

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

## Minutes of Meeting Thursday, February 19, 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, February 19, 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: Mike Plunkett of Eagle Water Management, Inc. ("Operator"); Katherine Turner of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); Kristen Scott of Bob Leared Interests Inc. ("Tax Assessor/Collector"); Craig Rathmann of Rathmann and Associates L.P ("Financial Advisor"); Andrew Dunn of On-Site Protection, LLC ("On-Site"); Sergeant Romero and Corporal Thomason, of the Harris County Precinct 4 Constable's Office ("HCCO"); Scott Eidman, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("JP" or "Attorney").

The President called the meeting to order at 6:40 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. **Unlimited Tax Refunding Bonds, Series 2015-A (the "Series 2015-A Refunding Bonds").** The President next recognized Mr. Rathmann who discussed the District's proposed Series 2015-A Refunding Bond Issue (the "Refunding Bonds"). Mr. Rathmann presented to and reviewed with the Board cash flows detailing the effects that the proposed Refunding Bonds would have on the District's debt service, a copy of which is attached hereto as Exhibit "A". Mr. Rathmann noted that it is projected that the Refunding Bonds would produce savings of 13 percent of the total debt service of the Refunded Bonds at a projected average interest rate of 3.95 percent based on today's market conditions. Mr. Rathmann also stated that over the life of the Refunding Bonds, the District would save approximately \$915,951. Mr. Rathmann then reviewed the costs of the transaction with the Board.

Next, Mr. Rathmann presented to and reviewed with the Board the Preliminary Official Statement ("POS"), a copy of which is attached hereto as Exhibit "B". Upon motion by Director Dunn, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the POS and authorized distribution of same.

Mr. Rathmann also distributed to the Board correspondence pertaining to the underwriter(s) selection and compensation, a copy of which is attached hereto as Exhibit "C". He then reviewed with the Board a letter from RBC Capital Markets ("RBC") pertaining to disclosures by Senior Managing Underwriter pursuant to the Municipal Securities Rulemaking Board ("MSRB") Rule G-17, a copy of which is attached hereto as Exhibit "D". Mr. Rathmann noted that regulations require the underwriter to disclose to the issuer that RBC proposes to serve as an underwriter, and not as a financial advisor or a municipal advisor, in connection with the issuance of the Series 2015-A Refunding Bonds.

Mr. Rathmann next suggested the Board appoint an officer or a committee to approve the price, interest rates, interest payment periods and other terms and procedures relating to the Refunding Bonds. Discussion ensued and the Board agreed to appoint the President, with the alternates of the Assistant Secretary and then the Treasurer of the Board, who will act as the Board's Representative to approve the pricing of the Bonds, and if the underwriters of the bonds present a transaction with a savings rate of 6 percent or greater, the Representative of the Board will be authorized to sign a pricing certificate detailing the maturities and interest rates for each maturity and other details regarding the Refunding Bonds, and sign the Bond Purchase Agreement on behalf of the District.

Upon motion by Director Cook, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board (i) approved RBC as the underwriter for the Series 2015-A Refunding Bonds; (ii) authorized execution of the above-mentioned disclosure letter; and (iii) appointed Director Lackey as the Authorized Representative, with Directors Dunn and Bishop as Alternate Authorized Representatives who will act as the Board's Representative to approve the pricing of the Bonds if the underwriters of the bonds present a transaction with a 6 percent interest rate in savings or greater.

Next, Ms. Croon asked the Board to authorize the Attorney General transcript review fee, and approve and authorize execution of a Bond Order Authorizing Issuance of the Refunding Bonds, an Escrow Agreement with Wells Fargo Bank, N.A.; a Transfer and Paying Agent Agreement with Wells Fargo Bank, N.A. and all other required documents in connection with the sale and issuance of the Refunding Bonds.

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved and authorized execution of the Bond Order, the Escrow Agreement with Wells Fargo Bank, N.A.; the Paying Agent and Transfer Agency Agreement with Wells Fargo Bank, N.A. and all other required documents in connection with the sale and issuance of the Refunding Bonds.

[Mr. Rathmann departed the meeting following his report.]

III. **General Business.**

- A. Emergency Operations and Repairs to District Facilities. Mr. Plunkett reported that a cost to repair Booster Pump No. 1 at Water Plant No. 1 ("WP") is \$3,624 and a cost to install a motor at Booster Pump No. 1 is \$3,924.
- B. Changes and Additions to District website. There were no matters to report.
- C. Monthly Recycling Report. The Board reviewed the January recycling report prepared by Residential Recycling of Texas, a copy of which is attached hereto as Exhibit "E".

