

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

MINUTES OF MEETING

January 9, 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 7:00 p.m. on Wednesday, January 9, 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. Consultants in attendance were: Mark T. Stendahl, P.E., consulting engineer ("Engineer") and representative of Pate Engineers, Inc. ("Pate"); David Garrett of Great America Companies ("Great America"); 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 7:04 p.m. for such business as may properly come before the Board.

1. AWARD CONTRACT FOR WATER WELL NO. 6 PROJECT. The President first recognized Mr. Stendahl who reported that the District only received two (2) bids for the Water Well No. 6 drilling and raw water transmission line project and that the bids came in at \$500,000 more than the amount included in the Series 2007 Bond issue for the project. Mr. Stendahl further stated that the rules of the Texas Commission on Environmental Quality state that the District cannot award a contract unless they can first identify where the funds are coming from to pay for the project. Discussion ensued and Mr. Garrett suggested that the District re-bid the project. Ms. Corprew stated that she, Director Lackey and Mr. Stendahl discussed the matter this afternoon and determined that there were several options for the Board to consider and that it might be better to table a decision on this matter for the time being and continue with the rest of the agenda.
2. ASHFORD PLACE UTILITIES. Ms. Corprew next presented the Board with conveyance documents for the water and drainage facilities for Ashford Place Subdivision and deed from 80-Huffsmith Venture, Ltd. ("80-Huffsmith") for the Ashford Place Detention Basin. Upon motion by Director Ward, seconded

by Director Lackey, after discussion and with all Directors present voting aye, the Board accepted the deed to the detention basin, a copy of which is attached as Exhibit "A."

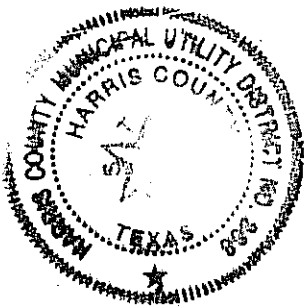
3. PARTIAL REIMBURSEMENT TO 80-HUFFSMITH. Ms. Corprew next reported that she had received a letter from Mr. Rathmann, the District's Financial Advisor, via email, a copy of which is attached hereto as Exhibit "B," prior to coming to the meeting regarding the Financial Advisor's assessment that 80-Huffsmith currently qualifies for a 92% reimbursement or \$3,468,713.34 pursuant to the terms of their Reimbursement Agreement with the District. Mr. Garrett stated that he had also received a copy of Mr. Rathmann's letter and that 80-Huffsmith is approximately 8-10 houses short for meeting the 100% reimbursement mark. Ms. Corprew confirmed this but added that the 92% reimbursement number does not take into account the cost of the gravity sewer constructed by Triple B Construction ("Triple B") Services that Mr. Garrett had agreed to have withheld from his reimbursement to insure the defect in the gravity sanitary sewer was cured. Ms. Corprew stated that the approximate costs of the Triple B contract attributable to the water, sanitary sewer facilities in Ashford Place is \$367,666.40 as confirmed by Mr. Stendahl. Upon motion by Director Ward, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board authorized the partial reimbursement to 80-Huffsmith in the amount of \$3,101,046.94 which is 92% of the total reflected in the Reimbursement Audit, dated December 1, 2007, less \$367,666.40 withheld for the defective gravity sewer. Ms. Corprew next presented a Utility Conveyance Agreement, Utility Conveyance and Developer's Receipt with respect to the 80-Huffsmith reimbursement approved by the Board. Ms. Corprew stated that the utilities conveyed include all the facilities constructed in Ashford Place Sections 1 and 2, except the gravity sewer constructed by Triple B Services. Upon motion by Director Ward, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board accepted the conveyance of the facilities and authorized execution of the conveyance documents, copies of which are attached hereto as Exhibit "C." [Mr. Garrett departed the meeting at 7:25 p.m.]

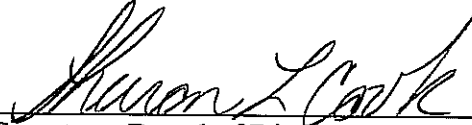
4. WOODMERE DEVELOPMENT CO., LTD ("WOODMERE") ANNEXATION AGREEMENT. Ms. Corprew next presented the Annexation and Service Agreement by and between the District and Woodmere for development of the 54.78 Ashford Grove Subdivision. Upon motion by Director Ward, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board authorized the President and Secretary to execute and attest, respectively, the Annexation Agreement on behalf of and as the act and deed of the District, a copy of which is attached hereto as Exhibit "D."

5. WOODMERE REIMBURSEMENT AGREEMENT. Ms. Corprew next presented and reviewed the terms of the Water, Sewer and Drainage Facilities Reimbursement Agreement between the District and Woodmere. with respect to the Ashford Grove Subdivision development. Upon motion by Director Cook, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board authorized the President and Secretary to execute and attest, respectively, the Reimbursement Agreement on behalf of and as the act and deed of the District; a copy of which is attached hereto as Exhibit "E."
6. POWERLINE EASEMENT. Mr. Stendahl next requested the Board's approval to prepare the metes and bounds description of the powerline easement and request the appraisal of same. Upon motion by Director Ward, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board authorized the Engineer to proceed with the preparation of the description of the powerline easement and appraisal of same.
7. WATER WELL NO. 6 CONTRACT AWARD CONT'D. Discussion next continued regarding the possibility of re-bidding the Water Well No. 6 drilling and construction of water transmission line project. Mr. Stendahl stated that in his experience, once a bid is out there, it is not going to come down simply through re-bidding the project unless significant changes are made to the design and specifications. Mr. Stendahl stated that another option would be to split the project by drilling the well now and constructing the water transmission line later, but that the Board should realize that the well does absolutely no good without the water transmission line. Mr. Stendahl further stated that other components of the project could be added at a later date, such as the generator and other site improvements. Upon further discussion, it was the consensus of the Board to table the award of the contract until the January 17, 2008 Board meeting, after Ms. Corprew, Ms. Turner, Mr. Eric Johnson, and Mr. Stendahl meet at JRPB on Tuesday morning, January 15, 2008, to identify any surplus funds that could be used to cover the projected shortfall. Director Bishop stated that she would like to attend the meeting also and the rest of the Board stated that they would also like for Director Bishop to attend the meeting.

There being no further business to come before the Board, upon motion by Director Ward, the President adjourned the meeting at 7:58 p.m.

Passed and approved this 17th day of January, 2008.




Secretary, Board of Director

EXHIBITS:

- A - Deed from 80-Huffsmith Venture, Ltd. for the Ashford Place Detention Basin
- B - Letter from Craig Rathmann re financial assessment
- C - Utility Conveyance Agreement, Utility Conveyance and Developer's Receipt with respect to the 80-Huffsmith reimbursements
- D - Annexation and Service Agreement by and between the District and Woodmere for development of the 54.78 Ashford Grove Subdivision
- E - Water, Sewer and Drainage Facilities Reimbursement Agreement between the District and Woodmere