

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting
Thursday, September 17, 2009

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, September 17, 2009 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 |
| Eric Daniel | Treasurer |

All members of the Board were present. Consultants in attendance were: Matt Carpenter, E.I.T. of Pate Engineers, Inc. ("Engineer"); Mike Plunkett of Eagle Water Management, Inc. ("Operator"); Katherine Turner of Municipal Accounts and Consulting, L.P. ("Bookkeeper"); Bob Leared of Bob Leared Interests, Inc. ("Tax Assessor/Collector" or "BLI"); Mr. Noel Barfoot of McCall, Gibson & Company, P.L.L.C. ("Auditor"); Lt. Mike Young and Cpl. Mike Swindler of the Harris County Constable's Office and Andrew Dunn, the District's liaison to the Harris County Constable's Office ("Constables"); Richard Cisneros of Saurage Research, Inc. ("Saurage"); and Andrew P. Johnson, III and Joshua W. Golden, attorneys of Johnson Radcliffe Petrov & Bobbitt PLLC ("Attorney"). Also in attendance were: Janet Stramrood, Carleen Wolff and Jennifer & Brandon Lawrence, residents of Pinecrest; Tom Carter, resident of Three Lakes and Ed and Leah Davis, residents of Northpointe East.

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.

- I. **Public Comment.** The President first recognized Ms. Davis who inquired about the steps the Board is taking towards adopting a district-wide recycling program. Director Lackey reported that the Board is in the process of soliciting waste management and recycling service proposals for review and consideration. Ms. Davis then asked for information regarding online payment options, and Mr. Plunkett reported that the Board is considering different options, especially the possibility of online bill management using the District website.

Mr. Johnson entered the meeting at this time.

- II. **District-wide Recycling Survey Results.** The Board next recognized Mr. Cisneros, who presented and reviewed the results of the recycling survey, a copy of which is attached hereto as Exhibit "A". Mr. Cisneros presented the following key findings:

- (1) Overall, residents support a recycling program in the community;
- (2) Nine out of ten residents indicate that a recycling program is an important community offering;
- (3) A strong majority agree that recycling is an activity in which they would participate if it were relatively easy;
- (4) Most residents are inclined to participate in a recycling program that offers curbside collection by the current thrash collection company; and
- (5) About half of the residents polled currently recycle.

Mr. Cisneros added that three-quarters of those polled indicated their willingness to participate in a recycling program at a cost of \$3.00 per month and one half would participate at a price of \$5.00 per month. Mr. Cisneros also reported the respondents' apprehensiveness about committing to a 3 to 5 year recycling program. Discussion ensued regarding the recycling survey results. Upon motion by Director Cook, seconded by Director Dunn, after discussion and with all Directors present voting aye, the Board voted unanimously to accept the Recycling Survey Results and to authorize Check Number 7939 in the amount of \$6,260 to Saurage for payment in full of services rendered.

Mr. Johnson exited the meeting at this time.

- III. **Harris County Constable's Report.** The President next recognized Cpl. Swindler who reported on the security issues in the area. Director Lackey noted that, as the economy declines, the crime rate should be expected to increase. Lt. Young informed the Board that he would soon transition from the day shift to the night shift, and that he would no longer be in charge of overseeing the District's security contract.

Discussion next ensued regarding whether the District should expect extensive increases to the District's security contract. Lt. Young further stated that he anticipates some increase in the current rate charged, and Mr. Johnson added that some districts have received letters from Harris County regarding a rate increase of 100%. Mr. Johnson went on to report that the Harris County Commissioner's Court will probably discuss the matter on their September 29 agenda, and extensive discussion ensued regarding the effects such a rate increase would have on the District.

- IV. **Approve minutes of September 3, 2009.** The approval of the minutes of the September 3, 2009 meeting was tabled at the request of the Attorney.

V. **General Business:**

- A. **Emergency operations and repairs to District facilities.** The President next introduced the proposal for the burglar bars and stated that he had confirmed that the quote is still valid. Upon motion by Director Cook, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board (i) approved the amended quote for the second option consisting of the tube option with powder coated frames and a deadbolt on the outside; and (ii) authorized

Director Lackey to take all actions necessary to execute the performance of the work; and (iii) release Check No. 7984 in the amount of \$3,200, upon final approval of the installation.

