

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, March 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, March 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: 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").

The President called the meeting to order at 6:47 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. **General Business.**
 - A. **District's Website.** Director Lackey reviewed proposed website updates with Board and asked JRPB to submit same to the Texas Network, the District's website hosting/management service.
 - B. **Pay Bills and Pay Estimates.** Director Lackey presented to and reviewed with the Board a proposal from Absolute Testing Services, Inc. ("Absolute") to perform testing of two (2) oil filled transformers at Water Plant No. 2 at a cost of \$2,350. Director Lackey stated that an electrician will need to be present during the testing at an approximate fee of \$1,200. Director Lackey stated that the last testing was performed five (5) years ago.

Upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board approved the Absolute proposal, a copy of which is attached hereto as Exhibit "A".

- 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 "B". Mr. Plunkett reviewed the productivity report which indicated that the District's

billed vs. produced water accountability was 95.8% for the period from January 14, 2014 to February 13, 2014. Mr. Plunkett noted that during the last month 94.03% of the District's water came from the surface water source with the remainder from the District's groundwater wells. There were no excursions the previous month.

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.

Next, 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 "C".

- A. Operations' Committee Meeting. The Operations Committee meeting has been scheduled for March 27, 2014.
- B. Grand Parkway. Mr. Carpenter reported that the utility relocation plans are complete and have been submitted to the Texas Department of Transportation ("TXDOT") for final approval. Mr. Carpenter stated that an approximate cost of the utility relocation project is \$230,000, thus it will need to be publicly bid. Mr. Carpenter then asked for the Board's authorization to advertise the 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 advertise the project for bids.

Mr. Carpenter next reported that the contractor, 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.

- C. Gladewater Drainage. Mr. Carpenter reported that IDS is evaluating various alternatives to address street ponding along Gladewater.
- D. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Carpenter reported that the February 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.
- E. Phase 2 Sanitary Sewer Cleaning and Televising. Mr. Carpenter reported that the Operator is nearly complete with the recommended repairs.

- F. Phase 3 Sanitary Sewer Cleaning and Televising. Mr. Carpenter reported that plans for televising and cleaning are nearly complete.
- G. Wastewater Treatment Plant Odor Control. Mr. Carpenter reported that construction plans are being created.
- H. Sandy Stream Sewer Capacity Evaluation: Upsize required for Dungrove tract. There were no new matters to report.
- I. Willow Falls, Section 4, WS&D. Mr. Carpenter reported that construction plans are being created.
- J. NorthPointe Center – Phase 2 (Santikos). There were no matters to report.
- K. 68-Acre New Quest Property. Mr. Carpenter reported that IDS has received a deposit from Harris County Municipal Utility District No. 273 ("HCMUD 273") for preparation of a feasibility study in connection with HCMUD 273's water capacity request for 592 equivalent single family connections. No request was made for wastewater service.
- L. 136-Acre Finger Tract. There were no additional matters to report.
- M. HMT Property. Mr. Carpenter reported that HMT is evaluating its budget and will inform the District if/when they would like to proceed with annexation.
- N. Ashford Grove Expansion. Mr. Carpenter reported that Woodmere is evaluating additional land that may be used to expand Ashford Grove.

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

V. **Developer's Report.** There was no report.

VI. **Attorney's Report.**

- A. Developer Interest on the Series 2014 Bonds. Mr. Johnson reviewed the Auditor's Supplemental Letter to the Agreed-Upon Procedures Report for the District's Series 2014 Bond Issue, a copy of which is attached hereto as Exhibit "C". Mr. Johnson stated that the Board approved the additional land interest amount at its last meeting and the Auditor's Supplemental Letter confirms that the additional land interest in the amount of \$92,902.32 is reimbursable to Woodmere Development Company, Ltd. per the Texas Commission on Environmental Quality rules. Mr. Johnson stated that the Bookkeeper was instructed to use the surplus funds from the Series 2009 Bonds – developer's interest category – to pay such amount.
- 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 20, 2014 Board meeting. 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 February 20, 2014 Board meeting.

VII. **Election Agenda.**

- E. Order Declaring unopposed Candidates Elected to Office and Canceling Election. Mr. Johnson presented to and reviewed with the Board an Order Declaring Unopposed Candidates Elected to Office and Canceling Election, 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 as presented.

- VIII. **Adjournment.** The Board adjourned the meeting at 7:28 p.m.

[SIGNATURE PAGE FOLLOWS]

Passed and approved this 20th day of march, 2014.


Secretary, Board of Directors

Exhibits:

- "A" – Absolute proposal
- "B" – Operator's Report
- "C" – Engineer's Report
- "D" – Auditor's Supplemental Letter
- "E" – Order Cancelling Elections

