

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, October 15, 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, October 15, 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 and Randi Fields of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); Kristen Scott of Bob Leared Interests Inc. ("Tax Assessor/Collector"); Andrew Dunn and Matthew Dunn of On-Site Protection, LLC ("On-Site"); Corporal Thomason and Sergeant Walton of the Harris County Precinct 4 Constable's Office ("HCCO"); Cary Dunham of Dungrove, L.L.C. ("Dungrove"); and Scott Eidman, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("JP" or "Attorney"). Also present was Don Dulin of DonDulin.Com, LP, and Jeff Ojerholt, a resident of the District.

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. **Security Matters;**
 - A. **Security Report.** Sergeant Walton presented to and reviewed with the Board the Security Report, a copy of which is attached hereto as Exhibit "A". Mr. A. Dunn next reviewed the internet performance report for District's facilities, a copy of which is attached to the Security Report.

Mr. A. Dunn reviewed Estimate No. 106626 to purchase and install a remote alarm system for the District's facilities at Lift Station No. 5 at a cost of \$1,409.80. Discussion ensued regarding the proposal after which upon motion by Director Cook, seconded by Director Lackey, after full discussion and with Director Dunn abstaining, the Board approved Estimate No. 106626, a copy of which is attached hereto as Exhibit "A-1".

Mr. Dunn then presented to and reviewed with the Board the Monitoring Agreement

for the District's security operating system, a copy of which is attached hereto as Exhibit "A-2".

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with Director Dunn abstaining, the Board approved the Monitoring Agreement.

III. General Business.

- A. District's Website. The President recognized Mr. Dulin who reviewed a proposal to upgrade and maintain the District's website, a copy of which is attached hereto as Exhibit "B". Mr. Dulin discussed his experience with working with utility districts noting that he is aware that certain documents need to be posted promptly to the website and all documents sent to him for posting shall be on the website within a 24-hour period. Mr. Dulin also recommended the website be upgraded to be mobile compatible as most residents use their mobile devices to view the site.

Next, upon motion by Director Bishop, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board authorized JP to prepare and send a termination notice to the Texas Network, the District's current website management provider.

Upon motion by Director Cook, seconded by Director Bishop, after full discussion and with all Directors present voting aye, the Board approved the Website Management Agreement with Don Dulin.com, LP.

- B. Emergency Operations and repairs to District Facilities. Mr. Plunkett reviewed correspondence from a resident requesting an adjustment in her water bill due to a high usage, a copy of which is attached hereto as Exhibit "C". Mr. Plunkett stated that the meter was checked but no leak was detected. He stated that the resident is usually not a high water user and recommended the Board adjust the water bill to the base rate.

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

- 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 "D".

- D. Dungrove's request for release of escrowed funds. The President recognized Mr. Dunham who stated that he was informed by JP that per the District's Financial Advisor, Dungrove's self-supporting value would justify the developer's reimbursement of approximately \$9,065. Dungrove still has about \$23,033.46 remaining in the Series 2012 escrow account. Mr. Dunham stated that he would like to find a way to receive the full amount of \$23,033.46. Discussion ensued after which the Board agreed to continue its discussion in an executive session.

Executive Session. Next, at 7:54 p.m., upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the President called an Executive Session, pursuant to Section 551.071 of the Open Meetings Act to discuss matters of attorney-client privilege. Only the Board of Directors, Mr. Carpenter, Mr. Eidman, and Ms. Croon were present during the executive session.

Regular Session. At 8:04 p.m. upon motion by Director Dunn, seconded by Director Bishop, the Board reconvened the meeting in Regular Session. No action was taken in the Executive Session.

Next, Director Lackey proposed to Mr. Dunham to either (i) accept the reimbursement of \$9,065, which is the reimbursable amount currently justified by Dungrove's self-supporting tax value; or (ii) postpone the reimbursement until January 2017 to see if Dungrove's property reaches enough value to justify the full reimbursement of \$23,033.46; however, if the value in January 2017 is still insufficient for the full reimbursement, Dungrove shall forfeit the entire remaining reimbursement amount and receive nothing.

Mr. Dunham stated that he accepts the reimbursement of \$9,065 today. Mr. Dunham then thanked the Board for its time and departed the meeting.

IV. **Arbitrage Compliance Specialist ("ACS") Report for Unlimited Tax Bonds, Series 2007 ("Series 2007 Bonds") and Unlimited Tax Refunding Bonds, Series 2010 ("Series 2010 Bonds").** Ms. Croon presented to and reviewed with the Board the ACS Reports for the Series 2007 and Series 2010 Bonds, copies of which are attached hereto as Exhibits "E" and "E-1". Ms. Croon stated that ACS has determined that the District does not owe any arbitrage rebate to the Internal Revenue Service in connection with the Series 2007 and Series 2010 Bonds.

