed plans from the Harris County Fire Marshall and Engineering Department. Discussion ensued regarding Engineer's failure to secure the signed plans.

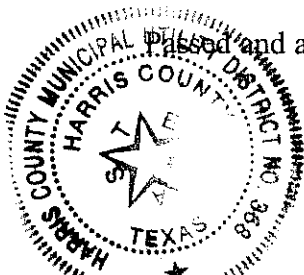
11. BOND APPLICATION. Discussion next ensued regarding the status of completion of the District's Ninth Bond Application.

12. STANDBY POWER. Mr. Stendahl next updated the Board on the status of accumulating data with respect to power outage history at the District's facilities. Mr. Stendahl stated that the maximum power outage at the sanitary sewer lift stations has been two hours. He also reported that the gravity sewer systems and lift stations cannot handle those types of power outages because they do not have that type of storage. Mr. Stendahl stated that the purpose of providing this information to the Board is to justify the purchase of additional emergency power generators. Mr. Stendahl also noted that Water Plant No. 2 recorded a 7-hour power outage.

13. EXECUTIVE SESSION. At 9:00 p.m., the President called an Executive Session pursuant to 551.072 to seek advice from counsel regarding real estate negotiations with respect to Water Well No. 6 site acquisition. All attendees were dismissed, with the exception of the Board, Consulting Engineer and Attorneys. At 9:25 p.m., the President declared the Executive Session over and reconvened the meeting in open session.

There being no further business to come before the Board, upon motion by Director Cook, the President adjourned the meeting at 9:43 p.m.

Passed and approved this 17<sup>th</sup> day of May, 2007.



Sharon L Cook  
Secretary, Board of Directors

EXHIBITS:

- A -- Tax Assessor/Collector's Report
- B -- Bookkeeper's Report
- C -- Draft Budget