

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Tuesday, April 2, 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, March 10, 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:

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| 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 Bishop, 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"); Andrew Dunn of On-Site Protection, Inc.; and Scott Eidman, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney"). Also present was Justin Phan, a resident of the Canyon Gate subdivision.

The President called the meeting to order at 6:58 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. **Discussion on insurance proposals; solicit proposals (policy expires May 31).** Ms. Croon reminded the Board that their current insurance coverage expires on May 31, 2015 and asked whether or not the Board wanted her to solicit proposals for renewal. Discussion ensued and it was the consensus of the Board that in addition to their current provider's proposal, they would like to see multiple proposals.
 - D. **Security System Evaluation.** 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 "A"**. Mr. Plunkett reviewed the productivity report which indicated that the District's billed vs. produced water accountability was 91.3% for the period from February 14, 2015,

through March 14, 2015. Mr. Plunkett noted that during the last month 94.88% of the District's water came from the surface water source with the remainder from the District's groundwater wells.

Mr. Plunkett then reviewed the sludge hauling report, a copy of which is attached to the Operator's Report. He reported that a driver for the District's sludge hauling contractor, Trinity Wastewater Solutions ("Trinity"), hit a cleanout valve, thus allowing solids to be discharged onto the ground. The leak was isolated and Trinity coordinated clean up of the spill. The District will not need to pay for any expenses associated with the clean-up.

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 termination of service to customers listed on the Termination List, in accordance with provisions of the District's Rate Order; and (ii) 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 "B".

- A. Operations Committee Meeting. The Operations Committee meeting has been scheduled for April 28, 2015.
- B. Grand Parkway waterline and sanitary sewer force main relocation. Mr. Carpenter reported that the construction is complete. IDS plans to submit the final application package to Zachry-Odebrecht Parkway Builders in the coming weeks.
- C. 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.
- D. Proposed annexations. Mr. Carpenter stated the applications for the two (2) proposed annexations – Ashford Grove East and HMT – have been submitted to the City of Houston for review.
- E. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Carpenter reported that the March 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.
- F. Phase 2 Sanitary Sewer Cleaning and Televising. Mr. Carpenter reported that the Operator is nearly complete with the recommended repairs.
- G. Phase 3 Sanitary Sewer Cleaning and Televising. Mr. Carpenter reported that plans for televising and cleaning are complete.

- H. Wastewater Treatment Plant ("WWTP") Odor Control. Mr. Carpenter reported that IDS is working with the Operator to prepare a proposal to install the equipment.
- I. Sandy Stream Sewer Capacity Evaluation: Upsize required for Dungrove tract. There were no new matters to report.
- J. Willow Falls, Section 4, WS&D. Mr. Carpenter reported that the sanitary sewer and storm sewer construction is complete. Paving construction is in progress.
- K. NorthPointe Center – Phase 2 (Santikos). There were no new matters to report.
- L. 136-Acre Finger Tract. There were no additional matters to report.
- M. HMT Property Water Distribution and Sanitary Sewer Line (the "Project"). Mr. Carpenter reviewed a bid tabulation for the Project, a copy of which is attached to the Engineer's Report, and stated that IDS recommends the Board award the Contract to the low bidder D. Grimm, Inc. in the amount of \$219,124.99.
- N. Ashford Grove East, Section 1, Water, Sewer & Drainage Facilities. Mr. Carpenter reported that the design is nearly complete. IDS is planning to advertise the project for bids in the coming weeks.
- O. Ashford Grove East, Phase 1 Stormwater Detention Facilities. Mr. Carpenter reported that the design is nearly complete. IDS is planning to advertise the project for bids in the coming weeks.
- P. Ashford Grove East, Sanitary Sewer Lift Station. Mr. Carpenter reported that the design is nearly complete. IDS is planning to advertise the project for bids in the coming weeks.

Next, upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board (i) awarded the contract for the HMT Project to the low bidder, D. Grimm, Inc., in the amount of \$219,124.99, as recommended by IDS; and (ii) approved the Engineer's Report.

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

VI. **Attorney's Report.**

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

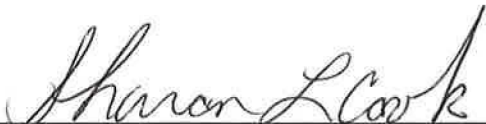
B. Approval of minutes of the March 19, 2015 and March 26, 2015 Board meetings. Upon motion by Director Dunn, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board approved the minutes of the March 19, 2015 Board meeting, as amended.

The minutes of the March 26, 2015, Board meeting were tabled.

VII. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 7:22 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 16th day of April, 2015.


Secretary, Board of Directors

Exhibits:

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