

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

## Minutes of Town Hall Meeting of the Board of Directors Tuesday, November 9, 2010

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 368 (the "District") met in special session, open to the public, at 7:00 p.m. on Tuesday, November 9, 2010 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, thus constituting a quorum. Consultants in attendance were: Teague Harris, P.E. and Matt Carpenter, P.E. of Pate Engineers, Inc.; Mike Plunkett of Eagle Water Management, Inc.; and Amy Sillmon, attorney and Mirna Jakupovic, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC. Also in attendance were Vicky Loeffler, Rosemarie Sovinee, Keith and Kelly Ogden, Jeff Overhold, Robert and Hanna Maria Kirkpatrick, Dorothy Tracy, W. E. and Verna Kohl, Jennifer Vilca, G. "Leo" Valdez, Bergram O. Ramby, Alex Kotesky, Don and Roberta Nolley, Belkis Davis, Jennifer Dickson, Jo Neil Davison, Lynn Macie, Marrie Torres, Karrien J. Foller, Kenneth Stewart, and Francine Stewart, residents in the District.

The President called the meeting to order at 7:05 p.m., and in accordance with the notice posted pursuant to law, the following business was transacted:

I. **Town Hall Meeting, Presentation and Discussion of Conversion to Chloramine Water Disinfection and Surface Water as Mandated by the North Harris County Regional Water Authority (the "Authority")**. Director Lackey welcomed the residents and introduced the Board members and the District's consultants. Director Lackey then provided an overview of the facilities, water usage and water supply within the District and discussed the District's water safety. Director Lackey explained that to address rapid population growth in the City of Houston (the "City") area and potential reduction of drinkable water supplies, the Texas Legislature created the Harris-Galveston Subsidence District ("HGSD"). The purpose of the HGSD is to facilitate conversion from groundwater to surface water for the purpose of preventing land subsidence. Mr. Lackey pointed out that presently the District has ample groundwater capacity and would like to ensure availability of future water supplies. Director Lackey further explained that the District presently receives its water from two (2) aquifers which are disinfected by chlorine; however, the District will need to convert to chloramines for disinfection once it begins receiving surface water from the City. Director Lackey then recognized Mr. Carpenter who reviewed the chloramine conversion handout, a copy of which is attached hereto as Exhibit "A", and answered questions from the residents.

Mr. Carpenter first addressed the question posed by Mr. Stewart regarding potential insufficient water sources. Mr. Carpenter added that the State of Texas has identified seven (7) reservoirs to address future water supply needs and will not run out of water in the near future. Mr. Carpenter continued reviewing the conversion handout.

Next, Mr. Carpenter responded to a resident's question regarding the Authority's rate increases. Mr. Carpenter stated that the surface water cost is a new cost that rises incrementally with volume of usage and the Authority will need to repair and/or replace its water facilities with these funds eventually. Mr. Carpenter then explained the structure of a municipal utility district ("MUD") tax rate with respect to the district's maintenance tax and debt service tax.

Then, Mr. Kotesky asked whether chloramines will have an effect on exotic plants. Mr. Carpenter responded that he is not certain about the effect of chloramines on exotic plants and suggested Mr. Kotesky check with an expert. Mr. Carpenter added that chloramines are safe for animals and regular plants, but fish owners will need to use the proper de-chloraminating chemical for their aquarium tanks. In addition, persons using home dialysis units will have to obtain the proper filters to remove chloramines from the water.

Next, a resident asked a question regarding line flushing. Mr. Plunkett explained that the District will need to flush its lines during the conversion to avoid mixing of chlorine and chloramines. Mr. Plunkett also stated that the initial stages of conversion may cause sediment stir up which would result in water discoloration, but the water will be safe to use. Additionally, the District's flushing schedule will not change after conversion.

Mr. Harris then reviewed the Authority's conversion schedule stating that 30 percent of water users are scheduled to convert by 2010, 70 percent by 2020, and 80 percent by 2030. Mr. Harris noted that districts closer to Lake Houston are expected to use the largest quantities of surface water, so the District will definitely require conversion. Next, Mr. Harris stated that districts located further away from Lake Houston may not have to be converted because costs to extend utility lines to them are so great that it may not be cost-effective to do so.

Director Lackey stated that the District has been very successful in upgrading its system while continuing to lower its water rates and is one of the few water systems that managed to provide uninterrupted water service to its customers during and after Hurricane Ike. Mr. Harris then reviewed the history of the HGSD and discussed potential water sources in the area.

Mr. Carpenter completed review of the conversion handout and entertained additional questions from the residents.

II. **Proposal for Antenna in Connection with Water Well No. 6 and Water Plant Nos. 1 and 2 Improvements.** No action was taken regarding this matter.

III. **Adjournment.** There being no further business to come before the Board, the Board adjourned the meeting at 8:37 p.m.

Passed and approved this 18 day of November, 2010.

  
Secretary, Board of Directors

**Exhibit:**

"A" – Town Hall Meeting Handout

