

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Monday, July 16, 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, July 16, 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, thus constituting a quorum. Consultants in attendance were: Mike Plunkett of Eagle Water Management, Inc. ("Operator"); Katherine Turner and Randi Fields of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); Kristen Scott of Bob Leared Interests Inc. ("Tax Assessor/Collector"); Andrew Dunn and Matthew Dunn of On-Site Protection, LLC ("On-Site"); Rick Lewis of American Enerpower; Corporal Thomason and Sergeant Walton of the Harris County Precinct 4 Constable's Office ("HCCO"); and Scott Eidman, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("JP" or "Attorney").

The President called the meeting to order at 6:50 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. **Changes and Additions to District website.** There were no matters to report.
 - B. **Monthly Recycling Report.** There was no report.
 - C. **Energy Agreement.** The President recognized Mr. Lewis who distributed and reviewed with the Board a Competitor Analysis, a copy of which is attached hereto as Exhibit "A". Mr. Lewis stated that the District's Contract with Hudson Energy will expire on December 31, 2018. The Board could lock in a lower rate today and the new pricing would commence at the expiration of the current contract on January 1, 2019. Mr. Lewis stated that the current rate paid by the District is \$0.05715 per kilowatt hour and an approximate rate starting January 1, 2019 would be \$0.0463, thus estimated savings to the District would amount to \$25,000 per year.

Discussion ensued and upon motion by Director Bishop, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board authorized Director Lackey to execute a 24-month contract beginning January 1, 2019 with an energy provider that offers the lowest electric service rate per kilowatt-hour.

Mr. Lewis departed the meeting.

- D. Order Changing District Office and Meeting Place Outside of the Boundaries of the District and Designating Official Repository for District Records (the "Order"). Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the Order, a copy of which is attached hereto as Exhibit "B".
- E. WCA Garbage Collection Agreement ("WCA Agreement"). Mr. Plunkett presented correspondence from residents expressing their frustration with the WCA garbage collection service. The Board discussed the issues with the garbage collection times which frequently extend past 6:00 p.m. It was noted that in some cases the garbage is not collected until the next day. In addition, the Board has received reports of garbage cans being left on the street. Discussion ensued after which the Board agreed to provide WCA with a notice of non-performance and asked the Attorney to solicit garbage collection proposals.
- F. WaterWise Interlocal Agreement for 2015/2016 School Year. Upon motion by Director Dunn, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the WaterWise Interlocal Agreement, a copy of which is attached hereto as Exhibit "C".

III. **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 2015, a copy of which is attached hereto as Exhibit "D". Ms. Scott reported that 99.161% of the District's 2014 tax levy had been collected as of June 30, 2015.

Next, Ms. Scott reported that correspondence was sent to Ms. Layla Khalil regarding her failure to fulfill payment obligations as required by the Payment Plan Agreement for 2013 delinquent taxes. Ms. Scott stated that Ms. Khalil is delinquent on her 2014 taxes as well. The Klein Independent School District and Harris County have filed a tax suit against Ms. Khalil for the 2013 delinquent taxes and the District will become a party to the lawsuit.

Next, upon motion by Director Daniel, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) approved the Tax Assessor/Collector's Report; and (ii) authorized payment of checks numbered 1089 through 1095 from the Tax Account.

IV. **Operator's Report**. The President recognized Mr. Plunkett who presented to and reviewed with the Board the Operator's Report, a copy of which is attached hereto as Exhibit "E". Mr. Plunkett reviewed the productivity report which indicated that the District's

billed vs. produced water accountability was 93.5% for the period from May 21, 2015, through June 19, 2015. Mr. Plunkett noted that during the last month 98.83% of the District's water came from the surface water source with the remainder from the District's groundwater wells. Mr. Plunkett also reviewed the Sludge Hauling Report, a copy of which is attached to the Operator's Report. He next reviewed the Discharge Monitoring Report for May and June, 2015, a copy of which is attached to the Operator's Report. There were no excursions during the previous two (2) months.

Mr. Plunkett noted that Booster Pump No. 2 at Water Plant No. 2 is back in service.

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 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.

V. **Bookkeeper's Report.** Ms. Turner reviewed the Bookkeeping Report, a copy of which is attached hereto as Exhibit "F".

Next, upon motion by Director Daniel, seconded by Director Cook, after full discussion, and with all Directors present voting aye, the Board voted to (i) approve the Bookkeeper's Report; and (ii) authorize payment of Check Nos. 13395 through 13478 and Check Nos. 13481 through 13483 from the Operating Fund.

VI. **Security Report;** Sergeant Walton presented to and reviewed with the Board the Security Report, a copy of which is attached hereto as Exhibit "G". Mr. Dunn noted an increase in the crime activity at the Santikos movie theatre ("Santikos") parking lot and stated that the District and/or HCCO may approach Santikos about Santikos engaging regular security patrols for its property. Mr. Dunn next reported on a trespassing incident at the District's Wastewater Treatment Plant ("WWTP"). It was noted that trespassers are putting themselves in harm's way as the facility contains chemicals and wastewater, which may cause injury. Mr. Dunn stated that charges have been filed against the trespassers.

VII. **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 "H".

- A. **Operations Committee Meeting.** The Operations Committee meeting has been scheduled for July 29, 2015.
- B. **Grand Parkway waterline and sanitary sewer force main relocation.** Mr. Carpenter reported that the construction is complete. IDS is in the process of scheduling a meeting with Zachry-Odebrecht Parkway Builders and Lawns and

More. Mr. Carpenter asked the Board to authorize execution of an Interlocal Agreement with Harris County in connection with the Grand Parkway project.

