

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Tuesday, May 7, 2015

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 7, 2015, 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: Matt Carpenter, P.E. of IDS Engineering Group ("IDS" or "Engineer"); Mike Plunkett of Eagle Water Management, Inc. ("Eagle" or "Operator"); Brian Toldan, of McCall Gibson Swedlund Barfoot PLLC ("Auditor"); and Scott Eidman, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney").

The President called the meeting to order at 6:45 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.** There were no matters to report.
 - B. **Pay Bills and Pay Estimates.** Ms. Croon presented the wire transfer forms and checks related to Unlimited Tax Refunding Bonds, Series 2015A scheduled to close on May 11, 2015. Ms. Bishop asked the Board to approve check no. 13229 in the amount of \$131.05 for a customer deposit refund.

Upon motion by Director Dunn, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board (i) approved the wire transfer forms and checks related to Unlimited Tax Refunding Bonds, Series 2015A; and (b) approved check no. 13229 in the amount of \$131.05, which will be listed on the next Bookkeeper's Report.
 - C. **Insurance proposals.** Ms. Croon stated that JP had solicited proposals from SIG/McDonald & Wessendorff Insurance, AquaSurance LLC. and Arthur J. Gallagher & Co. (formerly known as Highpoint Insurance Group) ("AG");

however, SIG/McDonald & Wessendorff Insurance, and AquaSurance LLC have declined to provide a proposal.

Next, upon motion by Director Bishop, seconded by Director Cook, after full discussion and with all Director present, voting aye, the Board approved the proposal submitted by AG, the District's current insurance carrier, a copy of which is attached hereto as Exhibit "A".

- D. Security System Evaluation. This matter was tabled until later in the meeting.
- E. Engage Auditor. The President next recognized Mr. Toldan, who presented and reviewed the proposal to conduct the District's audit.

Upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board accepted the proposal as presented and authorized the President to execute the engagement letter, a copy of which is attached hereto as Exhibit "B".

III. **Operator's Report.** The President next 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 reviewed the productivity report which indicated that the District's billed vs. produced water accountability was 90.4% for the period from March 14, 2015, through April 13, 2015. Mr. Plunkett noted that during the last month 95.13% of the District's water came from the surface water source with the remainder from the District's groundwater wells. Mr. Plunkett next reviewed the Discharge Monitoring Report for the period from March 1, 2015 through March 31, 2015, a copy of which is attached to the Operator's Report. Mr. Plunkett next directed the Board's attention to the Collection Agency Report, a copy of which is attached to the Operator's Report.

Mr. Plunkett then reviewed correspondence from a resident requesting an adjustment in his water bill due to a leak. Mr. Plunkett recommended the bill be adjusted to the base rate, which would result with an approximate credit to the customer of \$50.00 to \$75.00.

Mr. Carpenter next reported that the Operations Committee had discussed the Wastewater Treatment Plant ("WWTP") Odor Control project at its last meeting and it recommends that Eagle coordinate the project. Mr. Plunkett stated that the District would need to purchase special equipment directly from the supplier at an approximate cost of \$193,000. Mr. Carpenter stated that the District may be able to use the surplus funds from the Series 2009 Bonds for the project and asked the Attorney to place such an item on the next meeting agenda.

Mr. Plunkett next reported that the manhole at the southeast corner of the WWTP will need to be replaced at an approximate cost of \$25,000.

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.

Next, upon motion by Director Dunn, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) approved the Collections Report; (ii) authorized adjustment of the customer's water bill, as recommended by the Operator; (iii) authorized Eagle to coordinate the WWTP Odor Control project; (iv) authorized the WWTP manhole replacement at an approximate amount of \$25,000; (v) authorized termination of service to customers listed on the Termination List, in accordance with provisions of the District's Rate Order; and (vi) 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 "D".

