

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, May 5, 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, May 5, 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: Matt Carpenter, P.E. and Kameron Pugh 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"); Noel Barfoot of McCall, Gibson & Company, P.L.L.C. ("Auditor"); 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 Rob Barnes of Stonepine Homeowners Association ("HOA"); and Perry Liston, a resident of the District.

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.** There were no matters to report.
 - B. **Pay Bills and Pay Estimates.** There were no action items.
 - C. **Security System proposals.** This matter was tabled.
 - D. **Discuss Insurance Proposals.** This matter was tabled until the next Board meeting.
 - E. **Emergency Notification proposal.** This matter was tabled.
- 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 104.05% for the period from March 16, 2016 through April 16, 2016. Mr. Plunkett noted that during the last month 99.42% of the District's water came from the surface water source with the remainder from the District's groundwater wells.

Mr. Plunkett presented the Board with the Eagle Water Management, Inc.'s new proposed Schedule of Rates for the District, a copy of which is attached hereto as Exhibit "B". Mr. Plunkett noted that the last rate increase was approved three (3) years ago.

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 Bishop, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) approved the Operator's new Schedule of Rates; (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. **First Amendment to Agreement for Law Enforcement Services ("Amended Agreement")**. Ms. Croon presented to and reviewed the Amended Agreement. She stated that effective July 9, 2016, the Amended Agreement will be for one (1) sergeant and six (6) deputies who will spend one hundred percent (100%) of their working time in the District. The original Agreement provided for one (1) sergeant and five (5) deputies at one hundred percent (100%).

Next, upon motion by Director Cook, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board approved the Amended Agreement.

V. **Engage Auditor**. The President next recognized Mr. Barfoot, who presented and reviewed an audit engagement letter, a copy of which is attached hereto as Exhibit "C".

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board accepted the proposal as presented and authorized the President to execute the engagement letter.

VI. **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 "D".

A. **Northern Point Drainage**. Mr. Carpenter reported that since the last Board meeting, IDS prepared a topographic survey of the subdivision. IDS is evaluating the survey in order to make drainage improvement recommendations to the District. Mr. Carpenter further stated that the District's Operator had pulled and tested the stormwater pumps and if was determined that they were operating as intended.

Mr. Carpenter next stated that IDS has reviewed the construction plans and an estimated cost to inspect and clean the storm sewer system will be \$80,000. Mr. Carpenter asked for the Board's authorization to solicit bids for the cleaning and televising of the system.

Mr. Carpenter also reported that IDS has created an email account – HCMUD368@idseg.com - where residents may email photos of the storm event. Mr. Carpenter pointed out that the Operator needs to be contacted for assistance as the email account established by IDS is not closely monitored. Mr. Carpenter stated that several emails have been received to date and IDS will compile the photographs to assist in the investigation of the system.

- B. Operations Committee Meeting. Mr. Carpenter stated that the Operations Committee meeting will need to be scheduled. Following discussion, the Operations meeting was scheduled for May 26, 2016.
- C. Grand Parkway. Mr. Carpenter reported that 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 received a meeting request from ZOPB regarding the slope protection of M122 under the channel crossing.
- D. 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; however, the County never responded to the request. Mr. Carpenter stated that IDS recommends the District authorize the Operator to remove the debris from the storm sewer.

[Mr. Liston entered the meeting.]

- E. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Carpenter reported that the April 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.
- 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. IDS is planning to review the plans and documents with the Operations Committee at the next meeting.
- G. 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.
- H. Water Plant Nos. 1 and 2 rehabilitation. IDS is planning to inspect all water plant facilities in the next month and generate a construction cost estimate to rehabilitate the facilities.
- I. Phase 3 Sanitary Sewer Cleaning and Televising. Mr. Carpenter stated that IDS found the following deficiencies on the video:

- 13 spots in need of point repairs;
- 3 spots with an obstruction in the line; and
- 500 linear feet of pipe that need to be mechanically cleaned.

IDS will coordinate with the Operator to prepare a detailed estimate for the proposed work and develop a schedule for the repairs.

- J. WWTP Odor Control. Mr. Carpenter stated that the Operator is preparing to install the equipment.
- K. Sandy Stream Sewer Capacity Evaluation: Upsize required for Dungrove tract. There were no new matters to report.
- L. Lift Station ("LS") Panel replacements. Mr. Carpenter 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.
- M. Emergency Generators for LS Nos. 1, 2 and 6. IDS held a bid opening on April 29, 2016 for the purchase of emergency generators for LS Nos. 1 and 2 and received two (2) bids. A bid in the amount of \$161,961.12 was received from Generators of Houston; and Cummins Southern Plains submitted a bid in the amount of \$188,979. Mr. Carpenter stated that Generators of Houston proposed to provide Kohler generators, while Cummins Southern Plains proposed to provide Cummins Generators. Mr. Carpenter stated that IDS does not believe that Kohler equipment meets the District's specifications. IDS recommends the District award the purchase contract to Cummins Southern Plains in the amount of \$188,979.
- Mr. Carpenter stated that IDS plans to solicit bids for the installation of the generators.
- N. WWTP Rehabilitation. IDS is planning to inspect all wastewater facilities, and will generate a construction cost estimate to rehabilitate the facilities.
- O. LS No. 2 – Sanitary Sewer force main. Mr. Carpenter stated that IDS is working on the design of the FM replacement.
- P. NorthPointe Center – Phase 2 (Santikos). There were no new matters to report.
- Q. Adriatic Café (Ekrem & Alban, LLC). Mr. Carpenter reported that the final construction plans for the project have been received and IDS has issued a letter of No-Objection.
- R. 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.

- S. HMT Property Water Distribution and Sanitary Sewer Line (the "Project"). The Project is complete.
- T. Ashford Grove East, Section 1, WS&D Facilities. The construction is complete.
- U. Ashford Grove East, Section 2, WS&D Facilities. The design is complete. IDS is requesting authorization to advertise the project for bids.
- V. Ashford Grove East, Phase 1 Stormwater Detention Facilities. The construction is complete.
- W. Ashford Grove East, Sanitary Sewer Lift Station. The construction is nearly complete.
- X. Bond Application Report ("BAR"). Mr. Carpenter requested the Board's authorization to prepare BAR No. 13 related to the potential reimbursement for Ashford Grove East.

Next, upon motion by Director Dunn, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) authorized IDS to solicit bids for the cleaning and televising of the sanitary sewer system in Northern Point (ii) awarded the purchase bid for emergency generators for Lift Station No. 1 and 2 to Cummins Southern Plains in the amount of \$188,979, as recommended by IDS; (iii) authorized District Consultants to prepare BAR No. 13; and (iv) approved the Engineer's Report.

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

VIII. **Attorney's Report**.

- A. Badger Master Agreement. This matter was tabled.
- B. Approval of minutes of the April 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 April 21, 2016, meeting as amended.
- C. Other matters. Director Lackey discussed correspondence sent to a resident requesting that he reimburse the District for the cleanup costs for his construction debris disposed of on the District's property. Mr. Johnson stated that littering of the District property is in violation of the District's Rate Order and may result in the termination of water service and assessment of penalties. Mr. Johnson stated that the cleanup costs should be added to the resident's water bill and if not paid, his account should be added to the termination list.

Next, Mr. Liston thanked the Board for quick cleanup [of the streets] after the recent flooding.

IX. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 8:05 p.m.

Passed and approved this 19th day of May, 2016.



Secretary, Board of Directors

Exhibits:

- "A" – Operator's Report
- "B" – Eagle's Schedule of Rates
- "C" – Audit Engagement Letter
- "D" – Engineer's Report