

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

MINUTES OF MEETING

August 21, 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, August 21, 2008 at the District's designated meeting place within the boundaries of the District located 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
Eric Daniel	Treasurer

All members of the Board were present. Consultants in attendance were as follows: Mark T. Stendahl, P.E., consulting engineer; Bob Leared of Bob Leared Interests, Inc. ("Tax Assessor/Collector"); Katherine Turner and Cathy Branco of Municipal Accounts and Consulting, L.P. ("Bookkeeper"); Matthew May of Waste Corporation of America ("WCA"); Andrew P. Johnson, III and Joshua Golden, attorneys, and Marian D. Henderson, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC ("Attorney").

Other visitors in attendance were as follows: Linda Arbogast, Shauna McLurg, Margaret Moon, Rebecca Yost, Jason Hunt, Brad Phillips, Karla Wolfe, Karen Aeck, Tammy J. Beene, Leslie Archer, Matthew Anderson, Robert and Geraldine Morton and Mark Hammerbacher, all residents of the District; Jerrell Wolff, a resident of the District and President of Residential Recycling of Texas, Inc.; Heather Monteverde of Crest Management ("Crest") (Management Company for Northern Point Homeowners Association); Mike Moore of Junction Landscape; and Jason Noland of Northern Point Homeowners Association ("NPHOA").

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. RECYCLING PROPOSALS. The President first recognized Mr. May, who presented and reviewed with the Board WCA's proposal to provide a weekly recycling service to the District's current solid waste disposal contract, a copy of which proposal is attached hereto as Exhibit "A". Mr. May responded to numerous questions from the Board, consultants and members of the public regarding recycling bin distribution and replacement, method of collections, recyclables market for recyclables, level of participation, and contract issues. [Mr. May departed the meeting at this time.]

The President next recognized Mr. Wolff who addressed the Board regarding his proposal to provide recycling service to the District, a copy of which is attached hereto as Exhibit "B". Mr. Wolff stated that he did not bring any numbers because he didn't know that he was expected to quote prices at this time; however, he would offer the District the same rate as Gleannloch Farms that he recently acquired at \$2.71 per household for a 5-year contract. Mr. Wolff also stated that there were little things that can be done to educate the public regarding the recycling program to foster more participation. Mr. Johnson asked whether or not Residential Recycling had mailers or flyers of an educational nature they could provide the District to help educate the public on the recycling program, to which Mr. Wolff responded affirmatively.

The Board, particularly Director Bishop, and several of the residents queried Mr. Wolff regarding his proposed service and recycling in general. The President wrapped up the discussion by stating that the Board would conduct a survey to determine the level of participation among residents and the dollar amount residents would be willing to pay on a monthly basis for the recycling service. [Mr. Wolff and all residents attending to discuss the recycling issue departed the meeting at this time with the exception of Mr. Hammerbacher.]

2. TAX ASSESSOR/COLLECTOR'S REPORT. The President next recognized Mr. Leared, who presented and reviewed with the Board, the Tax Assessor/Collector's Report, a copy of which is attached hereto as Exhibit "C". Mr. Leared reported that the District's 2007 taxes were 96.7% collected. Mr. Leared then directed the Board's attention to two (2) requests for waiver of penalty and interest, one from an elderly couple who had moved but failed to change their mailing address with Harris County Appraisal District and therefore did not receive a statement and the other from the owners of Parkway Chevrolet, who also claimed that they did not receive a statement but did not change their address. Discussion ensued regarding the specific circumstances regarding each of the taxpayers claims and Mr. Johnson and Mr. Leared reminded the Board of its rights, duties and options under the Tax Code. Upon motion by Director Cook, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board determined that error on the part of the District or its consultants or HCAD was present, authorized the Tax Assessor/Collector to waive the penalty and interest due to the District with respect to the Deans, but assess the penalty and interest due to the Delinquent Tax Attorney. Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board upon finding that no error had occurred on the part of the District, its consultants or HCAD with respect to the Parkway Chevrolet account, and being advised that without error the District is not legally permitted to waive penalty or interest denied the request for waiver of penalty and interest to the owners of Parkway Chevrolet, and approved the Tax Assessor/Collector's Report, as presented.
3. NORTHERN POINT HOMEOWNERS ASSOCIATION ("NPHOA"). Mr. Johnson next introduced Ms. Monteverde, the representative from Crest Management

Company regarding NPHOA's construction of a crushed granite walking trail around the Northern Point Detention Pond. Mr. Johnson and Mr. Stendahl briefly summarized the history of events to bring the Board up to speed on the status of the matter. Ms. Monteverde then addressed the Board regarding the matter stating that a NPHOA Board member who attended the District's December meeting reported back to the NPHOA that the District had approved the construction project and now that particular board member will not respond to any of their inquiries. Discussion ensued as to ways to remedy the situation as to keep the NPHOA from losing its investment and to keep the District from being damaged and assure that they can continue to properly maintain the detention basin.

