

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, September 3, 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, September 3, 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: Matthew Carpenter, P.E. and Kameron Pugh of IDS Engineering Group ("IDS" or "Engineer"); Mike Plunkett of Eagle Water Management, Inc. ("Eagle" or "Operator"); and Marty Kendrick, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney"). Also present was Matthew May of Best Trash ("BT").

The President called the meeting to order at 6:41 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. **Garbage Collection Contract.** Upon motion by Director Bishop, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board voted to issue a 30-day termination notice to WCA Corporation of America.

Next, the President recognized Mr. May who reviewed the proposed garbage collection contract with BT. Discussion ensued regarding the contract termination provisions proposed by the District's Attorney. Following discussion, the Board and BT agreed that in case BT does not perform according to the Contract, the District will be able to cancel the Contract by first giving BT a fourteen (14) day notice of non-performance and if BT still does not perform in accordance with the Contract, the District will be able to terminate the Contract by issuing a fourteen (14) day termination notice. Additionally, the District shall be able to cancel the contract for no cause, subject to the District compensating BT for garbage carts at a cost of \$1.40 per cart per connection for the number of months left in the remaining term. The Board then asked that the language related to habitual nonperformance be addressed in the Contract. Mr. May stated that such language will be added to the Contract and sent to JP for review.

Next, Mr. May reviewed the welcome letter to residents and stated that the letter will be distributed to residents with their water bills. The Board requested that the letter be posted on the District's website as well.

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the BT Contract, as amended.

III. **General Business.**

- A. District's Website. There were no matters to report.
- B. Pay Bills and Pay Estimates. There was no action.
- C. Dungrove Reimbursement request. This matter was tabled.

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 "A". Mr. Plunkett reviewed the productivity report which indicated that the District's billed vs. produced water accountability was 105.4% for the period from July 15, 2015 through August 13, 2015. Mr. Plunkett noted that during the last month 87.35% of the District's water came from the surface water source with the remainder from the District's groundwater wells.

Mr. Plunkett next reported that a white truck hit the temporary fence at the Wastewater Treatment Plant. The fence was repaired and the incident was reported to the Harris County Constable's Office.

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 Daniel, 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.

V. **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 September 28, 2015.
- B. Grand Parkway. Mr. Carpenter reported that the construction is complete. The final reimbursement package will be submitted to Harris County after the inspection by Zachry-Odebrecht Parkway Builders is complete.
- C. Gladewater Drainage. There were no new matters to report.

- D. Proposed annexations. Mr. Carpenter stated the Ashford Grove East and HMT properties have been annexed by the District.
- E. Surplus Funds Release Application. Mr. Carpenter reported that IDS is preparing the surplus release application for Willow Falls, Section 4 and the HMT project. The surplus release application will be submitted to the TCEQ upon review and approval of same by the District's Attorney and Financial Advisor.
- F. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Carpenter reported that the August 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. WP Nos. 1 and 2. IDS is preparing flow diagram charts for both water plants.
- I. Phase 3 Sanitary Sewer Cleaning and Televising. Mr. Carpenter stated that IDS will issue a notice to proceed on September 14, 2015.
- J. WWTP Odor Control. Mr. Carpenter stated that IDS is working with the manufacturer of the filters on purchasing the filters from the manufacturer directly. Once the order has been placed, the Operator will begin the installation of the yard piping.
- K. Sandy Stream Sewer Capacity Evaluation: Upsize required for Dungrove tract. There were no new matters to report.
- L. Lift Station ("LS") Panel replacements. The control panels for Lift Stations Nos. 1 and 2 and Stormwater Pump Station No. 1 are nearing the end of their useful life. IDS requests authorization to design control panel replacements for each station.
- M. LS Nos. 1 and 2. Mr. Carpenter reported that neither LS No. 1 nor LS No. 2 has a permanent on-site generator. He stated that IDS would recommend installing a smaller, natural gas generator for both sites. Mr. Carpenter stated that IDS requests authorization to begin the design of permanent on-site generators for LS Nos. 1 and 2.
- N. Willow Falls, Section 4, WS&D. The construction is complete.
- O. NorthPointe Center – Phase 2 (Santikos). There were no new matters to report.
- P. 136-Acre Finger Tract. There were no additional matters to report.
- Q. HMT Property Water Distribution and Sanitary Sewer Line (the "Project"). The Project is nearly complete.

- R. Ashford Grove East, Section 1, WS&D Facilities. Mr. Carpenter reported that the construction is nearly complete.
- S. Ashford Grove East, Section 2 WS&D Facilities. Mr. Carpenter reported that the design is nearly complete.
- T. Ashford Grove East, Phase 1 Stormwater Detention Facilities. Mr. Carpenter reported that the construction is nearly complete.
- U. Ashford Grove East, Sanitary Sewer Lift Station. Mr. Carpenter reported that the construction is in progress.

Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) authorized IDS to design control panel replacements for LS Nos. 1 and 2 and Stormwater Pump Station No. 1; (ii) authorized IDS to design permanent on-site generators for LS Nos. 1 and 2; and (iii) approved the Engineer's Report.

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

VII. **Attorney's Report.**

- A. Real Estate Matters Update. There were no matters to report.
- B. Approval of minutes of the August 20, 2015 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 August 20, 2015 meeting as amended.

VIII. **Executive Session.** Next, at 7:55 p.m., the President called an Executive Session, pursuant to Section 551.071 of the Open Meetings Act, to discuss matters of attorney-client privilege. Only the Board members, Ms. Kendrick, and Ms. Croon were present during the executive session.

IX. **Regular Session.** Upon motion by Director Bishop, seconded by Director Dunn, the Board reconvened the meeting in Regular Session at 8:07 p.m. No action was taken in the Executive Session.

X. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 8:08 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 17th day of September, 2015.



Secretary, Board of Directors

Exhibits:

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