

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, June 4, 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, June 4, 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; Teague Harris of Pate Engineers, Inc. ("Engineer"); Mike Plunkett of Eagle Water Management, Inc. ("Operator"); Andrew Dunn, the District's liaison to the Harris County Constable's Office; Leah Davis, resident of NorthPointe East, Carleen Wolff, resident of Pinecrest Forest, JoAnn Bosman, resident NorthPointe East, Paula Hickman, resident of NorthPointe East; 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 6:42 p.m. for such business as may properly come before the Board.

1. **Public Comment.** Ms. Davis addressed the Board to request recycling service within the District. Director Lackey and Director Bishop responded to the resident's inquiry. Director Daniel added that there may be a way in which the Homeowners Associations can help survey its residents by circulating a petition to present to the Board to show the interest level of the residents.
2. **Minutes.** The President next directed the Board's attention to the minutes of the May 21, 2009 and May 26, 2009 meetings. Upon motion by Director Bishop, seconded by Director Lackey, the Board approved the minutes as amended.
3. **Resolution Supporting Cpl. Mike Swindler.** Mr. Dunn addressed the Board regarding the need for a sergeant to manage the contract. Mr. Dunn stated that in his opinion Cpl. Swindler is a natural leader and that he is scheduled to take the promotional test for a sergeant position sometime in July. Upon motion by Director Daniel, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board adopted the Resolution as presented, a copy of which is attached hereto as Exhibit "A", and directed the Attorney to prepare a letter for Director Lackey's signature addressed to the Harris County Precinct 4's office notifying them of the resolution and to authorize appropriate changes to the Interlocal Agreement.

4. **Operator's Report:** Mr. Plunkett next presented the Operator's Report, a copy of which is attached hereto as Exhibit "B".
- 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 94.69% water accountability rating with a total of 3,252 accounts, and the Wastewater Treatment Plant is operating at 72% of capacity with no excursions during the month of May. Mr. Stendahl stated that the closer that the District stays to their 150,000 gpd maximum allocation under the North Harris County Regional Water Authority's Water Supply Agreement, the better.
 - b. **Repairs.** Mr. Plunkett reported that there were no major repairs this month. Mr. Plunkett then requested approval of the Consumer Confidence Report, a draft of which he distributed at last month's meeting. Director Daniel noted that there was a water leak at the Santikos Theatre property.
 - c. **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 Lackey, after discussion and with all Directors present voting aye, the Board accepted the Operator's Report as presented, 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 "C", as follows:
- a. **Water Quality Monitoring.** Mr. Stendahl reported that the test results for May 2009 for Water Well Nos. 2, 3, 4 and 5 have not been received.
 - b. **Capital Improvement Report.** Mr. Stendahl reported that the CIP will be updated and coordinated with the Bookkeeper's Report on June 25, 2009.
 - c. **Stand-by Power Generators.** Director Daniel questioned the Engineer regarding the standby power generator at Water Plant No. 2. Director Daniel stated that while he was at the plant the generator started up and it had to be manually stopped.
 - d. **Water Well No. 6.** Mr. Stendahl reported that Pay Estimate No. 12 in the amount of \$129,060.00 has been received and reviewed by Pate and recommended for payment. CenterPoint is scheduled to begin power pole and line installation the week of June 22nd if the site grading is complete and access is provided to the pole locations.
 - e. **Wastewater Treatment Plant Expansion.** Discussion ensued regarding the length of this contract and the apparent lackadaisical attitude in completing the contract. Director Daniel inquired as to whether there were any liquidated damages provisions in the contract, to which Ms. Henderson confirmed that to her recollection there was a

liquidated damages provision included in the contract. Mr. Stendahl mentioned that a meeting will be held at JRPB on Tuesday, June 9th to review a final schedule.

