

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, May 19, 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 19, 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"); Matthew Carpenter, P.E. and Kameron Pugh 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"); Lieutenant Jolly, Corporal Thomason and Sergeant Walton of the Harris County Precinct 4 Constable's Office ("HCCO"); Andrew Dunn of On-Site Protection, LLC (the "Security Coordinator"); Don Dulin of DonDulin.Com, LP.; Andrew P. Johnson, III, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("JP" or "Attorney"); and Rob Barnes of Stonepine Homeowners Association ("HOA").

The President called the meeting to order at 6:47 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 that the easement area on Meadow Crest and the easement area on Primrose is in need of mowing. He stated that the HOA maintains the area to the fence. Mr. Plunkett stated that the easement on Primrose is a pipeline easement owned by CenterPoint and as such, not maintained by the District. The Board then discussed the ownership of the easement on Meadow Crest. Mr. Barnes proposed the District start mowing the easement area closest to its side and the HOA would start mowing the easement areas on the HOA's side. Director Lackey stated that he will consult the District's landscape consultant regarding same.

II. **Security Report.** Sergeant Walton presented to and reviewed with the Board the Security Report, a copy of which is attached hereto as Exhibit "A".

[Lieutenant Jolly entered the meeting.]

Mr. Dunn next reviewed the internet performance report for District facilities, a copy of which is attached hereto as Exhibit "A-1".

III. General Business.

A. District's Website. The Board next discussed updates to the website. Director Cook noted that the election notices should be removed. The Board next discussed best ways to disseminate information and interact with residents through social media to regulate misinformation. Following discussion, the Board agreed that at this point, the District's website presents the best option to inform residents regarding all District matters. The Board then asked Mr. Dulin to start providing a monthly analytics report for the website.

B. Emergency Notification proposal. Mr. Dulin presented to and reviewed with the Board a proposal for developing an emergency notification system. He explained that the system utilizes text messaging to disseminate information to residents of the District. Mr. Dulin stated that the system can be customized so that residents would receive text notification related to their subdivision only. Mr. Dulin then discussed a mailer to residents soliciting signup for the emergency notification system. Mr. Plunkett stated that Eagle currently does not collect cell phone numbers; however, it can distribute a mailer to all current and future customers.

Next, upon motion by Director Daniel, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the Emergency Notification System proposal by Don Dulin, LP, a copy of which is attached hereto as Exhibit "B". Mr. Dulin stated that the proposed mailer shall be presented to the Board at the next Board meeting.

C. Residential Recycling and Reuse of Texas ("RRRT") Monthly Recycling Report. There was no report presented.

D. Security System proposals. This matter was tabled until a future Board meeting.

E. Ratify Operator's Fee Amendment. Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board ratified the Operator's Fee Amendment, approved at the May 5, 2016 Board meeting.

F. Insurance proposals. Ms. Croon stated that JP had solicited proposals from SIG/McDonald & Wessendorff Insurance, AquaSurance LLC. and Arthur J. Gallagher & Co. ("AG"); however, SIG/McDonald & Wessendorff Insurance, and AquaSurance LLC have declined to provide a proposal.

Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the proposal submitted by AG, the District's current insurance carrier, a copy of which is attached hereto as Exhibit "C".

G. Emergency Operations and repairs to District Facilities. Mr. Plunkett reported that a spare sludge pump for the Wastewater Treatment Plant has been delivered and will be placed in service. There were no emergency repairs in the District.

H. District meeting place. Director Lackey informed the Board that Graceview Baptist Church is planning to relocate outside of the District within the next two (2) years; thus the Board should start planning on finding a new meeting place.

IV. **Tax Assessor/Collector's Report.** Ms. Scott reviewed the Tax Assessor/Collector's Report for the month of April 2016, a copy of which is attached hereto as Exhibit "D". Ms. Scott reported that 98.836% of the District's 2015 tax levy had been collected as of April 30, 2016.

Next, Ms. Scott requested that the Board approve moving six (6) old personal property delinquent accounts to the uncollectible roll.

Upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board (i) approved the Tax Assessor/Collector's Report; (ii) authorized payment of checks numbered 1170 through 1178 from the Tax Account; and (iii) approved moving old personal property delinquent accounts to the uncollectible roll.

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

Mr. Barnes then addressed the Board stating there are currently four (4) different conversations occurring in the room which makes it very difficult for the public to follow the meeting. Director Bishop stated that the Consultants seated at other tables may consult among themselves as the meeting is conducted at the table where the Board is seated. Director Daniel stated that no action is being taken at the present time as Directors have questions regarding the District's proposed Budget, which the Consultants have to respond to prior to the Board taking any action.

[Mr. Barnes departed the meeting.]

Next, Director Bishop proposed that a separate budget account be established for the Northern Point Drainage project. It was also noted that an account be established for the emergency notification system in the amount of \$2,500; account no. 14125 – Meter Rental income – be decreased from \$18,600 to \$2,750; account no. 16135 – Maintenance and Repairs – Water – be decreased from \$229,000 to \$150,000; account no. 16325 – Election Expenses – be decreased from \$10,000 to \$0; account no. 16334.3 – Security Service – Overtime – be reduced from \$110,000 to \$60,000; account no. 16334.4 – Security Consulting – be decreased from \$14,150 to \$10,500; and account no. 16334.5 – Security – Outage & Change – be reduced from \$5,500 to \$4,000.

Next, upon motion by Director Bishop, seconded by Director Cook, after full discussion, and with all Directors present voting aye, the Board voted to (i) approve the Bookkeeper's Report (ii) authorize payment of Check Nos. 14264 through 14354 from the Operating Fund; (iii) authorize payment of Check No. 1680 from the Capital Projects Fund; and (iv) approve the Budget for Fiscal Year Ending May 31, 2017, as amended.

VI. **Engineer's Report.** The President recognized Mr. Carpenter who reviewed a map of the Northern Point subdivision and provided an update on the drainage study. Mr. Carpenter reported that IDS is still reviewing options aimed at improving drainage in Northern Point subdivision. He stated that the first step in addressing the drainage is to clean and televise the storm sewer system as the recent flooding occurred on the garbage collection day and lots of trash may have ended up in the drainage system. Mr. Carpenter reminded the Board that IDS was authorized to solicit bids for the cleaning and televising of the drainage system at the last meeting. Mr. Carpenter further stated that based on the preliminary review of the system, one of the recommended options may be to construct a swale at the Northern Point detention pond with a safety valve to improve drainage. He noted that IDS is also researching options of the Northern Point drainage moving to a different watershed, staying in the current watershed, or increasing the volume. Mr. Carpenter noted that more information should be available once the system is cleaned and televised after which IDS shall be able to determine if there are any obstructions in the system.

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

VIII. **Attorney's Report:**

Minutes of May 5, 2016 and May 16, 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 May 5, 2016 and May 16, 2016 Board meetings, as amended.

IX. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 9:14 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 2nd day of June, 2016.

Aleison V. Drum

Assist. Secretary, Board of Directors

Exhibits:

- "A" Security Report
- "A-1" Internet Performance report
- "B" Emergency Notification System proposal
- "C" Insurance proposal
- "D" Tax Assessor/Collector's Report
- "E" Bookkeeper's Report