

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, September 17, 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, September 17, 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"); Matthew Carpenter P.E. and Kameron Pugh of IDS Engineering Group ("IDS" or "Engineer"); Kay Townsley of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); Kristen Scott of Bob Leared Interests Inc. ("Tax Assessor/Collector"); Carl Sandlin, of Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Delinquent Tax Attorney"); Craig Rathmann of Rathmann and Associates L.P ("Financial Advisor"); Andrew Dunn and Matthew 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 ("JP" or "Attorney"). Also present was Perry Liston, a resident of the District.

The President called the meeting to order at 7:08 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 Matters;**
 - A. **Security Report.** Mr. Dunn presented to and reviewed with the Board the Security Report, a copy of which is attached hereto as Exhibit "A". Mr. Dunn noted that the commercial crime rate has abated due to an increase in HCCO patrols. Mr. Dunn next reviewed the internet performance report for District's facilities, a copy of which is attached to the Security Report.

Mr. Dunn reported on the status of the John Wright Associates, Inc. ("JWA") proposal for two (2) thermal night vision cameras approved at the August 20, 2015 Board meeting and noted that JWA issued a \$300 discount per camera.

III. **General Business.**

- A. Emergency Operations and repairs to District Facilities. Mr. Plunkett reviewed correspondence from a resident requesting an adjustment in her water bill due to a leak, a copy of which is attached hereto as Exhibit "B". Mr. Plunkett stated that the resident's water consumption for the last billing period was 34,000 gallons while her normal consumption never exceeded 10,000 gallons. Mr. Plunkett recommended the Board adjust the water bill to the base rate, which would reduce the bill by approximately \$50.

Upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board authorized the Operator to adjust the resident's bill as previously detailed.

Mr. Plunkett next reported that the generator at Lift Station No. 4 is being repaired. The temporary fence at the Wastewater Treatment Plant damaged by a truck last month was repaired and a new no-trespassing sign was placed at the facility.

Mr. Plunkett then inquired whether the Board would like to add a presentation by Accurate Meter to a future agenda and the Board agreed.

- B. Changes and Additions to District website. The Board discussed posting of the Best Trash welcome letter on the District's website as well as posting of information regarding yard waste disposal.
- C. Residential Recycling and Reuse of Texas ("RRRT") Monthly Recycling Report. The Board reviewed the recycling report, a copy of which is attached hereto as Exhibit "C".
- D. Authorize Annual District's Post Issuance Tax Exempt Compliance Policies Review. Ms. Croon requested the Board's authorization to prepare and distribute Post Issuance Tax Exempt Compliance checklists to the Consultants for review and completion to ensure continued compliance with the Internal Revenue Service regulations.

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board authorized JP to prepare and distribute Post Issuance Tax Exempt Compliance Checklists to the Consultants for review and completion.

- E. Order Authorizing Change of Meeting Place. Mr. Carpenter stated that IDS is relocating its office and asked that its new location be designated as a meeting place outside the District's boundaries.

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the

Order Authorizing Change of Meeting place, a copy of which is attached hereto as Exhibit "D".

- F. House Bill ("HB") 3357 related to website posting of meeting notices. Mr. Eidman stated that HB 3357 provides that the District may (i) either provide notice of each meeting to the county clerk; or (ii) post notice of each meeting on the District's website. Discussion ensued and upon motion by Director Dunn, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board voted to allow that in compliance with Open Meeting Act Section 551.054, as amended, meeting notices be posted on the District's website in lieu of with the County Clerk.

IV. **Financial Advisor's Report.**

- A. Dungrove's request for release of escrowed funds. The President recognized Mr. Rathmann who reminded the Board that a part of the Dungrove's reimbursement amount from the Series 2012 Bonds was placed in escrow because Dungrove's self-supporting value at the time the Series 2012 Bonds closed was not sufficient to receive the total reimbursement amount. Mr. Rathmann stated that following release of the 2014 reimbursement, Dungrove has \$23,033.46 remaining in the Series 2012 escrow account. Mr. Rathmann noted that according to the Harris County Appraisal District, the 2015 assessed valuation of Dungrove's property has slightly increased and would justify the developer's reimbursement of approximately \$9,000. Pursuant to Dungrove's Amended Reimbursement Agreement with the District dated August 16, 2012, the District is to pay final 2012 reimbursable share due to Dungrove no later than three (3) years after the Series 2012 Bonds were issued. Considering that based on the 2015 tax values Dungrove is eligible to receive \$9,000 of the reimbursement amount, the District is authorized per the August 16, 2012 Agreement to utilize the 2012 unpaid escrowed balance for any lawful purpose of the District, as approved by the Texas Commission on Environmental Quality (the "Commission"). Extensive discussion ensued regarding the reimbursement options after which Mr. Rathmann stated that he will inform Dungrove of the 2015 assessed valuation and the proposed reimbursement amount. The Board agreed to table the matter until the next Board meeting.
- B. Maximum Tax Calculation for 2015. Mr. Rathmann then presented to and reviewed with the Board the Tax Recommendation for 2015, a copy of which is attached hereto as Exhibit "E". Mr. Rathmann noted that the District will be levying a tax against approximately \$581 million of taxable value, which is an increase from \$514 million value assessed last year. He further stated that the average home taxable values have increased from approximately \$122,049 in 2014 to approximately \$137,004 in 2015. The District had levied the total tax rate of \$0.87 per \$100 of assessed valuation in 2014. Mr. Rathmann stated that due to the District's healthy balances with approximately one (1) year of operating reserves, the Board could afford to lower the tax rate for 2015. Extensive discussion ensued regarding the proposed rates and potential costs of any repairs

