

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

### Minutes of Meeting Thursday, April 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, April 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: Teague Harris, P.E., of IDS Engineering Group ("IDS" or "Engineer"); Mike Plunkett and Chris Weathers 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 Andrew P. Johnson, III, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney"). Also present were Caleb Burson and Jennifer Smith of Accurate Meter & Supply; Michael Hambrick and Rob Barnes of Stonepine Homeowners Association ("HOA"); and Tamara Vasquez, a resident of the District.

The President called the meeting to order at 6:43 p.m., and in accordance with the notice posted pursuant to law, the following business was transacted:

I. **Public Comment.** The President recognized Mr. Barnes who reported on the matters discussed at the annual HOA meeting. He informed the Board that fifty percent (50%) of Stonepine residents in attendance have expressed concerns about the lack of visibility of HCCO Constables in Stonepine.

The President next recognized Ms. Vasquez who discussed correspondence received from the District requesting reimbursements of cleanup costs incurred by the District for disposal of construction debris on District property. Sergeant Walton stated that he responded to the call regarding the construction debris and Mr. Vasquez admitted to disposing of the debris on the District property. Sergeant Walton pointed out that disposing of solid waste on public or private property is a Class C misdemeanor punishable with fines up to \$500, jail up to 30 days or a combination of both. Sergeant Walton stated that in this case, the District is only asking that it be reimbursed for the clean up costs in the amount of \$400.

Director Lackey stated that the concrete dumped on the District property is a potential liability to the District as when covered with grass, it is invisible to the contractors mowing the area as well as to residents walking or jogging on that path.

Ms. Vasquez discussed her family situation and ability to pay the cleanup costs. It was noted that the Board previously agreed to offer Ms. Vasquez a four (4) month payment plan. However, the Board is willing to accept a longer payment plan, if requested by Ms. Vasquez.

[Ms. Vasquez departed the meeting.]

## II. **General Business.**

- A. District's Website. The Board discussed door-to-door solicitations about free water testing. Mr. Plunkett stated that a notice shall be posted notifying residents that the District is not performing any water testing at this time on the District's website.
- B. Pay Bills and Pay Estimates. Upon motion by Director Bishop, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board approved Check No. 14188, which will be listed on the next Bookkeeper's report.
- C. Security System proposals. This matter was tabled.
- D. Accurate Meter Electronic Metering proposal. The President recognized Mr. Burson and Ms. Smith who discussed the previously approved proposal to provide BEACON Automatic Read Meters ("ARM") for the District, a copy of which is attached hereto as Exhibit "A". Mr. Johnson stated that the District may file a surplus funds application with the Texas Commission on Environmental Quality to pay for the meters, but not for the monthly subscription fees.
- E. Discussion on insurance proposals; solicit proposals (policy expires May 31). Ms. Croon reminded the Board that their current insurance coverage expires on May 31, 2016 and asked whether or not the Board wanted her to solicit proposals for renewal. Discussion ensued and it was the consensus of the Board that in addition to their current provider's proposal, they would like to see multiple proposals.
- F. Resolution Authorizing Electronic Payments to Harris County for Law Enforcement Interlocal Agreement ("Resolution") Upon motion by Director Bishop, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the Resolution, a copy of which is attached hereto as Exhibit "B".

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 production report which indicated that the District's billed vs. produced water accountability was 97% for the period from February 14, 2016 through March 14, 2016. Mr. Plunkett noted that during the last month 98.32% of the District's water came from the surface water source with the remainder from the District's groundwater wells.

Directors Bishop and Dunn reported that an e-waste and document destruction event sponsored by Residential Recycling and Reuse of Texas is scheduled for Saturday, May 21, 2016, at Kohrville Elementary School. Mr. Plunkett stated that an informational flyer will be inserted into customers' bills. Director Bishop stated that the Cub Scouts will distribute the flyers in the District. Director Dunn stated that the flyer will also be distributed to the HOAs in the District and, if permitted, it shall be distributed to Kohrville Elementary School students and possibly to Blackshear and Bernhausen.

