

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting
March 20, 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, March 20, 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
Michael J. Ward	Treasurer
Allison V. Dunn	Assistant Secretary

All members of the Board were present, thus constituting a quorum. Others in attendance were: Mark T. Stendahl, P.E., consulting engineer and representative of Pate Engineers, Inc. ("Pate") ("Engineer"); Bob Leared of Bob Leared Interests, Inc. ("Tax Assessor/Collector"); Katherine Turner of Municipal Accounts & Consulting ("Bookkeeper"); Andrew Dunn, the District's liaison with the Harris County Constable's Office (the "Constable's Office"); Cpl. Swindler of the Constable's Office; and Kaye C. Corprew of Johnson Radcliffe Petrov & Bobbitt PLLC ("JRPB" or "Attorneys").

The President, after having established a quorum and determined that the Notice of Meeting was posted in accordance to law, called the meeting to order for such business as may properly come before the Board.

1. PUBLIC COMMENT. There was no public comment.
2. TAX ASSESSOR/COLLECTOR'S REPORT. The President next recognized Mr. Leared, who presented and reviewed the Tax Assessor/Collector's Report for the month of February, a copy of which is attached hereto as Exhibit "A". Mr Leared reported that 91.6% of the District's 2007 tax levy had been collected as of February 29, 2008 and that delinquent tax statements were sent out in February. Upon motion by Director Cook, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report as presented. [Mr. Leared departed the meeting at the conclusion of his report.]
3. CONSTABLE'S REPORT. Cpl. Swindler reviewed the Harris County Constable's Patrol Report with the Board.
4. MINUTES. The Board next considered approval of the January 17, 2008, January 30, 2008, February 7, 2008, February 18, 2008, February 21, 2008 and March 6, 2008 minutes. Upon motion by Director Cook, seconded by Director

Dunn, after discussion and with all Directors present voting aye, the Board approved the minutes of the January 17, 2008, January 30, 2008 and February 7, 2008 with changes noted by Director Lackey, approved the minutes of February 18, 2008 as presented, and deferred approval of the minutes of the February 21, 2008 and March 6, 2008 meetings.

5. GENERAL BUSINESS.

- a. *Application No. 10 for Issuance of Bonds.* Mr. Stendahl reported that the District has \$7.5 million in the Bond Issuance Report ("BIR"), a copy of which is attached hereto as Exhibit "B", thus far and that Craig Rathmann, the District's Financial Advisor, has determined that the District can issue said bonds at the current tax rate with a no-growth scenario not to exceed a net effective interest rate of 5.75%. Upon motion by Director Bishop, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board authorized proceeding with the application for Bond Issue No. 10 (the "Bond Application No. 10").
- b. *Capital Improvement Report.* Mr. Stendahl next directed the Board's attention to the Capital Improvement Report, a copy of which is attached hereto as Exhibit "C".
- c. *Resolution Requesting Estimate of Appraised Value.* Ms. Corprew then presented the Board with a Resolution Requesting Estimate of Appraised Value and stated that the Engineer and Financial Advisor will need the estimate to complete the Bond Application No. 10. Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board adopted the Resolution as presented, a copy of which is attached hereto as Exhibit "D".
- d. *Rehabilitation of Water Well No. 4.* Mr. Stendahl next presented a letter from Pate and a proposal from Layne-Texas regarding repairs to Water Well No. 4, a copies of which are attached hereto as Exhibit "E" for making the emergency repair. Layne-Texas proposes to furnish and install a Christensen 13 CHC 7 Stage Bowl Assembly, 540 feet of column assembly, new fabricated discharge head to conform to the existing well-head, 250 HP, TEFC, 2300 volt premium efficiency motor, continuous water level monitor, temporary motor until the District's motor arrives, and well performance test and reports for the cost of \$180,630. Mr. Stendahl explained that he and Pate recommend that the District proceed with the repair of Water Well No. 4 by converting it from a submersible pump to a line-shaft pump and accept the proposal submitted by Layne-Texas. Upon motion by Director Cook, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board authorized proceeding with the

rehabilitation of Water Well No. 4 as proposed by Layne-Texas and recommended by the Engineer.