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

V. **Public Hearing on 2015 Tax Rate.** At 8:08 p.m., the President convened the public hearing regarding the 2015 Tax Rate pursuant to notice published by the Tax Assessor/Collector in the Tomball/Magnolia Potpourri on September 30, 2015, a copy of which is attached hereto as Exhibit "F". Ms. Croon noted that the proposed tax rate is \$0.79 per \$100 of Assessed Valuation. After confirming that there were no comments pertaining to the proposed tax rate, the President closed the public hearing on the 2015 tax rate at 8:15 p.m.

A. **Adopt Order Setting Rate and Levying Tax for 2015 ("Tax Order").** Ms. Croon then presented the Board with the Order Setting Rate and Levying Tax for 2015 for approval, which contained the tax rate of \$0.79 per \$100 of assessed valuation comprised of debt service levy of \$0.64 per \$100 and maintenance tax levy of \$0.15 per \$100 of assessed valuation, a copy of which is attached hereto as Exhibit "G".

- B. Appoint Tax Assessor/Collector. Ms. Croon next presented an Order Appointing Bob Leared Interests, Inc. as the District's Tax Assessor/Collector, a copy of which is attached hereto as Exhibit "H".
- C. Resolution Regarding Tax Collection Procedures ("Resolution"). The Board then considered adopting a Resolution to set forth some of the criteria for the District's Tax Assessor/Collector in collecting taxes on behalf of the District, providing for no split payments, no early payments and no early payment discounts, a copy of which is attached hereto as Exhibit "I". The District has adopted the same procedures in years past.
- D. Adopt Amended District Information Form. The Board then discussed approval of an Amended and Restated District Information Form, a copy of which is attached hereto as Exhibit "J", which is required to be amended to show the current tax rate, the outstanding debt and the Notice to Purchasers form, and is to be recorded in the Harris County Real Property Records (the "HCRPR") and filed with the Texas Commission on Environmental Quality ("TCEQ").

Upon motion by Director Bishop, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board approved (i) the Tax Order; (ii) Order Appointing Bob Leared Interests, Inc. as the District's Tax Assessor/Collector; (iii) the Resolution regarding tax collection procedures; and (iv) Amended District Information Form.

VI. **Tax Assessor/Collector's Report.** Ms. Scott reviewed the Tax Assessor/Collector's Report for the month of September 2015, a copy of which is attached hereto as Exhibit "K". Ms. Scott reported that 99.716% of the District's 2015 tax levy had been collected as of September 30, 2015.

Upon motion by Director Dunn, seconded by Director Cook, 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 1105 through 1115 from the Tax Account.

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

Next, upon motion by Director Dunn, seconded by Director Bishop, 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. 13697 to 13785 from the Operating Fund, and (iii) authorize payment of Check No. 1673 from the Capital Projects Fund.

VIII. **Engineer's Report.** Mr. Carpenter reported on his meeting with Director Bishop and the District's Bookkeeper regarding the surplus funds and stated that the application for release of \$850,000 will be submitted to the Texas Commission on Environmental Quality for approval next week. Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the Resolution

Authorizing Application to TCEQ for Approval to Use Surplus Funds Proceeds, a copy of which is attached hereto as Exhibit "M".

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

X. **Attorney's Report.**

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

B. **Minutes of October 1, 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 October 1, 2015 Board meeting, as amended.

C. **Other matters.** Director Lackey next reported that he is in the process of obtaining proposals for gate installation and reviewed specifications for such proposals.

Next, the Board agreed to move its December 17, 2015 Board meeting to Monday, December 21, 2015 at 11:30 a.m.

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

Passed and approved this 5th day of November, 2015.



Secretary, Board of Directors

Exhibits:

- "A" Security Report
- "A-1" Estimate No. 106626
- "A-2" Monitoring Agreement
- "B" Website proposal
- "C" Resident correspondence
- "D" Recycling Report
- "E" ACS Report Series 2007 Bonds
- "E-1" ACS Report Series 2010 Bonds
- "F" Tax Rate Publication
- "G" Order Setting Tax Rate
- "H" Order Appointing Tax Collector
- "I" Amended District Information Form
- "J" Resolution Regarding Tax Collection Procedures
- "K" Tax Assessor/Collector's Report
- "L" Bookkeeper's Report
- "M" Surplus Funds Resolution