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 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. Harris 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. Harris stated that the Operations Committee meeting will need to be scheduled. Following discussion, the Operations meeting was scheduled for April 28, 2016.
- B. Grand Parkway. Mr. Harris reported that the construction is complete. The District recently received payment from ZOPB for the cost associated with the relocation of the utilities in the amount of \$331,586.19. IDS has followed up with ZOPB on the meeting in the field regarding the slope protection on M122; however, a date of the inspection is yet to be received.
- C. Gladewater Drainage. Mr. Harris 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. It was noted that it appears the drainage has somewhat improved and the lines may need to be televised again.
- D. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Harris reported that the March 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. Harris 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 has located all valves needed to finalize the charts.

- G. Water Plant Nos. 1 and 2. IDS is planning to inspect all water plant facilities in the next month and generate a construction cost estimate to rehabilitate the facilities.
- H. Phase 3 Sanitary Sewer Cleaning and Televising. Mr. Harris stated that IDS reviewed the videos and found the following deficiencies:
- 13 spots in need of point repairs;
  - 3 spots with an obstruction in the line;
  - 500 linear feet of pipe that needs to be mechanically cleaned.

Mr. Harris reviewed a cost estimate proposal to repair the above-referenced deficiencies in the amount of \$107,250, a copy of which is attached to the Engineer's report.

- I. WWTP Odor Control. Mr. Harris stated that the Operator is preparing to install 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. Harris stated that the design for the replacement of control panels for LS Nos. 1 and 2 and Stormwater Pump Station No. 1 is complete. IDS shall obtain bids for the control panel replacements.
- L. Emergency Generators for LS Nos. 1, 2 and 6. Mr. Harris reported that the design is complete for emergency generators for LS Nos. 1, 2 and 6. The District authorized the purchase of the transfer switches. IDS is preparing the contract documents for the public bid of the generator purchase. The project should be advertised the following week, and the Board should be able to review the bids at the May 5, 2016 Board meeting.
- M. WWTP Rehabilitation. IDS is planning to inspect all wastewater facilities, and will generate a construction cost estimate to rehabilitate the facilities.
- N. LS No. 2 – Sanitary Sewer force main. Mr. Harris reported that the Harris County Flood Control District ("HCFCD") will allow a PVC sanitary sewer force main; however, it will require the line be located within a casing. To construct the replacement line, IDS will need to prepare a set of construction plans and obtain approvals from Harris County. IDS estimates that the cost of the project shall be \$75,000. A copy of the proposal by IDS is attached to the Engineer's Report.
- O. NorthPointe Center – Phase 2 (Santikos). There were no new matters to report.
- P. Adriatic Café (Ekrem & Alban, LLC). Mr. Harris reported that the engineer for the developer submitted a preliminary construction plan. The development will require a 6-inch waterline tap, and the waterline is located on the north side of

Windsor Point. The Operations Committee recommends that the cost associated with the bore be charged at actual costs and the meter installation be charged in accordance with the Rate Order with a multiple of three (3) times the actual costs.

- Q. 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.
- R. HMT Property Water Distribution and Sanitary Sewer Line (the "Project"). The Project is complete.
- S. Ashford Grove East, Section 1, WS&D Facilities. The construction is complete.
- T. Ashford Grove East, Section 2, WS&D Facilities. The design is complete.
- U. Ashford Grove East, Phase 1 Stormwater Detention Facilities. The construction is complete.
- V. Ashford Grove East, Sanitary Sewer Lift Station. The construction is nearly complete. Harris County recently issued a permit violation on the driveway for the lift station. When the construction plans for approval were submitted for approval to Harris County, IDS requested a driveway permit and development permit. Harris County inadvertently issued a development permit only. IDS has requested that Harris County remove the violation from the site and place a note on the permit to inspect the driveway at the time of the one-year inspection for the paving. If there are any deficiencies with the driveway, the lift station contractor will make the repairs under their warranty with the Developer and District.

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 repair proposal related to Phase 3 Sanitary Sewer Line at an estimated cost of \$107,250; (ii) approved the design proposal related to Lift Station No. 2 – sanitary sewer forcemain at an estimated cost of \$75,000; and (iii) approved the Engineer's Report.

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

VI. **Operator's Report (continued).** Mr. Plunkett reviewed correspondence from a resident who is moving out of the District and is requesting an extension on his water bill. The Board authorized the Operator to keep the deposit, if needed, to pay for the outstanding bill.

VII. **Attorney's Report.**

- A. Approval of minutes of the March 17, 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 March 17, 2016, meeting as amended.

VIII. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 7:58 p.m.

Passed and approved this 21<sup>st</sup> day of April, 2016.

  
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Secretary, Board of Directors

**Exhibits:**

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