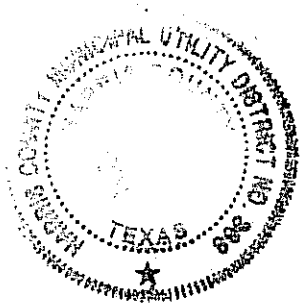
- e. *Insurance Renewal.* Ms. Corprew queried the Board as to whether or not they wished to solicit proposals for insurance renewal from the various providers or just go with their current provider, The Essential Group. It was the consensus of the Board that Ms. Corprew should solicit several proposals on behalf of the District.
 - f. *Pay Estimate No. 1 from Bussell & Sons for Water Well No. 6.* Mr. Stendahl next presented Pay Estimate No. 1 in the amount of \$61,650 from Bussell & Sons for construction of Water Well No. 6 and recommended approval. Upon motion by Director Bishop, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board authorized the payment.
 - g. *Water Line Easements Along State Highway 249, Including Condemnation Proceedings.* Ms. Corprew reported that the Attorney has reached a verbal agreement with the Hillegeist family regarding the acquisition of a waterline easement along Highway 249 and requested approval of payment in the amount of \$34,500 for an easement across the Hillegeist property. Upon motion by Director Cook, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board authorized payment in the amount of \$34,500 to the Hillegeist family. Ms. Corprew then reported that a final demand letter had been forwarded with regard to the Durdin waterline easement and that the deadline to respond is March 31, 2008. If there is no response, she will proceed with condemnation proceedings as directed by the Board.
 - h. *Water Well No. 6 Easements.* Ms. Corprew reported that JRPB is waiting on three (3) lienholder consents to complete the easement acquisitions. The temporary construction easement for Water Plant No. 2 has been approved.
 - i. *Repairs to District Facilities.* Director Lackey updated the Board on the status of several items in disrepair with respect to the District's facilities, particularly at Water Plant No. 1. Mr. Stendahl reported that Pate will present a proposal for inspection of the three (3) Ground Storage Tanks (GSTs). Directors Lackey and Cook were authorized to act as a Subcommittee of the Board and approve the proposal upon recommendation of the District's Engineer.
6. ELECTION AGENDA. Ms. Corprew next reported that the deadline for filing an application for place on the ballot and declaration of write-in candidacy passed without anyone making an application to run for the Board of Directors in the May 10, 2008 Election, therefore, the Board could cancel their election. To that

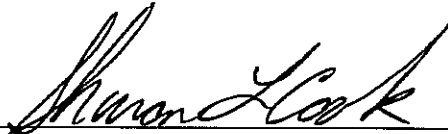
end, Ms. Corprew presented the Board with an Order Declaring Unopposed Candidates Elected to Office and Canceling Election, a copy of which is attached hereto as Exhibit "F". Upon motion by Director Bishop, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board adopted the Order as presented.

7. BOOKKEEPER'S REPORT. Ms. Turner next reviewed the Bookkeeper's Report and Investment Report, copies of which are attached hereto as Exhibit "G". Ms. Turner then presented and reviewed the Capital Projects Fund breakdown, a copy of which is attached hereto as Exhibit "H". Ms. Turner recommended the District prepare a 5-year capital expenditure plan. The Board agreed to hold a special workshop meeting on April 14, 2008 to discuss such matter. Upon motion by Director Bishop, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report as presented and to approve the checks presented therein.
8. ATTORNEY'S REPORT. Ms. Corprew stated that she had nothing further to report.
9. WATER WELL NO. 6. Mr. Stendahl presented the Terrain Solutions proposal for Phase II environmental study of Water Well No. 6 site for approval. Upon motion by Director Cook, seconded by Director Ward, after discussion and with all Directors present voting aye, the Board approved the proposal for environmental study Phase II by Terrain Solutions.

There being no further business to come before the Board, upon motion by Director Dunn, the President adjourned the meeting at 8:40 p.m.

Passed and approved this 3rd day of April, 2008.




Secretary, Board of Directors

Exhibits:

- A -- Tax Assessor/Collector's Report
- B -- Bond Issuance Report
- C -- Capital Improvements Report
- D -- Resolution Requesting Estimate of Appraised Value
- E -- Pate Engineers recommendation letter and Layne-Texas proposal re Rehabilitation of Water Well No. 4
- F -- Order Canceling Election
- G -- Bookkeeper's Report
- H -- Capital Projects Fund Breakdown