

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, October 1, 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, October 1, 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"); Noel Barfoot of McCall Gibson Swedlund Barfoot P.L.L.C. ("Auditor"); Matthew Dunn of On-Site Protection, LLC ("On-Site"); and Scott Eidman, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney"). Also present were Caleb Burson and Sara Burson of Accurate Meter & Supply ("Accurate").

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.** There was no public comment.
- II. **General Business.**
 - A. **District's Website.** Ms. Croon reported that the District's website provider, The Texas Network, failed to post the Best Trash notice and the October 1, 2015 meeting notice as requested. Additionally, it appears that some of the minutes sent for posting to the website earlier in the month are yet to appear on the website. Discussion ensued and the Board asked Ms. Croon to solicit website maintenance proposals.
 - B. **Pay Bills and Pay Estimates.** Director Lackey discussed the Monitoring Agreement submitted by On-Site to provide remote security operating system for monitoring the Coons Road facility. Mr. Dunn then responded to questions from the Board and following discussion, the Board agreed to table the matter until the next Board meeting.
 - C. **Dungrove Reimbursement request.** This matter was tabled.

- D. Audit for Fiscal Year Ended May 31, 2015 (the "Audit"). The President recognized Mr. Barfoot who presented and reviewed the Audit, a copy of which is attached hereto as Exhibit "A". Mr. Barfoot noted that the District is in an excellent financial condition and a clean audit opinion will be issued.

Upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board (i) approved the Audit; and (ii) authorized the District's Consultants to prepare and file the required continuing disclosure materials with the Electronic Municipal Market Access and the Texas Commission on Environmental Quality ("TCEQ").

- E. Accurate presentation. The President recognized Mr. and Mrs. Burson who gave a presentation on the Badger automatic meter readers noting that a cost for a BEACON AMA starter package is \$3,000. A copy of the brochure is attached hereto as Exhibit "B". Mr. Burson stated that a cost to install one (1) meter per connection is \$200, thus an approximate cost to install the meters throughout the District would be about \$1 million including labor. Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the BEACON AMA starter package at a cost of \$3,000.

III. 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 "C". Mr. Plunkett reviewed the productivity report which indicated that the District's billed vs. produced water accountability was 92.6% for the period from August 14, 2015 through September 14, 2015. Mr. Plunkett noted that during the last month 47.88% of the District's water came from the surface water source with the remainder from the District's groundwater wells.

Mr. Plunkett reviewed a quote from Electrical Field Services ("EFS") to repair or replace the sludge pump at the Wastewater Treatment Plant (the "WWTP"), a copy of which is attached to the Operator's Report. Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board elected to repair the pump at the total cost of \$9,820.

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 Dunn, 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 "D".

- A. Operations Committee Meeting. Mr. Carpenter stated that the Operations Committee meeting will need to be scheduled.
- 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. Mr. Carpenter reported that the contractor was unable to televise the storm sewer as portions of the line along Gladewater are blocked. IDS is working with the Contractor and Operator to assess the blockages to determine the cost to unblock the line.
- D. Surplus Funds Release Application. Mr. Carpenter reported that IDS is preparing the surplus release application for Willow Falls, Section 4 and the HMT project. IDS is planning to submit the surplus release application to the TCEQ next week.
- E. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Carpenter reported that the September 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. 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.
- G. WP Nos. 1 and 2. IDS is preparing flow diagram charts for both water plants.
- H. Phase 3 Sanitary Sewer Cleaning and Televising. Mr. Carpenter stated that the Contractor is nearly complete with the cleaning and televising of the sanitary sewer system. Once the blockage on the storm sewer in Gladewater is removed, the Contractor will complete the televising portion of the project. Mr. Carpenter added that IDS will prepare a recommendation for rehabilitation once the televising inspection videos are received and reviewed by IDS.
- I. WWTP Odor Control. Mr. Carpenter stated that the manufacturer has agreed to sell the equipment to the District directly. The total cost associated with the equipment is \$48,292, and it will be payable 30 days after delivery of the equipment. Once the order is placed, the equipment should be delivered to the site within six (6) to nine (9) weeks. Mr. Carpenter asked for the Board's authorization to order the equipment for the project in the amount of \$48,292.
- J. Sandy Stream Sewer Capacity Evaluation: Upsize required for Dungrove tract. There were no new matters to report.
- K. Lift Station ("LS") Panel replacements. Mr. Carpenter stated that the design is in progress for the replacement of control panels for LS Nos. 1 and 2 and Stormwater Pump Station No. 1.

- L. Emergency Generators for LS Nos. 1 and 2. Mr. Carpenter reported that the design is in progress for emergency generators for LS Nos. 1 and 2.
- M. NorthPointe Center – Phase 2 (Santikos). There were no new matters to report.
- N. 136-Acre Finger Tract. Mr. Carpenter stated that the landowners are working with the State to agree upon land value for the condemnation.
- O. HMT Property Water Distribution and Sanitary Sewer Line (the "Project"). The Project is complete.
- P. Ashford Grove East, Section 1, WS&D Facilities. Mr. Carpenter reported that the construction is nearly complete.
- Q. Ashford Grove East, Section 2 WS&D Facilities. Mr. Carpenter reported that the design is nearly complete.
- R. Ashford Grove East, Phase 1 Stormwater Detention Facilities. Mr. Carpenter reported that the construction is nearly complete.
- S. Ashford Grove East, Sanitary Sewer Lift Station. Mr. Carpenter reported that the construction is in progress.

Next, upon motion by Director Bishop, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board (i) authorized IDS to order the equipment for the WWTP odor control project in the amount of \$48,292; and (ii) approved the Engineer's Report.

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

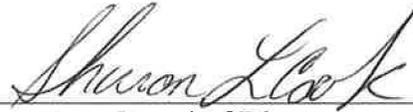
VI. **Attorney's Report.**

- A. Real Estate Matters Update. There were no matters to report.
- B. Approval of minutes of the September 17, 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 September 17, 2015 meeting as amended.

VII. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 8:22 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 15th day of October, 2015.



Secretary, Board of Directors

Exhibits:

- "A" – Audit Report
- "B" – Accurate brochure
- "C" – Operator's Report
- "D" – Engineer's Report