

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, April 21, 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 21, 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: Mike Plunkett and Chris Weathers of Eagle Water Management, Inc. ("Operator"); Teague Harris, P.E. and Matthew Carpenter, P.E. of IDS Engineering Group ("IDS" or "Engineer"); Kaye Townley of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); Kristen Scott of Bob Leared Interests Inc. ("Tax Assessor/Collector"); Corporal Thomason and Deputy Scott of the Harris County Precinct 4 Constable's Office ("HCCO"); Scott Eidman, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("JP" or "Attorney"); and Britten Bundy, Rene Cordoza, Patrick Gamber, Bruce and Jennifer Weaver, N. Darcy Gates, Bobby Vasek, Jordan and Jacqueline Rhone, Ciara Gehman, Letisia Cuevas, and Rob Barnes, residents of the District.

The President called the meeting to order at 6:39 p.m. and in accordance with the notice posted pursuant to law, the following business was transacted:

- I. **Public Comment.** This matter was tabled until later in the meeting.
- II. **Security Report.** Corporal Thomason discussed the crime in District. He noted that no crime activity was reported at Silverado Movie Theater during the previous month.
- III. **General Business.**
 - A. **District's Website.** Director Lackey reported that a notice related to the recent flooding issues in Northern Point subdivision has been posted on the District's website.

Director Bishop next informed residents about an e-waste and document destruction event scheduled for Saturday, May 21, 2016, at Kohrville Elementary School. Director Bishop stated that an informational flier regarding the event will be distributed to Kohrville, Blackshear, and Bernshausen Elementary School students and inserted into customer's water bills. Director Dunn stated that a revised flier regarding the event will be posted on the District's website.

- B. Northern Point flooding. This matter will be discussed under the Engineer's Report later in the meeting.
- C. Emergency Operations and repairs to District Facilities. There were no matters to report.
- D. Residential Recycling and Reuse of Texas ("RRRT") Monthly Recycling Report. This matter was tabled until later in the meeting.
- E. Security System proposals. This matter was tabled until a future Board meeting.
- F. Arbitrage Compliance Specialist ("ACS") Report ("Report"). The Board reviewed the Arbitrage Rebate and Yield Restriction Compliance Service Program Report, a copy of which is attached hereto as Exhibit "A".

Upon motion by Director Cook, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board approved the Report.

- G. Resolution Authorizing Use of Surplus Funds ("Resolution"). Mr. Eidman presented to and reviewed with the Board the Resolution for the Badger Electronic water meters. Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the Resolution.

IV. **Tax Assessor/Collector's Report.** Ms. Scott reviewed the Tax Assessor/Collector's Report for the month of March 2016, a copy of which is attached hereto as Exhibit "B". Ms. Scott reported that 98.44% of the District's 2015 tax levy had been collected as of March 31, 2016.

Upon motion by Director Cook, seconded by Director Bishop, 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 1163 through 1169 from the Tax Account.

V. **Bookkeeper's Report.** Ms. Townley reviewed the Bookkeeping Report, a copy of which is attached hereto as Exhibit "C". She also reviewed the draft Budget for Fiscal Year Ending May 31, 2017 and the Quarterly Investment Report, copies of which are attached to the Bookkeeping Report.

Director Bishop discussed the budget for the WaterWise Program and stated that in addition to sponsoring Kohrville Elementary School and Blackshear Elementary School, the District may want to sponsor Bernshausen Elementary School as well, unless Bernshausen Elementary School is already being sponsored by a district and/or company. Director Dunn stated that she will contact the Harris-Galveston Subsidence District to determine whether Bernshausen Elementary School currently has a Program Sponsor.

Ms. Townley reviewed the Unclaimed Property Report for the period from March 1, 2014 – February 28, 2016, a copy of which is attached to the Bookkeepers Report.

Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion, and with all Directors present voting aye, the Board voted to (i) approve the Bookkeeper's Report; Quarterly Investment Report; and Unclaimed Property Report; (ii) authorize payment of Check Nos. 114187 through 114261 from the Operating Fund, and (iii) authorize payment of Check No. 1679 from the Capital Projects Fund.

VI. **Developer's Report.** There was no report.

VII. **Attorney's Report.**

A. **Texas Department of Transportation ("TDoT") Quitclaim Deed.** Mr. Eidman presented and reviewed a quitclaim deed for existing property rights related to SH 99- Grand Parkway Segments F1, F2, G1, and G2, a copy of which is attached hereto as Exhibit "D".

B. **Minutes of April 7, 2016 Board meeting.** This matter was tabled until later in the meeting.

VIII. **Residential Recycling and Reuse of Texas ("RRRT") Monthly Recycling Report.** The Board reviewed the recycling report, a copy of which is attached hereto as Exhibit "E".

IX. **Engineer's Report.** The President introduced Mr. Harris and Mr. Carpenter after which Mr. Carpenter presented a report related to the recent flooding issues in Northern Point subdivision, a copy of which is attached hereto as Exhibit "F".

