

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting

October 16, 2008

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, October 16, 2008 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
Eric Daniel	Treasurer
Allison V. Dunn	Assistant Secretary

All members of the Board were present. Also in attendance was: Mark T. Stendahl, P.E., consulting engineer ("Engineer"); Bob Leared of Bob Leared Interests, Inc. ("Tax Assessor/Collector"); Cathy Branco of Municipal Accounts & Consultants, Inc. ("Bookkeeper"); and Andrew P. Johnson, III, Joshua W. Golden and Marian D. Henderson of Johnson Radcliffe Petrov & Bobbitt PLLC ("JRPB" or "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 p.m. for such business as may properly come before the Board.

1. **PUBLIC COMMENT.** There was no public comment.
2. **HARRIS COUNTY CONSTABLE'S REPORT.** None.
3. **GENERAL BUSINESS:**
 - A. *Emergency Operations and Repairs to District Facilities.* None reported.
 - B. *Approve CPI cost adjustment to WCA Waste Corporation's Contract.* Mr. Johnson presented a letter from WCA Waste Corporation dated October 10, 2008 requesting the approval of the annual price increase based upon the most recently published CPI-U Series ID CUSR0000SEHG02, which will increase the per connection charge for garbage disposal by 6.3% which equals a \$0.74 increase. A copy of the WCA letter is attached hereto as Exhibit "A". Upon motion by Director Cook, seconded by Director Daniel, after discussion and with all Directors present voting aye, the Board approved the increase to become effective with the October 2008 billing cycle and continue through September 2009.

C. *Website*. No update given.

D. *Recycling Questionnaire*. The Board reviewed several drafts of recycling questionnaires submitted by the Attorney's office to get an idea of what information they wanted to include on the District's questionnaire. Discussion ensued regarding the merits of each and it was the consensus of the Board that the following questions be included on the questionnaire: 1. Would you be interested in curbside recycling in your neighborhood? 2. Would you be willing to pay \$3-\$4 per month for once per week curbside recycling in your neighborhood to be added your monthly water/sewer service bill? *This will be a 5-year commitment*. 3. Please circle below the items your family will likely recycle. 4. Tell us about your family. The Board also directed the Attorney to include facts about recycling and to request that the completed questionnaires be returned by December 1.

4. **TAX ASSESSOR/COLLECTOR'S REPORT:**

A. *Tax Report*. The President then recognized Mr. Leared who presented the Tax Assessor/Collector's Report, a copy of which is attached hereto as Exhibit "B". Mr. Leared reported that the District has collected 97.966% of its 2007 tax levy. Mr. Leared then directed the Board's attention to a taxpayer's request for waiver of penalty and interest stating that they did not receive a statement. Upon motion by Director Cook, seconded by Director Dunn, after discussion and with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report as presented.

B. *Delinquent Tax Report*. Mr. Leared then presented the Delinquent Tax Report, as prepared by Perdue Brandon, a copy of which is attached hereto as Exhibit "C". Mr. Leared reported that Perdue Brandon would send water termination letters out on the 37 accounts reflected on the report which would notify residents of their right to a public hearing scheduled for the Thursday, November 20th Board meeting. Discussion then ensued regarding a Delinquent Tax Notice received from Paul Bettencourt's office addressed to the District for taxes due on a 5.2796 acre tract described as Reserve C, Block 1, Pinecrest Commercial Reserve in the amount of \$25.62, a copy of which is attached hereto as Exhibit "D". Upon motion by Director Cook, seconded Director Lackey, the Board approved the Delinquent Tax Report and authorized payment of 2005 delinquent account in the amount of \$25.62.

C. *Public Hearing Regarding 2008 Tax Rate*. Mr. Johnson next convened the public hearing regarding 2008 Tax Rate pursuant to notice published by the Tax Assessor/Collector on October 2, 2008 in the *Houston Chronicle*. Mr. Leared presented the Board with an *Affidavit of Publication*, a copy of which is attached hereto as Exhibit "E". There being no members of the general public present, Mr. Johnson adjourned the public hearing.

- D. *Adopt Order Setting Rate and Levying Tax for 2008.* Mr. Johnson then presented the Board with an Order Setting Rate and Levying Tax for 2008, a copy of which is attached hereto as Exhibit "F". Mr. Johnson noted that the proposed total tax rate for 2008 as published and recommended by the District's Financial Advisor is \$0.93000 per \$100 assessed valuation comprised of \$0.14 for maintenance and \$0.79 for debt service. Upon motion by Director Cook, seconded by Director Dunn, after discussion and with all Directors present voting aye, the Board adopted the Order as presented.
- E. *Order Appointing Tax Assessor/Collector.* Mr. Johnson next presented the Board with an Order Appointing Tax Assessor/Collector, a copy of which is attached hereto as Exhibit "G". Upon motion by Director Dunn, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board adopted the Order as presented.
- F. *Order Amending District Information Form.* Mr. Johnson then presented the Board with an Order Amending District Information Form, a copy of which is attached hereto as Exhibit "H". Mr. Johnson explained that since the District's tax rate has changed, the change warranted amending the Notice to Purchasers of Real Property a/k/a District Information Form. Upon motion by Director Cook, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board adopted the Order as presented.
- G. *Resolution Concerning Tax Collection Procedures.* Finally, Mr. Johnson presented the Board with a Resolution Concerning Tax Collection Procedures, including Determining Availability of Payment Options of Taxes Allowed by Tax Code, a copy of which is attached hereto as Exhibit "I". Upon motion by Director Cook, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board adopted the Order as presented.

