

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, March 3, 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, March 3 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., of IDS Engineering Group ("IDS" or "Engineer"); Mike Plunkett of Eagle Water Management, Inc. ("Eagle" or "Operator"); Kaye Townsley of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); Corporal Thomason and Sergeant Walton of the Harris County Precinct 4 Constable's Office ("HCCO") and Scott Eidman, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney"). Also present was Jennifer Smith of Accurate Meter & Supply.

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. **General Business.**
 - A. **District's Website.** Director Lackey noted that the website notice informing residents that the District has a 100 percent contract with HCCO and is not affected by the issues reported by KHOU Channel 11 has been posted.
 - B. **Pay Bills and Pay Estimates.** Upon motion by Director Bishop, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board approved Check Nos. 14121 and 14122, which will be listed on the next month's Bookkeeper's Report.
 - C. **Security System proposals.** This matter was tabled.
 - D. **Cellular Data Services proposal.** This matter was tabled.
 - E. **Accurate Meter Electronic Metering proposal.** The President recognized Ms. Smith who reviewed a proposal to provide BEACON Automatic Read Meters ("ARM") for the District at a total cost of \$733,375. A copy of the proposal is

attached hereto as Exhibit "A". Ms. Smith stated that BEACON ARMs include Beacon software and a monthly subscription charge billed by Badger Meter is \$0.89 per meter. Discussion ensued regarding utilizing the District's surplus funds to fund the purchase and installation of the meters. Mr. Plunkett stated that Eagle should be able to install approximately 100 meters a month and newly constructed homes would automatically receive BEACON ARMs.

Next, upon motion by Director Bishop, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the Accurate BEACON ARMs proposal, subject to the Board's approval of the Agreement with Accurate.

- F. Security System Maintenance Agreement. This matter was tabled until later in the meeting.

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 January 14, 2016 through February 13, 2016. Mr. Plunkett noted that during the last month 96.6% of the District's water came from the surface water source with the remainder from the District's groundwater wells.

Mr. Plunkett noted that Electrical Field Service ("EFS") will deliver the new sludge pump for the Wastewater Treatment Plant within the next twelve weeks.

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.

Director Dunn reported on her correspondence with Residential Recycling and Reuse of Texas, the District's recycling service provider, regarding scheduling of an e-waste and document destruction event.

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 March 31, 2016.

- B. Grand Parkway. Mr. Carpenter reported that the construction 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 has requested that Harris County address the blockage.
- D. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Carpenter reported that the February 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. 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.
- 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. Carpenter stated that IDS is reviewing the videos and will prepare a recommendation for rehabilitation.
- H. WWTP Odor Control. Mr. Carpenter stated that the Operator is preparing to install 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. 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. IDS shall obtain bids for the control panel replacements.
- K. Emergency Generators for LS Nos. 1, 2 and 6. Mr. Carpenter reported that the design is complete for emergency generators for LS Nos. 1, 2 and 6. IDS has received a quote for the electrical transfer switches for LS Nos. 1 and 2. LS No. 6 already has a transfer switch, thus a quote is not required. Mr. Carpenter stated that IDS recommends the Board approve the direct purchase of the transfer switches for LS Nos. 1 and 2 in the amount of \$21,972 from Strategic Protection System. A copy of the proposal is attached to the Engineer's Report. Mr. Carpenter stated that IDS received quotes for the purchase of the three (3) generators, however, the quotes were higher than \$75,000. The project will need to be publicly bid.
- L. WWTP Rehabilitation. IDS is planning to inspect all wastewater facilities, and will generate a construction cost estimate to rehabilitate the facilities.
- M. LS No. 2 – Sanitary Sewer force main. The Operator recently made a temporary repair to a steel section of the force main. When this line was installed, the City of Houston (the "City") and Harris County Flood Control District ("HCFCD")

only allowed steel pipe for vertical off-sets. The steel pipe has severely corroded and needs to be replaced. IDS spoke to the City and HCFC and they both agreed to allow PVC for this section of pipe. IDS plans to present an engineering proposal to design the replacement at the next Board meeting.

- N. NorthPointe Center – Phase 2 (Santikos). There were no new matters to report.
- O. Adriatic Café (Ekrem & Alban, LLC). Mr. Carpenter reported that the engineer for the developer is planning to submit preliminary construction plans in the coming weeks.
- P. 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.
- Q. HMT Property Water Distribution and Sanitary Sewer Line (the "Project"). The Project is complete.
- R. Ashford Grove East, Section 1, WS&D Facilities. The construction is complete.
- S. Ashford Grove East, Section 2, WS&D Facilities. The design is complete.
- T. Ashford Grove East, Phase 1 Stormwater Detention Facilities. The construction is complete.
- U. Ashford Grove East, Sanitary Sewer Lift Station. The construction is nearly complete.

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 direct purchase of the transfer switches for LS Nos. 1 and 2 in the amount of \$21,972 from Strategic Protection System, subject to receiving Form 1295; and (ii) approved the Engineer's Report.

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

VI. **Executive Session**. Next, at 7:55 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.

VII. **Regular Session**. Upon motion by Director Cook, seconded by Director Bishop, the Board reconvened the meeting in Regular Session at 8:50 p.m. No action was taken in the Executive Session.

VIII. **Security System Maintenance Agreement**. Upon motion by Director Cook, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board terminated the District's Security System Maintenance Agreement with BL Technology, Inc.

IX. **Attorney's Report.**

- A. Approval of minutes of the February 18, 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 February 18, 2016, meeting as amended.

X. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 9:05 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 17th day of March, 2016.


Secretary, Board of Directors

Exhibits:

- "A" – Accurate proposal
- "B" – Operator's Report
- "C" – Engineer's Report