

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, June 5, 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, June 5, 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
Allison V. Dunn	Assistant Secretary

All members of the Board were present. Consultants in attendance were: Mark T. Stendahl, P.E., consulting engineer for Pate Engineers, Inc. ("Pate") (the "Engineer"); Mike Plunkett of Eagle Water Management, Inc. ("Operator"); Andrew Dunn, the District's liaison to the Harris County Constable's Office; Cary Dunham of Dungle L.L.C. ("Cobblestone"); Rebecca Yost and Eric Daniels, residents of the District; and Andrew P. Johnson, III, 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 6:45 p.m. for such business as may properly come before the Board.

1. PUBLIC COMMENT. There was no public comment.
2. MINUTES. The Board tabled approval of the minutes until the June 19, 2008 meeting.
3. OPERATOR'S REPORT. Mr. Plunkett presented and reviewed with the Board the Operator's Report, a copy of which is attached hereto as Exhibit "A".
 - a. General Operations. Mr. Plunkett reported that the bill vs. produced water accountability rating was 92.40% for the month of May with 3,196 total accounts with no excursions at the Wastewater Treatment Plant.
 - b. Consumer Confidence Report. Mr. Plunkett next presented a draft of the 2007 Annual Drinking Water Quality Report (Consumer Confidence Report), a copy of which is attached hereto as Exhibit "B". Mr. Plunkett pointed out the difference in the language in this year's report regarding lead levels.
 - c. Repairs and/or Replacements at District Facilities. Mr. Plunkett reported that there was a sewer stoppage about a month ago with a line that actually feeds the theatre. The Operator further reported that after televising the line, he found 2-3

holes in the PVC pipe. Discussion then ensued regarding the necessity for the repair as the stoppage created an inflow/infiltration problem and the method of repairing the pipe with a liner patch at approximately \$8,100.00. Mr. Plunkett explained that SourcePoint will be performing the repair.

- d. Miscellaneous. Director Cook next questioned whether or not there was a flier that can be placed in the water bills about proper watering techniques and disposal of grass clippings in the storm sewers. Mr. Plunkett stated that the County has some little blue signs that can be placed on top of the storm drain inlets with an adhesive. Director Bishop stated that she can speak with the local Boy Scouts troop to see if they were interested in placing the signs for a fee to be paid by the District to earn money for their upcoming trip/camp.

Upon motion by Director Cook, seconded by Director Dunn, after discussion and with all Directors present voting aye, the Board approved the Operator's Report as presented, approved the 2007 Consumer Confidence Report, subject to final review by the District's Attorney, approved repair of PVC pipe by SourcePoint, and authorized termination to the accounts listed on the Termination List in accordance with the provisions of the District's Rate Order.

4. ENGINEER'S REPORT. Mr. Stendahl next presented the Engineer's Report, a copy of which is attached hereto as Exhibit "C".

- a. Water Quality Monitoring. Mr. Stendahl reported that the test results for May 2008 for Water Wells 2, 3, 4 and 5 had not been received.
- b. Stand-by Power Generators. Mr. Stendahl reported that plan approval had been received from the TCEQ and City of Houston, the project had been bid and the award of the contract should be made at the July 3rd Board meeting.
- c. Water Well No. 6. Mr. Stendahl reported that the plat of Well #6 site is expected to be approved by Harris County Commissioner's Court on June 17, 2008. The design is 100% complete for the Well Collector Line and the Engineer is requesting Board approval to advertise the project for competitive bids. Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board authorized the Engineer to advertise the project for bids.
- d. Wastewater Treatment Plant – Phase 4 Expansion. Mr. Stendahl reported that the Contractor's revised schedule shows a completion date of December 15, 2008. Mr. Stendahl further reported that the construction of the digester basin and chlorine chamber continues with the outer walls formed and poured and that the underground piping installation is underway. Mr. Stendahl then directed the Board's attention to N&S Construction's Pay Estimate No. 9 in the amount of \$69,238.67, a copy of which is attached to the Engineer's Report, and recommended approval for payment.

- e. 12" Water Line Adjacent to State Highway 249. Mr. Stendahl reported that JRPB is in the process of obtaining the remaining two easements required before the City of Houston will approve the plans.
- f. Water Well No. 4 Motor Repair. Mr. Stendahl reported that the District's new motor is in Houston and Layne-Texas has scheduled installation for the week of June 9th; therefore, rental on the temporary motor will cease on June 7, 2008.
- g. Water Treatment Plant No. 1 Tank Inspection. Mr. Stendahl reported that Ground Storage Tank #1 at Water Plant No. 1 is currently out of service and that even an emergency replacement will not have the Ground Storage Tank available for the summer months this year.
- h. Development Projects:
 - 1) Harris County Street Acceptance Status. Mr. Stendahl presented and reviewed the updated spreadsheet detailing the status of the street acceptance in the District. Mr. Johnson commended the District on staying on top of the street acceptance issue stating that it has really been a problem with Harris County. Mr. Johnson added that the latest problem has been with volume builders.
 - 2) Cobblestone Tract. Mr. Dunham stated that there were a couple of people looking at the tract, but that it would sure help to move the property to get the easement acquisitions finalized.
- i. Annexation Tracts & Feasibility:
 - 1) Water Plant No. 2 Site and Water Well No. 6 Site. Mr. Stendahl presented the revised boundary map for execution by the Board.

Upon motion by Director Bishop, seconded by Director Lackey, with all Directors present voting aye, the Board approved the Engineer's report, approved Pay Estimate No. 9 from N&S Construction for the Wastewater Treatment Plant Expansion Project in the amount of \$69,238.67, approved renewal of the utility commitment for Willow Falls Sections 4 and 5, and approved the revised plat of Water Treatment Plant No. 2 and Water Well No. 6 site annexations.

5. GENERAL BUSINESS:

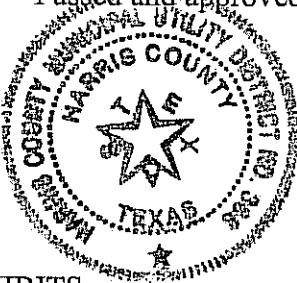
- a. District's Website. Director Dunn stated that the history of the District needs to be updated. Director Lackey stated that he would make the necessary updates.
- b. Security Issues. Mr. Johnson reported that the letter was sent via certified mail to Constable Hickman. Director Lackey stated that Constable Hickman called

him and acknowledged receipt of the letter and that the effective date of the amended contract will be June 21, 2008.

6. ATTORNEY'S REPORT. The President next recognized Mr. Johnson who distributed a notice from the North Harris County Regional Water Authority (the "Authority") regarding the Authority's plan to issue its third series of bonds, a copy of which Notice is attached hereto as Exhibit "D".

There being no further business to come before the Board, upon motion by Director Cook, the President adjourned the meeting at 7:29 p.m.

Passed and approved this 3RD day of July, 2008.




Secretary, Board of Directors

EXHIBITS:

- A -- Operator's Report
- B -- Drinking Water Quality Report
- C -- Engineer's Report
- D -- NHCRWA Notice