

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, January 8, 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, January 8, 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
Eric Daniel	Treasurer
Allison V. Dunn	Assistant Secretary

All members of the Board were present. Consultants in attendance were: Mark T. Stendahl, P.E., consulting engineer; Mike Plunkett of Eagle Water Management, Inc. ("Operator"); Andrew Dunn, the District's liaison to the Harris County Constable's Office; Deputy Eric Runyon of the Harris County Constable's Office, Precinct 4; Aaron Alford of Woodmere Development Company ("Woodmere"); Gary Grote, Esq., the District's condemnation attorney; and Joshua W. Golden, 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 6:51 p.m. for such business as may properly come before the Board.

1. **Public Comment.** None.
2. **Woodmere.** The President first recognized Mr. Alford who introduced himself to the Board as he would be taking over the Ashford Grove project from Damon Sachs and Dick Rue. Mr. Alford then proceeded to update the Board on the status of development. Director Lackey questioned Mr. Alford regarding the clearing and grubbing contractor and inquired as to why appropriate silt fencing was not utilized. Further discussion ensued regarding flooding into the Northern Point Subdivision, particularly after Hurricane Ike. Mr. Alford stated that he was not aware of the situation and therefore, was not prepared to respond; however, he would check into the matter and report back to the Board.

[Mr. Grote entered the meeting during Mr. Alford's address and Mr. Alford departed the meeting at the conclusion of his report.]

3. **Easement Acquisitions.** Mr. Golden recommended that the Board consider Mr. Grote's report with respect to the District's negotiations for the Dia-Den easement at this time and that the report should be given in closed session.

Executive Session. At 6:58 p.m., the President convened the meeting in Executive Session pursuant to Sections 551.071 and 551.072, for consultation with the Attorney regarding pending or contemplated litigation and to deliberate on matters pertaining to real property negotiations. Accordingly, the Board of Directors, Mr. Golden, Mr. Grote, and Ms. Henderson adjourned to private room for the closed session. At 8:08 p.m., the President ended the closed session and returned to the main meeting room to vote on matters discussed in closed session.

Open Session. Upon motion by Director Cook, seconded by Director Lackey, with all Directors present voting aye, the Board authorized Mr. Grote to make a counter offer to Dia-Den of \$45,000, and to appeal the award of the Special Commissioners, if necessary.

4. **Operator's Report:** Mr. Plunkett next presented the Operator's Report, a copy of which is attached hereto as Exhibit "A".
 - a. **Monthly Operations.** Mr. Plunkett first reviewed the monthly Operations Report including the collections and current billings. Mr. Plunkett reported that the District had a 96.57% water accountability rating with a total of 3,228 accounts.
 - b. **Terminations.** Mr. Plunkett then directed the Board's attention to the Termination List attached to the Operator's Report and affirmed that all Customers on the list were at least 60 days past due and had been notified of their right to attend this meeting to address the Board.

Upon motion by Director Dunn, seconded by Director Daniel, after discussion and with all Directors present voting aye, the Board accepted the Operator's Report and authorized termination of the accounts listed on the Termination List in accordance with the provisions of the District's Rate Order.

5. **Engineer's Report.** The President next recognized Mr. Stendahl, who presented and reviewed the Engineer's Report with the Board, a copy of which is attached hereto as Exhibit "B", as follows:
 - a. **Water Quality Monitoring.** Mr. Stendahl reported that the test results for December 2008 for Water Well Nos. 2, 3, 4 and 5 were all non-detects for benzene, toluene, ethyl benzene, or xylene.
 - b. **Water Well No. 6.** A revised drainage plan has been reviewed by Bussell & Sons and the Contractor is proceeding with securing the site and setting foundations.
 - c. **Well Collector.** A Change Order for substitution of sod for some of the hydro seed is being prepared and will be presented to the Board for approval at the next meeting.