- C. Gladewater Drainage. There were no new matters to report.
- D. Proposed annexations. Mr. Carpenter reported that the annexation application for the HMT tract has been approved by the City of Houston.
- E. Surplus Funds Release Application. IDS is preparing a surplus funds release application for Willow Falls, Section 4. Mr. Carpenter asked the Board to approve the Surplus Funds Release Application subject to a feasibility study proving sufficient value has been generated to support the reimbursement.
- F. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Carpenter reported that the June 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. Water Plant ("WP") No. 2. Mr. Carpenter reported that IDS is preparing construction plans for piping modifications to be able to transfer surface water from WP No. 2 to WP No. 1.
- H. Phase 2 Sanitary Sewer Cleaning and Televising. Mr. Carpenter reported that the Operator has completed the recommended repairs. IDS will compile a list of the repairs and the associated costs to update the Capital Improvement Plan.
- I. Phase 3 Sanitary Sewer Cleaning and Televising. Mr. Carpenter reported that the bid opening was held on June 23, 2015. Mr. Carpenter reviewed the bid tabulation, a copy of which is attached to the Engineer's Report. He stated that IDS recommends the Board award the Contract to the low bidder, CSI Consolidated, LLC, in the amount of \$43,431.25.
- J. WWTP Odor Control. Mr. Carpenter stated that IDS is working with the Operator on preparing a proposal to install the equipment.
- K. Sandy Stream Sewer Capacity Evaluation: Upsize required for Dungrove tract. There were no new matters to report.
- L. Willow Falls, Section 4, WS&D. Mr. Carpenter reported that the sanitary sewer and storm sewer construction is complete.
- M. NorthPointe Center – Phase 2 (Santikos). There were no new matters to report.
- N. 136-Acre Finger Tract. There were no additional matters to report.
- O. HMT Property Water Distribution and Sanitary Sewer Line (the "Project"). Mr. Carpenter reported that a notice to proceed was issued on June 24, 2015, which results in a completion date of July 24, 2015. The Contractor has installed

100 percent of the waterline and 50 percent of the sanitary sewer. The project should be complete within the next two (2) weeks.

- P. Ashford Grove East, Section 1, WS&D Facilities. Mr. Carpenter reported that the design is complete and a notice to proceed was issued on June 8, 2015. The project should be complete by July 23, 2015.

Mr. Carpenter reminded the Board that the owner of the property next to the detention basin in the Ashford Grove subdivision would like to fence the property; however, to do that all trees would have to be removed. The Board agreed to allow the fence to be built on the District's property as long as there is an encroachment agreement which would ensure the boundaries of the District are protected. Mr. Carpenter stated that JP is finalizing the Encroachment Agreement and asked the Board to authorize execution of same.

- Q. Ashford Grove East, Section 2 WS&D Facilities. Mr. Carpenter reported that the design is in progress.
- R. Ashford Grove East, Phase 1 Stormwater Detention Facilities. Mr. Carpenter reported that the construction is in progress.
- S. Ashford Grove East, Sanitary Sewer Lift Station. Mr. Carpenter reported that the design is complete. A Notice to Proceed was issued June 1, 2015 and the project should be completed by November 28, 2015.

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 Interlocal Agreement with Harris County for the Grand Parkway project, subject to the District's Attorney's review; (ii) approved the surplus funds release application related to the Developer's reimbursement for the Willow Falls, Section 4 WS&D project, subject to the Feasibility Study finding that the sufficient value has been created; (iii) awarded the Cleaning and Televising of Sanitary and Storm Sewer Line for Phase 3 Sanitary and Storm Sewer Collection System Rehabilitation project to the low bidder, CSI Consolidated, LLC, in the amount of \$43,431.25, as recommended by IDS; (iv) authorized execution of the Encroachment Agreement related to the property in the Ashford Grove subdivision; and (v) approved the Engineer's Report.

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

IX. **Attorney's Report.**

- A. Real Estate matters. There were no matters to report.
- B. Order Adding Land and Redefining Boundaries of the District related to the HMT tract (the "Order Adding Land"). Mr. Eidman presented and reviewed the Order Adding Land, a copy of which is attached hereto as Exhibit "I".

- C. Amended and Restated District Information Form ("District Information Form"). Mr. Eidman presented and reviewed the District Information Form, a copy of which is attached hereto as Exhibit "J".
- D. Approval of minutes of the June 11, 2015 and June 15, 2015 Board meeting. The minutes of the June 11, 2015 Board meeting were tabled.

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) approved the Order Adding Land; (ii) authorized the execution of the District Information Form and filing of same in the Real Property Records of Harris County and with the Texas Commission on Environmental Quality; and (iii) approved the minutes of the June 15, 2015 Board meeting.

- X. Adjournment. With no additional matters before the Board, the Board adjourned the meeting at 8:10 p.m.

Passed and approved this 6th day of August, 2015.




Secretary, Board of Directors

Exhibits:

- "A" Competitor Analysis
- "B" Order
- "C" Water Wise Interlocal Agreement
- "D" Tax Assessor/Collector's Report
- "E" Operator Report
- "F" Bookkeeper's Report
- "G" Security Report
- "H" Engineer's Report
- "I" Order Adding Land
- "J" District Information Form