

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

## Minutes of Meeting Thursday, May 1, 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, May 1, 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"); Noel Barfoot of McCall, Gibson & Company, P.L.L.C. ("Auditor") and Martye Kendrick, attorney, and Mirna Croon, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC ("Attorney").

The President called the meeting to order at 6:54 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.** There were no matters to report.
  - B. **Pay Bills and Pay Estimates.** There were no matters to report.
  - C. **Ratify action taken at April 17, 2014 Board meeting pertaining to the Acknowledgment of Notice and Indemnity for WF Residential, LTD.** Upon motion by Director Dunn, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board ratified the action taken at the April 17, 2014 Board meeting pertaining to the Acknowledgment of Notice and Indemnity for WF Residential, LTD.
  - D. **Engage Auditor for Fiscal Year Ending May 31, 2014:** The President next recognized Mr. Barfoot, who presented and reviewed the proposal to conduct the District's audit.

Upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board accepted the proposal as

presented and authorized the President to execute the engagement letter, a copy of which is attached hereto as Exhibit "A".

E. Law Enforcement Agreement amendment. This matter was tabled.

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 97.4% for the period from March 15, 2014 to April 14, 2014. Mr. Plunkett noted that during the last month 90.02% 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 reported that Lift Pump No. 4 at the Wastewater Treatment Plant ("WWTP") is out of service. Electrical Field Services ("EFS") has provided a repair estimate of \$16,000 and a pump replacement estimate of approximately \$27,000. Mr. Plunkett stated he asked EFT to provide an estimate for a Flygt pump. Mr. Plunkett also stated that the matter was discussed at the Operations Committee meeting and the Committee's recommendation is to purchase a new Flygt pump.

Next, upon motion by Director Bishop, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the purchase of a new Flygt pump for the WWTP.

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.

Director Bishop reported that the Boy Scouts - Troop 1491 - have requested that they be allowed to paint additional fire hydrants in the District in order to raise money for summer camp. Mr. Plunkett stated that there are fire hydrants and SWIM markers in the NorthPointe East and Ashford Grove subdivisions that need to be painted.

Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board authorized the Scouts to paint the fire hydrants in the District for \$20.00 per fire hydrant and SWIM markers at \$5.00 per SWIM marker.

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 May 21, 2014.
- B. Grand Parkway. Mr. Carpenter reported that the utility relocation plans have been approved by the City of Houston and Harris County. The project will be advertised for bids after it receives the approval from the Texas Department of Transportation ("TXDoT"). Mr. Carpenter reported that TXDoT asked if the District would charge for a quit claim deed for the property where the current utilities are located. Ms. Kendrick stated that the District would only be able to charge a minimal fee for such deed.

Discussion ensued and upon motion by Director Cook, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board agreed to provide a quit claim deed to TXDoT without charge.

- C. Boudreaux Road Extension. Mr. Carpenter reported that the construction of utility relocations is complete.
- D. Gladewater Drainage. Mr. Carpenter reported that IDS is evaluating various alternatives to address street ponding along Gladewater. The first option is to adjust pavement elevations at the intersection of Gladewater and Cypress Shores to allow for additional overland flow. The second option is to add inlet capacity at the above-referenced intersection as well as adjust pavement elevations. The final option is to make the adjustments in options one (1) and two (2) as well as up-size several storm sewers. Mr. Carpenter stated that IDS will make a recommendation at the mid-May meeting.
- E. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Carpenter reported that the April 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.
- F. Phase 2 Sanitary Sewer Cleaning and Televising. Mr. Carpenter reported that the Operator is complete with the recommended repairs.
- G. Phase 3 Sanitary Sewer Cleaning and Televising. Mr. Carpenter reported that plans for televising and cleaning are nearly complete and the project should be advertised for bids next week.
- H. Wastewater Treatment Plant Odor Control. Mr. Carpenter reported that construction plans are being created. The mechanical engineer has nearly completed sizing of the foul air conduits. The plans and specifications will be reviewed with the Operations Committee at its next meeting.
- I. Sandy Stream Sewer Capacity Evaluation: Upsize required for Dungrove tract. There were no new matters to report.

- J. Wastewater Treatment Plant ("WWTP") Grit Pump Failure. Mr. Carpenter reported that the new equipment has been ordered and is expected to be complete in mid-June. The installation is planned to be complete in early July.
- K. Willow Falls, Section 4, WS&D. Mr. Carpenter reported that the construction contracts will be presented to the Board for signing at the May 15, 2014 Board meeting. Mr. Carpenter stated that at the April 17, 2014 Board meeting, IDS reported that the Developer's reimbursement for Willow Falls, Section 4 should amount to approximately \$300,000. However, after further review IDS projects that there will be approximately \$572,000 in reimbursable costs as presented in the spreadsheet attached to the Engineer's Report. Mr. Carpenter stated that the District has sufficient funds in its Capital Projects Funds to reimburse the Developer.
- L. NorthPointe Center – Phase 2 (Santikos). Mr. Carpenter reported that Bahama Bucks is preparing construction plans.
- M. 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. IDS has completed the capacity analysis for the request and determined that the District will ultimately have 438 equivalent single family connections ("ESFC") in surplus capacity. In order to provide the total of 592 ESFCs requested, the District would need to update its elevated storage tank variance, as this is the limiting component. IDS is working on generating a unit cost per connection in the Water Plant facilities.
- N. 136-Acre Finger Tract. There were no additional matters to report.
- O. 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.
- P. Ashford Grove Expansion. Mr. Carpenter reported that IDS prepared a draft annexation feasibility study for the 23 acre tract and is working with the District's Financial Advisor to finalize the report. In order to loop the water system to Lacey Road, an additional waterline easement would be required across the Kauachi Tract. The Developer has requested that the Attorney draft waterline easement language to assist the Developer in procuring this easement in the land sale.

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

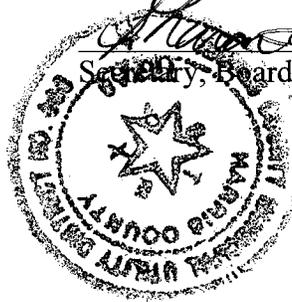
- V. Developer's Report. There was no report.
- VI. Attorney's Report.

- A. Real Estate Matters Update. Ms. Kendrick reported that she is in the process of reviewing one (1) offer received for one (1) easement from TXDoT.
  - B. Condemnation of Easements by the TxDOT. There were no additional matters to report.
  - C. Approval of minutes of the April 17, 2014 Board meeting. Upon motion by Director Dunn, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the minutes of the April 17, 2014 Board meeting, as amended.
- VII. **Adjournment.** The Board adjourned the meeting at 7:51 p.m.

[SIGNATURE PAGE FOLLOWS]

Passed and approved this 15<sup>th</sup> day of may, 2014.

  
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Secretary, Board of Directors



The seal is circular with a five-pointed star in the center. The text around the star reads "BOARD OF DIRECTORS" at the top and "NABARUA COUNTY" at the bottom. There is also some smaller text around the inner edge of the seal.

**Exhibits:**

- "A" – Audit Engagement Letter
- "B" – Operator's Report
- "C" – Engineer's Report