

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

## Minutes of Meeting Thursday, December 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, December 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"); Kay Townsley of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); Aaron Alford of Woodmere Development ("Woodmere" or "Developer"); 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 6:30 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.** The Board reviewed the website analytics report for the period from November 1, 2016 through November 30, 2016, a copy of which is attached hereto as Exhibit "A".
  - B. **Pay Bills and Pay Estimates.** Upon motion by Director Dunn, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board approved check no. 14876, which will be listed on the next Bookkeeper's Report.
  - C. **Amended Operations Agreement with Eagle Water Management ("Agreement").** Upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board approved the Agreement, a copy of which is attached hereto as Exhibit "B".
- 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 "C". Mr. Plunkett noted that the District had 94.5% accountability for the period from September 20, 2016 to October 19, 2016. Mr. Plunkett also noted that during the last month 96.76% of the District's water came from the surface water source with the remainder from the District's groundwater wells. Mr. Plunkett reviewed the Discharge Monitoring Report, a copy of which is attached to the Operator's Report, stating that no excursions have been reported during the previous month.

Mr. Plunkett reported that the sanitary sewer line on Amistad Rd. will need additional line cleaning, which will cost approximately \$10,000.

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.

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 "D".

- A. Northern Point Drainage. Mr. Carpenter reported that the cleaning and televising is complete. He then reviewed the map of the area and discussed potential improvements aimed at decreasing the flooding issues in the area. Mr. Carpenter stated that constructing swales at the Northern Point detention pond should improve the drainage. Additionally, IDS is planning to meet with the Harris County Flood Control District to discuss potential drainage improvements in the area such as constructing a swale at the pipeline easement. Mr. Carpenter noted that some of the drainage issues appear to be regional and the HCFCD and the Harris County Infrastructure Department are in a better position to address those. Responding to Board questions, Mr. Carpenter stated that IDS should have a detailed cost estimate proposal at the next engineering meeting and a defined drainage improvements plan in January 2017.
- B. Operations Committee Meeting. The Operations Committee meeting has been scheduled for December 22, 2016.
- C. Grand Parkway. Mr. Pugh reported that ZOPB has requested the District to accept the project as complete. IDS rejected their request to acknowledge completion and accept the work as ZOPB is yet to agree to a meeting to discuss the erosion control for M122. Discussion ensued and the Board asked JP to send a letter to ZOPB regarding the issue.
- D. Bond Issue No. 13. Mr. Pugh stated that the Bond Application Report ("BAR") has been submitted to the Texas Commission on Environmental Quality (the

"Commission") and technical review comments have been received from the Commission. A pre-purchase inspection will be held in the next couple of weeks.

- E. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Pugh reported that the November 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. 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.
- G. 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.
- H. Water Plant rehabilitation. Mr. Pugh reported that IDS is currently preparing preliminary plans and technical specifications for the GST Rehabilitation at Water Plant No. 2.
- I. Phase 3 Sanitary Sewer Rehabilitation. IDS is working with the Operator to prepare a detailed estimate for the proposed work and develop a schedule for the repairs.
- J. WWTP Odor Control. Mr. Pugh reported that the construction of the odor control improvements is underway. The subcontractor is currently pouring concrete on site. Once the concrete work is complete, the Operator will install the odor control 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. 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.
- M. Emergency Generators for LS Nos. 1, 2 and 6. Mr. Pugh reported that the submittals for the emergency generators to serve Lift Station Nos. 1, 2, and 6 have been accepted and returned to Cummins. IDS has requested a schedule for manufacturing and testing of the generators.
- N. LS No. 2 – Sanitary Sewer force main. Construction is complete.
- O. NorthPointe Center – Phase 2 (Santikos). There were no new matters to report.
- P. Adriatic Café (Ekrem & Alban, LLC). There were no new matters to report.

- Q. 136-Acre Finger Tract. The landowners are working with the State to agree upon land value for the condemnation.
- R. Ashford Grove East, Section 2, WS&D Facilities. Construction is nearly complete. A notice to proceed was issued on September 26, 2016.
- S. Ashford Grove East, Sanitary Sewer Lift Station. Mr. Pugh reported that the construction is complete; however, operation and maintenance manuals are yet to be approved.

Next, upon motion by Director Dunn, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report.

V. **Developer's Report.** Mr. Alford reported that 36 homes have been sold in Ashford Grove East to date.

VI. **Attorney's Report.**

- A. Amendment to Reimbursement Agreement with Woodmere. Mr. Johnson explained that the District and the Developer entered into an amended reimbursement agreement wherein the District agreed to pay the Developer seventy percent (70%) of its Reimbursable Share, an advanced reimbursement, out of the District's Operating Fund account in lieu of issuing a BAN to the Developer in exchange for a four percent (4%) reduction of the Reimbursable Share. Upon issuance of Bonds, the District will pay the remaining Reimbursable Share due pursuant to the Reimbursement Agreement and as approved by the TCEQ. Upon motion by Director Bishop, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the Amendment to the Reimbursement Agreement with Woodmere, a copy of which is attached hereto as Exhibit "E".
- B. Authorize disbursement of funds to Woodmere. Mr. Johnson stated that the District will fund an advance reimbursement to Woodmere out of the Operating Fund in lieu of issuing a Bond Anticipation Note. The auditor will provide the District with an Agreed Upon Procedures report at the next meeting, after which the funds will be transferred to Woodmere as detailed in the Amendment to the Reimbursement Agreement with Woodmere.
- C. Approval of minutes of the November 17, 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 November 17, 2016 meeting as amended.

VII. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 7:46 p.m.

Passed and approved this 15<sup>th</sup> day of December, 2016.



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Secretary, Board of Directors

**Exhibits:**

- "A" – Website analytics report
- "B" – Operator's Report
- "C" – Agreement
- "D" – Engineer's Report
- "E" – Amendment to Woodmere Reimbursement Agreement