

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Wednesday, January 30, 2008

The Board of Directors (the "Board") of the Harris County Municipal Utility District No. 368 (the "District") met in special session, open to the public, at 6:30 p.m. on Wednesday, January 30, 2008 at the District's Maintenance Building and meeting place, located at 19412½ Scarlett Cove, 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. Others in attendance were: Mark T. Stendahl, P.E., consulting engineer ("Engineer") for Pate Engineers, Inc. ("Pate"); Katherine Turner of Municipal Accounts & Consultants ("Bookkeeper"); Mike Plunkett of Eagle Water Management ("Operator"); Andrew Dunn, the District's liaison with the Harris County Constable's Office; 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").

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 6:42 p.m. for such business as may properly come before the Board.

1. WATER WELL NO. 4. The President stated that the purpose of this special meeting was to discuss the failure of Water Well No. 4 pump motor and yielded the floor to Mr. Stendahl. Mr. Stendahl presented a series of actions and recommendations with respect to getting Water Well No. 4 back into service.

Mr. Stendahl stated that the first thing to do is declare an Emergency Repair Condition and notify the Texas Commission on Environmental Quality ("TCEQ"). Mr. Stendahl further explained the need to have the pump motor repaired and the well back operational prior to the peak usage period. Ms. Corprew stated that she would draft a letter to the TCEQ requesting approval of the emergency repair.

Mr. Stendahl then stated that the second thing to do is to allow Sun Star to ship the failed motor to their facility in Lubbock for inspection to determine what failed and why. Mr. Stendahl added that if Sun Star finds something that looks suspicious, the Board can rent a voltage analyzer to record power characteristics for 2-3 weeks while the temporary pump is in service so results can confirm/refute Sun Star's assessment of an external source.

Mr. Stendahl then presented three (3) options for the Board to consider, as follows:

- repair current motor at an estimated cost of \$64,200, including temporary pump charges and rental for approximately 2 months;
- replace motor with one identical to the one to be installed in Water Well No. 6, a water filled submersible, at an estimated cost of \$114,450; or
- convert well to Line shaft turbine pump (motor above ground) at an estimated cost of \$193,700,

all as further detailed on Exhibit "A". Upon motion by Director Cook, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board declared a state of emergency with respect to Water Well No. 4 repairs, authorized Ms. Corprew to submit a letter to the TCEQ regarding same, authorized Layne Texas to install a temporary pump and motor and authorized Sun Star to ship the failed motor to their facility in Lubbock at their expense for evaluation.

Mr. Stendahl departed the meeting at 7:14 p.m.

2. THEFT OF WATER. Ms. Corprew next updated the Board on the status of the illegal connection at 11435 Log Cabin previously discussed at the January 17th Board meeting. Ms. Corprew reported that the cost incurred by the District to date is approximately \$1,522.00 for repairs and legal costs and that the District's Rate Order allows the District to charge double the amount of its costs incurred by the District as a penalty, bringing the total to \$4,566.00. Ms. Corprew then presented a demand letter for the Board's consideration, a copy of which is attached hereto as Exhibit "B".

There being no further business to come before the Board, upon motion by Director Ward, the President adjourned the meeting at 7:51 p.m.

Passed and approved this 20th day of March, 2008.


Secretary, Board of Directors

Exhibit:

A - Engineer's Water Well No. 4 Repair Options

B - Notice of Rate Order Violation

