

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, August 2, 2018

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 2, 2018, at the District meeting place located inside the District, 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 and Erica Martinez of Eagle Water Management, Inc. ("Operator"); Matthew Carpenter, P.E. and Kameron Pugh, E.I.T., of IDS Engineering Group ("IDS" or "Engineer"); Kaye Townley of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); and Martye Kendrick, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("JP" or "Attorney").

The President called the meeting to order at 6:46 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.** Director Lackey asked that an update regarding the Northern Point drainage project be posted on the website.
 - B. **Pay Bills and Estimates.** There were no pay bills/estimates presented.

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 93.5% accountability for the period from June 12, 2018 through July 12, 2018. He also noted that 55.42% of the District's water came from the surface water source with the remainder from the District's groundwater wells.

Mr. Plunkett reported that an orifice plate to control flow between Water Plant ("WP") No. 2 and WP No. 1 has been installed.

Mr. Plunkett reviewed the Collections Agency Report, a copy of which is attached to the Operator's Report. 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) approved the Collections Agency Report; (ii) authorized termination of service to customers listed on the Termination List, in accordance with provisions of the District's Rate Order; and (iii) approved the Operator's Report as presented.

IV. **Engineer's Report.** Mr. Carpenter 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. Carpenter reported that the contractor is installing the Stormwater Quality Inlet Structure and piping. During excavation, the contractor encountered groundwater approximately 1-foot above the top of the storm sewer pipe at the point of connection to the inlet structure, requiring groundwater control to complete the work. Mr. Carpenter noted that due to such unforeseen field conditions, the contractor has submitted a proposal to complete the groundwater control work at a cost of \$32,435. Mr. Carpenter stated IDS will solicit additional proposals to ensure the current proposal is competitive. He recommended the Board approve a proposal at a cost not to exceed \$32,435 and appoint a Board member to approve the final proposal.
- B. Facility Improvement and Maintenance Plan. IDS is coordinating with the Financial Advisor to determine any tax implications of the anticipated bond issue.
- C. Hufsmith-Kohrville Improvements. There were no new matters to report.
- D. Operations Committee Meeting. The Operations Committee meeting has been scheduled for August 30, 2018.
- E. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Pugh reported that the July 2018 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 Nos. 1 and 2. This matter was discussed under the Operator's Report.
- G. Water Plant ("WP") Ground Storage Tank Rehabilitation. The first ground storage tank is back in service. The contractor is finished with all the coating and is cleaning up the site. IDS will schedule a final walkthrough inspection in the next few weeks.
- H. TCEQ Compliance. IDS is working on obtaining approval of the sanitary control easements and Water Well No. 6 acceptance.
- I. Phase 4 Sanitary Sewer Rehab. Mr. Carpenter reported that IDS has prepared plans and specifications for the Phase 4 Sanitary Sewer Control and Televising Inspection. The bids should be presented at the next meeting.

- J. Sandy Stream Sewer Capacity Evaluation: Upsize required for Dungrove tract. There were no new matters to report.
- K. Lift Station ("LS") Panel Replacements. There were no new matters to report.
- L. Wastewater Treatment Plant ("WWTP") Rehabilitation. The work is complete. IDS will conduct an inspection of the wet well coatings prior to the end of the one-year warranty to address any potential deficiencies in the coating.
- M. NorthPointe Center – Phase 2 (Santikos). The plans have been approved and the contractor has mobilized.
- N. 136-Acre Finger Tract. A developer has contacted IDS with interest in developing the tract. There are no new updates.
- O. 9.6-acre Riverside Tract Potential Annexation. The developer is working with the landowner to purchase land for commercial use.
- P. Hufsmith Heights tract. There are no matters to report.

Next, upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board (i) approved a proposal related to the Northern Point drainage project not to exceed \$32,435, and appointed Director Lackey to approve the final proposal; and (ii) approved the Engineer's Report.

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

VI. **Attorney's Report.**

A. Minutes of July 10, 2018 and July 19, 2018. Upon motion by Director Daniel, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the minutes of the July 19, 2018 Board meeting as amended. The minutes of the July 10, 2018 Board meeting were tabled.

B. Amend Rate Order. No action was taken.

VII. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 7:45 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 16th day of August, 2018.


