

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, July 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, June 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, except for Sharon L. Cook, thus constituting a quorum. Consultants in attendance were: 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"); Corporal Thomason, and Sergeant Walton of the Harris County Precinct 4 Constable's Office ("HCCO"); Andrew Dunn and Matthew Dunn of On-Site Protection, LLC (the "Security Coordinator"); and Andrew P. Johnson, III, and Tyler Scully, attorneys, of Johnson Petrov LLP ("JP" or "Attorney").

The President called the meeting to order at 7:22 p.m. and in accordance with the notice posted pursuant to law, the following business was transacted:

- I. **Public Comment.** There were no public comments to report.
- 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".

Mr. Dunn reviewed the internet performance report for District facilities, a copy of which is attached hereto as Exhibit "A-1". Mr. Dunn noted that there was a cumulative total of 182 hours of downtime with all issues having been fixed except for the remaining issues at Solomon Road.

Mr. Dunn cautioned the Board that although the Verizon plan had been previously approved, he had reservations about the District security system being run by two security providers.

Director Lackey stated that he preferred having one security provider for ease of maintenance of issues because it takes away the risk of providers attempting to blame one another for any issues encountered.

Director Daniel indicated that he would obtain additional proposals from other security providers so that the Board can make an informed decision on the issue.

The Board concluded that Director Daniel and Director Lackey would gather at least three security proposals and present to the remainder of the Board for consideration.

III. General Business.

- A. District's Website. The Board requested that the "E-Waste" document destruction event notification be taken down. Additionally, the Board requested that a warning for hurricane season be placed on the District's website. Furthermore, the Board asked that the election items pertaining to the District be removed from the website.
- B. Emergency notifications. The Board voiced its displeasure with the lack of communication on the part of Mr. Don Dulin whose emergency notification messaging service, "Pocket Blitz", has still not been properly set up, nor has there been any further instruction for use of the service. The Board indicated that the District has again been charged a monthly fee of the use of this service. The Board indicated its displeasure that Mr. Dulin had not elected to act on invitations made by the Board to explain this situation or to explain why there are charges being submitted to the District when there is no basic functionality of the service for which the District is currently being charged.

The Board again indicated that Mr. Dulin needed to make an appearance to explain himself and the situation. The Board indicated its reluctance to completely terminate all of the services that Mr. Dulin provides, because Mr. Dulin also runs the District's website, which has had no operational issues.

Upon motion by Director Daniel, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board voted to terminate the "Pocket Blitz" emergency notification system and the services provided by Don Dulin only insofar as they relate to the "Pocket Blitz" messaging service.

- C. Verizon/Comcast proposal. Nothing to report.
- D. Emergency Operations and repairs to District Facilities. Mr. Weathers reported a failure of one of the "On-sight lift station" pumps, stating that the existing 32 HP KSB pump is not economically repairable. Mr. Weathers provided a quote to the Board with 3 options: 1. Price to repair pump is \$27,670.00; 2. Price of new 32 HP KSB pump is \$23,120.00; and 3 Price of alternate Flygt Pump \$31,025.00. The price of labor to install each of the pump is \$750.00

Mr. Weathers recommended that the Board select the Flygt Pump as its best option.

Upon motion by Director Bishop, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the

Mr. Weathers' recommendation that the Board replace the existing pump with the Flygt pump for a cost of \$31,025.00.

Additionally, Director Lackey presented the Board with a purchase order for the new Transfer Switches that are to be installed in the future. The purchase of the Transfer Switches was already previously approved by the Board, however Director Lackey indicated that he wanted to present the new purchase order to the Board for approval because this purchase order included the price of shipping and handling.

Upon motion by Director Daniel, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the new purchase order for the Transfer Switches which included shipping and handling and other associated costs.

- E. Monthly Recycling Report. Jerrell Wolff, President of Residential Recycling & Refuse of Texas, Inc., provided a letter to the Board dated June 16, 2016, in which a desire to increase the District's current rate of collection from \$2.40 per home to \$2.80 per home was expressed due to market changes.

The Board debated about whether this was a fair increase. Mr. Carpenter indicated that even with the increase, he believed it to be much lower than other District's prices that he has seen. Director Lackey indicated that from the information he has observed from other District's that he believed that this was a rate below what other homes are being charged in surrounding Districts.

Directors Daniel, Bishop and Dunn expressed an interest in also testing the market to see if there were other rates that would be competitive with this offer.

