

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, December 6, 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, December 6 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" or "Eagle"); Kristen Scott, Tax Collector of Bob Leared Interests ("Tax Collector"); 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"); Lieutenant Walton of the Harris County Precinct 4 Constable's Office ("HCCO"); Matthew Dunn of On-Site Protection, LLC ("On-Site" or "Security Coordinator"); and Carter Dean, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("JP" or "Attorney").

The President called the meeting to order at 6:51 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. **Security Report.** Lieutenant Walton presented to and reviewed with the Board the Security Report, a copy of which is attached hereto as Exhibit "A". Next, Mr. Dunn reviewed the internet performance report for District facilities. He reported that On-Site is still working with Comcast on obtaining a new service agreement.
- III. **General Business.**
 - A. District Website. The Board reviewed the website updates.
 - B. Annual Agenda. This matter was tabled until later in the meeting.
- IV. **Tax Assessor/Collector's Report.** Ms. Scott reviewed the Tax Assessor/Collector's Report for the month of November, 2018, a copy of which is attached hereto as Exhibit "B". She reported that 99.694% of the District's 2017 tax levy and 5.733% of the District's 2018 tax levy had been collected as of November 31, 2018.

Ms. Scott next inquired whether the Board would like to obtain an aerial photo of the District for the purpose of verifying the accuracy of the tax rolls prepared by the Harris County Appraisal District. Mr. Carpenter stated that IDS is able to provide the Tax Collector with the new aerial map. Director Lackey requested that a copy also be provided to JP.

Next, upon motion by Director Lackey, seconded by Director Bishop, 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 checks numbered 1369 through 1375 from the Tax Account.

V. **Bookkeeper's Report.** Ms. Townley reviewed the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "C".

Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion, and with all Directors present voting aye, the Board voted to: (i) approve the Bookkeeper's Report; and (ii) authorize payment of Check Nos. 16754 through 16804 from the Operating Fund.

[Ms. Croon entered the meeting.]

VI. **Annual Agenda.** The Board reviewed the Annual Agenda for 2019, a copy of which is attached hereto as Exhibit "D".

VII. **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 "E". Mr. Plunkett noted that the District had 96.4% accountability for the period from October 15, 2018 through November 14, 2018. He also noted that 84.01% of the District's water came from the surface water source with the remainder from the District's groundwater wells.

Mr. Plunkett reported on issues with the grit chamber at the Wastewater Treatment Plant. EFS will provide a repair quote.

Next, Mr. Plunkett reviewed a customer's correspondence requesting an adjustment in the water bill due to a leak at the house water line. The line has been repaired by the customer. Mr. Plunkett recommended the Board adjust the water bill to the base rate.

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 or termination of water service would occur at any time after this meeting.

Upon motion by Director Bishop, seconded by Director Cook, 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; (ii) authorized Eagle to adjust the above-discussed water bill to the base rate, as recommended by the Operator; and (iii) approved the Operator's Report as presented.

VIII. **Engineer's Report.**

- A. Internet Communication System – Wireless Communication Towers. Mr. Carpenter reported that IDS will work with On-Site on defining the scope of work for the internet communication system between the District facilities.
- B. Northern Point Drainage. Mr. Pugh reported that the swales are almost complete. The Contractor will perform the site cleanup after which a walk-through inspection will be scheduled. IDS recommends payment of Pay Application No. 5 in the amount of \$47,309.18.
- C. Facility Improvement and Maintenance Plan. Mr. Pugh stated that IDS is preparing the bond application for the improvement projects.
- D. Operations Committee Meeting. The Operations Committee meeting was scheduled for December 20, 2018.
- E. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Pugh reported that the October 2018 laboratory test results for benzene, toluene, ethyl benzene, or xylene (BTEX) in Water Well Nos. 2, 3, 4, 5, and 6 are non-detect.
- F. Water Plant ("WP") Ground Storage Tank Rehabilitation. A final walkthrough inspection was held on December 5, 2018. The only punch-list item was the doors at the MCC and chlorine buildings, which should be installed next week.

