

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, February 4, 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, February 4, 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: Kameron Pugh of IDS Engineering Group ("IDS" or "Engineer"); Mike Plunkett of Eagle Water Management, Inc. ("Eagle" or "Operator"); Kaye Townsley and Katherine Turner 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 Rob Barnes, a member of Stonepine Homeowners Association ("HOA").

The President called the meeting to order at 6:49 p.m., and in accordance with the notice posted pursuant to law, the following business was transacted:

I. **Public Comment.** Mr. Barnes introduced himself and thanked Director Lackey for attending the National Night Out for the Stonepine subdivision. Mr. Barnes stated that the HOA is interested in a possible partnership with the District on potential development of parks and/or recreational facilities in the community. He also informed the Board that Stonepine residents have been complaining about the lack of visibility of the Harris County Precinct 4 Constables in Stonepine. Director Bishop noted that most HOAs in the District have appointed a security liaison who reports any security related issues to the District's security coordinator.

II. General Business.

- A. Best Trash report. No report was presented. Director Bishop asked that Best Trash and Residential Recycling and Refuse of Texas ("RRRT") be asked to avoid collecting garbage/recycling on Sandy Stream next to the School in the Three Lakes East subdivision between 7:30 a.m. and 8:30 a.m. She stated there is too much traffic in the area during the school drop off time with all the garbage /recycling trucks, school buses and parents dropping off kids.
- B. District's Website. There were no new matters to report.
- C. 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. 14052, which will be listed on the next month's Bookkeeper's Report.

- D. Interlocal Agreement for Law Enforcement Service with Harris County. No action was taken.

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 "A". Mr. Plunkett reviewed the production report which indicated that the District's billed vs. produced water accountability was 98.67% for the period from December 15, 2015 through January 13, 2016. Mr. Plunkett noted that during the last month 84.24% of the District's water came from the surface water source with the remainder from the District's groundwater wells.

Mr. Plunkett reviewed a proposal from Electrical Field Service ("EFS") to either repair or replace the sludge pump at the Wastewater Treatment Plant. He noted that a cost to repair the pump is \$10,125 and a total cost to replace it is \$17,427.

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 Bishop, after full discussion and with all Directors present voting aye, the Board (i) elected to approve the EFS proposal to replace the pump at the total cost of \$17,427, subject to receiving Form 1295 from EFS; (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.

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 "B".

- A. Operations Committee Meeting. Mr. Pugh stated that the Operations Committee meeting will need to be scheduled. Following discussion, the Operations meeting was scheduled for February 25, 2016.
- B. Grand Parkway. Mr. Pugh reported that the construction is complete.
- C. Gladewater Drainage. Mr. Pugh reported that the contractor was unable to televisé the storm sewer as portions of the line along Gladewater are blocked. IDS has requested that Harris County address the blockage.
- D. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Pugh reported that the January 2016 laboratory test results for benzene, toluene, ethyl benzene, or xylene (BTEX) in Water Wells Nos. 2, 3, 4, 5, and 6 are non-detect.
- E. 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. The plans and specifications will be reviewed with the Operator and Director Lackey at the next Operations Committee meeting.
- F. 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.
 - G. Phase 3 Sanitary Sewer Cleaning and Televising. Mr. Pugh stated that IDS is reviewing the videos and will prepare a recommendation for rehabilitation.
 - H. WWTP Odor Control. Mr. Pugh stated that the manufacturer has ordered the equipment.
 - I. Sandy Stream Sewer Capacity Evaluation: Upsize required for Dungrove tract. There were no new matters to report.
 - J. 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.
 - K. Emergency Generators for LS Nos. 1 and 2. Mr. Pugh reported that the design is nearly complete for emergency generators for LS Nos. 1 and 2. IDS has received a quote for the electrical transfer switches as well as a budget for the installation of the generators at both sites.
 - L. NorthPointe Center – Phase 2 (Santikos). There were no new matters to report.
 - M. Adriatic Café (Ekrem & Alban, LLC). Mr. Pugh reported that a new restaurant is being proposed along Windsor Point. The developer has requested seven (7) equivalent single family connections ("ESFC") for water/wastewater and two (2) ESFCs for irrigation. IDS reviewed the capacity request and recommends the Board approve a utility commitment for the project.
 - 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 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 Cook, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board (i) approved the utility commitment letter for Adriatic Café, as recommended by IDS; and (ii) approved the Engineer's Report.

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

VI. **Attorney's Report.**

A. **Approval of minutes of the January 21, 2016 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 January 21, 2016 meeting as amended.

VII. **Executive Session.** Next, at 7:58 p.m., the President called an Executive Session, pursuant to Section 551.071 and Section 551.076 of the Open Meetings Act, to discuss security matters and 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 Dunn, seconded by Director Cook, the Board reconvened the meeting in Regular Session at 8:25 p.m. No action was taken in the Executive Session.

IX. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 8:25 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 18th day of February, 2016.


Secretary, Board of Directors

Exhibits:

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