Secretary, Board of Directors

Exhibits:

- "A" Operator Report
- "B" Engineers Report



P.O BOX 11750
SPRING, TEXAS 77391-1750
281-374-8989

OPERATIONS REPORT

For

HARRIS COUNTY MUD #368

**AUGUST 2, 2018
BOARD MEETING**

MONTHLY ACTIVITY REPORT
FOR
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT # 368

COLLECTIONS DATE RANGE: June 21, 2018 thru July 24, 2018

Water Collections:	\$ <u>91,469.10</u>
Sewer Collections:	<u>164,711.71</u>
NHCRWA Fees:	<u>133,801.42</u>
Security Service Fees	<u>10,990.00</u>
Late Letter Fees:	<u>3,153.35</u>
Penalties:	<u>7,104.91</u>
Deposits:	<u>8,931.15</u>
Transfer Fees:	<u>1,600.00</u>
Service Fees:	<u>0</u>
Miscellaneous:	<u>2,640.30</u>
Unapplied Payments/Overpayments:	<u>2,846.89</u>

TOTAL COLLECTIONS: **\$427,248.83**

CURRENT BILLING DUE FOR PERIOD ENDING July 12, 2018:

Water:	\$ <u>76,457.75</u>
Sewer:	<u>160,652.56</u>
NHCRWA Fees:	<u>110,156.44</u>
Security Service Fee:	<u>10,160.00</u>

TOTAL CURRENT BILLING: **\$357,426.75**

PREPARED BY: EAGLE WATER MANAGEMENT, INC.

**HARRIS COUNTY MUD #368
WATER ACCOUNTABILITY
AUGUST 2018 MEETING**

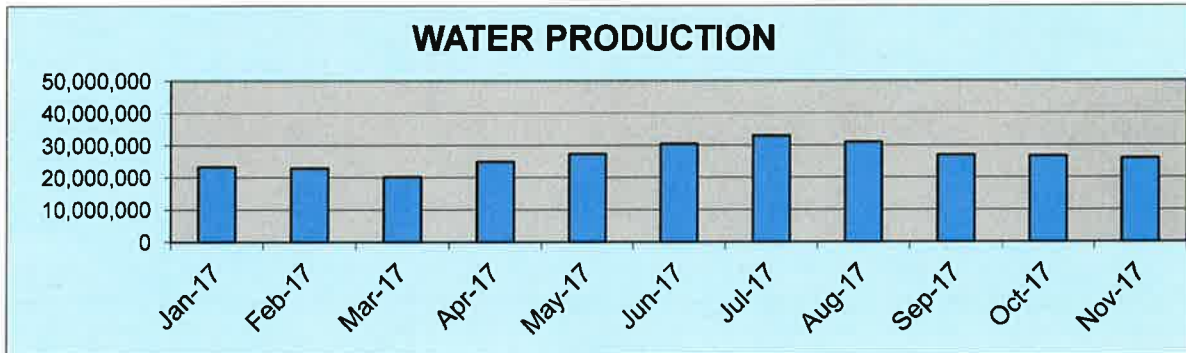
<u>Billing Period: June 12, 2018 thru July 12, 2018</u>	<u>GALLONS</u>	<u>GALLONS</u>
TOTAL WELL GALLONS PUMPED DURING BILLING CYCLE:	5,452,000	
RECEIVED FROM NHCRWA	<u>23,511,000</u>	
TOTAL GALLONS PUMPED:	28,963,000	
<u>WATER LOSSES</u>		<u>LOSS</u>
WASTE TREATMENT PLANT USAGE:		18,000
INTERCONNECT USAGE DELIVERED:		0
LINE FLUSHINGS:		0
FIRE HYDRANT FLUSHINGS:		5,250
UNAUTHORIZED CONSUMPTION: (Theft - estimate)		0
STORAGE TANK DRAINING/FLUSHING: (Overflow)		231,000
HYDROPNEUMATIC TANK REFILLS:		0
MAIN BREAKS: (Estimate)		0
SERVICE LINE LEAKS:		0
WATER MAIN FILLINGS:		0
FIRE HYDRANT METER RENTAL USAGE:		0
OTHER: BOV		104,000
TOTAL WATER LOSSES FOR BILLING CYCLE:		<u>358,250</u>
TOTAL NET GALLONS PUMPED:	<u>28,604,750</u>	
GALLONS BILLED FOR BILLING CYCLE:	<u>26,737,000</u>	
PUMP TO BILL PERCENTAGE FOR BILLING CYCLE:		<u>93.5%</u>
<u>ADDITIONAL INFORMATION:</u>		
<u>NUMBER OF CONNECTION ACCOUNTS</u>		
RESIDENTIAL	3,818	
COMMERCIAL	28	
APARTMENTS	0	
NON PROFIT	2	
BUILDERS	6	
IRRIGATION/OTHERS	43	
TOTAL NUMBER OF ACCOUNTS:	3,897	

