

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, May 18, 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, May 18, 2017, at the District's regular meeting place, Graceview Baptist Church, 25510 Tomball Parkway, Room AB 110, 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: Mike Plunkett of Eagle Water Management, Inc. ("Operator"); Kameron Pugh, E.I.T. of IDS Engineering Group ("IDS" or "Engineer"); Kaye Townley of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); Robin Goin of Bob Leared Interests, Inc. ("Tax Assessor/Collector"); 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 Tyler Scully, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("JP" or "Attorney"). Also present was Greg Thomason, a member of the public.

The President called the meeting to order at 6:33 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. **Tax Assessor/Collector's Report.** Ms. Goin reviewed the Tax Assessor/Collector's Report for the month of April 2017, a copy of which is attached hereto as Exhibit "A". Ms. Goin reported that 98.642% of the District's 2016 tax levy had been collected as of March 31, 2017.

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 Tax Assessor/Collector's Report; and (ii) authorized payment of check nos. 1243 through 1251

- III. **Security Report.** Sergeant Walton presented to and reviewed with the Board the Security Report, a copy of which is attached hereto as Exhibit "B".

Mr. A. Dunn reviewed the internet performance report for District facilities, a copy of which is attached hereto as Exhibit "B-1".

Mr. A. Dunn reported that since the opening of State Highway 99, the crime rate in the District has increased more rapidly than in previous years. He then presented a report for the

crime activities in the District for the past six (6) months, a copy of which is attached hereto as Exhibit "B-3". Mr. A. Dunn stated that retail businesses have been mainly affected by the crime rate increase and the District had to engage additional deputies to patrol commercial developments in the District. He stated that engaging additional deputies has increased the District's security budget; however, considering that Santikos movie theatre ("Santikos") averages at least 4,000 people every few hours, there will always be some degree of crime in the area. Mr. A. Dunn proposed meeting with the new owners of Santikos to discuss them hiring a deputy or a security guard to patrol the Santikos parking lot. Discussion ensued regarding the security costs and differences between a security guard and a deputy. It was noted that most of the overtime security hours are spent on patrolling the area with retail developments, thus retail developments should carry a higher burden of security costs. Director Bishop stated that the security costs have drastically increased over the last five (5) years and the District currently spends about \$600,000 annually on security. She also noted that it appears that residents are funding 60% and commercial owners 40% of the security costs. The Board then discussed amending the Rate Order to increase the security fees for commercial properties in the District. Following discussion, the Board agreed to add the Rate Order Amendment to the next meeting agenda for consideration.

IV. General Business.

- A. District's Website. There were no matters to report.
- B. Emergency Operations and repairs to District Facilities. Director Daniel stated that the paving contractor engaged by Eagle performing service work on Amistad St. tore up the driveway and removed the water meter at his property without providing any notice. Mr. Plunkett apologized for the contractor's failure to provide the notice. He stated that Eagle typically provides residents with a 48-hours notice prior to any work that is to be done at or near their property. Director Daniel stated that the District may need to start implementing better notification procedures. Discussion ensued. Mr. Plunkett stated that Eagle should have a larger database of customers' e-mail information due to the smart meter installation, which could be used to send notices.

Next, Mr. Plunkett presented a proposal from Accurate Meter & Supply for an updated Beacon AMA Polymer E-Series meter, a copy of which is attached hereto as Exhibit "C". Mr. Plunkett stated that the updated smart meters are electronic, have a plastic adapter, provide more flow information to a customer, and can detect slower leaks. He also stated that the updated meters cost \$345 per meter. Ms. Townley then verified that the District has the sufficient surplus funds in the Capital Projects account to fund the updated meter costs.

Next, upon motion by Director Daniel, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the Accurate Meter & Supply proposal.

Mr. Plunkett then stated that a property owner on Sandy Stream Dr. inquired about erecting a fence across the District's easement to prevent motorized

vehicles, bicycles, and pedestrians from crossing her property to reach the trail by the detention pond. Discussion ensued and the Board agreed to take no action on the matter.

- C. Residential Recycling and Refuse of Texas ("RRRT") Monthly Recycling Report. There was no report.

V. Bookkeeper's Report. Ms. Townley reviewed the Bookkeeping Report, a copy of which is attached hereto as Exhibit "D". She also reviewed the draft Budget for Fiscal Year Ending May 31, 2018, a copy of which is attached to the Bookkeeping Report. Discussion ensued regarding the Budget and the Board agreed that the budget line no. 1631B – Generators M&R- be decreased from \$25,000 to \$15,000; budget line no. 16335.1 - Lawn Maintenance - be increased from \$118,340 to \$160,000 (same amount budgeted in previous years); and budget line no. 16335.2 – Maintenance & Repair General/Other - be decreased from \$25,000 to \$5,000.

Next, upon motion by Director Cook, seconded by Director Dunn, 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. 15253 through 15332 from the Operating Fund; (iii) authorize payment of Check No. 1688 from the Capital Projects Fund; and (iv) approve the Budget for FYE May 31, 2018 as amended.

VI. Engineer's Report. Mr. Pugh presented Invoice No. 012-79183 from Cummins Southern Plains, LLC ("Cummins") for the work done on the emergency generator at Lift Station No. 6. in the amount of \$95,907, a copy of which is attached hereto as Exhibit "E". Director Lackey stated that the District's Agreement with Cummins provides for a 10% retainage and the amount paid to Cummins should be reduced to withhold the required retainage.

Next, upon motion by Director Dunn, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board authorized payment to Cummins revised to include the 10% retainage.

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

VIII. Attorney's Report.

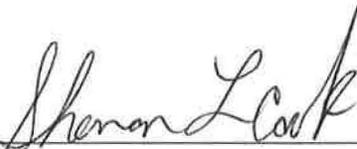
- A. Grand Parkway. Mr. Scully updated the Board on his correspondence with the Texas Department of Transportation regarding the ZOPB matter.
- B. Insurance Proposals. Ms. Croon next presented to and reviewed with the Board proposals for the District's insurance coverage from two (2) carriers, Arthur J. Gallagher & Co ("Gallagher"), the District's current insurance carrier, and McDonald & Wessendorff ("McDonald") copies of which are attached hereto as "Exhibits "F"" and "F-1"". It was noted that the annual premium for Gallagher is \$35,035 and for McDonald is \$39,790.
- C. Minutes of May 4, 2017 Board meeting. 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 insurance proposal submitted by Gallagher; and (ii)

approved the minutes of the May 4, 2017 meeting as amended.

IX. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 9:37 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 12th day of June, 2017.


Secretary, Board of Directors

Exhibits:

- "A" Tax Collector Report
- "B" Security Report
- "B-1" Internet Performance report
- "B-2" Six months security report
- "C" Accurate Meter & Supply
- "D" Bookkeeper Report
- "E" Cummins Invoice
- "F" Gallagher Insurance Proposal
- "F-1" McDonald Insurance Proposal