

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, October 20, 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, October 20, 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: Chris Weathers of Eagle Water Management, Inc. ("Operator"); Kameron Pugh, E.I.T. of IDS Engineering Group ("IDS" or "Engineer"); Kaye Townley and Mark Miller of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); Kristen Scott of Bob Leared Interests, Inc. ("Tax Assessor/Collector"); Sergeant Walton of the Harris County Precinct 4 Constable's Office ("HCCO"); Andrew Dunn, Matthew Dunn and Keith Kimple of On-Site Protection, LLC (the "Security Coordinator"); Mirna Croon, paralegal, of Johnson Petrov LLP ("JP" or "Attorney"); and Christy Laughton of Best Trash ("BT").

The President called the meeting to order at 6:41 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. **Annual Consumer Price Index ("CPI") related to Garbage/Recycling Collection Contract.** The President recognized Ms. Laughton who notified the District of an annual Consumer Price Index ("CPI") increase to start with the October 2016 billing cycle. The increase is in the amount of 1.5% or a rate increase from \$11.90 per residential connection to \$12.08 per residential connection. A copy of the letter is attached hereto as Exhibit "A". Ms. Laughton also inquired if there are any issues with the BT service, and the Board responded that no issues have been reported.

Ms. Laughton departed the meeting.

III. **Security Report.** Sergeant Walton presented to and reviewed with the Board the Security Report, a copy of which is attached hereto as Exhibit "B".

Mr. A. Dunn reviewed the internet performance report for District facilities, a copy of which is attached hereto as Exhibit "B-1".

IV. **Law Enforcement Contract ("Contract")**. Ms. Croon reviewed a HCCO notification asking to submit any changes relative to the number of officers in the Contract, which expires in March 2017. There will be no increase in the Contract rates for the 2017/2018 year. Following discussion, the Board agreed that no changes are needed for the 2017/2018 Contract.

V. **General Business**.

- A. **Emergency Operations and repairs to District Facilities**. Mr. Weathers reported there are still communications issues with Water Well No. 6 at Water Plant No. 1. There were no emergency repairs in the District.

The Board next discussed a request from the Willow Falls Community Association ("Association") to plant Oleander trees in lieu of replacing the section of the fence located along the Detention Pond, which was destroyed during the recent floods. It was noted that per the Fence Maintenance Agreement, the Association is solely responsible for maintaining the fence as the District already contributed a one-half of the costs associated with the installation of the fence. Following discussion, the Board asked JP to prepare and send correspondence to the Association notifying them that the Association needs to restore the fence to its original state within three (3) months. The District will not permit planting of Oleanders at the section of the missing fence in lieu of replacing the fence.

- B. **District's Website**. There were no matters to report.
- C. **Residential Recycling and Refuse of Texas ("RRRT") Monthly Recycling Report**. The Board reviewed the recycling report, a copy of which is attached hereto as Exhibit "C".

VI. **Public Hearing on proposed 2016 Tax Rate**. At 7:14 p.m., the Board convened the public hearing regarding the 2016 Tax Rate. Ms. Croon stated that the proposed tax rate is \$0.72 per \$100 of Assessed Valuation comprised of debt service levy of \$0.58 per \$100 and maintenance tax levy of \$0.14 per \$100 of assessed valuation. After confirming that the members of the public had no additional questions regarding the proposed tax rate, upon motion by Director Cook, seconded by Director Lackey, the Board closed the public hearing on the 2016 tax rate at 7:16 p.m.

- A. **Adopt Order Setting Rate and Levying Tax for 2016**. The Board next considered approval of an Order Setting Rate and Levying Tax for 2016 (the "Order"), which contained the tax rate of \$0.72 per \$100 of assessed valuation comprised of debt service levy of \$0.58 per \$100 and maintenance tax levy of \$0.14 per \$100 of assessed valuation, a copy of which is attached hereto as Exhibit "D".
- B. **Appoint Tax Assessor/Collector**. The Board also considered an Order Appointing Bob Leared Interests, Inc. as the District's Tax Assessor/Collector, a copy of which is attached hereto as Exhibit "E".
- C. **Resolution Regarding Tax Collection Procedures ("Resolution")**. The Board considered approval of 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 discounts, a copy of which is attached hereto as Exhibit "F". 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 "G", which is required to be amended to show the current tax rate, the outstanding debt and the Notice to Purchasers form. All of these records must be recorded in the Harris County Real Property Records (the "HCRPR") and filed with the TCEQ.