IV. **Tax Assessor/Collector's Report.** The President recognized Ms. Scott who presented and reviewed the Tax Assessor/Collector's Report for the month of December 2014, a copy of which is attached hereto as Exhibit "F". Ms. Scott reported that 99.73% of the District's 2013 tax levy had been collected as of December 31, 2014. She also noted that 93.427% of the District's 2014 tax levy had been collected as of January 31, 2015.

Next, upon motion by Director Cook, seconded by Director Daniel, 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 1041 through 1058 from the Tax Account.

Order Authorizing Additional 20% Penalty on Delinquent Tax Accounts. The Board next considered adoption of an Order Authorizing Additional 20% Penalty on Delinquent Tax Accounts, a copy of which is attached hereto as Exhibit "G".

Upon motion by Director Lackey, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the Order Authorizing Additional 20% Penalty on Delinquent Tax Accounts.

Order Determining Ad Valorem Tax Exemptions. Ms. Croon next presented to and reviewed with the Board an Order Determining Ad Valorem Tax Exemptions, a copy of which is attached hereto as Exhibit "H".

Resolution Authorizing Petition Challenging Appraisal District Records. Ms. Croon next presented the Board with a Resolution Authorizing Petition Challenging Appraisal Records, a copy of which is attached hereto as Exhibit "I".

Upon motion by Director Dunn, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved (a) the Order Authorizing Additional 20% Penalty on Delinquent Tax Accounts; (b) Resolution Authorizing Petition Challenging District Appraisal Records; and (c) Order Determining Ad Valorem Tax Exemptions.

V. **Security Matters;**

- A. **Security Report.** Sergeant Romero reviewed the Constable's security report for January 2015. Mr. Dunn next reported on crime statistics in the area and presented the On-Site security report, a copy of which is attached hereto as Exhibit "J". Mr. Dunn also presented the internet performance report for District facilities, a copy of which is attached to the On-Site security report.

Mr. Dunn inquired if the Board would like to have a special meeting to review plans and specification related to the District's security system, after which the Board agreed to meet in special session on February 26, 2015 at 5 p.m. to review same.

VI. **Engineer's Report.** Mr. Carpenter reported that the Homeowners Association (the "HOA") for Ashford Grove subdivision would like to erect an iron rod fence by the emergency sheet flow release to prevent vehicular access to that area. The HOA has inquired if the District would like to contribute toward the costs associated with such fence. Discussion ensued regarding potential engineering issues with having a fence erected on such location and maintenance of same. It was consensus of the Board to authorize installation of an iron rod fence by the emergency sheet flow in Ashford Grove under the following conditions; (i) a fence is installed per guidelines issued by the District's Engineer; and (ii) the HOA assumes maintenance responsibility for the fence. The Board also agreed that the District should not contribute toward the costs associated with the fence.

VII. **Bookkeeper's Report.** Ms. Turner next reviewed the Bookkeeping Report, a copy of which is attached hereto as Exhibit "K".

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 Bookkeeping Report; and (ii) authorize payment of Check Nos. 12821 through 13061 from the Operating Fund; and (iii) authorize payment of Check No. 1666 from the Capital Projects Fund.

VIII. **Attorney's Report.**

- A. **Proposed Water Supply Agreement with HCMUD No. 273.** There were no matters to report.
- B. **Real Estate matters update.** There were no matters to report.
- C. **Approval of minutes of the January 29, 2015 and February 5, 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 January 29, 2015 and February 5, 2015 Board meetings, as amended.

IX. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 7:43 p.m.

Passed and approved this 10<sup>th</sup> day of march, 2015.

  
Secretary, Board of Directors

**Exhibits:**

- "A" Refunding Bond Analysis
- "B" POS
- "C" Underwriter disclosure letter
- "D" RBC Disclosure Letter
- "E" Recycling Report
- "F" Tax Assessor/Collector's Report
- "G" Order Authorizing Additional 20% Penalty on Delinquent Tax Accounts
- "H" Order Determining Ad Valorem Tax Exemptions
- "I" Resolution Authorizing Petition Challenging Appraisal District Records
- "J" Security Report
- "K" Bookkeeper's Report