

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, February 19, 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, February 19, 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"); Cathy Branco of Municipal Accounts and Consulting ("Bookkeeper"); Bob Leared of Bob Leared Interests, Inc. ("Tax Assessor/Collector"); Cpl. Mike Swindler, Lt. Mike Young, and Sgt. Matt Rodrique of the Harris County Constable's Office, Precinct 4; Andrew Dunn, the District's liaison with Harris County Constable's Office, Precinct 4; and Joshua W. Golden 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 7:10 p.m. for such business as may properly come before the Board.

1. **Public Comment.** None.
2. **Harris County Constable's Report.** The President first recognized Cpl. Swindler, who presented and reviewed the Harris County Constable's Patrol Report for the month of January, 2009.
3. **General Business.**
 - a. *Emergency Operations and Repairs to District Facilities.* The President next recognized Mr. Plunkett who updated the Board on the status of the investigation into the alleged sewer back-up at 12010 and 12014 Sandy Stream Drive in Three Lakes Village East Subdivision. Mr. Plunkett reported that upon investigation, a toy was discovered in the sewer line causing a 50% blockage resulting in a sewer back-up at 12014 Sandy Stream Drive. Discussion ensued regarding the cost of the repairs as well as a request to the District for reimbursement. Upon motion by Director Cook, seconded by Director Bishop, after discussion and with all Directors present

voting aye, the Board authorized payment in the amount of \$516.40 in full and final satisfaction of the reimbursement request to Mr. William Ford of 12014 Sandy Stream Drive. Mr. Ford's letter and invoice supporting his reimbursement request is attached hereto as Exhibit "A".

- b. *FEMA Reimbursement.* Mr. Plunkett next updated the Board on the status of payment of Hurricane Ike related expenses and reported that the amount approved for reimbursement by FEMA is \$74,435.00, as reflected on the attached Homeland Security Project Worksheet attached hereto as Exhibit "B".
- c. *Website.* Director Cook reported that she has requested that the website be updated to add Mr. Golden's name as the District's Attorney and to add Ms. Branco's name as the Bookkeeper.

4. **Tax Assessor/Collector's Report.** The President next called upon Mr. Leared, who presented and reviewed the Tax Assessor/Collector's Report with the Board, a copy of which is attached hereto as Exhibit "C". Mr. Leared presented a request for an installment payment agreement. Discussion then ensued regarding procedures for property appraisals. Upon motion by Director Cook, seconded by Director Daniel, after discussion and with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report as presented.

5. **Bookkeeper's Report.** Ms. Branco next presented and reviewed the Bookkeeper's Report with the Board, a copy of which is attached hereto as Exhibit "D". Ms. Branco reviewed the monthly Operations Statement, Fund Balances and reported that she made a transfer from TexPool to pay for construction costs. Ms. Branco further explained that she was trying to get a release of escrow on funds for the Series 2009 Bond Issue and that she was now caught up on the maintenance tax which was formerly posted on a quarterly basis and will now be posted monthly.

Mr. Stendahl and Director Bishop questioned the sludge removal costs – whether an increase in work was causing over-budget spending. Discussion ensued regarding what appears to be several over-budgeted items and it was the consensus of the Board that a budget workshop may be needed. Discussion also ensued regarding a possible increase in water/sewer service rates. Ms. Branco then directed the Board's attention to the items highlighted in yellow and stated that she needed assistance in determining what was owed to the District and the amount highlighted in orange as the amounts that the District owes others. An extensive discussion then ensued regarding Woodmere expenses for development of the former Todd tract.

Director Bishop next questioned the invoice for purchase of exercise equipment for the District's patrol officers. Mr. Dunn explained that the trainer was concerned about safety issues inherent with free weights and presented an itemized accounting for each item purchased. Discussion then ensued regarding safety issues associated with providing weight training facilities.

Mr. Stendahl then presented the Capital Improvement Report, a copy of which is attached hereto as Exhibit "E". Mr. Stendahl also noted that the District needs to request a release of escrowed funds with respect to the 12" water line project.

Upon motion by Director Bishop, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board approved the Bookkeeper's Report and the Capital Improvement Reports as presented.

6. **Attorney's Report.**

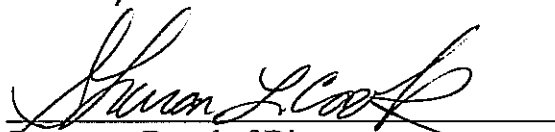
- a. Minutes. Mr. Golden presented the minutes of the January 8, 2009 meeting for approval by the Board. Upon motion by Director Cook, seconded by Director Dunn, after discussion and with all Directors present voting aye, the Board approved the minutes as corrected.
- b. Easement Acquisitions. Mr. Golden next stated that Dia-Den had accepted the District's offer, and that the acquisition is pending a formally executed written agreement between the District and Dia-Den.
- c. Strategic Partnership Business List. Director Bishop updated the Board on the status of updating the list and issued regarding obtaining taxpayer identification numbers for some businesses.

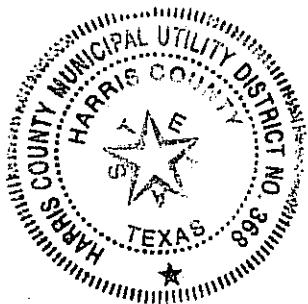
Upon motion by Director Dunn, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board approved the Attorney's Report as presented.

Discussion then ensued regarding the need for a special meeting for the District to approve invoice for Water Well No. 6 drainage expenses. It was the consensus of the Board to hold the special meeting at 6:30 p.m. on Wednesday, February 25, 2009 at the District's maintenance facility at Water Plant #1. Director Cook also requested that the minutes previously tabled by the Board be added to that agenda for approval.

There being no further business to come before the Board, upon motion by Director Bishop, the President adjourned the meeting at 9:15 p.m.

Passed and approved this 5th day of March, 2009.


Secretary, Board of Directors



Exhibits:

- A -- Customer Letter re Sewer Back-up w/Invoice for clean-up
- B -- FEMA Claim Form
- C -- Tax Assessor/Collector's Report
- D -- Bookkeeper's Report
- E -- Capital Improvement Report