- A. Operations Committee Meeting. The Operations Committee meeting has been scheduled for May 29, 2015.
- B. Grand Parkway waterline and sanitary sewer force main relocation. Mr. Carpenter reported that the construction is complete. IDS is in the process of scheduling a meeting with Zachry-Odebrecht Parkway Builders .
- C. Gladewater Drainage. Mr. Carpenter reported that IDS is planning to inspect the storm sewers in the next phase of televising and cleaning of the sanitary sewer system. IDS will finalize its recommendations once the lines have been televised.
- D. Proposed annexations. Mr. Carpenter stated the applications for the two (2) proposed annexations – Ashford Grove East and HMT – have been submitted to the City of Houston for review.
- E. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Carpenter reported that the April 2015 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. Phase 2 Sanitary Sewer Cleaning and Televising. Mr. Carpenter reported that the Operator has completed the recommended repairs.
- G. Phase 3 Sanitary Sewer Cleaning and Televising. Mr. Carpenter reported that the project will be advertised for bids the following week.
- H. WWTP Odor Control. This matter was discussed under the Operator's Report.
- I. Sandy Stream Sewer Capacity Evaluation: Upsize required for Dungrove tract. There were no new matters to report.
- J. Willow Falls, Section 4, WS&D. Mr. Carpenter reported that the sanitary sewer and storm sewer construction is complete. Paving construction is in progress.
- K. NorthPointe Center – Phase 2 (Santikos). There were no new matters to report.
- L. 136-Acre Finger Tract. There were no additional matters to report.

- M. HMT Property Water Distribution and Sanitary Sewer Line (the "Project"). Mr. Carpenter stated that the design is nearly complete.
- N. Ashford Grove East, Section 1, Water, Sewer & Drainage Facilities. Mr. Carpenter reviewed a bid tabulation for the Project, a copy of which is attached to the Engineer's Report, and stated that IDS recommends the Board award the Contract to the low bidder JAHO, Inc. in the amount of \$410,046.35. Mr. Carpenter stated that IDS also recommends the District issue a utility commitment letter for 56 equivalent single family connections ("ESFCs" for Ashford Grove East, Section 1.
- O. Ashford Grove East, Section 2 Water, Sewer & Drainage Facilities. Mr. Carpenter stated that IDS recommends the District issue a utility commitment letter for 44 ESFCs for Ashford Grove East, Section 2.
- P. Ashford Grove East, Phase 1 Stormwater Detention Facilities. Mr. Carpenter reported that the construction is in progress.
- Q. Ashford Grove East, Sanitary Sewer Lift Station. Mr. Carpenter reviewed a bid tabulation for the Project, a copy of which is attached to the Engineer's Report, and stated that IDS recommends the Board award the Contract to the low bidder C.F. McDonald Electric, Inc. in the amount of \$468,430.

Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) awarded the contract for the Ashford Grove East, Section 1 WS&D project to the low bidder, JAHO, Inc., in the amount of \$410,046.35, as recommended by IDS; (ii) authorized the issuance of a utility commitment letter for 56 ESFCs for Ashford Grove East, Section 1; (iii) authorized the issuance of a utility commitment letter for 44 ESFCs for Ashford Grove East, Section 2; (iv) awarded the contract for the Ashford Grove East, Section 2 Sanitary Sewer Lift Station project to the low bidder, C.F. McDonald Electric, Inc., in the amount of \$468,430, as recommended by IDS; and (v) approved the Engineer's Report.

V. **Developer's Report.** There were no additional matters to report.

VI. **Attorney's Report.**

- A. Real Estate Matters Update. Mr. Eidman presented for the President's execution a Release of Unobstructed Public Utility and Aerial Easement for Woodmere Development, Inc.
- B. Approval of minutes of the April 16, 2015 Board meeting. Upon motion by Director Dunn, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board approved the minutes of the April 16, 2015 Board meeting, as amended.

VII. **Security System Evaluation.** The Board agreed to meet in special session on May 29, 2015 at 11:30 a.m. to discuss the District's Security System.

VIII. **Other matters.** Discussion next ensued regarding rescheduling of the June 18, 2015 Board meeting due to the Association of Water Board Directors Summer Conference, and July 2, 2015 Board meeting due to the July 4 Holiday. After discussion, it was the consensus of the Board to move the June 18, 2015 to June 16, 2015, to cancel the July 2 meeting, and to combine the Financial and Operations meetings on July 16, 2015.

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

[EXECUTION PAGE FOLLOWS]

Passed and approved this 21st day of May, 2015.



Secretary, Board of Directors

Exhibits:

- "A" – Insurance proposal
- "B" – Audit Engagement Letter
- "C" – Operator's Report
- "D" – Engineer's Report