EAGLE WATER MANAGEMENT, INC.

HARRIS COUNTY MUD #368

WATER PRODUCTION & ACCOUNTABILITY

MO/YR	PUMPED (MG)	BILLED (MG)	%	Four Month Average
Jan-17	23,296,000	21,801,000	93.6%	93.6%
Feb-17	22,875,000	22,797,000	99.7%	96.6%
Mar-17	20,238,500	20,224,000	99.9%	97.7%
Apr-17	24,966,500	24,288,000	97.3%	97.6%
May-17	27,337,500	25,772,000	94.3%	97.8%
Jun-17	30,446,060	30,361,000	99.7%	97.8%
Jul-17	32,934,250	32,703,000	99.3%	97.6%
Aug-17	30,917,570	30,979,000	100.2%	98.4%
Sep-17	26,959,000	28,315,000	105.0%	101.1%
Oct-17	26,612,600	26,029,000	97.8%	100.6%
Nov-17	25,872,000	26,201,000	101.3%	101.1%
Dec-17	24,133,000	23,080,000	95.6%	99.9%
Jan-18	20,802,000	21,259,000	102.2%	99.2%
Feb-18	22,716,800	21,361,000	94.03%	98.3%
Mar-18	20,842,150	19,226,000	92.25%	96.0%
Apr-18	23,414,000	23,385,000	99.88%	97.1%
May-18	25,684,800	26,005,000	101.25%	96.9%
Jun-18	35,098,050	33,849,000	96.44%	97.5%
Jul-18	28,604,750	26,737,000	93.47%	97.8%



HARRIS COUNTY MUD #368

**WATER PLANT
MONTHLY FACILITY REPORT**

MONTH OF JULY 2018

<u>WELL #2 PUMPAGE</u>	<u>CURRENT</u>	<u>LAST MONTH</u>
Average Daily	151,000 gallons	39,000 gallons
Maximum Daily	438,000 gallons	271,000 gallons
Minimum Daily	0 gallons	0 gallons
TOTAL	4,693,000 gallons	1,173,000 gallons

<u>WELL #3 PUMPAGE</u>	<u>CURRENT</u>	<u>LAST MONTH</u>
Average Daily	183,000 gallons	47,000 gallons
Maximum Daily	533,000 gallons	323,000 gallons
Minimum Daily	0 gallons	0 gallons
TOTAL	5,669,000 gallons	1,397,000 gallons

<u>WELL #4 PUMPAGE</u>	<u>CURRENT</u>	<u>LAST MONTH</u>
Average Daily	111,000 gallons	23,000 gallons
Maximum Daily	621,000 gallons	340,000 gallons
Minimum Daily	0 gallons	0 gallons
TOTAL	3,451,000 gallons	692,000 gallons

<u>WELL #5 PUMPAGE</u>	<u>CURRENT</u>	<u>LAST MONTH</u>
Average Daily	56,000 gallons	12,000 gallons
Maximum Daily	416,000 gallons	128,000 gallons
Minimum Daily	0 gallons	0 gallons
TOTAL	1,722,000 gallons	366,000 gallons

<u>WELL #6 PUMPAGE</u>	<u>CURRENT</u>	<u>LAST MONTH</u>
Average Daily	1,000 gallons	4,000 gallons
Maximum Daily	34,000 gallons	55,000 gallons
Minimum Daily	0 gallons	0 gallons
TOTAL	34,000 gallons	121,000 gallons

