

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

### Minutes of Meeting Thursday, October 2, 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, October 2, 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, Cody Johnson, law clerk, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney"). Also present was Chelsea Wade, a resident of the District.

The President called the meeting to order at 6:55 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. Dungrove Reimbursement Request. Mr. Johnson stated that the District's Financial Advisor believes that the sufficient self-supporting value has been reached to reimburse Dungrove and a final report regarding same will be presented at the next Board meeting.
  - D. Security and SCADA projects at Water Plant Nos. 1 and 2 and Lift Station No. 1. This matter was tabled until an executive session later in the meeting.

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 "A". Mr. Plunkett reviewed the productivity report which indicated that the District's billed vs. produced water accountability was 92.13% for the period from August 13, 2014 through September 12, 2014. Mr. Plunkett noted that during the last month 95.79% 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 Water Well No. 6 is currently not working and repairs are underway.

Director Lackey then discussed the District's surface water conversion stating that the District has two (2) water plants but receives surface water from the North Harris County Regional Water Authority (the "Authority") at Water Plant No. 2 since the Authority furnished reimbursement for only one (1) interconnect per district. It was noted that having two (2) water plants with interconnects will change flow patterns and may cause water quality issues. Director Lackey proposed that Water Plant No. 1 be converted to surface water as well. Mr. Carpenter stated that the surface water conversion project for Water Plant No. 1 should not exceed \$25,000 and recommended three (3) bids be solicited for the project. The District had contacted the Authority to assist with the project; however, the Authority never responded to the District's request for assistance. Mr. Johnson noted that the District's surplus construction funds could be used to pay for the Water Plant No. 1 surface water conversion project since such project meets the qualifications for use of such funds without the Texas Commission on Environmental Quality approval.

Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) authorized the District's Engineer to proceed with the Water Plant No. 1 surface water conversion project; and (ii) authorized funding of the Water Plant No. 1 surface water conversion project with the District's surplus construction funds without TCEQ approval.

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 "B".

- A. Operations Committee Meeting. The Operations Committee meeting has been scheduled for October 29, 2014.
- B. Grand Parkway waterline and sanitary sewer force main relocation. Mr. Carpenter reported that approximately 50 percent of the new waterline has been installed and boring of the sanitary sewer force main should begin in a few days.

- C. Boudreaux Road Extension. Mr. Carpenter reported that the construction of utility relocations is complete.
- D. Gladewater Drainage. Mr. Carpenter reported that IDS is planning to inspect the storm sewers in the next phase of televising and cleaning of the sanitary sewer system. IDS will finalize its recommendations once the lines have been televised.
- E. Proposed annexations. Mr. Carpenter stated that IDS is updating the District's boundary map in regards to the two (2) proposed annexations – Ashford Grove East and HMT.
- F. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Carpenter reported that the September 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.
- G. Phase 2 Sanitary Sewer Cleaning and Televising. Mr. Carpenter reported that the Operator is nearly complete with the recommended repairs.
- H. Phase 3 Sanitary Sewer Cleaning and Televising. Mr. Carpenter reported that plans for televising and cleaning are complete.
- I. Wastewater Treatment Plant ("WWTP") Odor Control. Mr. Carpenter reported that the plans and specifications are complete. He requested the Board's authorization to advertise the project for bids upon his meeting with Director Lackey to review and finalize the plans and specifications.
- J. Sandy Stream Sewer Capacity Evaluation: Upsize required for Dungrove tract. There were no new matters to report.
- K. Willow Falls, Section 4, WS&D. Mr. Carpenter reported that the sanitary sewer and storm sewer construction is complete. Paving construction is in progress.
- L. NorthPointe Center – Phase 2 (Santikos). There were no new matters to report.
- M. 68-Acre New Quest Property. Mr. Carpenter reported that the Attorney and the Engineer are working on preparing a Service Agreement between the District and Harris County MUD No. 273.
- N. 136-Acre Finger Tract. There were no additional matters to report.
- O. HMT Property. Mr. Carpenter reported that IDS is in the process of preparing annexation documents.
- P. Ashford Grove East. Mr. Carpenter reported that IDS is in the process of preparing annexation documents.

Upon motion by Director Bishop, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board (i) approved the Engineer's Report; and (ii) authorized IDS to advertise the WWTP odor control project for bids.

V. **Operator's Report (continued)**. Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board authorized the Operator to purchase a chlorinator for the WWTP at a cost of \$8,750.

VI. **Developer's Report**. There were no additional matters to report.

VII. **Attorney's Report**.

- A. Woodmere Annexation Agreement and related documents; This matter was tabled.
- B. Petition to District for Annexation of Woodmere tract; This matter was tabled.
- C. Petition to City of Houston for Annexation of Woodmere tract into District; This matter was tabled.
- D. HMT LLC Annexation Agreement and related documents; This matter was tabled.
- E. Petition to District for Annexation of HMT LLC tract; This matter was tabled.
- F. Petition to City of Houston for Annexation of HMT tract into District; This matter was tabled.
- G. Real Estate Matters Update. There were no matters to report.
- H. Condemnation of Easements by the TxDOT. There were no additional matters to report.
- I. Approval of minutes of the September 18, 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 September 18, 2014 Board meeting, as amended.

VIII. **Executive Session**. At 7:57 p.m., upon motion by Director Bishop, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the President called an Executive Session, pursuant to Section 551.071 and Section 551.076 of the Open Meetings Act, to discuss attorney - client privilege and security matters of the District. Only the members of the Board of Directors, Mr. Carpenter, Mr. Plunkett, Mr. Johnson, Mr. Cody Johnson, and Ms. Croon were present during the executive session.

IX. **Regular Session**. At 8:38 p.m. the Board reconvened the meeting in Regular Session. No action was taken during the Executive Session.

X. **Adjournment.** Upon motion by Director Dunn, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board adjourned the meeting at 8:39 p.m.

Passed and approved this 16<sup>th</sup> day of October, 2014.

  
\_\_\_\_\_  
Secretary, Board of Directors

**Exhibits:**

- "A" – Operator's Report
- "B" – Engineer's Report