Upon motion by Director Cook, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board approved (i) Order Setting Rate and Levying Tax for 2016; (ii) Order Appointing Tax Assessor/Collector; (iii) Resolution Regarding Tax Collection Procedures; and (iv) the Amended and Restated District Information Form, and authorized JP to record same in the HCRPR and file it with the TCEQ, as required by law.

[Mr. Klimple entered the meeting.]

VII. Tax Assessor/Collector's Report. Ms. Scott reviewed the Tax Assessor/Collector's Report for the month of September 2016, a copy of which is attached hereto as Exhibit "H". Ms. Scott reported that 99.707% of the District's 2015 tax levy had been collected as of September 30, 2016.

Ms. Scott next reviewed the Delinquent Tax Report by Perdue, Brandon, Fielder, Collins & Mott L.L.P., a copy of which is attached to the Tax Assessor/Collector's Report. Ms. Scott confirmed that all customers on the delinquent list have been notified of the opportunity to attend this meeting to address the Board regarding their bills and that failure to respond would result in termination of utility service at any time after this meeting.

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

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 1201 through 1208 from the Tax Account.

VIII. Bookkeeper's Report. Mr. Miller reviewed the Bookkeeping Report, a copy of which is attached hereto as Exhibit "I".

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. 14710 through 14795 from the Operating Fund; and (iii) authorize payment of Check No. 1685 from the Capital Projects Fund.

IX. **Engineer's Report.** Mr. Pugh reviewed the Engineer's Report, a copy of which is attached hereto as Exhibit "J". He reported that the storm sewer cleaning and televising of the Northern Point drainage system is complete. IDS is currently reviewing the videos submitted by the contractor to determine if any maintenance or repairs will be necessary. Mr. Pugh next reported that a Notice to Proceed was issued to the contractor for the Lift Station No. 2 – Sanitary Sewer Forcemain project. The completion date of the project is November 17, 2016. Mr. Pugh next reported that a developer may be interested in purchasing the Finger tract to develop office space.

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

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

XI. **Security Report (continued).** Mr. A. Dunn stated that On-Site inspected the gate operators, gate keypads and other gate items at Water Plant ("WP") No. 1 and WP No. 2. It appears that both gates have issues which should be addressed. Mr. Klimple next presented a report detailing issues with the gate operators, gate keypads, and other gate items at WP No. 1, a copy of which is attached hereto as Exhibit "K"; and a report concerning the issues with the gate operators, gate keypads, and other gate items at WP No. 2, a copy of which is attached hereto as Exhibit "K-1". Mr. Klimple reviewed both reports with the Board and responded to their questions. Director Lackey noted that the District had four (4) different gate vendors over the years and in his opinion, it would be best if one (1) vendor would perform both -- gate maintenance and repair at all facilities. Eagle currently has a contractor who does gate maintenance on a six month or a quarterly basis; however, he does not perform any repairs. Following discussion, the Board authorized On-Site to perform the needed repairs at the gates at WP Nos. 1 and 2. The Board also asked On-Site to provide a proposal for a maintenance program for gate operators at District facilities. Director Dunn abstained from the discussion related to gate matters at WP Nos. 1 and 2 and other District facilities.

XII. **Attorney's Report:**

Minutes of October 6, 2016 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 6, 2016 Board meeting, as amended.

XIII. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 8:35 p.m.

Passed and approved this 3rd day of November, 2016.



Secretary, Board of Directors

Exhibits:

- "A" CPI Handout
- "B" Security Report
- "B-1" Internet Performance report
- "C" Recycling Report
- "D" Order Setting Rate and Levying Tax for 2016
- "E" Order Appointing Tax Assessor/Collector
- "F" Resolution Regarding Tax Collection Procedures
- "G" Amended and Restated District Information Form
- "H" Tax Assessor/Collector's Report
- "I" Bookkeeper's Report
- "J" Engineer's Report
- "K" On-Site Gate Recommendation Report – WP 1
- "K-1" On-Site Gate Recommendation Report – WP 2