TOTAL PUMPAGE FROM WELLS	15,569,000 gallons	3,749,000 gallons
TOTAL RECEIVED FROM NHCRWA	19,351,000 gallons	27,803,000 gallons
TOTAL COMBINED PRODUCTION	34,920,000 gallons	31,552,000 gallons
PERCENTAGE SURFACE WATER	55.42%	88.12%

PERMIT TERM: SEPT 1, 2017 THRU AUGUST 31, 2018

YEAR TO DATE PUMPAGE THRU 2018 PERMIT TERM: 37,502,000 gallons

YEAR TO DATE RWA WATER THRU 2018 PERMIT TERM: 236,002,000 gallons

PERCENTAGE SURFACE WATER DURING PERMIT TERM 86.29%

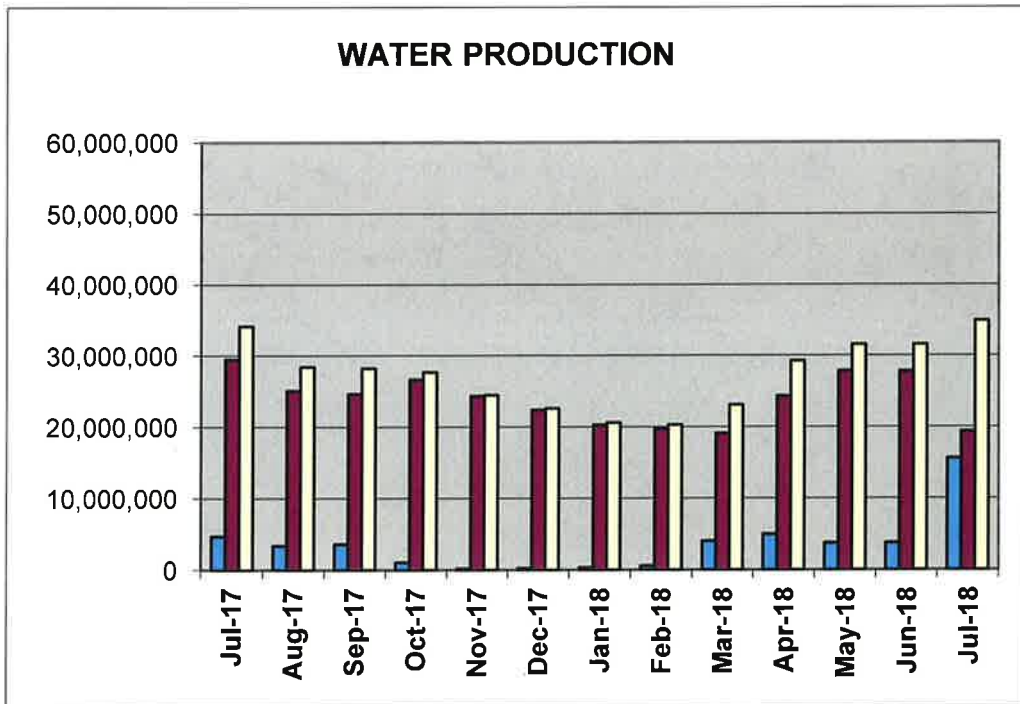
CONDITION OF EQUIPMENT:

FUTURE ANTICIPATED PROJECTS:
Recoating project

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT #368

WATER PRODUCTION REPORT

MONTH/YEAR	PUMPAGE	NHCRWA	TOTAL
Jul-17	4,663,000	29,484,000	34,147,000
Aug-17	3,358,000	25,087,000	28,445,000
Sep-17	3,591,000	24,614,000	28,205,000
Oct-17	1,042,000	26,620,000	27,662,000
Nov-17	170,000	24,282,000	24,452,000
Dec-17	217,000	22,346,000	22,563,000
Jan-18	330,000	20,265,000	20,595,000
Feb-18	526,000	19,751,000	20,277,000
Mar-18	3,977,000	19,093,000	23,070,000
Apr-18	4,940,000	24,292,000	29,232,000
May-18	3,721,000	27,850,000	31,571,000
Jun-18	3,749,000	27,803,000	31,552,000
Jul-18	15,569,000	19,351,000	34,920,000



JULY 2018

FLOW (GPD)

