

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, August 4, 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, August 4, 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 Eric Daniel, thus constituting a quorum. Consultants in attendance were: Mike Plunkett of Eagle Water Management, Inc. ("Operator"); Kameron Pugh of IDS Engineering Group ("IDS" or "Engineer"); and Tyler Scully, attorneys, of Johnson Petrov LLP ("JP" or "Attorney").

The President called the meeting to order at 6:51 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 made.
- II. **General Business.**
 - A. **District's Website.** The Board indicated that the Trash Collection provider should be changed to Best Trash on the District's website.
 - B. **Emergency notifications.** Director Bishop asked for the opportunity to present information to the Board regarding the Emergency notifications that she was not able to access and provide at the previous Board meeting. The Board re-visited its decision to terminate the services of PocketBlitz. The Board is still not pleased with the PocketBlitz service provided by Don Dulin, as there has been no contact on the part of Mr. Dulin regarding the setup of the Emergency Notification system or how it can be accessed through the District's website. It was the understanding of the Board that Mr. Dulin would provide a tutorial service on how to operate and setup the Emergency Notification system. To date, the only correspondence that Mr. Dulin has provided is through the Operator. The Operator indicated that even in that instance, Operator had to ask Mr. Dulin to provide the flyer that he had promised nearly a month prior. Mr. Dulin provided a flyer to the Operator that, upon Board approval, could be sent with the bills for the residents of the District. The Board discussed that the District had paid for set up for emergency notification system, however, no work has been completed. Mr. Dulin stated at

the May 19, 2016, Board Meeting that he would present the Board with the Flyer at the next Board meeting, which would have been on June 2, 2016. Mr. Dulin has not been present at any of the District Board meetings to date.

The Board again voiced displeasure with the lack of progress with the emergency notification system. All of the Directors agreed that the vendor has not provided any updates on progress of the system as the Directors were previously lead to believe that they would be provided.

The Board indicated that it would like for the Attorney's office to send Mr. Dulin a letter indicating that the Board is displeased with the PocketBlitz service, or lack thereof. The Board indicated that it is willing to entertain the idea of using the PocketBlitz Emergency Notification system if Mr. Dulin is willing to follow through with his commitment to show the Board how to setup and operate the service. Additionally, the Board indicated that it was willing to pay the \$500.00 set up fee that it has already paid, however, the Board is unwilling to pay for the two months of service that PocketBlitz is charging the District for because there has been no service provided or direction as to when service will be provided or how to operate the PocketBlitz Emergency Notification system service.

- C. Pay bills and pay estimates as presented. Bookkeeper was not present.
- D. Security System Proposals. Tabled.

III. **Operator's Report.** The Board 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 noted that the District had 97.10% accountability for the period of time from June 18, 2016 through July 20, 2016.

Mr. Plunkett noted that the accountability malfunction most likely due to the of the North Harris County Regional Water Authority ("Authority") meter for the period from April 13, 2016 to May 13, 2016, has still not been corrected.

Mr. Plunkett noted that during the last month, 98.93% of the District's water came from the surface water source with the remainder from the District's groundwater wells.

Mr. Plunkett reviewed the Collections Report, a copy of which is attached to the Operator's Report. Mr. Plunkett noted that there was a resident, Demetrius May, that is currently \$1,429.19 in arrears with the District. Mr. Plunkett noted that the water usage of the household was unusually high and after inspection, it was discovered that there was a leak at the household. The leak was repaired by the District. Mr. Plunkett noted that there has been no communication from the customer regarding the amount owed. Mr. Plunkett asked the Board if it would consider a reduction in the amount owed because a great deal of that amount was likely due to the leak at the house. The Board indicated that it would be willing to consider reduction in the amount owed should the customer contact the Board or Operator.

Additionally, Mr. Plunkett noted that the Eagle Water Management, Inc., has begun work on the odor control equipment.

Furthermore, Mr. Plunkett noted that the EFS managed to fix District Water Well No. 6, and it is now working.

Also, Mr. Plunkett noted that the Gladewater line does not appear to have a trash can stuck in the piping any longer.

Director Cook mentioned to Mr. Plunkett that the shopping center that has a Subway in it has some sort of water leak running from the Subway restaurant to street side curb and that it is currently growing moss on it. Director Cook asked that Mr. Plunkett contact the property owner to try and get that issue with the leak resolved.

Upon motion by Director Cook, seconded by Director Dunn, after a full discussion and with all Directors present voting aye, the Board (i) approved the Collections Report and (ii) approved the Operator's Report as presented.

IV. **Engineer's Report.** The Board recognized Mr. Pugh who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "B".

General District Matters:

1. **Northern Point Drainage.** Mr. Pugh provided an analysis report for the Northern Point Drainage attached to the end of the Engineers report.

The Board asked whether all of the water diversion plans suggested by the engineers will create any residual back flow into the surrounding neighborhoods. Mr. Pugh indicated that he did not believe there would be any issues with residual back flow in any of the neighborhoods. Mr. Pugh indicated he would further review the water diversion plans to look for areas of concern with regard to residual back flow into the surrounding neighborhoods of the District.

Director Lackey asked Mr. Pugh if he would investigate as to the amount of dirt that was removed for Grand Parkway 99. The Board wanted to know whether the District gained any additional storage from this event. Mr. Pugh indicated that he would look into that question.

Mr. Pugh recommended that the Board engage the electrical engineer to see how the lift station would handle this diversion of water as discussed in the attached Engineer's Report.

