

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, January 5, 2017

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, January 5, 2017, 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"); and Tyler Scully, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney"). Also present were Bruce Weaver and Stuart Brown of Northern Point Homeowner Association ("HOA"); and Buck Willis, a resident of the District.

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.** The President recognized Mr. Willis who stated that his water meter is not read accurately. He noted that in November 2016 he was charged for 10,000 gallons of water and in December 2016 for 15,000 gallons of water. Mr. Willis stated that he is on a fixed income and uses the same amount of water each month. He said that in his opinion, the water meter reader is estimating water usage. He added that the meter is located in a swale and covered in mud. Mr. Plunkett stated that Mr. Willis' November 2016 bill was misread and credit was issued to Mr. Willis. Director Lackey stated that the District is in the process of installing electronic water meters to ensure accurate billings and provide an easier way to detect leaks. Director Lackey also responded to Mr. Willis' questions regarding a pumpage fee charged by the North Harris County Regional Water Authority ("Authority") stating that the District is charged a pumpage fee by the Authority for ground and surface water used by the District. All consumers receiving water from the District are charged an amount equal to the current Authority fee plus 10% per 1,000 gallons of water to cover water losses and the administrative expenses. Mr. Lackey noted that the District's rates have remained the same for many years, however, the Authority's fee increases each year.

Mr. Willis then continued discussion related to his December 2016 water bill stating that it is inaccurate.

[Mr. Willis departed the meeting.]

Next, Messrs. Weaver and Brown introduced themselves and discussed the security situation in their subdivision. Director Bishop suggested the HOA appoint a security liaison to communicate with the District's Security Coordinator. Mr. Brown then noted that he had a high water bill while the house was vacant and Director Lackey discussed potential reasons of a high water bill.

Mr. Carpenter then updated the Board and HOA members regarding the drainage issues in Northern Point. He stated that based on the drainage study, modifications to the stormwater pump station should be made. The modifications would include the ability for the largest of the stormwater pumps to activate earlier during an extreme rain event, relieving the pond at an earlier stage.

Mr. Carpenter further explained that the storm sewers are designed for a two (2) to 10 year rainfall event. The rainfall higher than a 10-year event is supposed to run through the streets and into a detention pond. He noted that the streets in the subdivision meet the rules and regulation, however, minor adjustments to the paving elevations would improve the flow of water into the detention basin.

Mr. Carpenter also stated that IDS has recommended constructing a swale in the pipeline easement, thus, in an extreme event, water will flow into a swale versus pooling on the street.

Mr. Carpenter stated that the swale improvements should be finalized soon, while change of the settings at the pump station requires an approval from the Harris County Flood Control District as the HCFCD has to ensure that the water from Northern Point will not flood surrounding areas. Additionally, since the County and not the District owns the streets, the District will need to receive an approval from Harris County to adjust the paving elevations.

Messrs. Weaver and Brown thanked Mr. Carpenter for the update and departed the meeting.

II. General Business.

- A. District's Website. Mr. Plunkett stated that the conservation and recycling information need to be added to the website.
- B. Pay Bills and Pay Estimates. There were no pay bills or pay estimates presented.
- C. Resolution Approving Submittal of Water Smart Application ("Resolution"). Upon motion by Director Dunn, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the Resolution, a copy of which is attached hereto as Exhibit "A".
- D. Meeting dates/location for June 15, 2017 and November 16, 2017 Board meetings. Ms. Croon stated that the Board will be unable to hold its meeting at the Church on June 15, 2017 and November 16, 2017 as the Church's facilities are

booked for Church related activities. Discussion ensued regarding alternate meeting locations after which the Board concurred to hold the June 15, 2017 and November 16, 2017 meetings at the On-Site Protection office, if available.

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 "B". Mr. Plunkett noted that the District had 91.5% accountability for the period from November 18, 2016 to December 20, 2016. Mr. Plunkett also noted that during the last month 98.50% 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 had been reported during the previous month.

Mr. Plunkett then presented a proposal from Electrical Field Services, Inc. to either repair the existing Lift Station no. 1 pump at a cost of \$26,223 or to purchase a new alternate Flygt pump at a cost of \$32,125. A cost of installation is \$1,010.

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved a proposal from EFS for a new alternate Flygt pump at a cost of \$32,125.

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 Dunn, 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 "C".

- A. Northern Point Drainage. Mr. Carpenter reported that the preliminary design for the extreme event release swales is nearly complete.
- B. Operations Committee Meeting. The Operations Committee meeting was scheduled for January 25, 2017.
- C. Grand Parkway. Mr. Pugh reported that IDS is awaiting response from ZOPB regarding the erosion control for M122 drainage channel. The District is holding acceptance of the project until a meeting can be scheduled.
- 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 was held and no deficiencies were noted. IDS is awaiting final approval from TCEQ.

- E. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Pugh reported that the December 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 concrete work is complete and the Operator is installing 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. IDS is awaiting information from the electrical engineer.
- M. Emergency Generators for LS Nos. 1, 2 and 6. Mr. Pugh reported that the generators were inspected on January 3, 2017, and the two (2) 60kw generators should arrive on site at Lift Station Nos. 1 and 2 the following week. The sound enclosure for the 36kw generator is being manufactured and should be complete soon.
- N. LS No. 2 – Sanitary Sewer force main. Construction is complete. Mr. Pugh stated that IDS recommends payment of Pay application nos. 1 and 2 in the amount of \$72,315, which are attached to the Engineer's Report.
- 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 complete. IDS is working with Harris County to schedule a final inspection.
- 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 Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved (i) Pay Application nos. 1 and 2 in the amount of \$72,315 related to the LS No. 2 – Sanitary Sewer force main project; and (ii) the Engineer's Report.

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

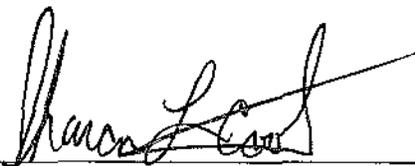
VI. **Attorney's Report**.

A. Agreement for Fence Maintenance with Willow Falls Community Association. Mr. Scully discussed the response from the Association related to the District's letter to the Association dated October 26, 2016 regarding the Association's request for replacement of the damaged fence located on the District's property. A copy of the Association's response letter dated December 22, 2016, is attached hereto as Exhibit "D". Mr. Scully stated that the District has some options in response to the Association's letter. The following options were discussed with the Board: (i) replace the fence and charge the Association for the replacement costs, as agreed to by both parties in the original fence agreement; (ii) allow the Association to replace the fence with Oleander trees; or (iii) remove the fence and disallow installation of any other fencing on the District property. Discussion ensued regarding the reasons the fence was knocked down. Mr. Plunkett stated that most likely the fence was not constructed properly as it was blown down by the wind. The flooding in the area was not sufficient enough to knock down the fencing. The Board expressed concerns that if the fencing were replaced and if subsequent damage were to occur then the Association would place blame on the District again. Further discussion ensued after which the Board asked JP to prepare a response letter to the Association for review.

B. Approval of minutes of the January 5, 2017 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 January 5, 2017 meeting as amended.

VII. **Adjournment**. With no additional matters before the Board, the Board adjourned the meeting at 8:20 p.m.

Passed and approved this 17th day of January, 2017.


Secretary, Board of Directors

Exhibits:

- "A" – Resolution Approving Submittal of Water Smart Application
- "B" – Operator's Report
- "C" – Engineer's Report
- "D" – The Association response letter