

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Tuesday, February 5, 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 Thursday, February 5, 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 Cook, 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 Scott Eidman, attorneys, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney"). Also present were Angie Cooper and Nikki Thompson, residents of the District.

The President called the meeting to order at 6:48 p.m., and in accordance with the notice posted pursuant to law, the following business was transacted:

I. **Public Comment.** The President recognized Ms. Cooper who asked that her water bill for December 2015 be reviewed as it totaled \$460 and her average bill does not exceed \$75. Ms. Cooper noted that the District's Operator reread the meter and no leak was found. Additionally, the sprinkler system was checked by the superintendant for the Willow Falls development, and no leak was detected. Discussion ensued regarding a possible cause for the escalated usage. Mr. Plunkett then suggested the Board adjust Ms. Copper's bill to the base rate and approve a two (2) month payment plan, if needed.

Upon motion by Director Bishop, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board authorized adjustment of the water bill and the payment plan, as recommended by the Operator.

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 Daniel, after full discussion and with all Directors present voting aye, the Board approved Check Nos. 12989, 12996 and 12997, which will be listed on the next Bookkeeper's Report.

- C. Order Authorizing Issuance of Unlimited Refunding Bonds, Series 2015 ("Refunding Bonds"); A Transfer and Paying Agent Agreement; and Other Matters Related Thereto; Ms. Croon presented to and reviewed with the Board a letter from the Financial Advisor stating that the Refunding Bonds will produce a present value savings of \$538,600. A copy of the letter is attached hereto as Exhibit "A". Next, Ms. Croon requested the Board to approve and authorize execution of a Bond Order Authorizing Issuance of the Refunding Bonds, a Transfer and Paying Agent Agreement with Wells Fargo Bank, N.A. and all other required documents in connection with the sale and issuance of the Refunding Bonds.

Upon motion by Director Bishop, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board approved and authorized execution of the Bond Order, the Paying Agent and Transfer Agency Agreement with Wells Fargo Bank, N.A. and all other required documents in connection with the sale and issuance of the Refunding Bonds.

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 95.4% for the period from December 14, 2014 through January 13, 2015. Mr. Plunkett noted that during the last month 92.94% of the District's water came from the surface water source with the remainder from the District's groundwater wells.

Mr. Plunkett reported that Electrical Field Services is in the process of preparing a proposal to repair Booster Pump No. 1 and replace a valve at Water Plant No. 1. An estimated cost is \$4,000.

Mr. Plunkett then reviewed correspondence from D. Mananga requesting an adjustment in his water bill which was high due to a leak. Mr. Plunkett stated that the leak has been repaired. Mr. Plunkett suggested the Board adjust the bill down to \$1.00 per 1000 gallons of water used for Mr. Mananga and Ms. Cooper as opposed to \$1.75 per 1000 gallons of water used, which is the lowest rate listed in the District's Rate Order.

Discussion ensued, and after motion by Director Daniel, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved adjusting the water bill for Mr. Mananga and Ms. Cooper to \$1.00 per 1000 gallons of water used.

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 Dunn, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board (i) authorized repair of Booster Pump No. 1 and the valve replacement at Water Plant No. 1; (ii) authorized termination of service to

customers listed on the Termination List, in accordance with provisions of the District's Rate Order; and (iii) 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 February 18, 2015.
- B. Grand Parkway waterline and sanitary sewer force main relocation. Mr. Carpenter reported that the construction is 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 January 2015 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 held a bid opening and is evaluating the bids.
- 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 nearly complete. Mr. Carpenter requested the Board's authorization to advertise the project for bids.
- P. Ashford Grove East, Section 1, Water, Sewer & Drainage Facilities. Mr. Carpenter reported that the design is nearly complete. Mr. Carpenter requested the Board's authorization to advertise the project for bids.
- Q. Ashford Grove East, Phase 1 Stormwater Detention Facilities. Mr. Carpenter reported that the design is nearly complete. IDS held a bid opening on February 4, 2015, which resulted in the low bid amount of \$386,955. Mr. Carpenter stated that IDS recommends that the contract be awarded to the low bidder, Rebel Contractors, Inc.
- R. Ashford Grove East, Sanitary Sewer Lift Station. Mr. Carpenter reported that the design is nearly complete. Mr. Carpenter requested the Board's authorization to advertise the project for bids.

Upon motion by Director Dunn, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) authorized IDS to advertise the HMT project for bids; (ii) authorized IDS to advertise the Ashford Grove East, Section 1, Water, Sewer and Drainage project for bids; (iii) awarded the Ashford Grove East, Phase 1 Stormwater Detention Facilities contract to the low bidder, Rebel Contractors, Inc., as recommended by IDS; (iv) authorized IDS to advertise the Ashford Grove East, Sanitary Sewer Lift Station project for bids; and (v) 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. Eidman presented to and reviewed the Draft Agreement. No action was taken.
- B. Real Estate Matters Update. Ms. Croon presented for the Board's execution sanitary sewer easements in connection with the Ashford Grove East development.
- C. Approval of minutes of the January 22, 2015 and January 29, 2015 Board meetings. Upon motion by Director Dunn, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board approved the minutes of the January 22, 2015 Board meeting, as amended. The minutes of the January 29, 2015 Board meeting were tabled.

[Mr. Johnson entered the meeting.]

D. Proposed Water Supply Agreement with HCMUD No. 273 (the "Agreement"); Mr. Johnson responded to the Board's questions regarding the Agreement.

E. Refunding Bonds Series 2015. Mr. Johnson stated that the Financial Advisor miscalculated the Bond Counsel fee for the Refunding Bonds and instead of the two percent (2%) fee as listed in the District's Agreement with JP, he charged the District a one percent (1%) fee. Mr. Johnson asked the Board to approve the payment of the Bond Counsel fee out of the general fund or with one part of the fee paid out of the general fund and the remaining part of the fee paid out of a future bond issue. Extensive discussion ensued regarding the District's options related to the Bond Counsel fee payment. Next, upon motion by Director Daniel, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board authorized that the one percent (1%) Bond Counsel fee for the Refunding Bonds Series 2015 be paid out of the District's general fund.

VII. Adjournment. With no additional matters before the Board, the Board adjourned the meeting at 8:52 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 19th day of Feb, 2015, 2014.


Secretary, Board of Directors

Exhibits:

- "A" – FA letter
- "B" – Operator's Report
- "C" – Engineer's Report