Next, Director Lackey asked Mr. Pugh whether IDS has considered raising the back of the detention pond near the railroad crossing. Director Bishop also followed up this question by asking whether IDS has considered talking to the railroad commission and erosion control contractor on this issue as well. Mr. Pugh indicated that IDS has not looked into raising the detention pond yet. Mr. Pugh also indicated that IDS has not spoken with the railroad commission or the erosion control contractor, but that if the Board wanted IDS to explore these items in the future, then IDS would do so.

Mr. Pugh and Director Lackey agreed to meet to sign contracts that IDS needed the President of the Board's approval.

2. Operations Committee Meeting. Mr. Pugh suggested the date of August 25, 2016, as the next Operations Committee meeting date located at Valley Ranch at approximately 5:00 p.m.

3. Grand Parkway. Mr. Pugh noted that the ZOPB has agreed to meet with IDS to discuss the erosion control under the Grand Parkway. However, ZOPB has not returned messages to schedule a meeting date. Mr. Pugh noted that IDS will make this a top priority.

4. Gladewater Drainage. Mr. Pugh indicated that the debris has been removed from the storm sewer.

5. Bond Issue No. 13. Mr. Pugh indicated that IDS is working on the final updates to the bond application report. Mr. Pugh indicated that IDS plans to submit to the TCEQ once the Consultants have reviewed the report and comments have been satisfied.

Water Supply System Matters:

1. Water Quality Monitoring for Water Well Nos. 2, 3, 4, 5 and 6. Mr. Carpenter reported that the July 2016 Laboratory test results for benzene, toluene, ethyl benzene, or xylene (BTEX) in Water Well Nos. 2, 3, 4, 5 and 6 are not yet available for inspection.

2. Water Plant No. 2. Mr. Pugh indicated that the construction plans for piping modifications to be able to transfer surface water from Water Plant No. 2 to Water Plant No. 1 are complete. Mr. Pugh indicated that the plans have been made available to the Operator. The Operator plans to begin construction after completion of the odor control equipment installation at the wastewater treatment plant.

3. Water Plant Nos. 1 and 2. Mr. Pugh noted that a draft of the flow diagrams for both water plants were presented to Director Lackey and the Operator at the previous Operations Committee Meeting. The preliminary layout was approved and IDS is in the process of designing a final draft in CAD. Mr. Pugh indicated that IDS will present the final draft to the Operator by the next Operations Committee Meeting.

4. Water Plant Rehabilitation. Mr. Pugh indicated that an inspection of all plant facilities has been scheduled with the Operator and Director Lackey for August 17. Upon the completion of the inspection, IDS will prepare a recommended list of repairs for the associated costs.

Wastewater Treatment System Matters:

1. Phase 3 Sanitary Sewer Rehab. Mr. Pugh stated that IDS is working with the Operator to prepare a detailed estimate for the proposed work, and to develop a schedule for repairs.

2. Wastewater Treatment Plant Odor Control. Mr. Pugh indicated that the Operator has begun the installation of the equipment. Installations will continue over the next several weeks.

3. Sandy Stream Sewer Capacity Evaluation: Upsize Required for Dungrove Tract. There is no new activity to report.

4. Lift Station Control Panel Replacements. Design is nearly complete for the replacement control panels for Lift Station 1 and 2 and Stormwater Pump Station 1.

5. Emergency Generators for Lift Stations 1, 2 and 6. Mr. Pugh indicated that Cummins has nearly completed their submittals for the three generators and once IDS has received and approved the submittals, they will begin manufacturing the units.

6. Wastewater Treatment Plant Rehabilitation. Mr. Pugh indicated that an inspection of all plant facilities has been scheduled with the Operator and Director Lackey for August 17, 2016. Mr. Pugh indicated that once the inspections are complete, IDS will prepare a recommended list of repairs and associated costs.

7. Lift Station No. 2 – Sanitary Sewer Forcemain. Mr. Pugh reported that preliminary construction plans have been routed to agencies. Furthermore, IDS is working to obtain final approvals. Mr. Pugh indicated that the project was advertised on July 28, 2016, and that bids will be opened on August 11, 2016.

Residential and Commercial Development Projects:

1. Harris County Street Acceptance Status. Mr. Pugh reported that all streets eligible for acceptance have been accepted by the County.

2. NorthPointe Center-Phase II (Santikos). No new activity to report. Developer is currently ready to begin development.

3. Adriatic Café (Ekrem & Alban, LLC). There is no new activity to report.

4. 136-Acre Finger Tract. Mr. Pugh reported that the Landowners are working with the State to agree upon land value for the condemnation and that this is believed to currently be in ongoing litigation.

5. Ashford Grove East (Woodmere).

a. Ashford Grove East, Section 2, WS&D: Design has been completed. A pre-construction meeting is scheduled for August 16, 2016. A written notice to proceed should be issued following the meeting.

- b. Ashford Grove East, Sanitary Sewer Lift Station: Construction is complete, however, Mr. Pugh reported that the operation and maintenance manuals are not complete.

Next, upon motion by Director Lackey, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board (i) authorized the construction plans that IDS submitted in the attached Engineering Report to address the swales in the District, and (ii) approved the Engineer's Report.

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

VI. **Attorney's Report:**

Mr. Johnson stated that he was contacted by a developer that wants to meet with the board to discuss his desire to develop in the area and what would be involved in annexation by Harris County Municipal Utility District No. 368. Discussion ensued.

Minutes of June 2, 2016, and June 16, 2016, Board meetings. Upon motion by Director Dunn, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board approved the minutes of the June 2, 2016, and June 16, 2016, Board meetings, as amended.

VII. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 8:51 p.m.

[EXECUTION PAGE FOLLOWS]

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



Sharon L Cook
Secretary, Board of Directors

Exhibits:

- "A" Operator's Report
- "B" Engineer's Report