

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, January 2, 2014

The Board of Directors (the "Board") of 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 2, 2014, 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 except Director Daniel, thus constituting a quorum. Consultants in attendance were: Matt Carpenter, P.E. of IDS Engineering Group ("IDS" or "Engineer"); Mike Plunkett of Eagle Water Management, Inc. ("Eagle" or "Operator"); and Andrew P. Johnson, III, attorney, and Mirna Croon, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC ("Attorney"). Also present was Gloria Lee of CMC, Chaparral Management Company, Inc. on behalf of Three Lakes/Pinecrest Homeowners' Association; and Perry Liston, a resident of the District.

The President called the meeting to order at 6:45 p.m., and in accordance with the notice posted pursuant to law, the following business was transacted:

I. **Public Comment.** The President recognized Ms. Lee who stated that historically the HOA has been provided with the District's security reports by the Harris County Precinct 4 Constable's Office ("HCCO"); however such practice has been recently discontinued. Next, the Board responded to Ms. Lee's questions pertaining to the District's Interlocal Law Enforcement Agreement with HCCO ("Law Enforcement Agreement") including the cost of the Law Enforcement Agreement and the way such cost is passed on to the District's residents, the number of deputies in the District, and the role of the District's Security Coordinator – On-Site Protection LLC. Director Lackey pointed out that each HOA within the District should have appointed a security liaison tasked to report/discuss any security concerns with the Security Coordinator. Next, Ms. Lee requested the District's budget report containing a break-down of commercial and residential revenue contributing toward the security costs of the District. Ms. Lee then inquired how to resume receiving the District's security reports. Director Lackey advised her to contact the HCCO as such reports can be provided by the District only after the Board's approval, which is two (2) months after the report was generated by the HCCO.

[Mr. Liston entered the meeting.]

Ms. Lee then thanked the Board for its time and departed the meeting.

II. **General Business.**

- A. District's Website. There were no matters to report.
- B. Pay Bills and Pay Estimates. There was no action.
- C. Three Lakes/Pinecrest HOA security inquiry. This matter was discussed under Public Comment.

III. **Operator's Report**. The President next recognized Mr. Plunkett who presented to and reviewed with the Board the Operator's Report, a copy of which is attached hereto as Exhibit "A". Mr. Plunkett reviewed the productivity report which indicated that the District's billed vs. produced water accountability was 102.5% for the period from November 14, 2013 to December 12, 2013. Mr. Plunkett noted that during the last month 90.24% of the District's water came from the surface water source with the remainder from the District's groundwater wells.

Mr. Plunkett then reviewed with the Board the Termination List, a copy of which is attached to the Operator's Report and affirmed that all Customers on the list were at least sixty (60) days past due and had been notified in writing of their right to attend this meeting to address the Board.

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) approved the Operator's Report as presented; and (ii) authorized termination of service to customers listed on the Termination List, in accordance with provisions of the District's Rate Order.

IV. **Engineer's Report**. Mr. Carpenter presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "B".

- A. Operations' Committee Meeting. The Operations Committee meeting has been scheduled for January 29, 2014.
- B. Grand Parkway. Mr. Carpenter reported that the utility relocation plans are in the process of being prepared.
- C. Boudreaux Road Extension. Mr. Carpenter stated that the construction is complete.
- D. Bond Application No. 12. Mr. Carpenter reported that the bond sale is scheduled for January 9, 2014.
- E. Gladewater Drainage. Mr. Carpenter reported that IDS is evaluating various alternatives to address street ponding along Gladewater.
- F. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Carpenter reported that the December 2013 laboratory test results for benzene, toluene, ethyl benzene, or xylene (BTEX) in Water Wells Nos. 2, 3, 4, 5, and 6 are non-detect.
- G. Water Well No. 6. There were no matters to report.

- H. Phase 2 Sanitary Sewer Cleaning and Televising. Mr. Carpenter reported that the Operator is nearly complete with the recommended repairs.
- I. Phase 3 Sanitary Sewer Cleaning and Televising. Mr. Carpenter reported that plans for televising and cleaning are nearly complete.
- J. Wastewater Treatment Plant Odor Control. Mr. Carpenter reported that construction plans are being created.
- K. Sandy Stream Sewer Capacity Evaluation: Upsize required for Dungrove tract. There were no new matters to report.
- L. Willow Falls, Section 4, WS&D. Mr. Carpenter reported that construction plans are being created.
- M. NorthPointe Center – Phase 2 (Santikos). There were no matters to report.
- N. 68-Acre New Quest Property. The Attorney is working with the attorney for Harris County Municipal Utility District No. 273 regarding water and wastewater capacity.
- O. 136-Acre Finger Tract. There were no additional matters to report.
- P. HMT Property. Mr. Carpenter reported that IDS is working with the property owners on completion of an annexation policy.

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report.

V. Developer's Report. Mr. Carpenter reported that Woodmere Development is in the process of obtaining a 30 acres tract which would be added to Ashford Grove, Sections 5 and 6.

VI. Attorney's Report.

- A. Real Estate Matters Update. There were no matters to report.
- B. Condemnation of Easements by the TxDOT. There were no additional matters to report.
- C. Annual Agenda for 2014. No action was taken.
- D. Approval of minutes of the December 5, 2013 and December 19, 2013 Board meetings. Upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board approved the minutes of the December 19, 2013 Board meeting, as amended.

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the minutes of the December 5, 2014 Board meeting, as amended.

VII. **Adjournment**. The Board adjourned the meeting at 7:50 p.m.

Passed and approved this 16th day of January, 2014.



Secretary, Board of Directors

Exhibits:

- "A" – Operator's Report
- "B" – Engineer's Report

