

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, March 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, March 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"); David Summerlin of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); Kristen Scott of Bob Leared Interests Inc. ("Tax Assessor/Collector"); Andrew Dunn of On-Site Protection, LLC ("On-Site"); Sergeant Romero and Corporal Thomason 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").

The President called the meeting to order at 6:40 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 and presented the HCCO report, a copy of which is attached hereto as Exhibit "A".

Next, Director Lackey reported that Mr. Dunn noticed that the wireless connection at Water Plant No. 1 is down and upon further research it was determined that the router had not been functioning for three (3) months. Director Lackey stated that the District should have a procedure in place in case the internet connection is down to ensure proper workings of the supervisory control and data acquisition network. Mr. Dunn then presented to and reviewed an Outage and Change Management Procedures proposal, a copy of which is attached hereto as Exhibit "B". Mr. Dunn stated that a cost will be provided at the next Board meeting. The Board tabled an action of the proposal until the next Board meeting.

III. **General Business.**

- A. **Emergency Operations and Repairs to District Facilities.** Director Lackey reported that the grit chamber at the Wastewater Treatment Plant ("WWTP") needs to be repaired at a cost of \$21,000 plus an installation cost of \$8,000. He stated that a replacement cost is \$51,000. Director Lackey reported that the

manufacturer, Smith & Loveless, Inc. ("S&L"), indicated that they will be able to provide a lower repair cost proposal. Director Lackey then presented an S&L proposal for one (1) 3/16 Stainless Steel Drive Tube Cover Plate Assembly at a cost of \$1,818 stating that S&L is yet to send a complete repair proposal. Director Lackey reported that the anticipated life-expectancy of the grit chamber should be 30 years and the District's grit chamber had lasted only three (3) years. He discussed possible modifications that would need to be made by the manufacturer to extend the life of the equipment. Extensive discussion ensued, after which upon motion by Director Dunn, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board (i) authorized the Engineer to contact S&L regarding potential compensation to the District due to the short life-span of the equipment; and (ii) authorized the Operations Committee to approve a repair proposal for the grit chamber at a cost not to exceed \$29,000 (including an installation cost of \$8,000).

- B. Changes and Additions to District Website. There were no matters to report.
- C. 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 "C".
- D. Rate Order Amendment, as necessary. Mr. Johnson informed the Board about the Reduction of Lead in Drinking Water Act and recommended the Rate Order be amended to decrease the maximum percentage of lead content in new or repaired facilities from 8% to 0.25% and to amend the Service Agreement.

Upon motion by Director Dunn, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the Rate Order amendment.
- E. Monitoring System for Internet Services for the Security System. This matter was discussed under the Security Report.
- F. Participation in Water Conservation Study – Goldwater Project. The Board reviewed correspondence from the Association of Water Board Directors pertaining to the Goldwater Project, a copy of which is attached hereto as Exhibit "D". No action was taken.

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 February 2014, a copy of which is attached hereto as Exhibit "E". Ms. Scott reported that 97.447% of the District's 2013 tax levy had been collected as of February 28, 2014.

Upon motion by Director Cook, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board approved the Tax Assessor/Collector's Report.

V. **Bookkeeper's Report.** The President recognized Mr. Summerlin, who reviewed the Bookkeeping Report, a copy of which is attached hereto as Exhibit "F". Mr. Summerlin reported that check nos. 12137, 12138, and 12139 will be listed on the next month's report.

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. 12077 through 12139 from the Operating Fund; and (iii) authorize payment of Check Nos. 1650 through 1657 from the Capital Project Fund.

VI. **Engineer's Report.** Mr. Carpenter reported that IDS has received a utility service request for a dessert café to be located on the Santikos tract. Mr. Carpenter noted that the District should have enough capacity to serve the café.

VII. **Attorney's Report.**

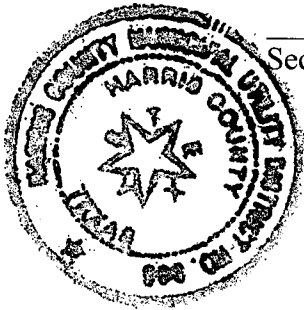
A. **Real Estate Matters Update.** There were no matters to report.

B. **Condemnation of Easements by the TxDOT.** There were no additional matters to report.

C. **Approval of minutes of the March 6, 2014 Board meeting.** 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 March 6, 2014 Board meetings as amended.

VIII. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 8:01 p.m.

Passed and approved this 3rd day of April, 2014.



Sharon L Cook

Secretary, Board of Directors

Exhibits:

- "A" Security Report
- "B" Outage and Change Management Procedures proposal
- "C" Recycling Report
- "D" Goldwater Project letter
- "E" Tax Assessor/Collector's Report
- "F" Bookkeeper's Report