The Contractor has submitted Pay Application No. 6 and Final in the amount of \$30,928.26. The Contractor still has outstanding punch-list items to address. IDS recommends payment and that the check not be released to the Contractor until the punch-list items have been completed.
- G. Phase 4 Sanitary Sewer Rehab. The Contractor has completed cleaning and televising of the lines and has provided videos and a report. IDS is reviewing the videos and will prepare a report with rehabilitation recommendations.
- H. Sandy Stream Sewer Capacity Evaluation: Upsize required for Dungrove tract. There were no new matters to report.
- I. Lift Station ("LS") Panel Replacements. Mr. Pugh reported that IDS has received specifications from the manufacturer. IDS is working with an electrical engineer on a plan for incorporating the product into the proposed panels.
- J. Wastewater Treatment Plant ("WWTP") Rehabilitation. The on-site lift station 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. The WWTP rehabilitation project is included in the proposed bond application. IDS requests authorization to prepare a design proposal to present to the Board at the next meeting.

- K. NorthPointe Center – Phase 2 (Santikos). The plans have been approved and the contractor has mobilized.
- L. 136-Acre Finger Tract. A developer has contacted IDS regarding a feasibility study for the development. The proposed development should consist of a 400-unit multi-family development, a hotel, and other commercial development. The developer is prepared to send the \$7,500 feasibility deposit.
- M. Northpointe Business Park. Mr. Pugh reported that the Developer has submitted plans and the water meter easement. IDS is reviewing the plans and will prepare a review letter with comments, if any.
- N. Hufsmith Heights tract. There are no matters to report.
- O. Little Woodrows. The developer's engineer is preparing plans for a Little Woodrow's west of Coons Road and South of Timber Tech Road, near HMT properties. The developer has purchased the land and is working with Harris County on the development design for detention facilities. IDS has prepared a feasibility study report and recommends the property be annexed. Mr. Carpenter stated that Little Woodrow's will only need a public utility extension. He recommended the public utility extension be prepared by Little Woodrow's engineer and reviewed by IDS.
- P. 12.5-Acre Dungrove tract. Mr. Carpenter reported that the Developer, Rausch Coleman Homes, has determined that the proposed single-family homes development is not financially feasible for them. The purchase of the property has been cancelled.
- Q. 12.9-Acre Tract East of Hufsmith-Kohrville. The developer is working on a feasibility study for this tract. The intended use is a single-family residential development.
- R. 42-Acre Favro Family Tract (West of Hufsmith-Kohrville). The Developer has prepared a preliminary land plan for the development, a copy of which is attached to the Engineer's Report. The proposed development includes 63 single-family residential lots, 11 private estate lots, a community center including a club and recreational land and facilities, and a parking lot. IDS request authorization to begin preparation of a feasibility study upon receipt of the \$7,500 deposit.

Next, upon motion by Director Cook, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board (i) approved Pay Application No. 6 and Final in the amount of \$30,928.26 for the WP Ground Storage Rehabilitation project and authorized IDS to hold the check pending completion of the punch-list items; (ii) authorized IDS to prepare a design proposal for the WWTP rehabilitation project; (iii) authorized JP and IDS to begin annexation process for Little Woodrow's; and (iv) approved the Engineer's Report, a copy of which is attached hereto as Exhibit "F".

- S. Hufsmith-Kohrville Improvements. Mr. Carpenter reported that per the Board's request, Harris County revised its offer for a partial acquisition of a 0.0738 acres roadway easement needed for development of Hufmith-Kohrville Road Segment 3 project from \$11,253 to \$12,703. Mr. Carpenter stated that IDS recommends the Board approve the easement acquisition agreement. Upon motion by Director Dunn, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the easement acquisition agreement, a copy of which is attached hereto as Exhibit "G".
- IX. Developer's Report. There was no report.
- X. Attorney's Report.
- A. Reimbursement Agreement with Houston LC, LLC aka Rausch Coleman Homes. No action was taken.
- B. Resolution Authorizing Reimbursement of General Fund from Proceeds of a Future Bond Issue (the "Resolution"). Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the Resolution, a copy of which is attached hereto as Exhibit "H".
- C. Minutes of November 15, 2018 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 15, 2018 Board meeting, as amended.
- XI. Adjournment. With no additional matters before the Board, the Board adjourned the meeting at 8:35 p.m.

[EXECUTION PAGE FOLLOWS]

PASSED AND APPROVED this 3rd day of January, 2019.



Secretary, Board of Directors

Exhibits:

- "A" Security Report
- "B" Tax Collector Report
- "C" Bookkeeper Report
- "D" Annual Agenda
- "E" Operator's Report
- "F" Engineer's Report
- "G" Easement Agreement
- "H" Resolution