5. **BOOKKEEPER'S REPORT:**

- A. *Payment of Bills and Financial Condition of District.* The President next recognized Ms. Branco, who presented and reviewed the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "J". Discussion ensued regarding the invoice presented for payment on behalf of Eagle Water Management. Director Cook stated that from the items listed on the invoice, the residents that came to the meeting the week following the storm, were correct in that the pumps were not working. Director Lackey stated that all the pumps were working during the storm. Director Bishop requested that the check to Eagle be held pending further clarification of the Hurricane Ike related expenses, because if what Mr. Plunkett and Director Lackey asserted is true and the pumps were all functioning, then Eagle's invoice is obviously incorrect and she wants clarification. Director Cook stated that there also some duplicate charges on the invoice. Upon motion by Director Bishop,

seconded by Director Daniel, after discussion and with all Directors present voting aye, the Bookkeeper was directed to hold the check to Eagle pending verification of the charges by Eagle.

- B. *Series 2004 Escrow Account.* Ms. Henderson next reported that at the request of Ms. Turner, she had researched the origin of the \$1,548.00 principal amount remaining in escrow from the Series 2004 bond issue. Ms. Henderson reported that \$1,548.00 was the amount withheld for work supposedly performed by Shanks C&E Investments, L.L.C., d/b/a Moffitt Oil, with respect to the \$472,996 required escrow for the Pinecrest Forest Section 9 development. The Texas Commission On Environmental Quality ("Commission") authorized the release of \$471,448 from escrow on June 30, 2004, withholding \$1,548.00 due to Moffitt Oil pending receipt of a release of lien from Shank C&E Investments, L.L.C. Mr. Stendahl then stated that the simplest thing to do would be to direct Eric Johnson to declare the amount as surplus funds in Bond Application #10 to zero out the Series 2004 escrow account.
- C. *Capital Improvements Report.* Mr. Stendahl next presented and reviewed the Capital Improvements Report with the Board, a copy of which is attached hereto as Exhibit "K". Mr. Stendahl noted that changes from last month were in red.

Upon motion by Director Cook, seconded by Director Daniel, after discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report.

6. **ATTORNEY'S REPORT:**

- A. *Minutes:* Upon motion by Director Cook, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board approved the minutes of the October 2, 2008 Board meeting with corrections.
- B. *Status of Easement Acquisitions.* Mr. Johnson reported that JRPB was still working on the Sandlein tract and that nothing had really changed since the last meeting.
- C. *Renewal of Security Contract.* Mr. Johnson next presented the Board with correspondence received from the Office of Ron Hickman, Constable, Precinct 4, Harris County, requesting that the District verify its intention to renew the Law Enforcement Agreement between the District and the County and to verify the number of deputies requested under the Agreement. Mr. Johnson noted that the communication stated that at the time of the mailing, the Commissioners' Court had not decided on the cost of the contract for the coming year. Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board

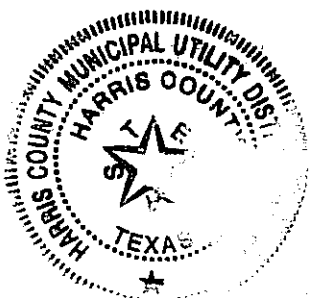
authorized the Attorney to respond to the inquiry by requesting to renew the contract for eight (8) deputies as currently in force.

- D. *Amend Rate Order.* Mr. Johnson noted that this item was on the Agenda due to the CPI increase requested by WCA Waste Corporation and that the Board would need to amend the Rate Order to increase the sewer charge to accommodate the increase in garbage collection charge. Discussion ensued and it was the consensus of the Board to postpone amending the Rate Order until December when it should have the responses to the Recycling Questionnaire.
- E. *Triple B Services.* Mr. Johnson next presented and reviewed with the Board the Release and check in the amount of \$14,701.82 with respect to the failed sewer stacks in Ashford Place, Section 1. Upon motion by Director Cook, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board authorized execution of the Release, a copy of which is attached hereto as Exhibit "L", subject to verification of amount by the Engineer and Attorney.
- F. *Northern Point HOA.* Mr. Golden next reported that Northern Point HOA ("HOA") has requested to be placed on the November Agenda for additional consideration with respect to the walking trail around the Northern Point Detention Pond.
- G. *Land Acquisition.* Mr. Stendahl next updated the Board with respect to renewal of Option on the Jennings, Carr & Butterworth tracts. Mr. Stendahl reported that he has a meeting scheduled for next week with the pastor of the church which purchased a portion of the Butterworth tract.

Upon motion by Director Cook, seconded by Director Dunn, after discussion and with all Directors present voting aye, the Board approved the Attorney's Report as presented.

There being no further business to come before the Board, upon motion to adjourn by Director Bishop, the President adjourned the meeting at 9:33 p.m.

Passed and approved this 6th day of November, 2008.




Secretary, Board of Directors

EXHIBITS:

- A - WCA letter re CPI Adjustment
- B - Tax Assessor/Collector's Report
- C - Delinquent Tax Report
- D - Delinquent Tax Statement
- E - Affidavit of Publication Notice of Tax Hearing
- F - Order Setting Rate and Levying Tax for 2008
- G - Order Appointing Tax Assessor/Collector
- H - Order Amending District Information Form
- I - Resolution Regarding Tax Collection Procedures
- J - Bookkeeper's Report
- K - Capital Improvements Report
- L - Triple B Services Release