

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, September 1, 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, September 1, 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: Matthew Carpenter, P.E. and Kameron Pugh, E.I.T. of IDS Engineering Group ("IDS" or "Engineer"); Mike Plunkett of Eagle Water Management, Inc. ("Eagle" or "Operator"); Kaye Townsley and Mark Miller of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); and Andrew P. Johnson, III, and Tyler Scully, attorneys, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney").

The President called the meeting to order at 6:58 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 and Emergency Notification Messaging Service.** The Board first discussed the emergency notification messaging ("ENM") service provided by DonDulin.com, LP, and reviewed the handout provided by Mr. Dulin. The Board then attempted to activate the ENM service by following the activation instructions on the handout, however, it appeared the service was not activated. The Board also noted that the link to the ENM service was not posted on the District's website, although Mr. Dulin assured the Board at the August 19, 2016 Board meeting that the ENM service would be activated and the link to access same would be posted on the District's website. Extensive discussion ensued regarding the services provided by DonDulin.com, LP, after which upon motion by Director Cook, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board voted to solicit proposals for the website and ENM service design/maintenance.
 - B. **Pay Bills and Pay Estimates.** The Board concurred to approve check nos. 14615 and 14616, which will be listed on the next Bookkeeper's Report.

- C. Security System proposals. This matter was tabled.
- D. Authorize Bond Application to Texas Commission on Environmental Quality ("TCEQ"). Upon motion by Director Daniel, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board authorized the Resolution Authorizing Bond Application to TCEQ.

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 noted that the District had 107.1% accountability for the period from July 16, 2016 to August 16, 2016, which is due to the malfunction of the North Harris County Regional Water Authority ("Authority") meter.

Mr. Plunkett noted that during the last month 85.54% of the District's water came from the surface water source with the remainder from the District's groundwater wells.

He 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.

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) authorized termination of service to customers listed on the Termination List, in accordance with provisions of the District's Rate Order; and (ii) approved the Operator's Report as presented.

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

- A. Northern Point Drainage. Mr. Pugh reported that the contracts for cleaning and televising have been fully executed and a preconstruction meeting is scheduled for Tuesday, September 6, 2016. IDS should issue a Notice to Proceed shortly following the meeting. Mr. Pugh stated that IDS had begun modeling the drainage system for The Northern Point subdivision and is working on the design of the extreme event overflow swales mentioned in the written recommendation report.
- B. Operations Committee Meeting. The Operations Committee meeting has been scheduled for September 29, 2016.
- C. Grand Parkway. Mr. Pugh reported that ZOPB has agreed to meet to discuss the erosion control under the Grand Parkway; however, IDS was not able to secure a meeting date with ZOPB.
- D. Gladewater Drainage. Mr. Pugh stated that the debris has been removed from the storm sewer.
- E. Bond Issue No. 13. Mr. Pugh stated that IDS is nearly complete with the final draft report. Mr. Johnson discussed the possibility of reimbursing the developer

with the District's operating funds. He also noted that the District's Financial Advisor is planning to attend the next Board meeting to discuss the developer's reimbursement.

- F. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Pugh reported that the August 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.
- G. Water Plant ("WP") No. 2. Mr. Pugh reported that the construction plans for piping modifications to be able to transfer surface water from WP No. 2 to WP No. 1 are complete. The Operator plans to begin construction after completion of the odor control equipment installation at the Wastewater Treatment Plant.
- H. WP Nos. 1 and 2. The final draft of the water plant valve flow diagram was presented to the Operator at the previous Operations Committee meeting. IDS is working to design flow diagrams for specific operational procedures to accompany the completed diagram.
- I. Water Plant rehabilitation. An inspection of district plant facilities was completed on August 17, 2016. Water Plant No. 1 and the Wastewater Treatment Plant are in good condition. IDS recommends rehabilitation of Water Plant No. 2, including blasting and recoating of both 0.80 MG ground storage tanks, the booster pumps, and all above ground piping. IDS has prepared a cost estimate for the entirety of the work as well as an estimate of only exterior recoating:

Plant Rehabilitation (interior and exterior coating) - \$800,000
Plant Rehabilitation (exterior coating only) - \$550,000
- J. Phase 3 Sanitary Sewer Cleaning and Televising. IDS is working with the Operator to prepare a detailed estimate for the proposed work and develop a schedule for the repairs.
- K. WWTP Odor Control. Mr. Pugh stated that the Operator has begun installation of the equipment. Installations will continue over the next several weeks.
- L. Sandy Stream Sewer Capacity Evaluation: Upsize required for Dungrove tract. There were no new matters to report.
- M. Lift Station ("LS") Panel replacements. Mr. Pugh stated that the design for the replacement control panels for Lift Station Nos. 1 and 2 and Stormwater Pump Station No. 1 is nearly complete.
- N. Emergency Generators for LS Nos. 1, 2 and 6. Mr. Pugh reported that Cummins Generators has sent submittals for the three (3) generators. Once IDS reviews and approves the submittals, Cummins Generators will begin manufacturing the units.
- O. WWTP Rehabilitation. An inspection of District plant facilities was completed on August 17, 2016. The WWTP was in good condition.

- P. LS No. 2 – Sanitary Sewer force main. Mr. Pugh stated that the construction plans have been approved by all agencies. IDS is currently awaiting issued permits from Harris County. The project has been awarded to CES Utilities, Inc. in the amount of \$69,504. IDS will schedule a preconstruction meeting once permits have been received and contracts have been fully executed.
- Q. NorthPointe Center – Phase 2 (Santikos). There were no new matters to report.
- R. Adriatic Café (Ekrem & Alban, LLC). There were no new matters to report.
- S. 136-Acre Finger Tract. Mr. Carpenter reported that a developer may be interested to purchase the front part of the property next to SH 249. The potential purchaser was informed that the District will need to perform an annexation feasibility study to determine whether or not the District has enough water and sewer capacity to serve the property. Mr. Carpenter reported that the landowners are still working with the State to agree upon land value for the condemnation.

Mr. Carpenter next informed the Board regarding his correspondence with a potential purchaser of a tract on Coons Rd. regarding the annexation process. The potential purchaser is interested in building a car dealership on the tract.

- T. Ashford Grove East, Section 2, WS&D Facilities. The design is complete. IDS is working with the developer to determine a date of issuing a Notice to Proceed.
- U. Ashford Grove East, Sanitary Sewer Lift Station. The construction is complete; however, operation and maintenance manuals are yet to be approved. IDS has received a proposal for landscape improvements of Ashford Grove East Lift Station from Yard Pro in the amount of \$5,331. IDS recommends the Board approve the proposal received from Yard Pro.

Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) approved the proposal from Yard Pro in the amount of \$5,331, as recommended by IDS; and (ii) approved the Engineer's Report.

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

VI. **Attorney's Report.**

- A. Approval of minutes of the August 19, 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 August 19, 2016 meeting as amended.

VII. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 7:57 p.m.

Passed and approved this 15th day of September, 2016.


Secretary, Board of Directors

Exhibits:

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