Upon motion by Director Daniel, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the requested price increase from Residential Recycling & Refuse of Texas, Inc., from \$2.40 to \$2.80 per home, and the Board agreed that it would test the market to determine how competitive this rate is.

- F. Security System proposals. This matter was tabled until a future Board meeting.
- G. Order Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Issuance of Bonds ("Order"). This was tabled for another meeting. Mr. Carpenter noted that IDS is close to being ready.
- H. Annual Review of District's Ethic's Policy, amend if necessary. There is nothing to report of amend at this time.
- I. Schedule Public Hearing to Authorize Termination of Service for Non-Payment of Delinquent Taxes. It was determined after consulting with the Tax Assessor/Collector that the earliest termination of service for non-payment of

Delinquent Taxes could occur in August, however, the Delinquent Tax Attorney has indicated that they wished to defer this until September.

IV. **Tax Assessor/Collector's Report.** Ms. Scott reviewed the Tax Assessor/Collector's Report for the month of June 2016, a copy of which is attached hereto as Exhibit "D". Ms. Scott reported that 99.2% of the District's 2015 tax levy had been collected as of June 30, 2016.

Ms. Scott indicated that Mrs. Hovarth called to explain that if deposited, her check to the District for her Homestead payment would not clear until sometime after August 7, 2016. It was explained to Mrs. Hovarth that the check had already been deposited and she would be responsible for any returned check fees that she faced. Additionally, Ms. Scott asked the Board what it wanted to do with Ms. Robyn M. Sarabia's account that has not had a payment made in almost two months. The Board agreed that sending her a final reminder note was appropriate.

Upon motion by Director Daniel, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) approved the Tax Assessor/Collector's Report; and (ii) authorized Tax Assessor/Collector to send a final reminder to the Ms. Sarabia regarding her balance due.

V. **Bookkeeper's Report.** Ms. Townley reviewed the Bookkeeping Report, a copy of which is attached hereto as Exhibit "E".

Next, upon motion by Director Daniel, seconded by Director Lackey, 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. 14527 and 14528 from the Operating Fund; and (iii) authorize payment of Check No. 1682 from the Capital Projects Fund.

VI. **Engineer's Report.**

Northern Point Drainage. Mr. Carpenter reported that IDS received bids for cleaning and televising on July 19, 2016. Mr. Carpenter stated that IDS received one bid on the project in the amount of \$53,123.60. Mr. Carpenter indicated that IDS recommends that the District award the contract to Camino Services in the amount of \$53,123.60.

Additionally, Mr. Carpenter reported that in order to properly model the storm sewer system and stormwater detention facility, IDS needs to prepare an XP-SWMM model so that IDS can accurately model sheet flow in the subdivision. Mr. Carpenter indicated that IDS proposed to perform this work on a time and materials basis, and that IDS estimates that the cost will be between \$15,000 and \$25,000.

Emergency Generators for Lift Stations 1, 2 and 6. Mr. Carpenter reported that IDS has received bids from Electrical Field Services for the installation of the generators as follows:

1. Lift Station No. 1 - \$20,410.00
2. Lift Station No. 2 - \$19,770.00
3. Lift Station No. 6 - \$18,810.00

Mr. Carpenter indicated that he thought the above prices were all fair prices for installation.

Director Lackey reminded Mr. Carpenter that IDS needs to start thinking about the Transfer Switches that were approved for order by the Board and which will be arriving in approximately four weeks.

Next, upon motion by Director Dunn, seconded by Director Lackey, after full discussion, and with all Directors present voting aye, the Board voted to (i) approve the engineers report (ii) award the contract for cleaning and televising the Northern Point Drainage to Camino Services in the amount of \$53,123.60 (iii) approved IDS's request to prepare an XP-SWMM model to accurately model sheet flow in the subdivision and (iv) approved the installation of the Emergency Generators for Lift Station Nos. 1, 2, and 6, by Electrical Field Services.

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

VIII. **Attorney's Report:**

A. **Minutes of July 7, 2016, Board meeting.** Upon motion by Director Dunn, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board approved the minutes of the July 7, 2016, Board meeting.

IX. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 9:36 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 4th day of August, 2016.


Secretary, Board of Directors

Exhibits:

- "A" Security Report
- "A-1" Internet Performance report
- "B" On-Site proposal
- "C" Recycling Report
- "D" Tax Assessor/Collector's Report
- "E" Bookkeeper's Report