

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

## Minutes of Meeting Thursday, August 19, 2016

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 19, 2016, 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"); Kaye Townley of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); Robin Goin of Bob Leared Interests Inc. ("Tax Assessor/Collector"); Corporal Thomason, and Sergeant Walton of the Harris County Precinct 4 Constable's Office ("HCCO"); Don Dulin of DonDulin.com, LP; Andrew Dunn and Matthew Dunn of On-Site Protection, LLC (the "Security Coordinator"); and Tyler Scully, attorney, of Johnson Petrov LLP ("JP" or "Attorney").

The President called the meeting to order at 6:32 p.m. and in accordance with the notice posted pursuant to law, the following business was transacted:

- I. **Public Comment.** There were no public comments.
- II. **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 reviewed the internet performance report for District facilities, a copy of which is attached hereto as Exhibit "A-1". Mr. Dunn noted that the issues with service at Solomon Road remain present and indicated that service at that location was down approximately 83 percent over the course of the last month. The Board inquired as to if it was possible they could request a discount because of the service issues. Mr. Dunn indicated that they could request a discount or reimbursement, but because the equipment in the Solomon Road location is faulty and/or does not function properly, the likelihood of receiving any type of reimbursement or discount was not likely. Director Lackey indicated that in his opinion, the faulty nature of the system at Solomon Road is due to the extreme heat conditions under which the system operates. Director Lackey noted that multiple times when he has examined the system, it has been well over 140 degrees.

III. **General Business.**

- A. District's Website. The Board indicated that the website still reflects WCA as being the waste services provider, and that this needed to be changed to reflect the current waste services provider.
- B. Emergency notifications. The Board recognized Mr. Don Dulin to discuss the issues that the Board has with how he is providing the emergency notification messaging service, "Pocket Blitz". Mr. Dulin explained that there appears to have been a communication error, and apologized for not being present to explain to the Board how the service operated and to show his District specific flyers to the Board that are to be placed in envelopes and mailed to residents with either their bills, or as a separate important notice from the District.

The Board indicated that on the flyers that are used to attract the residents' attention, Harris County Municipal Utility District 368 needs to appear at the very top of the flyer so as to provide notice to the residents that this is a notice from the District. Mr. Dulin indicated that he would change the flyer to reflect the Board's requested change.

Also, the Board indicated that it would like to receive all of the text message emergency notifications for all neighborhoods that are within the District rather than just receiving alerts related to what part of the District they lived. Mr. Dulin indicated he could create a separate list for the Directors so that they will be able to receive all of the alerts pertaining to all parts of the District.

Director Cook attempted to sign up and use the Pocket Blitz emergency messaging service as per the instructions on the handout provided by Mr. Dulin. Director Cook was not able to get the emergency notification system to function properly at that time. Mr. Dulin indicated that it was possible that the emergency notification system had become inactive since there had been no activity on the system since he created it.

The Board indicated that prior to launching the emergency notification system with the residents of the District, Mr. Dulin needed to coordinate with the Operator to come up with a plan to effectively distribute the notifications and alerts. Mr. Dulin agreed that he would coordinate with the Operator as directed by the Board.

Additionally, the Board indicated that there needed to be a way that owners of commercial property within the District could be notified as well. Mr. Dulin indicated that he would add a commercial owners "opt-in" choice from the list of options that one can choose to be included on.

Also, the Board indicated there needed to be a way for residents to access the information through the District's website so that residents could receive instructions on-line as well that directed them how to register for the Pocket Blitz service. Mr. Dulin indicated that he has a page that is currently active for the

District, but that he now needs to link it on the District's website so that residents may readily browse the website and find the Pocket Blitz emergency notification material.

Finally, the Board discussed the billing issues with Mr. Dulin. Mr. Dulin indicated that he had already voided the July and August bills. Director Bishop asked about the June bill as well. Mr. Dulin indicated that payment for the month of June would be credited to the first month of actual working service that he is able to provide to the Board.

- C. Verizon/Comcast proposal. Nothing to report. This matter was tabled for later discussion.
- D. Emergency Operations and repairs to District Facilities. Mr. Plunkett indicated that there was nothing of note to report to the Board.
- E. Monthly Recycling Report. Nothing to report.
- F. Security System proposals. Nothing to report. This matter was tabled until a future Board meeting.
- G. Order Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Issuance of Bonds ("Order"). This was tabled for another meeting. Mr. Carpenter noted that IDS is close to being ready.

However, Mr. Carpenter indicated to the Board that the Developer has been in contact with the Engineer's office and the Attorney's office because the Developer would like to know if there is a possibility that he could be reimbursed prior to the beginning of 2017. Mr. Carpenter explained to the Board that through the normal Bond process, the Developer would be unlikely to receive his money prior to 2017.

Mr. Carpenter and Mr. Scully explained to the Board that the Board could pay the Developer back using a BAN (Bond Anticipation Note). Under this scenario, the Developer would bear the costs associated with the BAN and the District would have no extra costs.

