

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, January 7, 2016

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, January 7, 2016, 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"); Kay Townsley and Randy Grimes 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 6:35 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.** There were no new matters to report.
 - B. **Pay Bills and Pay Estimates.** There were no pay bills/estimates presented.
 - C. **Interlocal Agreement for Law Enforcement Service with Harris County effective March 1, 2016 through February 28, 2017 ("Interlocal Agreement").** Upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board approved the Interlocal Agreement, a copy of which is attached hereto as **Exhibit "A"**.
- 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 "B"**. Mr. Plunkett reviewed the production report which indicated that the District's billed vs. produced water accountability was 97.7% for the period from November 14, 2015 through December 14, 2015. Mr. Plunkett noted that during the last month 98.11% of the District's water came from the surface water source with the remainder from the District's groundwater wells.

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. Plunkett reported that the Compass Bank online bill pay option was shut down by Compass Bank due to a fraudulent activity. The Bank is in the process of addressing the issue.

Next, upon motion by Director Cook, seconded by Director Lackey, 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 "C".

- A. Operations Committee Meeting. Mr. Carpenter stated that the Operations Committee meeting will need to be scheduled. Following discussion, the Operations meeting was scheduled for January 28, 2016.
- B. Grand Parkway. Mr. Carpenter reported that the construction is complete. The final reimbursement package has been completed and will be submitted to Harris County. Mr. Carpenter asked the Board to approve the Affidavit of Bills Paid in the amount of \$331,586.19, a copy of which is attached to the Engineer's Report.
- 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 has requested that Harris County address the blockage.
- D. Surplus Funds Release Application. Mr. Carpenter reported that the surplus funds release application for Willow Falls, Section 4 and the HMT project has been approved by the Texas Commission on Environmental Quality ("Commission"). The Developer has been reimbursed.
- E. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Carpenter reported that the December 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. The plans and specifications will be reviewed with the Operator and Director Lackey at the next Operations Committee meeting.
- G. WP Nos. 1 and 2. IDS is preparing flow diagram charts for both water plants. The Operator is working to locate a few valves needed to finalize the charts.
- H. Phase 3 Sanitary Sewer Cleaning and Televising. Mr. Carpenter stated that IDS is reviewing the videos and will prepare a recommendation for rehabilitation.

- I. WWTP Odor Control. Mr. Carpenter stated that the manufacturer has ordered the equipment.
- 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. 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. The construction is nearly complete.
- Q. Ashford Grove East, Section 2 WS&D Facilities. The design is complete.
- R. Ashford Grove East, Phase 1 Stormwater Detention Facilities. The construction is complete.
- S. Ashford Grove East, Sanitary Sewer Lift Station. The construction is nearly complete.

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 Affidavit of Bills Paid in the amount of \$331,586.19 related to the Grand Parkway final reimbursement package; and (ii) approved the Engineer's Report.

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

- A. New Contract Disclosure Requirements under House Bill 1295. Mr. Eidman reported that as of January 1, 2016, recently enacted House Bill 1295 ("HB 1295") will apply to all District contracts that require Board approval or have a total value of \$1 million or more. He further explained that, pursuant to the bill, the District may not enter into a contract with a business entity unless that entity has (1) filed a Texas Ethics Commission ("TEC") Form 1295; and (2) supplied a signed copy of same and a Certification of Filing from the TEC to the District.

Mr. Eidman presented a memorandum regarding same to the Board and Consultants, a copy of which is attached hereto as Exhibit "D".


- B. Conveyance documents related to Willow Falls, Section 4. Mr. Eidman reviewed the Utility System Conveyance Agreement to WF Residential for Willow Falls, Section 4, copy of which is attached hereto as Exhibit "E". He recommended the Board accept the conveyance of the facilities.
- C. Approval of minutes of the December 21, 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 December 21, 2015 meeting as presented.

Upon motion by Director Dunn, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the Attorney's Report including the Utility System Conveyance Agreement for Willow Falls, Section 4.

VII. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 7:35 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 21st day of January, 2016.



Secretary, Board of Directors

Exhibits:

- "A" – Interlocal Agreement
- "B" – Operator's Report
- "C" – Engineer's Report
- "D" – HB 1295 Memo
- "E" – Utility Conveyance Agreement