

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

## Minutes of Meeting Thursday, February 6, 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, February 6, 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, thus constituting a quorum. Consultants in attendance were: Tammy Mayes of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); 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 were Katharine Hamsi and Skyley Henderson of Liberty National.

The President called the meeting to order at 6:46 p.m., and in accordance with the notice posted pursuant to law, the following business was transacted:

I. **Public Comment.** The President recognized Ms. Hamsi who informed the Board about Liberty's insurance options for employees. The President stated that the District does not have employees.

II. **General Business.**

A. **District's Website.** There were no matters to report.

B. **Pay Bills and Pay Estimates.** Ms. Mayes presented check nos. 1647, 12009 to 12012, and 12015 for the Board's approval. Upon motion by Director Dunn, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the above-referenced checks.

C. **Residential Recycling of Texas ("RRT") Agreement.** Ms. Mayes presented to and reviewed with the Board a letter from RRT offering the District an opportunity to make yearly payments in lieu of monthly payments with an approximate annual savings of \$8,409.60. A copy of the letter is attached hereto as Exhibit "A". Ms. Mayes stated that with an advance payment for eleven months the District will receive twelve months of service. The offer covers the current number of homes plus an additional 100. It was noted that RRT will also provide a twice per year e-waste pickup and document destruction, at no cost to the District.

Discussion ensued and upon motion by Director Cook, seconded by Director Lackey, and with all Directors present voting aye, the Board approved the RRT's annual payment offer effective February 1, 2014.

- D. Interlocal Agreement for Law Enforcement Services with Harris County ("Law Enforcement Agreement"). Upon motion by Director Cook, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board approved the Law Enforcement Agreement, a copy of which is attached hereto as Exhibit "B".
- E. Security of District Facilities. Director Lackey informed the Board that on Friday, December 31, 2013, at around 11:15 a.m., during a hard freeze warning, the generator battery at Storm Water Pump Station No. 1 at Northpointe East subdivision was stolen. A cost to replace the battery is \$400. Discussion next ensued regarding the security system at the facility.
- F. The North Harris County Regional Water Authority (the "Authority") well pumpage and surface water rate increases. The Board reviewed a letter from the Authority regarding the pumpage rate increase effective as of April 1, 2014. A copy of the letter is attached hereto as Exhibit "C".

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 "D". Mr. Plunkett reviewed the productivity report which indicated that the District's billed vs. produced water accountability was 97.6% for the period from December 13, 2013 to January 13, 2014. Mr. Plunkett noted that during the last month 90.54% 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.

Mr. Plunkett then reviewed a proposal from Trinity Wastewater Solutions for mobile dewatering services stating that he is still waiting for a proposal from Magna-Flow Environmental Recycling, Inc. Discussion ensued and the Board asked that such matter be placed on the next meeting agenda.

Mr. Plunkett next asked for the Board's authorization to include the Authority's water conservation inserts with residents' bills. He noted that the only charge to the District will be for stuffing the inserts.

Next, Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) authorized the Operator to include the Authority's water conservation inserts with residents' water bills; (ii) approved the Operator's Report as presented; and (iii) 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 "E".

- A. Operations' Committee Meeting. The Operations Committee meeting has been scheduled for February 27, 2014.
- B. Grand Parkway. Mr. Carpenter reported that the utility relocation plans have been prepared and IDS is awaiting review comments from the Texas Department of Transportation ("TXDOT"). Zachry-Odebrecht Parkway Builders ("ZOPB") has removed the maintenance berm between Three Lakes East and Pinecrest Forest detention basins. Once the site has been stabilized, IDS will inspect the work and submit an acceptance letter to ZOPB.

Mr. Carpenter next reported that the construction of the M-122 bridge is on-going and it is expected that the construction of the drilled piers adjacent to the District's waterline will begin on Monday, February 10, 2014. Mr. Carpenter stated that IDS recommends the District authorize the Operator and the Engineer to observe the construction of any drilled piers located within five (5) feet of the District's utilities.

- C. Boudreaux Road Extension. Mr. Carpenter stated that the construction is complete.
- D. Bond Application No. 12. Mr. Carpenter reported that the funding is scheduled for February 12, 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 January 2014 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. Phase 2 Sanitary Sewer Cleaning and Televising. Mr. Carpenter reported that the Operator is nearly complete with the recommended repairs.
- H. Phase 3 Sanitary Sewer Cleaning and Televising. Mr. Carpenter reported that plans for televising and cleaning are nearly complete.
- I. Wastewater Treatment Plant Odor Control. Mr. Carpenter reported that construction plans are being created.
- J. Sandy Stream Sewer Capacity Evaluation: Upsize required for Dugrove tract. There were no new matters to report.
- K. Willow Falls, Section 4, WS&D. Mr. Carpenter reported that construction plans are being created.

- L. NorthPointe Center – Phase 2 (Santikos). There were no matters to report.
- M. 68-Acre New Quest Property. Mr. Carpenter reported that the attorney for Harris County Municipal Utility District No. 273 ("HCMUD 273") has made a water capacity request for 592 equivalent single family connections ("ESFC"). No request was made for wastewater service.  
  
Mr. Carpenter stated that to accommodate the request, IDS will need to evaluate the existing system as well as the elevated storage variance to determine if the District has enough capacity for the development. Discussion ensued regarding the request after which the Board agreed to authorize IDS to evaluate the request subject to receiving \$7,500 deposit from HCMUD 273.
- N. 136-Acre Finger Tract. There were no additional matters to report.
- O. 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 (i) authorized the Operator and/or the Engineer to observe the construction of any drilled piers located within five (5) feet of the District's utilities; and (ii) approved the Engineer's Report.

- V. **Developer's Report**. There was no report.
- 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. Approval of minutes of the January 16, 2014 Board meeting. Upon motion by Director Dunn, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the minutes of the January 16, 2014 Board meeting, as presented.
- VII. **Election Agenda**.
  - A. Adopt Order Calling Directors Election scheduled for Saturday, May 10, 2014. Mr. Johnson next presented the Board with an Order Calling Directors Election for May 10, 2014. Mr. Johnson reported that the new legislation now allows districts whose previous election was cancelled or with less than 200 voters at the previous election to use paper election ballots instead of the iVotronic voting equipment from Election Systems & Software, Inc. Discussion ensued and the Board agreed to use paper election ballots, if possible. Upon motion by Director Lackey, seconded by Director Daniel, after discussion and with all Directors present voting aye, the

Board adopted the Order Calling Directors Election, a copy of which is attached hereto as Exhibit "F".

- B. Determine canvassing date for May 10, 2014 Directors Elections; Mr. Johnson then stated that the Board needs to determine the date to canvass the returns of the election. After discussion, it was the consensus of the Board to meet in special session on May 20, 2014 at 6:30 p.m. to canvass returns of the election, if necessary.

- VIII. **Adjournment**. The Board adjourned the meeting at 8:45 p.m.

[SIGNATURE PAGE FOLLOWS]

Passed and approved this 20<sup>th</sup> day of February, 2014.

  
Secretary, Board of Directors

**Exhibits:**

- "A" – RRT Letter
- "B" – Law Enforcement Agreement
- "C" – Authority Letter
- "D" – Operator's Report
- "E" – Engineer's Report
- "F" – Order Calling Elections