Average Daily Flow: 675,000 GALLONS

Percent of Rated Capacity: 75%

Minimum Daily Flow: 356,000 GALLONS

Maximum Daily Flow: 1,579,000 GALLONS

TOTAL FLOW: 20,913,000 GALLONS

TPDES PERMIT NO. 12044-001
PERMIT EXPIRATION: 3/1/2018
PERMIT VIOLATIONS: None

SOLIDS HANDLING DATE: 2, 3, 5, 6 gallons 218,999

CONDITION OF EQUIPMENT: _____

FUTURE ANTICIPATED PROJECTS: _____
Replacement of underground valves and clarifier and digester sidewall repairs

**HC MUD 368
Sludge Haul History**

Month/Year	Gallons processed	Cost/gallon	Cost
Jan-16	223,526	\$0.0425	\$9,499.86
Feb-16	183,609	\$0.0425	\$7,803.38
Mar-16	199,814	\$0.0425	\$8,492.10
Apr-16	196,534	\$0.0425	\$8,352.70
May-16	0		\$0.00
Jun-16	188,831	\$0.0425	\$8,025.32
Jul-16	191,918	\$0.0425	\$8,156.52
Aug-16	251,598	\$0.0425	\$10,692.92
Sep-16			\$0.00
Oct-16	197,070	\$0.0425	\$8,375.48
Nov-16			\$0.00
Dec-16	202,046	\$0.0425	\$8,586.96
2016 Total	1,834,946		\$77,985.21
Jan-17	262,255	\$0.0425	\$11,145.84
Feb-17	0	\$0.0000	\$0.00
Mar-17	281,110	\$0.0425	\$11,947.18
Apr-17	269,777	\$0.0425	\$11,465.52
May-17	0	\$0.0000	\$0.00
Jun-17	372,652	\$0.0425	\$15,837.71
Jul-17	194,619	\$0.0425	\$8,271.31
Aug-17	0		\$0.00
Sep-17	221,601	\$0.0425	\$9,418.04
Oct-17			\$0.00
Nov-17	261,116	\$0.0425	\$11,097.43
Dec-17			\$0.00
2017 Total	1,863,130		\$79,183.03
Jan-18	194,407	\$0.0425	\$8,262.30
Feb-18			\$0.00
Mar-18	189,834	\$0.0425	\$8,067.95
Apr-18	222,061	\$0.0425	\$9,437.59
May-18	284,063	\$0.0425	\$12,072.68
Jun-18			\$0.00
Jul-18	218,999	\$0.0425	\$9,307.46
Aug-18			\$0.00
Sep-18			\$0.00
Oct-18			\$0.00
Nov-18			\$0.00
Dec-18			\$0.00
2018 Total	1,109,364		\$47,147.97

Account Name	2016	2017	18-Jun	18-Jul	18-Aug	18-Sep	18-Oct	18-Nov	18-Dec	18-Jan	18-Feb	18-Mar	18-Apr	18-May	Total
Graceview Baptist Church	\$1,500	\$2,400	\$200	\$350											\$550
100			45	38											
Walgreens	\$1,200	\$2,400	\$200	\$200											\$400
201			24	22											
Reach Unlimited (12335 White River)	\$1,500	\$2,550	\$200	\$200											\$400
300			19	20											
Houston Garden Center	\$1,200	\$2,400	\$200	\$200											\$400
410			3	2											
Quick N Easy (Chevron)	\$1,200	\$2,400	\$200	\$200											\$400
500			11	14											
Landmark Property (Strip Center w/ Subway)	\$2,950	\$6,650	\$600	\$350											\$950
510			96	66											
Canyon Cleaners	\$1,800	\$4,000	\$350	\$200											\$550
521			60	49											
Tower Plaza (Strip Center by Chevron)	\$1,200	\$2,550	\$200	\$200											\$400
600			24	21											
Regal Cinema Inc.	\$10,000	\$21,700	\$600	\$3,500											\$4,100
1222			134	206											
Khorville Elementary	\$3,000	\$5,500	\$350	\$200											\$550
140480			71	1											
Partway Chevrolet	\$6,000	\$6,550	\$350	\$200											\$550
186910			59	48											
Kids World Day care	\$1,200	\$2,400	\$200	\$200											\$400
187220			21	13											
Valero	\$1,200	\$2,400	\$200	\$200											\$400
201330			29	28											
Bartway Pet Resort	\$3,500	\$5,650	\$600	\$350											\$950
202221			111	69											
Blackhear Elementary	\$11,200	\$26,850	\$3,500	\$200											\$3,700
202561			165	34											
Texas Roadhouse	\$6,000	\$24,600	\$600	\$600											\$1,200
202770			132	121											
Fred Hais Nissan	\$6,000	\$7,200	\$600	\$600											\$1,200
203120			108	105											
Lacey Food Mart	\$1,200	\$2,400	\$200	\$200											\$400
203141			27	23											
Bahama Bucks	\$1,350	\$2,550	\$200	\$200											\$400
207320			34	31											
HMT	\$1,500	\$2,550	\$200	\$200											\$400
207810			18	23											
Adriatic Café	\$1,100	\$4,200	\$600	\$350											\$950
208151			86	60											
Partway Lube Center	\$1,500	\$200	\$200	\$200											\$400
208710			43	0											
Totals	\$65,800	\$141,400	\$10,550	\$9,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,650