- d. *Power Line Easement.* Mr. Stendahl reported that the property owners were insulted by the District's offer. The appraiser is looking into some of the issues that the property owners claim warrant additional value being added to their land.
- e. *Water Plant No. 1 – Motor Control Center.* Mr. Stendahl reported that the one remaining item has been completed and that the final Pay Estimate is being reviewed by Pate and the recommendation for payment will be submitted to the Board for approval at the next meeting.
- f. *Wastewater Treatment Plant Expansion.* Mr. Stendahl reported that there is visible improvement. Pay Estimate No. 16 has been received by Pate and upon completion of the review, a recommendation for payment will be submitted to the Board for approval prior to the January 15, 2009 meeting.
- g. *12-inch Water Line Adjacent to State Highway 249.* Mr. Stendahl reported that Pate has received comments from the City of Houston and Harris County and has revised the plans accordingly. Mr. Stendahl then requested Board approval to advertise the project for construction bids upon receipt of plan approval by the City and Harris County.
- h. *Bond Issue #10.* The Engineer is awaiting comments from the Board and Consultants.
- i. *Conversion to Chloramine Disinfection.* Pate will conduct a review of the final design with Director Lackey and Mr. Plunkett on January 12, 2009 prior to submittal to the City of Houston, TCEQ and the North Harris County Regional Water Authority for approval.
- j. *GraceView Sewer Replacement.* The contract was awarded to Economic Construction and they are in process of submitting their insurance certificates and payment and performance bonds for review and approval.
- k. *Security Camera and SCADA Installation.* Mr. Stendahl reported that BL Technologies has ordered field devices and hardware and that the field installation of poles and duct banks has commenced. The Contractor has submitted Pay Estimate No. 2, which is being reviewed by Pate, and should be recommended for payment at the January 15, 2009 meeting.

Upon motion by Director Daniel, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board approved the Engineer's Report, and authorized advertising for bids on the 12" Water Line Adjacent to State Highway 249 when approved plans are received.

6. General Business.


- a. *Residential Recycling Program.* Mr. Golden reported that he is waiting on addresses of all the homeowner associations in the District to send out the letter approved by the Board at the December meeting.
- b. *Northern Point Homeowners Association (NPHOA) Walking Trail.* Discussion ensued regarding the NPHOA's failure to communicate and failure to remit the additional money due to the District. Director Dunn suggested that the Board send another demand letter for the funds due and request for update as to NPHOA's intentions with respect to the completion of the walking trail. Director Daniel opined that the Board should only work with the NPHOA if they are willing to meet the commitments they have already made to the District, and if not, then the Board should not waste any more of the taxpayer's money and demand that the HOA remove the walking trail. Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present voting aye, the Board authorized the Attorney to write a letter to the NPHOA giving them a deadline of February 4, 2009 to respond to the Board's previous demand letter with the funds and documentation requested by the Board.

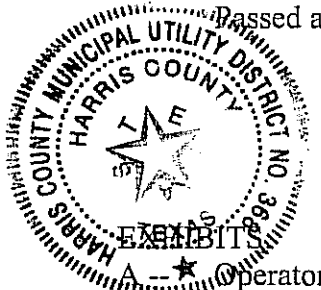
7. Attorney's Report. Mr. Golden stated that he had nothing further to report with respect to the waterline easement acquisitions. Mr. Stendahl updated the Board regarding the status of the negotiations to renew the option to purchase additional acreage adjacent to the Water Well #6 site. Upon motion by Director Dunn, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board approved the Attorney's Report.

8. Approval of Minutes. Finally, the President directed the Board's attention to the minutes of the December 4, 2008, December 8, 2008 and December 18, 2008 Board meetings. Upon motion by Director Cook, seconded by Director Dunn, the Board approved the minutes as corrected.

There being no further business to come before the Board, upon motion by Director Daniel, the President adjourned the meeting at 9:47 p.m.

Passed and approved this 19th day of February, 2009.


Secretary, Board of Directors



- A -- * Operator's Report
- B -- Engineer's Report