- B. Changes and additions to District website. Director Cook stated there were no changes to the website at this time.
- C. Water Wise Program participation. Director Bishop informed the Board that she will be meeting with Vicky Bland at Kohrville Elementary School on September 29, 2009 at 9:00 a.m. to discuss the Water Wise Program. Director Dunn also reported that a mobile water lab has been scheduled at Kohrville Elementary School and that, according to Susan Brown of the Harris Galveston Coastal Subsidence District, the District will have priority in selecting which schools to sponsor.
- D. Review and consider extension of garbage collection contract with WCA. The Board next discussed the current collection contract with Waste Corporation of America ("WCA") the offer presented to the Board by Mr. Curtis Lacy of WCA to continue the garbage contract on a month-to-month or to enter into a one year contract at the current rates. Extensive discussion then ensued regarding whether to request recycling bids from companies which do not recycle glass, whereupon the Board reached consensus that all attractive recycling options should be considered, including such alternatives that do not include glass recycling. Upon motion by Director Daniel, seconded by Director Cook, and with all Directors present voting aye, the Board voted unanimously to (i) authorize Attorneys to execute a one year agreement with WCA at the District's current rate; and (ii) to authorize the Attorney to solicit a three (3) year single source contract offer from WCA which would include both waste management and recycling services.

VI. **Tax Assessor/Collector's Report.**

- A. Payment of tax related invoices and issuance of checks. 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 "B". Upon motion by Director Bishop, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board voted unanimously to accept the Tax Assessor and Collector's Report and to authorize expenditures listed therein.
- B. Delinquent Tax Report. No action was taken on this matter.
- C. Authorize Notice of Public Hearing for Delinquent Taxpayers. Upon motion by Director Bishop, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board voted unanimously to authorize the Tax Assessor/Collector to send the Notice of Public Hearing for Delinquent Taxpayers.

- D. Authorize Notice of Public Hearing on 2009 Tax rate. The Board tabled authorization of the Notice of Public Hearing on the 2009 Tax Rate until the October 1, 2009 board meeting.

VII. **Bookkeeper's Report.**

- A. Payment of bills and issuance of checks. The President recognized Ms. Turner, who presented and reviewed with the Board the Bookkeeping Report, a copy of which is attached hereto as Exhibit "C". Ms. Turner first presented for approval Check Nos. 7902 to 7981 on the Operating Fund and discussed various expenditures and balances. Ms. Turner then presented to the Board the following checks, not listed in the Report, for review and approval:
- (1) Check No. 7982 in the amount of \$123.52 to Director Cook for September 16, 2009 meeting with the Operator;
 - (2) Check No. 7983 in the amount of \$138.52 to Director Lackey for September 16, 2009 meeting with the Operator;
 - (3) Check No. 7985 in the amount of \$649.95 to Office Depot.
- B. Capital Improvement Report. The President introduced Mr. Carpenter who presented and reviewed with the Board the Capital Improvement Report, a copy of which is attached hereto as Exhibit "D".
- C. Approve Audit for Report for fiscal year ended May 31, 2009. The President next recognized Mr. Barfoot, who presented and reviewed the Annual Audit Report for Fiscal Year Ended May 31, 2008, a copy of which is attached hereto as Exhibit "E". Upon motion by Director Cook, seconded by Director Dunn, after discussion and with all Directors present voting aye, the Board approved the Annual Audit Report and authorized Check No. 7930 in the amount of \$12,500 to McCall, Gibson & Associates L.L.P. as payment for the auditing services.
- D. Authorize Filing of Texas Unclaimed Property Report, if necessary. The Board considered authorizing preparation of an Unclaimed Property Report as of September 17, 2009, and the filing of same with the State Comptroller. Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board voted unanimously to authorize the District's consultants to prepare an Unclaimed Property Report, if necessary, and to authorize the District's Bookkeeper to file same with the State Comptroller.
- E. Annual Review of Investment Policy and Investment Strategies. The President again introduced Ms. Turner who presented to and reviewed with the Board the Investment Report. Ms. Turner noted that Compass Bank has recently been acquired by Guaranty Bank. Ms. Turner also pointed out that weak market situation mean that attractive investment gains are not currently available. Upon motion by Director Cook, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board voted unanimously to (i) approve the Bookkeeping Report; (ii) authorize payment of Check Nos. 7752 to 7981, less those checks

previously approved, in the amounts, to the persons, and for the purposes listed in the Report, and (iii) authorize payment of Check Nos. 7982 to 7985 not listed on the Report.

- VIII. **Attorney Report.** No additional items were needed to be discussed by the attorney other than the issues already discussed.
- IX. **Adjournment.** There being no further business to come before the Board, upon motion by Director Dunn, the President adjourned the meeting at 9:15 p.m.

Secretary, Board of Directors

SEAL

Exhibits:

- "A" The Recycling Survey
- "B" Tax Assessor/Collector's Report
- "C" Bookkeeper's Report
- "D" Capital Improvement Report
- "E" Audit Report