August 2, 2018

Board of Directors
Harris County Municipal Utility District No. 368
c/o Johnson Petrov LLP
1001 McKinney, Suite 1000
Houston, Texas 77002-1223

Reference: District Engineer's Status Report, IDS Job No. 0456-001-MR

Members of the Board:

The status of the various projects in the District is as follows:

GENERAL DISTRICT MATTERS

1. Northern Point Drainage

The contractor is installing the Stormwater Quality Inlet Structure and piping. During excavation, the contractor encountered groundwater approximately 1-foot above the top of the storm sewer pipe at the point of connection to the inlet structure, requiring groundwater control to complete the work. Once we receive the proposal from the contractor, we will prepare the change order documents.

2. Facility Improvement and Maintenance Plan

We are coordinating with the Financial Advisor to determine the tax implications of the anticipated bond issue. We expect to have more detailed information by the next meeting.

3. Hufsmith Kohrville Improvements

No new activity to report

4. Operations Committee Meeting

The next Operations Committee Meeting has not been scheduled.

WATER SUPPLY SYSTEM MATTERS

5. Water Quality Monitoring for Water Well Nos. 2, 3, 4, 5, and 6

The July 2018 laboratory test results for benzene, toluene, ethyl benzene, or xylene (BTEX) in Well No. 2, Well No. 3, Well No. 4, Well No. 5, and Well No. 6 are non-detect.

6. Water Plant Nos. 1 and 2

An orifice plate to control flow between Water Plant No. 2 and Water Plant No. 1 has been installed.

7. Water Plant Rehabilitation

The first ground storage tank is back in service. The contractor is finished with all the coating and is cleaning up the site. We will schedule a final walkthrough inspection in the next few weeks.

8. TCEQ Compliance

We are working on obtaining approval of the sanitary control easements and Water Well No. 6 acceptance.

WASTEWATER TREATMENT SYSTEM MATTERS

9. Phase 4 Sanitary Sewer Rehab

We have prepared plans and specifications for the Phase 4 Sanitary Sewer Cleaning and Televising Inspection. We plan to have bids by the next meeting.

10. Sandy Stream Sewer Capacity Evaluation: Upsize Required for Dungrove Tract

No new activity to report.

11. Lift Station Control Panel Replacements

We have received specifications from the manufacturer and are reviewing the information.

12. Wastewater Treatment Plant Rehabilitation

The work is complete. We will conduct an inspection of the wet well coatings prior to the end of the one-year warranty period to address any potential deficiencies in the coating.

RESIDENTIAL AND COMMERCIAL DEVELOPMENT PROJECTS

13. Harris County Street Acceptance Status

All streets eligible for acceptance have been accepted by the County.

14. NorthPointe Center-Phase II (Santikos)

The plans have been approved and the contractor has mobilized.

15. 136-Acre Finger Tract

A developer has contacted us with interest in developing this tract, and there is no new updates on this tract.

16. 9.6-Acre Riverside Tract

The developer is working with the landowner to purchase land for commercial use, and there are no new updates on this tract.

17. Huffsmith Heights Tract

No new activity to report.

We will be glad to answer any questions the Board may have.

Respectfully,



Matthew Carpenter, P.E.



Kameron H. Pugh, E.I.T.

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