

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, August 6, 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, August 6, 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. and Kameron Pugh of IDS Engineering Group ("IDS" or "Engineer"); Mike Plunkett of Eagle Water Management, Inc. ("Eagle" or "Operator"); and Scott Eidman, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney"). Also present were Robin Gribble and John Cox of WCA Corporation of America ("WCA").

The President called the meeting to order at 6:38 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.** There was no action.
 - C. **Signage Request from Ashford Grove Community Association.** Director Lackey reported on a request received from the management company for the Ashford Grove Homeowners Association (the "HOA") to install signs restricting unauthorized motor vehicles driving through the Ashford Grove reserve on Kent Park Dr. into the detention area maintained by the District. He stated that according to the management company, the vehicles are damaging the HOA property and causing nuisance to the owners on both sides of the reserve. Director Lackey stated that he requested On-Site Protection LLC to survey the District for missing signs and prepare a proposal to replace same. The signage replacement proposal will be considered at the next meeting.
 - D. **Garbage Collection Contract.** The President recognized Ms. Gribble who introduced Mr. Cox, the WCA area operations supervisor, and discussed garbage

collection issues listed in the notice of non-performance issued by the District at the previous Board meeting. Mr. Cox stated that the District is on the top of the WCA watch list, will receive two (2) additional service trucks and should not have any more issues. Director Bishop stated that the District's Operator has received complaints from residents from multiple subdivisions within the District regarding garbage collection times running past 6:00 p.m. and in some cases garbage not being collected until the next day. Director Cook reported on complaints regarding garbage cans being left on the street. Ms. Gribble stated that the District should not have any more issues and asked that any issues be reported to WCA. She also stated that she will attend the next Board meeting to ensure everything is going smoothly.

[Ms. Gribble and Mr. Cox departed the meeting.]

- E. Arbitrage Compliance Specialists ("ACS") Report. Mr. Eidman presented to and reviewed the ACS report, a copy of which is attached hereto as Exhibit "A". Mr. Eidman stated that ACS has determined that the District does not owe any arbitrage rebate to the Internal Revenue Service in connection with its bonds; however, the ACS did note that the District has a significant amount of project funds remaining in the Series 2009 Bonds and recommends that such funds be expended as earliest as possible. Mr. Pugh stated that IDS and the Bookkeeper are preparing a surplus funds application to the Texas Commission on Environmental Quality which proposes that the surplus funds from the Series 2009 Bonds be used to reimburse the developer for the water, sewer, and/or drainage projects for Willow Falls, Section 4 and the HMT development.
- F. Garbage Collection contract (continued). Ms. Croon distributed garbage service proposals received from District Waste Solutions, Best Trash, Residential Recycling and Refuse of Texas, Inc. and Waste Management. No action was taken.

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 "B". Mr. Plunkett reviewed the productivity report which indicated that the District's billed vs. produced water accountability was 98.4% for the period from June 13, 2015 through July 14, 2015. Mr. Plunkett noted that during the last month 98.83% 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 June 1, 2015 through June 30, 2015, a copy of which is attached to the Operator's Report.

Mr. Plunkett next reported that the manhole survey at the Wastewater Treatment Plant ("WWTP") found that five (5) manholes need to be repaired – two (2) manholes at a cost of \$7,200 per manhole and three (3) manholes at a cost of \$4,300 per manhole. Mr. Plunkett noted that additional piping will need to be added as well, which will be in addition to the manhole repair costs.

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 the manhole repairs as previously described; (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. Pugh presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "C".

- A. Operations Committee Meeting. The Operations Committee meeting has been scheduled for August 31, 2015.
- B. Grand Parkway. Mr. Pugh 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. There were no new matters to report.
- D. Proposed annexations. Mr. Pugh stated the applications for the two (2) proposed annexations – Ashford Grove East and HMT – have been approved by the City of Houston.
- E. Surplus Funds Release Application. Mr. Pugh reported that IDS has prepared the surplus release application for Willow Falls, Section 4 and will add the HMT project to the application as well. The surplus release application will be submitted to the TCEQ upon review and approval of same by the District Attorney and Financial Advisor.
- F. Water Plant ("WP") No. 2. Mr. Pugh 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.
- G. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Pugh reported that the July 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.
- H. Phase 2 Sanitary Sewer Cleaning and Televising. The construction contracts have been prepared and are ready for execution. IDS is planning to hold a pre-construction meeting next week and will issue a notice to proceed after the preconstruction meeting.

- I. WWTP Odor Control. Mr. Pugh stated that IDS is working with the manufacturer of the filters on purchasing the filters from the manufacturer directly. Once the order has been placed, the Operator will begin the installation of the yard piping.
- 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. The construction is complete.
- 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"). The Project is nearly complete. The Operator plans to make the final connections to the system next week.
- O. Ashford Grove East, Section 1, WS&D Facilities. Mr. Pugh reported that the construction is in progress.
- P. Ashford Grove East, Section 2 WS&D Facilities. Mr. Pugh reported that the design is nearly complete.
- Q. Ashford Grove East, Phase 1 Stormwater Detention Facilities. Mr. Pugh reported that the construction is nearly complete.
- R. Ashford Grove East, Sanitary Sewer Lift Station. Mr. Pugh reported that the construction is in progress. The contractor began construction 60 days past the anticipated starting date. An updated construction schedule is attached to the Engineer's Report.

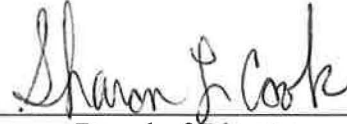
Next, upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report.

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

VI. **Attorney's Report**.

- A. Real Estate Matters Update. Mr. Eidman reminded the Board that a letter was sent to the owner of the property located next to Water Well No. 6 in July 2012 asking him to reimburse the District for the costs associated with repairing the fence near the shared property line with the District's facilities which was damaged when the dead trees from his property fell on the fence. The repair costs totaled \$550. Mr. Eidman stated that Mr. Garner never reimbursed the District for such costs. Mr. Eidman then discussed legal options available to the District regarding same. Discussion ensued after which the Board agreed to take no action at this time.

Passed and approved this 20th day of August, 2015.



Secretary, Board of Directors

Exhibits:

- "A" – ACS Report
- "B" – Operator's Report
- "C" – Engineer's Report
- "D" – Order Adding Land
- "E" – District Information Form