

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Tuesday, June 4, 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, June 4, 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, except Director Daniel, thus constituting a quorum. Consultants in attendance were: Teague Harris, P.E. of IDS Engineering Group ("IDS" or "Engineer"); Mike Plunkett of Eagle Water Management, Inc. ("Eagle" or "Operator"); Andrew Dunn of On-Site Protection, LLC ("On-Site"); Corporal Thomason of the Harris County Precinct 4 Constable's Office ("HCCO"); and Scott Eidman, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney").

The President called the meeting to order at 6:41 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.** Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved check no. 13317, which will be listed on the next Bookkeeper's Report.
 - C. **Security System.** This matter was tabled until later in the meeting.

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 reviewed the productivity report which indicated that the District's billed vs. produced water accountability was 92.9% for the period from April 14, 2015, through May 13, 2015. Mr. Plunkett noted that during the last month 98.60% 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 April 1, 2015 through April 30, 2015, a copy of which is attached to the Operator's Report.

Mr. Plunkett next reported on the status of the collapsed manhole near the Southeast corner of the Wastewater Treatment Plant noting that the manhole is back in service and the manhole interior will be coated to avoid similar issues.

Mr. Plunkett next reviewed correspondence from Gloria Lee of Chaparral Management Company regarding the April/May 2015 water bill for the Three Lakes pool meter. Mr. Plunkett stated that there is no unusual activity as the usage reported is in line with the April/May usage in previous years. Mr. Plunkett stated that if requested by Ms. Lee, Eagle will arrange for the meter to be tested at a cost of \$150. If the meter is found to be accurate the charge will be billed to the Three Lakes Homeowners' Association and if the meter is indeed inaccurate, the District will be charged for the test and the meter replacement.

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 Cook, seconded by Director Lackey, 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.

Director Lackey next reported that the HCCO was asked to monitor the area around the Ashford Grove East subdivision as there were reports of a hauling truck, most likely a subcontractor on the Ashford Grove East project, speeding on Lacey Rd., which is located in the school zone.

IV. **Engineer's Report.** Mr. Harris presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "B".

- A. Operations Committee Meeting. The Operations Committee meeting has not been scheduled.
- B. Grand Parkway waterline and sanitary sewer force main relocation. Mr. Harris reported that the construction is complete. IDS is in the process of scheduling a meeting with Zachry-Odebrecht Parkway Builders and Lawns and More.
- C. Gladewater Drainage. Mr. Harris 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. Harris 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 Plant ("WP") No. 2. Mr. Harris reported that IDS is preparing construction plans for piping modifications to be able to transfer surface water from WP No. 2

to WP No. 1. The Operator is obtaining prices from a fencing contractor to relocate the entry gate to allow for easier access to the site.

- F. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Harris reported that the May 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.
- G. Phase 2 Sanitary Sewer Cleaning and Televising. Mr. Harris reported that the Operator has completed the recommended repairs. IDS will compile a list of the repairs and the associated costs to update the Capital Improvement Plan.
- H. Phase 3 Sanitary Sewer Cleaning and Televising. Mr. Harris reported that the project will be advertised for bids on June 9, 2015, which will result in a bid opening on June 23, 2015.
- I. WWTP Odor Control. Mr. Harris stated that IDS is working with the Operator on preparing a proposal to install the equipment.
- J. Sandy Stream Sewer Capacity Evaluation: Upsize required for Dungrove tract. There were no new matters to report.
- K. Willow Falls, Section 4, WS&D. Mr. Harris reported that the sanitary sewer and storm sewer construction is complete. The Developer has requested reimbursement for the project as the District had agreed to use the surplus funds to reimburse the Developer, subject to the Financial Advisor proving that the sufficient value has been generated to support the reimbursement. IDS is preparing a cost summary for all reimbursable costs and plans to submit such information to the Financial Advisor next week.

Mr. Harris requested the Board's authorization to begin preparation of the surplus funds application for submission to the Texas Commission on Environmental Quality, conditioned upon the Financial Advisor's finding that sufficient value has been created.
- L. NorthPointe Center – Phase 2 (Santikos). There were no new matters to report.
- M. 136-Acre Finger Tract. There were no additional matters to report.
- N. HMT Property Water Distribution and Sanitary Sewer Line (the "Project"). Mr. Harris stated that the design is nearly complete.
- O. Ashford Grove East, Section 1, WS&D Facilities. Mr. Harris reported that the design is complete and a notice to proceed should be issued very soon.
- P. Ashford Grove East, Section 2 WS&D Facilities. Mr. Harris reported that the design is in progress.

- Q. Ashford Grove East, Phase 1 Stormwater Detention Facilities. Mr. Harris reported that the construction is in progress. The project is approximately 65 percent complete, but the recent rainfall has delayed progress.
- R. Ashford Grove East, Sanitary Sewer Lift Station. Mr. Harris reported that the design is complete. A Notice to Proceed was issued June 1, 2015 and the project should be completed by November 28, 2015.

Next, upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board (i) authorized preparation of the surplus funds application related to the Developer's reimbursement for the Willow Falls, Section 4 WS&D project, subject to the Financial Advisor's finding that the sufficient value has been created; and (ii) approved the Engineer's Report.

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

VI. **Security matters.** Director Lackey reported on his correspondence with Constable Mark Herman related to adding a sergeant's position to the District's current Law Enforcement Agreement. Director Lackey stated that the Board should be able to meet the candidates next week. Discussion ensued after which the Board agreed to schedule a special meeting for June 11, 2015 at 6:00 p.m. to meet the candidates for the sergeant's position.

Director Lackey reported that as approved at the May 29, 2015 Board meeting, Mr. Dunn has obtained a proposal for an alarm system at Stormwater Pump Station No. 1 (Windsor Point) ("SPS"). Director Lackey stated that he inspected SPS No. 1 and would recommend that a main control panel at the station be replaced, thus creating a space to add an auto-dialer and SCADA system. The alarm system installation at the SPS will need to be postponed until the main control panel installation. Discussion ensued about adding main control panels at Sanitary Lift Station No. 1 (Royal Isle), Sanitary Lift Station No. 2 (Boudreaux Rd.) and Storm Water Pump Station No. 1 (Windsor Point). Director Lackey stated that he will obtain proposals for installation of main control panels for the previously discussed lift station.

The Board then asked Mr. Dunn to obtain an alarm system proposal for Sanitary Lift Station No. 5 (Coons Rd.).

VII. **Attorney's Report.**

- A. Real Estate Matters Update. There were no matters to report.
- B. Approval of minutes of the May 21, 2015 and May 29, 2015 Board meetings. Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the minutes of the May 21, 2015 and May 29, 2015 Board meetings, as amended.

- C. Response to IRS request for information on the District's Series 2006 Bonds. Mr. Eidman stated that JP is preparing a response to the IRS regarding the District's Series 2006 Bonds.

VIII. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 8:25 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 15th day of June, 2015.


Secretary, Board of Directors

Exhibits:

- "A" – Operator's Report
- "B" – Engineer's Report