and/or replacement of District facilities. Next, upon motion by Director Bishop, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board authorized the Tax Collector to (i) publish notice of a proposed total tax rate of \$0.79 per \$100 of assessed value, comprised of \$0.64 per \$100 for debt service and \$0.15 per \$100 for maintenance and operations; and (ii) publish notice of a public hearing on such proposed rate for October 15, 2015 at 6:30 p.m.

V. **Tax Assessor/Collector's Report.** Ms. Scott reviewed the Tax Assessor/Collector's Report for the month of July 2015, a copy of which is attached hereto as Exhibit "F". Ms. Scott reported that 99.445% of the District's 2014 tax levy had been collected as of August 31, 2015.

Mr. Sandlin next presented to and reviewed with the Board the Delinquent Tax Report, a copy of which is attached hereto as Exhibit "G". Mr. Sandlin first reported on the account of H. Sulaiman stating that because Ms. Sulaiman's account in 2013 was under Woodmere Development and the lot was replatted in 2014, the house received a new account number by the Harris County Appraisal District. Ms. Sulaiman sent the payment for 2013 taxes to the District's Tax Collector; however, she was told that the 2013 tax bill had been paid in full and her payment was returned to her. Ms. Sulaiman is now requesting the Board to waive the entire bill for 2013. Discussion ensued and the Board authorized Mr. Sandlin to waive the penalties and interest on the 2013 tax bill for Ms. Sulaiman.

Next, Mr. Sandlin reported on the account for D. Johnson stating that a lawsuit has been filed against Ms. Johnson related to the delinquent taxes for 2014. Ms. Johnson stated that she is disabled, however, the Harris County Appraisal District ("HCAD") has not granted a disability exemption for her property. The Board asked Mr. Sandlin to provide Ms. Johnson with a reasonable period of time to prepare and file her disability application with HCAD. The Board further asked that Mr. Sandlin proceed with a lawsuit against Ms. Johnson, if a disability exemption is not reflected on the HCAD records within a reasonable period of time.

Next, upon motion by Director Bishop, seconded by Director Cook, the Board approved the Delinquent Tax Report.

Upon motion by Director Cook, seconded by Director Lackey, 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 1102 through 1104 from the Tax Account.

VI. **Bookkeeper's Report.** Ms. Townsley reviewed the Bookkeeping Report, a copy of which is attached hereto as Exhibit "H".

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; (ii) authorize payment of Check Nos. 13570 to 13696 from the Operating Fund, with the exception of Check No. 13674 which was voided; and (iii) authorize payment of Check No. 1672 from the Capital Projects Fund.

VII. **Engineer's Report.** Mr. Carpenter reported that Ashford Grove East should have a Texas Commission on Environmental Quality inspection next week.

VIII. **Developer's Report.** There was no report.

IX. **Attorney's Report.**

A. **Best Trash Garbage Collection contract update.** Mr. Eidman reported that the Contract has been revised to reflect the changes agreed upon at the previous Board meeting.

B. **Real Estate matters.** There were no matters to report.

C. **Minutes of September 3, 2015 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 September 3, 2015 Board meeting, as amended.

D. **Other matters.** Director Lackey next disclosed a potential conflict of interest relative to IDS Engineering stating that he performed one (1) consulting job for IDS.

X. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 9:15 p.m.

Passed and approved this 1st day of October, 2015.


Secretary, Board of Directors

Exhibits:

- "A" Security Report
- "B" Resident correspondence
- "C" Recycling Report
- "D" Order Authorizing Change of Meeting Place
- "E" Financial Advisor Report
- "F" Tax Assessor/Collector's Report
- "G" Delinquent Tax Report
- "H" Bookkeeper's Report