

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368  
MINUTES OF BOARD OF DIRECTORS MEETING**

**August 16, 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, August 16, 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 with the exception of Director Ward. Consultants in attendance were: Wendee Gamble of Municipal Accounts & Consulting ("Bookkeeper"); 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"); and Kaye C. Corprew, attorney, of Johnson Radcliffe Petrov & Bobbitt PLLC ("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. PUBLIC COMMENT. There was no public comment.
2. CONSTABLE'S REPORT. In the absence of Mr. Dunn, Director Lackey reviewed the Constable's Report with the Board.
3. MINUTES OF AUGUST 2, 2007 and AUGUST 7, 2007 MEETINGS. The Board tabled approval of the minutes.
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". Mr. Leared directed the Board's attention to H.B. 621 recently adopted by the 80<sup>th</sup> Legislature of the State of Texas regarding goods in transit and explained the purpose of the legislation and its benefit to political subdivisions such as the District. Mr. Leared stated that the Board needs to adopt a resolution declaring its intent to tax goods in transit prior to December 1, or waive the exemption. Discussion next ensued regarding the list of commercial properties in the District as verified by Directors Bishop and Cook, a

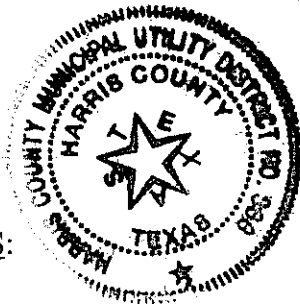
copy of which is attached hereto as Exhibit "B". Upon motion by Director Dunn, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report and authorized checks numbered 1609 through 1614, inclusive, from the Tax Account.

5. BOOKKEEPER'S REPORT. Ms. Gamble next presented the Bookkeeper's, a copy of which report is attached hereto as Exhibit "C". Ms. Gamble reviewed the receipts and expenditures, then reviewed the fund balances and Year-to-Date Budget. 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 as presented, authorized the payment of the District's bills.
6. GENERAL BUSINESS.
  - a. *Rate Order Amendment*. Ms. Corprew reviewed the data regarding commercial tracts and improvements. Action on this matter was deferred.
  - b. *Consultant Review*. Ms. Corprew noted that review of the District's consultants is an annual agenda item to give the Board an opportunity to review each of their consultant contracts. It was the consensus of the Board that all of their consultants were performing within the scope of their contracts for service.
  - c. *Repairs*. Director Lackey reported that the air conditioning at Water Plant No. 1 had been replaced.
  - d. *Water Well No. 6 Site*. Director Lackey reported that the underbrush had already been cleared from the new site being acquired for Water Well No. 6 and the environmental study has commenced. Mr. Stendahl presented a Change Order for \$1,100.00 with regard to the environmental study, a copy of which is attached hereto as Exhibit "D". Upon motion by Director Cook, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board approved the Change Order. Mr. Stendahl then reported that there is an issue with the right-of-way and well site and that a meeting has been scheduled with the City of Houston tomorrow to discuss the issues for purposes of platting the site.
7. EXECUTIVE SESSION. At 7:53 p.m., the President called an Executive Session pursuant to sections 551.071 and 551.072 of the Texas Government Code, of the Open Meetings Act, to discuss matters within attorney-client privilege, including real estate matters and contract negotiations. Attendees for the executive session were the Board, the Engineer and Attorney.
8. RECONVENE IN OPEN SESSION. At 8:22 p.m., the President declared the Executive Session over and reconvened the meeting in open session. Upon motion by Director Cook, seconded by Director Dunn and with all Directors present voting aye, the Board authorized negotiations with Hillegiest for a Highway 249 Water Line Easement. Then upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board approved the Escrow and Indemnity Agreement with respect to purchase of the Water Well No. 6 site.

In conclusion, Ms. Corprew presented for the Board's approval the contract amendment with the County for additional deputies to reflect one (1) sergeant and seven (7) deputies effective September 29, 2007. Upon motion by Director Cook, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board approved the contract amendment.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, upon motion by Director Cook, the President adjourned the meeting at 8:30 p.m.

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



  
Secretary, Board of Directors

EXHIBITS:

- A - Tax Assessor/Collector's Report
- B - Commercial Properties List
- C - Bookkeeper's Report
- D Change Order No. 1 for Water Well No. 6 Environmental Study