Director Daniel posed the question of whether the District could pay the Developer back the money the Developer is owed out of the Operating Fund and then charge him a certain amount of interest from the time the Developer is paid until the District receives the money from the Bond Issuance. Mr. Carpenter and Mr. Scully indicated that they would look into that option, but that there could be some logistical and legal concerns associated with proceeding that way.

Next, upon motion by Director Bishop, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board authorized the Engineer's office and the Attorney's office to enter into discussions with the Developer's office regarding the use repayment to Developer using a Bond

Anticipation Note pending the investigation of whether the District could pay the Developer out of its Operating Fund and then charge the Developer interest while the District awaits the TCEQ approval to issue the Bonds.

- H. Authorize filing of Texas Unclaimed Property report if necessary. There is nothing to report at this time.
- I. Schedule Public Hearing to Authorize Termination of Service for Non-Payment of Delinquent Taxes. It was determined after consulting with the Tax Assessor/Collector that the earliest termination of service for non-payment of Delinquent Taxes could occur in August, however, the Delinquent Tax Attorney has indicated that they wished to defer this until September.

IV. **Tax Assessor/Collector's Report.** Ms. Goin reviewed the Tax Assessor/Collector's Report for the month of July 2016, a copy of which is attached hereto as Exhibit "B". Ms. Goin reported that 99.3% of the District's 2015 tax levy had been collected as of July 31, 2016.

Ms. Goin indicated that there had been no response from Mrs. Horvath regarding their unpaid Homestead taxes. Ms. Goin asked for the Board's permission to delete the Horvath's contract and send them a termination of service letter for non-payment of Delinquent taxes. Additionally, Ms. Goin indicated that there has been no response from Ms. Sarabia either, despite efforts to contact her. Ms. Goin asked for the Board's permission to delete Ms. Sarabia's contract and send her a termination of service letter for non-payment of Delinquent taxes.

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 Tax Assessor/Collector to delete the Horvath and Sarabia contracts and send each a letter of termination of services due to non-payment of Delinquent taxes.

V. **Bookkeeper's Report.** Ms. Townley reviewed the Bookkeeping Report, a copy of which is attached hereto as Exhibit "C".

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. 14347, 14440, and 14531 through 14613 from the Operating Fund; and (iii) authorize payment of Check No. 1683 from the Capital Projects Fund.

VI. **Engineer's Report.**

Mr. Carpenter and Mr. Pugh reviewed the Engineering Report, a copy of which is attached hereto as Exhibit "D".

Director Cook and Director Bishop noted to Mr. Carpenter and Mr. Pugh that the grass in the Ashford Grove East subdivision near the lift station and in some other surrounding areas is not growing properly and does not look aesthetically pleasing to residents or prospective residents.

Upon motion by Director Bishop, seconded by Director Cook, after full discussion, and with all Directors present voting aye, the Board voted to authorize IDS to make land beautification adjustments to the grass near the Lift Station and in some of the other surrounding areas near the Lift Station in the Ashford Grove East subdivision.

Northern Point Drainage. Mr. Pugh reported that the contracts for the Storm Sewer Cleaning and Televising are ready to be executed by the Board. Once all of the contracts have been fully executed, a written notice to proceed will be issued to the contractor.

Water Plant Rehabilitation. Mr. Pugh indicated that IDS performed an inspection of all District plant facilities on August 17 with the Operator. Additionally, Mr. Pugh indicated that IDS is preparing a recommended list of repairs and the costs associated therewith.

Wastewater Treatment Plant Rehabilitation. Mr. Pugh indicated that IDS performed an inspection of all District plant facilities on August 17 with the Operator. Additionally, Mr. Pugh indicated that IDS is preparing a recommended list of repairs and the costs associated therewith.

Lift Station No. 2 – SS Forcemain. Mr. Pugh reported that public bids were opened and read on August 11, 2016, which resulted in the low bid amount of \$69,504.00. IDS recommended that the contract be awarded to the low bidder, CES Utilities, Inc., in the amount of \$69,504.00

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 engineers report; and (ii) award the contract for Lift Station No. 2 – SS Forcemain to CES Utilities, Inc., in the amount of \$69,504.00.

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

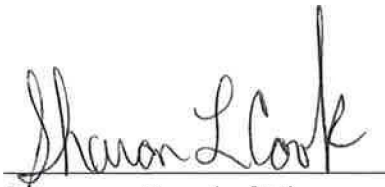
VIII. **Attorney's Report:**

A. Minutes of August 4, 2016 Board meeting. Upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board approved the minutes of the August 4, 2016, Board meeting, as amended.

IX. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 8:05 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 10<sup>th</sup> day of September, 2016.



Secretary, Board of Directors

**Exhibits:**

- "A" Security Report
- "A-1" Internet Performance report
- "B" Tax Assessor/Collector's Report
- "C" Bookkeeper's Report
- "D" Engineer's Report