

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Tuesday, January 6, 2015

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 Tuesday, January 6, 2015, 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, except Director Daniel, 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, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney").

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.** Upon motion by Director Dunn, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board approved Check Nos. 12908 through 12911, which will be listed on the next Bookkeeper's Report.
 - C. **Arbitrage Compliance Specialist ("ACS") Report for Unlimited Tax Bonds, Series 2009 ("Series 2009 Bonds").** Mr. Johnson presented to and reviewed with the Board the ACS Report, a copy of which is attached hereto as Exhibit "A". Mr. Johnson stated that ACS has determined that the District does not owe any arbitrage rebate to the Internal Revenue Service in connection with the Series 2009 Bonds.

Upon motion by Director Cook, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board approved the ACS Report.

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 87.4% for the period from November 14, 2014 through December 13, 2014. Mr. Plunkett noted that during the last month 95.78% of the District's water came from the surface water source with the remainder from the District's groundwater wells.

Mr. Plunkett then reported that the GIS Data Equipment has been damaged and can be repaired at a cost of \$3,000 or replaced at a cost of \$7,302. Mr. Plunkett then presented a proposal from Western Data Systems ("WDS") to replace the equipment at a cost of \$7,305.62, a copy of which is attached to the Operator's Report. Mr. Plunkett stated that the WDS proposal also includes software for the unit worth \$1,250. Discussion then ensued whether to repair or replace the equipment after which the Board agreed that due to the age, it would be best to replace the equipment. Mr. Carpenter stated that he may be able to receive a bid lower than \$7,305 and the Board authorized IDS to solicit additional bids.

Mr. Plunkett then reported that the Water Smart Application is in the process of being completed. He requested the Board to approve the Water Smart Resolution and submittal of same to the Water Smart Committee at the Association of Water Board Directors ("AWBD").

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) authorized replacement of the GIS Data Equipment at a cost not to exceed \$7,305.62; (ii) approved the Water Smart Resolution and authorized its submittal to the Water Smart Steering Committee at the AWBD; (iii) authorized termination of service to customers listed on the Termination List, in accordance with provisions of the District's Rate Order; and (iv) approved the Operator's Report as presented.

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 January 29, 2015.

B. **Grand Parkway waterline and sanitary sewer force main relocation.** Mr. Carpenter reported that the construction is nearly complete. IDS held a final inspection, which resulted in a minor punch-list. The Contractor has completed the punch-list items.

C. **Boudreaux Road Extension.** Mr. Carpenter reported that the utilities relocation is complete. IDS has provided Harris County with the Records Drawings.

- 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 has completed 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 December 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 IDS is planning to rebid the project within the next week.
- 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 JP has prepared the draft Agreement, which will be discussed under the Attorney's report.
- N. 136-Acre Finger Tract. There were no additional matters to report.
- O. HMT Property. Mr. Carpenter stated that the design is in progress.
- P. Ashford Grove East, Section 1, Water, Sewer & Drainage Facilities. Mr. Carpenter reported that the design is in progress.
- Q. Ashford Grove East, Phase 1 Stormwater Detention Facilities. Mr. Carpenter reported that the design is in progress.
- R. Ashford Grove East, Sanitary Sewer Lift Station. Mr. Carpenter reported that the design is in progress.

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 were no additional matters to report.

VI. **Attorney's Report.**

A. Proposed Water Supply Agreement with HCMUD No. 273 (the "Agreement"); Mr. Johnson presented to and reviewed the Draft Agreement, a copy of which is attached hereto as Exhibit "D". No action was taken.

B. Real Estate Matters Update. There were no matters to report.

C. Approval of minutes of the December 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 December 18, 2014 Board meeting, as amended.

VII. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 7:53 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 22nd day of January, 2015.



Secretary, Board of Directors

Exhibits:

- "A" – ACS Report
- "B" – Operator's Report
- "C" – Engineer's Report
- "D" – The Agreement