

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

MINUTES OF MEETING

May 29, 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 Thursday, May 29, 2008 at 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
Allison V. Dunn	Assistant Secretary

All members of the Board were present. Consultants in attendance were: Andrew P. Johnson, III, attorney, and Marian D. Henderson, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC ("Attorney"). Also attending were Floyd Mechler and Marshall Schoath of AquaSurance, Inc. ("AquaSurance"); Kim Courte of The Essential Group ("Essential"); and Andrew Dunn, the District's liaison with the Harris County Constable's Office.

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 6:45 p.m. for such business as may properly come before the Board.

The first item on the agenda was the consideration of insurance renewal proposals. After conferring with the AquaSurance and Essential representatives, and the Board, Mr. Johnson asked Ms. Courte to leave the room and the President yielded the floor to Mr. Mechler.

1. AquaSurance. Mr. Mechler, made a presentation to the Board with respect to differences between the insurance coverage Essential is offering the District, and the coverage that AquaSurance is proposing. Mr. Mechler stated that some of the major differences between the coverage is as follows:
 - AquaSurance offers a blanket limit rather than a scheduled limit
 - Appointed Agent vs. Brokered Agent
 - Pollution exposure not covered under current coverage with Essential (only \$25,000 clean-up costs with Essential and only applicable if it is resulting from a covered property loss, i.e., fire, lightning, riot, etc. – will only clean-up outside of the District's property
 - Consultant fee charged by Essential is not allowed by the Texas Department of Insurance
 - Directors & Officers' Liability defense costs are outside limit of liability with the Chubb Pacific policy that Essential is quoting

- AquaSurance provides loss control services at no extra charge to the District.

Mr. Mechler fielded a couple of questions from Mr. Johnson and the Board and departed the meeting at 7:25 p.m.

Essential. Ms. Courte re-entered the meeting at 7:26 p.m. and proceeded to highlight the changes in the coverage she is quoting the District for renewal versus the District's current coverage with Essential that is scheduled to expire on June 1, 2008. Ms. Courte stated that there are approximately 600 districts in Texas insured through the program she is quoting and 4,500 districts nationwide. Mr. Johnson then questioned Ms. Courte regarding the \$25,000 limit to the clean-up costs with respect to the pollution liability coverage. Ms. Courte stated that the pollution liability is the full property limit coverage and general liability coverage of \$10,994,346, and that there is a floating blanket limit on property damage as opposed to scheduled limits. Mr. Johnson requested that Ms. Courte provide the District with a letter from the property insurer confirming its pollution clean-up costs coverage as presented at the meeting. Mr. Johnson then questioned Ms. Courte regarding the absence of "earth movement coverage" from Essential's coverage. Ms. Courte confirmed that Essential did not quote "earth movement coverage" stating that such coverage would not afford the District with any additional coverage than that she is currently quoting. Discussion then ensued regarding the consultant fee that Essential charges its customers and their authority to do so in the State of Texas. Ms. Courte stated that she would provide the District with a letter from an insurance attorney regarding Essential's ability to charge a consultation fee. Ms. Courte departed the meeting at 8:17 p.m.

No representative from Anco was present.

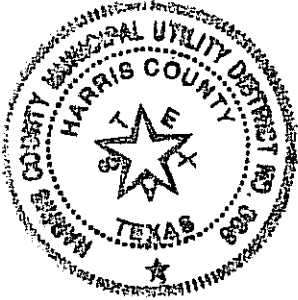
Discussion ensued regarding the two insurance presentations and the pros and cons of going with each agency for renewal. Upon motion by Director Bishop, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board voted to accept the Essential proposal, provided that Essential's property insurance carrier provide a letter regarding their coverage of "pollution clean-up" costs inside and outside of District facilities to the floating property limits and Essential providing a letter from an insurance attorney regarding its authority to charge a consultation fee in the State of Texas.

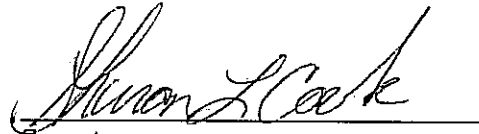
2. Security. The President next convened the meeting in Executive Session at 8:28 p.m. pursuant to Section 551.074 to discuss personnel matters regarding security personnel. All members of the Board were present for the Executive Session, as well as Mr. Johnson, Ms. Henderson and Mr. Dunn. At 9:05 p.m., the President ended the Executive Session and reconvened the meeting in open session to vote on matters discussed in closed session. Upon motion by Director Cook, seconded by Director Lackey, with all Directors present voting aye, the Board authorized Mr. Johnson to write a letter to Harris County to

eliminate the sergeant position from the District's contract and replace same with a regular deputy.

There being no further business to come before the Board, upon motion by Director Cook, the President adjourned the meeting at 9:28 p.m.

Passed and approved this 19th day of June, 2008.




Secretary