

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting
Thursday, July 17, 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, July 17, 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"); Matt Carpenter, P.E. of IDS Engineering Group ("IDS" or "Engineer"); Kathryn Turner and Maria Felder 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, Corporal Thomason, and Deputy Brittany Buschur of the Harris County Precinct 4 Constable's Office ("HCCO"); and Andrew P. Johnson, attorney, Mirna Croon, Paralegal, and Cody Johnson, law clerk of Johnson Petrov LLP ("JP" or "Attorney"). Also present were Robin Gribble of WCA Waste Corporation of Texas ("WCA"); and David Malo of Boy Scout Troop 1491.

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 reviewed the Constable's security report for June 2014. Mr. Dunn next reported on crime statistics in the area and presented the On-Site security report, a copy of which is attached hereto as Exhibit "A". Mr. Dunn also presented the internet performance report for District facilities, a copy of which is attached to the On-Site security report. Mr. Dunn reported that for the second time in the past three (3) months, Comcast lines have been cut at the same location next to List Station No. 1. Mr. Dunn stated that he is working with Comcast on correcting the issue.

Mr. Dunn next presented to and reviewed with the Board the Vehicles Lease Agreement, a copy of which is attached hereto as Exhibit "B". Mr. Dunn stated that in order for privately-owned vehicles to have police markings, such vehicles have to be owned or leased by a governmental entity. The District will pay to On-Site a nominal fee of \$10 per year to have an option to use On-Site vehicles for extra jobs, if needed.

Mr. Dunn noted that the District presently uses only HCCO Precinct 4 constables for extra jobs and police officers or constables of other agencies may be used only if there are some extraordinary circumstances.

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with Direct Dunn abstaining, the Board approved the Vehicles Lease Agreement with On-Site.

III. **General Business.**

- A. **Emergency Operations and Repairs to District Facilities.** There were no matters to report.
- B. **Changes and Additions to District Website.** Director Bishop stated that hurricane preparedness notices should be posted on the website. Mr. Gribble stated that she will review the current garbage collection information on the website and provide updates, if needed.
- C. **Monthly Recycling Report.** The Board next reviewed the Recycling Report for June 2014 prepared by RRT, a copy of which is attached hereto as Exhibit "C".
- D. **Annual Review of Ethic's Policy, amend if necessary.** The Board reviewed the Policy and agreed that no changes are needed at this time.

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 June 2014, a copy of which is attached hereto as Exhibit "D". Ms. Scott reported that 98.983% of the District's 2013 tax levy had been collected as of June 30, 2014.

Ms. Scott reported that the Harris County Appraisal District ("HCAD") has assessed a preliminary value of the property within the District at \$516 million.

Upon motion by Director Cook, seconded by Director Lackey, 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 Ms. Turner who reviewed the Bookkeeping Report, a copy of which is attached hereto as Exhibit "E". Ms. Turner also reviewed the Quarterly Investment Report, a copy of which is attached to the Bookkeeper's Report.

Next, upon motion by Director Dunn, seconded by Director Daniel, 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. 12383 through 12467 from the Operating Fund; and (iii) authorize payment of Check No. 1661 from the Capital Project Fund.

VI. **Engineer's Report.** Mr. Carpenter reported that he and the Operator are working on updating the District's Emergency Preparedness Plan. The Board also discussed the status of the proposed rainwater collection system (the "Project") for Kohrville Elementary School ("KES"). Director Bishop stated that Ms. Vicki Bland, the Principal of KES, is concerned that the

maintenance costs of the Project would be too high, thus the KES appears to be not in favor of proceeding with the Project.

VII. **Attorney's Report.**

- A. **Real Estate matters update.** Mr. Johnson reported that the Developer in Harris County Municipal Utility District No. 273 ("HCMUD 273") contacted him with respect to their water service request. Mr. Carpenter reminded the Board that IDS has completed the capacity analysis and determined that the District will ultimately have 438 equivalent single family connection ("ESFCs") in surplus capacity. In order to provide the total of 592 ESFCs requested by HCMUD 273 the District would need to update its elevated storage tank variance, as this is the limiting component. IDS is currently working on generating a unit cost per connection in the Water Plant facilities.

Mr. Johnson stated that the Developer does not want to be annexed into the District and discussion next ensued regarding possible contract terms between the District and HCMUD 273 with respect to a possible water service agreement between the two (2) parties, including a provision that the District will receive one-half of the Strategic Partnership ("SPA") revenue of that district.

Next, upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board authorized the Attorney and Engineer to negotiate terms of the above detailed water service agreement, which will include a provision that the District will receive one-half of the SPA revenues of HCMUD 273.

Next, Mr. Johnson reported that it was discovered by the Operator that the Houston Garden Center ("HGC") in the District is utilizing its own well for its irrigation needs. Mr. Plunkett stated that HGC does have a separate account and meter for irrigation purposes. Mr. Johnson stated that JP will check with the Harris-Galveston Subsidence District if there is a well permit.

- B. **Condemnation of Easements by the Texas Department of Transportation.** There were no matters to report.
- C. **Approval of minutes of the July 3, 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 July 3, 2014 Board meetings as amended.

VIII. **Other matters.** Director Lackey reported on his correspondence with Gloria Lee of CMC, Chaparral Management Company, Inc. on behalf of Three Lakes/Pinecrest Homeowners' Association who requested a trash container for the pool building in Three Lakes/Pinecrest subdivision and inquired about the trash collection at the pool building. It was noted that all residents and HOAs in the District provide their own containers, thus the same rule would apply

to the Three Lakes/Pinecrest subdivision. Also, trash containers have to be on the curb on trash pickup days which are Monday and Thursday.

Next, Ms. Gribble addressed the Board's concerns of garbage collection service running late stating that she met with the WCA Operations department and was assured that the collection times will resume to the old schedule and be more consistent. Mr. Gribble also asked the Board to contact her if that does not happen.

Ms. Gribble then informed the Board about an issue of cars parked on a cul-de-sac in one of the District's subdivision in a way where WCA trucks cannot enter the street to collect trash. Corporal Thomason reported that such cars are illegally parked as they are impeding traffic and can be issued a ticket.

IX. **Security Surveillance System for Wastewater Treatment Plant and Lift Stations.**

Next, the Board discussed possible installation of security cameras at Lift Station No. 1 to prevent reoccurrence of Comcast lines being cut at such location. No action was taken.

X. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 8:32 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this _____ day of _____, 2014.

Secretary, Board of Directors

Exhibits:

- "A" Security Report
- "B" Vehicles Lease Agreement
- "C" Monthly Recycling Report
- "D" Tax Assessor/Collector's Report
- "E" Bookkeeper's Report