

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, February 20, 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 20, 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: Mike Plunkett of Eagle Water Management, Inc. ("Operator"); Tammy Mayes of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); Kristen Scott of Bob Leared Interests Inc. ("Tax Assessor/Collector"); Sergeant Romero of the Harris County Precinct 4 Constable's Office ("HCCO"); and Andrew P. Johnson, III, attorney, and Mirna Croon, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC ("Attorney"). Also present was Naeem Raja, 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.** There was no public comment.
- II. **Security Report.** Sergeant Romero reported on crime statistics in the area. Mr. Romero stated that someone broke into the Storm Water Pump Station No. 1 at Northpointe East subdivision and stole the generator battery.
- III. **General Business.**
 - A. **Sludge Management proposals.** Mr. Plunkett presented to and reviewed with the Board sludge management proposals from Trinity Wastewater and Solutions ("Trinity") and Magna Flow Environmental, copies of which are attached hereto as Exhibits "A" and "A-1". Mr. Plunkett noted that both companies have quoted the cost of \$.0425 per gallon for providing mobile dewatering service to the District. He also noted that the District will save approximately 20 percent in sludge management costs when compared to its current sludge management pricing.

Discussion ensued and upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the Trinity proposal.

[Director Bishop entered the meeting.]

- B. Emergency Operations and Repairs to District Facilities. Mr. Carpenter reported that the road work near the District's waterline in connection with the M-122 bridge was completed without any issues.

Mr. Plunkett reported that the District received a letter from the North Harris County Regional Water Authority ("Authority") disclosing they had failed to submit to the Texas Commission on Environmental Quality ("TCEQ") required Disinfectant Level Quarterly Operating Reports for the Second and Third Quarters of Calendar Year 2013. This was due to an administrative error and steps have been taken to ensure that future reports are submitted to the TCEQ in a timely manner.

- C. Changes and Additions to District Website. There were no matters to report.
- D. Monthly Recycling Report. The Board reviewed the monthly recycling report provided by the Residential Recycling of Texas, a copy of which is attached hereto as Exhibit "B".
- E. Rate Order Amendment, as necessary. The Board discussed a letter from the Authority regarding the surface water rate increase effective as of April 1, 2014. It was noted that per the Rate Order, any cost increases by the Authority will automatically be passed through to customers in addition to 12 percent in administrative costs. Discussion ensued regarding the 12 percent administrative charge after which the Board agreed that the District budget would allow for a decrease of same from 12 to 10 percent.

Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board amended the Rate Order to reduce the administrative charge in connection with the Authority's surface water fee from 12 to 10 percent, effective April 1, 2014.

IV. Tax Assessor/Collector's Report. The President recognized Ms. Scott who presented and reviewed the Tax Assessor/Collector's Report for the month of January 2014, a copy of which is attached hereto as Exhibit "C". Ms. Scott reported that 96.25% of the District's 2013 tax levy had been collected as of January 31, 2014.

- A. Order Authorizing Additional 20% Penalty on Delinquent Tax Accounts. The Board next considered adoption of an Order Authorizing Additional 20% Penalty on Delinquent Tax Accounts, a copy of which is attached hereto as Exhibit "D".

Upon motion by Director Cook, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board approved the Order Authorizing Additional 20% Penalty on Delinquent Tax Accounts.

- B. Order Determining Ad Valorem Tax Exemptions. Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors

present voting aye, the Board approved the Order Determining Ad Valorem Tax Exemptions, a copy of which is attached hereto as Exhibit "E".

- C. Resolution Authorizing Petition Challenging Appraisal District Records. Upon motion by Director Bishop, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board approved the Resolution Authorizing Petition Challenging District Appraisal Records, a copy of which is attached hereto as Exhibit "F".

Ms. Scott then recommended that the District's Tax Account be transferred to Wells Fargo Bank, N.A. ("Wells Fargo") from Comerica Bank ("Comerica") due to Comerica's implementation of bank fees.

Upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board (i) authorized transfer of the Tax Account to Wells Fargo; (ii) approved the Depository Pledge Agreement with Wells Fargo; and (iii) approved the Tax Assessor/Collector's Report.

- V. Bookkeeper's Report. The President recognized Ms. Mayes, who reviewed the Bookkeeping Report, a copy of which is attached hereto as Exhibit "G".

Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion, and with all Directors present voting aye, the Board voted to (i) approve the Bookkeeping Report; (ii) authorize payment of Check Nos. 12006 to 12077 from the Operating Fund; and (iii) authorize payment of Check Nos. 1647 and 1649 from the Capital Project Fund.

- VI. Engineer's Report. Mr. Carpenter reported that a feasibility study deposit in the amount of \$7,500 has been received from Harris County Municipal Utility District No. 273 and IDS will begin preparation of a feasibility study. Mr. Carpenter next reported on the Grand Parkway project and asked for the Board's authorization to advertise the utility relocations project for bids.

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board authorized IDS to (i) begin preparation of a feasibility study for HCMUD 273; and (ii) advertise the Grand Parkway utility relocations project for bids.

- VII. Attorney's Report.

- A. Utility Conveyance Agreement(s) and payment of developer reimbursement(s) from Unlimited Tax Bonds, Series 2014. Mr. Johnson reviewed Utility Conveyance Agreement to WF Residential for Willow Falls Section 5 and to Woodmere Development Company for Ashford Grove Section 3 and 4, copies of which are attached hereto as Exhibits "H" and "H-1". Mr. Johnson stated that the only change from the Draft Reimbursement Audit presented to the Board at the January 16, 2014 is the land interest amount due to Woodmere. Mr. Johnson also explained that in order to complete the conveyance of the Willow Falls Section 5, sanitary sewer and drainage facilities from WF Residential to the District, WF

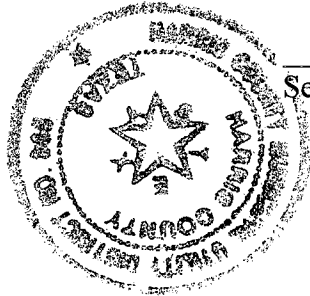
Residential is required to execute a Utility Conveyance Agreement and a Utility System Conveyance. Mr. Johnson explained that he had not yet received such documents; therefore, he recommends the Board accept the conveyance of the facilities and release the payment for same, subject to the receipt by the Attorney of the fully executed Utility Conveyance Agreement and Utility System Conveyance from WF Residential. Mr. Croon stated that Woodmere has executed and returned the Utility Conveyance Agreement and Utility System Conveyance to the Attorney.

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) approved the Utility Conveyance Agreement and Utility System Conveyance from Woodmere; and (ii) approved the Utility Conveyance Agreement and Utility System Conveyance from WF Residential, subject to the execution of same by WF Residential and the receipt of same by the Attorney.

- B. Real Estate Matters Update. There were no matters to report.
- C. Condemnation of Easements by the TxDOT. There were no additional matters to report.
- D. Approval of minutes of the February 6, 2014 Board meeting. Upon motion by Dunn, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the minutes of the February 6, 2014 Board meetings as amended.

VIII. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 7:40 p.m.

Passed and approved this 6th day of March, 2014.



Sharon L Cook
Secretary, Board of Directors

Exhibits:

- "A" Trinity proposal
- "A-1" Magna Flow Environmental proposal
- "B" Recycling Report
- "C" Tax Assessor/Collector's Report
- "D" Order Authorizing Additional 20% Penalty on Delinquent Tax Accounts
- "E" Order Determining Ad Valorem Tax Exemptions
Resolution Authorizing Petition Challenging Appraisal District
- "F" Records
- "G" Bookkeeper's Report
- "H" Utility Conveyance Agreement with WF Residential
- "H-1" Utility Conveyance Agreement with Woodmere