

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, December 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, December 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: 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"); Kristen Scott of Bob Leared Interests Inc. ("Tax Assessor/Collector"); and Andrew P. Johnson, III, and Scott Eidman, attorneys, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney"). Also present was Perry Liston, a resident of the District; and Chris Sweeney of Greenspoint Investors.

The President called the meeting to order at 6:40 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. **Tax Assessor/Collector's Report.** The President recognized Ms. Scott who presented and reviewed the Tax Assessor/Collector's Report for the month of November 2015, a copy of which is attached hereto as Exhibit "A". Ms. Scott reported that 99.752% of the District's 2014 tax levy had been collected as of November 30, 2015.

Ms. Scott next inquired whether the Board would like to obtain an aerial photo of the District for the purpose of verifying the accuracy of the tax rolls prepared by the Harris County Appraisal Records. The Board agreed it is not necessary to prepare a new aerial map at this time.

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 Tax Assessor/Collector's Report; and (ii) authorized payment of checks numbered 1121 through 1126 from the Tax Account.

III. **General Business.**

- A. District's Website. There were no new matters to report.
- B. Pay Bills and Pay Estimates. Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved check no. 13891, which will be listed on the next Bookkeeper's report.
- C. Engage Auditor for Reimbursement Audit for WF Residential ("WF"). Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the Reimbursement Audit Engagement Letter with McCall Gibson Swedlund Barfoot PLLC related to the audit of invoices and schedules submitted by WF, a copy of which is attached hereto as Exhibit "B".

[Mr. Johnson entered the meeting.]

- D. Annual Agenda for 2016. It was consensus of the Board to approve the Annual Agenda for 2016, a copy of which is attached hereto as Exhibit "C".
- E. Out of District service request for 23822 State Hwy 249. The President recognized Mr. Sweeney who stated that he represents the owner of the property located at 23822 State Hwy 249, Greenspoint Investors, who are planning a multi-phased development of the property. The first phase of the development includes a 12,000 square foot seasonal building, and the second phase is for the development of a 100,000 square foot office/warehouse complex. Mr. Sweeney stated that the Owner prefers to have the property annexed into the District but was told that the fireworks stand located at the front of the property may need to be removed due to the District's Strategic Partnership Agreement with the City of Houston. Mr. Johnson stated that JP will check whether the new strategic partnership agreements contain regulations prohibiting fireworks stands. If so, one of the options may be to exclude the fireworks stand property from the SPA. Director Lackey stated that the District prefers to annex the property versus provide out-of-district services as it would like to have the control over the water/sewer facilities due to its plans to expand its boundaries further to the south. Additionally, it is in the best interest of the Owner to be annexed into the District as he may be reimbursed for the construction costs of the water and/or sewer facilities. Extensive discussion ensued after which the Board informed Mr. Sweeney that the District's Engineer was authorized at the previous Board meeting to prepare a feasibility study for the proposed annexation of the property, subject to receipt of the annexation deposit. Mr. Sweeney then thanked the Board for its time and departed the meeting.

[Mr. Johnson departed the meeting.]

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 "D". Mr. Plunkett reviewed the production report which indicated that the District's billed vs. produced water accountability was 97.9% for the period from October 14, 2015 through November 13, 2015. Mr. Plunkett noted that during the last month 77.80% 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 spare pump for the Wastewater Treatment Plant has been purchased at a cost of \$8,750, and should be delivered in eight (8) to ten (10) weeks.

Mr. Plunkett next reviewed correspondence from the owner of the commercial property located at 27700 Tomball Parkway requesting a water bill adjustment due to a water leak. Mr. Plunkett stated that the customer's water usage last month was 212,000 gallons while their highest water usage prior to the last month was 113,000 gallons. Mr. Plunkett recommended the Board adjust the water bill to its previously recorded highest usage of 113,000 gallons, which would result in a credit to the customer of \$2,300 - \$2,000 for the security fee adjustment, \$100 for the sewer fee adjustment, and \$200 for the water fee adjustment.

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 Daniel, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) approved the water bill adjustment in the amount of \$2,300 for the property located at 27700 Tomball Parkway, as recommended by the Operator; (ii) authorized termination of service to customers listed on the Termination List, in accordance with provisions of the District's Rate Order; and (iii) approved the Operator's Report as presented.

V. **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 "E".

- 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 funds release application for Willow Falls, Section 4 and the HMT project has been

submitted to the Texas Commission on Environmental Quality ("Commission"). The Commission is anticipating issuing an approval letter in the next couple of weeks.

- E. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Pugh reported that the November 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. Mr. Pugh stated that IDS is requesting Board authorization to advertise the project for bids.
- G. WP Nos. 1 and 2. IDS is preparing flow diagram charts for both water plants. IDS met with the Operator and Director Lackey previous week to physically locate all isolation valves, as well as determine normal operating conditions.
- 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, 2, and 6 . Mr. Pugh reported that the design is in progress for emergency generators for LS Nos. 1, 2 and 6.
- 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 of the Grand Parkway right-of-way.
- 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 complete.
- R. Ashford Grove East, Phase 1 Stormwater Detention Facilities. Mr. Pugh reported that the construction is complete.
- S. Ashford Grove East, Sanitary Sewer Lift Station. Mr. Pugh reported that the construction is nearly complete.

Next, upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board (i) authorized IDS to advertise the Water Plant No. 2 project for bids; and (ii) 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 November 19, 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 November 19, 2015 meeting as amended.

VIII. **Other matters.** Director Lackey reported that dead trees located on the property which shares the fence with the District's facilities at Water Well No. 6 fell and damaged the fence. Director Lackey reminded the Board that similar incidents happened several times and the District had to pay for the fence repairs as the owner never responded to the letters requesting a reimbursement to the District for such damages. There are more dead trees located on the property and additional damages are highly possible. The Board then discussed legal options available to the District to recoup its expenses. No action was taken.

IX. **May 7, 2016 Directors Election.** Ms. Croon updated the Board regarding the upcoming May 7, 2016 Directors Election. She then discussed appointment of a designated agent for the May 7, 2016 Directors Election to perform the duties set forth in Sections 31.122 and 31.123 of the Texas Election Code, as amended. Ms. Croon reported that the District must post the Notice of Deadline to File Applications for Place on the Ballot no later than Monday, December 21, 2015. She further reported that the first day to file an application for a place on the ballot is Wednesday, January 20, 2016, and the last day to file an application for a place on the ballot is Friday, February 19, 2016.

Upon motion by Director Dunn, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board appointed Johnson Petrov LLP as the District's designated agent for the May 7, 2016 Directors Election, and authorized posting the Notice of Deadline to File Applications for Place on the Ballot.

X. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 8:12 p.m.

Passed and approved this 21st day of December, 2015.



Secretary, Board of Directors

Exhibits:

- "A" – Tax Collector Report
- "B" – Audit Engagement Letter
- "C" – Annual Agenda 2016
- "D" – Operator's Report
- "E" – Engineer's Report