Mr. Carpenter stated that Houston and the surrounding areas experienced an extreme weather event that resulted in major street flooding in the District. According to the rain data collected from the Harris County Flood Control District ("HCFCD") Warning System rain gauge on Willow Creek near State Highway 249, from April 17, 2016 at 6 p.m. to April 18, 2016 at 5 p.m., rainfall amounted to 12.6 inches. HCFCD defines the 100-year storm event for this area as 12.4 inches in a 24-hour period. According to this data, the District experienced a storm event that was slightly greater than a 100-year event. In the most intense six (6) hours of the storm, the Willow Creek rain gauge measured 10.48 inches of rain. HCFCD defines the 500-year storm event for this area as 10.4 inches in a six (6) hour period. According to this data, the District experienced a storm event that was slightly greater than a 500-year event during the most intense six (6) hour period.

The storm sewer systems in not only the District, but also Harris County, are designed to accommodate the two (2) year storm event. Mr. Carpenter stated that any water run-off greater than the two (2) year event, flows through the streets to a stormwater detention basin. Stormwater detention basins in Harris County are typically designed for the 100-year storm event. Stormwater detention basins are designed to hold storm water runoff for a period of time, and slowly release the water to a receiving stream slowly, as to not cause flooding downstream. The design of the stormwater drainage and detention systems is reviewed and approved by Harris

County and HCFCD. Mr. Carpenter stated that based on the most current information, the District is unaware of any structural flooding in the District, however, there was significant street flooding, especially in Northern Point subdivision.

Mr. Carpenter reported that Northern Point Subdivision was initially developed in 2003, and it included a storm sewer system and a pumped storm water detention basin. The stormwater system appears to have been designed and constructed within the design criteria in place at the time of development. The pumped stormwater detention basin was designed to be able to pump 4,500 gallons per minute ("gpm") of water from the basin to the receiving stream. The controls for the pump station are supposed to automatically engage when water in the basin reaches a certain level, which is approximately three (3) feet from the bottom of the basin. Mr. Carpenter stated that when the first pump in the pump station is not able to keep up with the flow, a second pump engages automatically, approximately 11 feet from the bottom of the basin; when the first and second pump in the pump station are not able to keep up with the flow, a third pump engages automatically, which is approximately 13 feet from the bottom of the basin; and finally, if all of the pumps are not able to keep up, the controls call the Operator for the District to notify them that the water in the basin is rising and the pump station cannot keep up with the flow coming into the basin, which is approximately five (5) feet below the top of the basin.

In addition to the standard controls on the pump station, the District installed an emergency stand-by generator so that in the event of a power loss, the pump station would still operate. Based on information provided to IDS from the Operator, the District has no reason to believe that the pump station did not operate as designed.

Mr. Carpenter stated that the District will work over the next month to provide a more detailed report of the drainage system, the storm event, and what we believe were the contributing factors to the street flooding.

[Mr. Plunkett entered the meeting.]

Director Lackey stated that the District has ten (10) subdivisions and Northern Point subdivision is the only one which flooded. He stated that the flooding event has been a learning experience and more information will be available on the District's website to improve the District's communication with residents. Director Lackey further stated that the Board understands residents' concern; however, some residents were using social media to spread false information about the flooding and the pumps being disabled. He also encouraged residents to contact the District for answers on any matters related to District business.

Director Lackey next discussed possible reasons for the flooding in Northern Point stating that the District's Engineer will examine the drainage system and provide a report to the Board regarding same. He further noted that trash floating on the streets during the rainfall may have contributed to the flooding by clogging the pumps and/or inlets. He further stated that the Board found an extra pump outside the District to be used in Northern Point to transfer water to another basin.

Director Lackey then stated that it is unacceptable to the Board that a subdivision in the District has experienced flooding issues and, while it cannot guarantee reoccurrence, it can guarantee that the pump stations, emergency generators and other equipment are well maintained and in good order. Director Lackey pointed out that when it comes to reliability and functionability, the District's facilities are equal to or mostly better than facilities of other districts and some cities as well. He then informed residents about the District's equipment noting the District has ten (10) emergency generators and two (2) more on order.

Corporal Thomason next reported that he was patrolling the District on the evening of April 17, 2016 and had contacted Director Lackey around 1:30 a.m. to inform him about the street flooding in the District. In addition to the flooding, there was a gas leak at the CenterPoint gas line with a potential to destroy several homes. Director Lackey stated that he contacted CenterPoint that evening and waited for its representative to come to turn off the gas.

The Board and Mr. Carpenter next responded to several questions from residents. Mr. Carpenter pointed out that the storm sewer maintenance is the responsibility of Harris County; however, if the County is slow to respond, the District will most likely perform an inspection to ensure they function as designed. Mr. Carpenter also stated that his report related to the street flooding in the District should be available in four (4) to six (6) weeks.

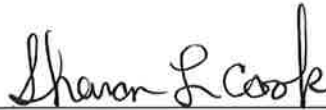
[Residents departed the meeting.]

X. **Attorney's Report.** Upon motion by Director Dunn, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the April 7, 2016 minutes as amended; and authorized the President to execute the quitclaim deed related to the Grand Parkway project.

XI. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 9:20 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 5th day of May, 2016.


Secretary, Board of Directors

Exhibits:

- "A" ACS Report
- "B" Tax Assessor/Collector's Report
- "C" Bookkeeper's Report
- "D" Quitclaim Deed
- "E" Recycling Report
- "F" Engineer's Report