

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

## Minutes of Meeting Thursday, November 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, November 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, thus constituting a quorum. Consultants in attendance were: Kameron Pugh of IDS Engineering Group ("IDS" or "Engineer"); Mike Plunkett of Eagle Water Management, Inc. ("Eagle" or "Operator"); Kay Townsley of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); and Scott Eidman, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney"). Also present was Perry Liston, a resident of the District.

The President called the meeting to order at 6:45 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.** It was reported that the transition to the new website management company went well and the website is up and running.
  - B. **Pay Bills and Pay Estimates.** There were no pay bills and/or pay estimates presented.
  - C. **Gate Installation proposal.** Director Lackey presented to and reviewed with the Board bids for the construction and installation of fencing and gates at Lift Station No. 6 and the north lateral from Capps Construction ("CAPPS"), King Fab LLC ("King"), and Lawns and More, copies of which are attached hereto as Exhibit "A", "A-1", and "A-2". Director Lackey stated that it appears that some bids were not submitted in accordance with the project specifications, which were sent to all three (3) bidders. Discussion ensued after which upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board approved (i) a bid from King for fabrication and installation of a wall mount air conditioning unit spacer at a cost of \$3,400 at the Wastewater Treatment Plant ("WWTP"); and (ii) a bid from CAPPS for the construction and

installation of the fencing and gates at Lift Station No. 2 and the north lateral at a cost of \$14,975.

- D. Renewal of Law Enforcement Contract. The Board reviewed the renewal letter from the Harris County Precinct No. 4 Constable's office, a copy of which is attached hereto as Exhibit "B", related to possible changes to the Law Enforcement Agreement. The Board agreed that the only change needed is the updated boundary map.

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 90.9% for the period from September 15, 2015 through October 13, 2015. Mr. Plunkett noted that during the last month 71.22% of the District's water came from the surface water source with the remainder from the District's groundwater wells. Mr. Plunkett next directed the Board's attention to the Collection Agency Report, a copy of which is attached to the Operator's Report.

Mr. Plunkett stated that as authorized by the Board a couple of months ago, one (1) out of two (2) sludge pumps at the Wastewater Treatment Plant ("WWTP") was sent to be repaired, thus the WWTP is currently operating with only one (1) sludge pump. Mr. Plunkett recommended the Board authorize the purchase of a spare pump in the event the second pump breaks down.

Next, Mr. Plunkett reviewed a request from the Texas Department of Transportation ("TxDOT") for installation of two (2) water meters along SH 249 for a landscaping project at the Grand Parkway. Mr. Plunkett stated that it is estimated that each meter will use approximately 500,000 gallons per year. He also noted that the property is located outside the boundaries of the District and discussed a rate structure for the meters. Discussion ensued and the Board agreed to provide service for the previously discussed water meters at a rate of three (3) times the District's commercial rate plus a \$20 service fee.

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.

[Mr. Liston entered the meeting.]

Next, upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board (i) authorized the purchase of a spare pump for the WWTP at a cost not to exceed \$15,000; (ii) approved the TXDoT service request for the water meters at a rate of three (3) times the District's commercial rate plus a \$20 service rate; (iii) authorized termination of service to customers listed on the Termination List, in accordance with provisions of the District's Rate Order; (iv) approved the Collections Report; and (v) approved the Operator's Report as presented.

IV. **Engineer's Report.** Mr. Pugh 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. Pugh stated that the Operations Committee meeting will need to be scheduled.
- B. Grand Parkway. Mr. Pugh 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. Pugh reported that the contractor was unable to televise the storm sewer as portions of the line along Gladewater are blocked. IDS has requested that Harris County address the blockage.
- D. Surplus Funds Release Application. Mr. Pugh reported that the surplus release application for Willow Falls, Section 4 and the HMT project has been submitted to the Texas Commission on Environmental Quality.
- E. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Pugh reported that the October 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. Pugh 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. Pugh stated that the Contractor has completed the cleaning and televising of the sanitary sewer system. IDS is reviewing the videos and will prepare a recommendation for rehabilitation.
- I. WWTP Odor Control. Mr. Pugh stated that the manufacturer has ordered the equipment and is working on providing IDS with a delivery date.
- 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. Pugh 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. Pugh 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. Pugh 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. Pugh reported that the construction is nearly complete.
- Q. Ashford Grove East, Section 2 WS&D Facilities. Mr. Pugh reported that the design is nearly complete.
- R. Ashford Grove East, Phase 1 Stormwater Detention Facilities. Mr. Pugh reported that the construction is nearly complete.
- S. Ashford Grove East, Sanitary Sewer Lift Station. Mr. Pugh 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 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.

VII. **Executive Session.** Next, at 7:40 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, Mr. Eidman, and Ms. Croon were present during the executive session.

VIII. **Regular Session.** Upon motion by Director Cook, seconded by Director Lackey, the Board reconvened the meeting in Regular Session at 7:45 p.m. No action was taken in the Executive Session.

IX. **Attorney's Report (continued)**

A. Approval of minutes of the October 15, 2015 Board meeting. Upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board approved the minutes of the October 15, 2015 meeting as amended.

X. **Other matters.** Director Bishop next reported that the driveway repairs on a residence located on Amistad St. have not been completed to the satisfactory level of the resident. The Board agreed that the repairs were not completed to its satisfaction. Discussion then ensued about possibly establishing minimum guidelines for concrete repairs and the Board

asked JP to place the item on the next meeting agenda. Director Lackey stated that he will contact the Operator to discuss the driveway repairs at the residence on Amistad St.

XI. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 8:05 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 19<sup>th</sup> day of November, 2015.

  
Secretary, Board of Directors

**Exhibits:**

- "A" – CAPPS
- "A-1" – Fabb
- "A-2" – Lawns and More
- "B" – HCCO correspondence
- "C" – Operator's Report
- "D" – Engineer's Report