- f. 12" Water Line Adjacent to State Highway 249. Mr. Stendahl reminded the Board that this project was asked to be placed on hold until Bond Issue No. 10 is sold.
- g. Bond Issue No. 10. The District received an administrative completeness letter on May 8, 2009 and then a letter with six (6) alleged deficiencies was received on May 28, 2009. A response to all issues except one (1) has been forwarded to the Commission. The outstanding issue is the ownership of the Northern Point Detention Pond, Phase 2, the portion currently owned by Northern Point Homeowners Association ("NPHOA"). Since KB Home, Inc. had mistakenly deeded this portion to NPHOA previously, this will likely result in the reimbursement funds being placed in escrow.
- h. Chloramine Conversion. Mr. Stendahl reported that numerous comments have been received from the TCEQ and are being addressed and will be presented in person in Austin by June 19. One of the initial requirements of the Subsidence District is that the North Harris County Regional Water Authority ("NHCRWA") becomes a co-permittee and now the NHCRWA has advised that all Districts scheduled to convert to surface water in 2010 will need to have their water well permits renewed in the NHCRWA's name. Director Lackey reminded the Board that the District has to provide notification of districts with interconnects. Further discussion ensued regarding timing for sending notice to Northwest Harris County Municipal Utility District No. 15 ("NW15") and it was the consensus of the Board that a letter be sent to the president of NW15. Discussion then ensued regarding whether or not the District had the option to not take water until the completion of its chloramination facilities.
- i. GraceView Sewer Replacement. The Project is expected to be closed out next month. Pay Estimate No. 1 in the amount of \$44,652.31 from Canyon Construction was presented for the Board's approval.
- j. Security Camera and SCADA Installation. All cameras are installed except for the Water Well #6 site. Cabinets for the recording equipment are installed at Water Plant #2 and Water Well #3. The Contractor, BL Technologies, has the HMI and racks at their shop for programming and testing.
- k. NorthPointe East Storm Water Lift Station. Electrical Field Services, Inc. ("EFS") has installed the "jockey" pump including piping modifications and electrical power supply and controls.
- l. Ground Water Purchase Agreement with the NHCRWA. The NHCRWA executed the revised Agreement on May 19, 2009, but insisted that the effective date be May 19th. Eagle Water Management began increasing the daily take effective May 9th so that the amount taken from NHCRWA in May approximates the amount that will be charged.

Upon motion by Director Bishop, seconded by Director Cook, after discussion and with all Directors present voting aye, the Board approved the Engineer's Report, as presented, including approval of Pay Estimate No. 12 from Bussell & Sons for the Water Well No. 6 and Pay Estimate No. 1 from Canyon Construction for the GraceView Sewer Replacement.

6. **General Business.** Director Bishop presented checks for fees of office for the special meeting of May 26, and advances for the AWBD Summer Conference. Upon motion by Director Cook, seconded by Director Lackey, after discussion and with all Directors present voting aye, the Board approved the checks as presented.
7. **Attorney's Report.** The President next recognized Mr. Golden who presented the Attorney's Report as follows:
 - a. *Emergency Interconnect with NW15.* Mr. Golden updated the Board on the status of his conversations with Abrey Rubinsky regarding the terms of the Agreement. Mr. Golden stated that Mr. Rubinsky has expressed some concern regarding the proposed exhibits to the Agreement, but that Mr. Rubinsky does not think the issues will take long to resolve.
 - b. *SPA.* Director Bishop presented the updated list verified by her and Director Cook.

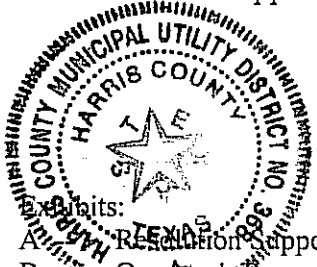
Upon motion by Director Dunn, seconded by Director Daniel, after discussion and with all Directors present voting aye, the Board approved the Attorney's Report as presented.

Executive Session. At 9:33 p.m., the President called an Executive Session at the request of Mr. Golden, pursuant to Sections 551.071 and 551.072, Open Meetings Act, to discuss matters involving attorney-client privilege and real estate negotiations. All meeting attendees were dismissed with the exception of the members of the Board of Directors, Mr. Golden, Mr. Stendahl, Mr. Harris and Ms. Henderson.

Open Session. At 9:46 p.m., the President reconvened the meeting in Open Session, announced that no votes or actions had been taken during executive session.

There being no further business to come before the Board, upon motion by Director Dunn, the President adjourned the meeting at 9:48 p.m.

Passed and approved this 25th day of June, 2009.




Secretary, Board of Directors

- A -- Resolution Supporting Promotion of Cpl. Michael Swindler
- B -- Operator's Report
- C -- Engineer's Report