Director Daniel questioned whether or not the trail was an ADA approved design. Mr. Moore responded that the trail was 36 inches wide. Discussion then ensued regarding liability. Mr. Johnson stated that insurance should be provided by the NPHOA naming the District as an additional insured to shield the District from liability.

Discussion then centered around ways, if any, the recreational purpose of the NPHOA and the drainage purpose of the District could co-exist. Mr. Johnson stated that the first step was to get the operations, engineering and mowing personnel together to see if something could be worked out so that everyone was able to perform their task with minimal or no interference. It was the consensus of the Board that the NPHOA should deposit \$5,000 up front to help defray costs of legal and engineering fees to the District.

Mr. Moore asked whether or not the District would like for him to secure the areas that are not completed to keep people from coming upon the property and getting injured because in its current state, it is hazardous. Director Daniel stated that he went out to visit the site and that there were kids riding their bicycles and playing in the area already. Mr. Johnson stated that the area could be considered an "attractive nuisance" and that in that case something should be done to safeguard the area as soon as possible.

Mr. Johnson was instructed to draft a letter agreement between the District and NPHOA to address cost and liability for moving toward resolution for the legal, liability for engineering, and maintenance issues.

[Ms. Monteverde, Mr. Moore and Mr. Noland departed the meeting at 8:56 p.m.]

4. GENERAL BUSINESS. Director Bishop reported that she had been communicating with the Water Wise people and Kohrville Elementary and that it looks like October 31st will be the day of the presentation.

[Mr. Leared departed the meeting at this time.]

5. BOOKKEEPER'S REPORT. The Board next recognized Ms. Turner who stated that Ms. Branco would most likely be attending the Board's meetings on behalf of Municipal Accounts in the future. Ms. Turner added that she is cutting back on her meetings and will be focusing more on management of the Conroe office. Ms. Branco then proceeded to review the Bookkeeper's Report and Investment Report, copies of which are attached hereto as Exhibit "D".

Discussion then ensued regarding Compass Bank's attempt to have their water district clients accept a letter of credit instead of pledged securities. Mr. Johnson stated that he was opposed to the use of a letter of credit and suggested that the Bookkeeper seek to move the District's funds to banks that will enter into a depository pledge agreement with the District. Ms. Turner then stated that the District's depository pledge agreements should be updated and/or reviewed. Mr. Johnson stated that he would add the item to the September agenda.

Mr. Stendahl next presented the updated Capital Improvement Report, a copy of which is attached hereto as Exhibit "E". Mr. Stendahl reported that the Operating Fund balance was almost \$200,000 higher than he had previously reported. Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report as presented.

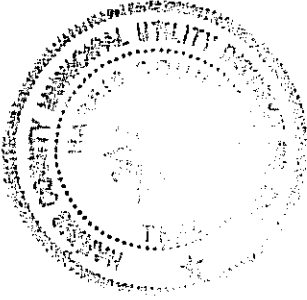
6. ATTORNEYS REPORT. The President next recognized Mr. Johnson, who presented the Attorney's Report, as follows:

- a. Approval of Minutes. Upon motion by Director Cook, seconded by Director Daniel, after discussion and with all Directors present voting aye, the Board approved the minutes of August 7, 2008 as presented.
- b. Status of Easements. Mr. Johnson updated the Board with respect to the McBride easement needed for the Well Collector Line and discussed a settlement offer with the Board. Discussion ensued regarding the settlement offer and the amount of money expended by the Board on litigation costs and the Board's promise to the Solomon Road residents. Upon motion by Director Bishop, seconded by Director Cook, with all Directors present voting aye, the Board authorized the Attorney to offer \$2,800.00 for the easement.
- c. Dia-Den. Mr. Johnson next updated the Board on a letter he received from Dia-Den's attorney regarding the proposed easement.
- d. Houston Garden Center. Mr. Johnson reported that service had been restored to Houston Garden Center, however, their attorney has requested to be included on the September agenda to discuss the commercial rate structure. Mr. Johnson added that Houston Garden Center is claiming that they are being over-charged.

Upon motion by Director Bishop, seconded by Director Dunn, after discussion and with all Directors present voting aye, the Board approved the Attorneys report as presented.

There being no further business to come before the Board, upon motion by Director Bishop, the President adjourned the meeting at 10:08 p.m.

Passed and approved this 2nd day of October, 2008.




Secretary

EXHIBITS:

- A -- WCA Recycling Proposal
- B -- Residential Recycling of Texas Proposal
- C -- Tax Assessor/Collector's Report
- D -- Bookkeeper's Report
- E -- Capital Improvement Report