

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

## Minutes of Meeting Thursday, February 16, 2017

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 16, 2017, at the District's regular meeting place, Graceview Baptist Church, 25510 Tomball Parkway, Room AB 110, 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"); Kameron Pugh, E.I.T. of IDS Engineering Group ("IDS" or "Engineer"); Katherine Turner 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"); Craig Rathmann of Rathmann and Associates L.P ("Financial Advisor"); Andrew Dunn of On-Site Protection, LLC (the "Security Coordinator"); and Andrew P. Johnson, III, and Tyler Scully, attorneys, and Mirna Croon, paralegal, of Johnson Petrov LLP ("JP" or "Attorney"). Also present was John E. Elder of Acclaim Energy Advisors ("Acclaim").

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

### III. **General Business.**

- A. **Financial Advisor's Report.** The President next recognized Mr. Rathmann who discussed the District's proposed Series 2017 Refunding Bond Issue (the "Refunding Bonds") and reviewed with the Board cash flows detailing the effects the proposed Refunding Bonds would have on the District's debt service and tax rate, a copy of which is attached hereto as Exhibit "B". Mr. Rathmann stated that due to the low interest rate market, the District can achieve savings by refunding

its Unlimited Tax Refunding Bonds, Series 2010. The total debt service savings after the cost of issuance, would amount to approximately \$363,238. In accordance with the City of Houston Ordinance, the maturities will not be extended. Responding to questions from the Board, Mr. Rathmann stated that in accordance with the City of Houston Ordinance, the Refunding Bonds need to achieve the savings of at least 3 percent. If the interest rates increase to the point where such savings cannot be achieved, the District will not be able to proceed with the transaction.

Mr. Rathmann then asked for the Board's concurrence to proceed with preparation of documents and the Board responded in affirmative. Mr. Rathmann stated that he would present a transaction for the consideration of the Board at the next meeting.

Mr. Rathmann then asked the Board to approve a Resolution Requesting an Estimated Appraised Value from HCAD.

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the Resolution Requesting an Estimated Appraised Value from HCAD.

- B. District's Website. There were no matters to report.
- C. Emergency Operations and repairs to District Facilities. Mr. Plunkett reported that one of the bleach tanks at Water Plant No. 1 will need to be replaced at an approximate cost of \$4,400.

Mr. Plunkett next updated the Board regarding the odor control project at the Wastewater Treatment Plant stating that the flow meters still need to be installed.

Director Lackey reported that EFS has reported that the WWTP Grit Pump costs thus far total \$8,585.12 - \$7,105.12 for parts and the remaining amount is for labor costs. The Contractor estimates that if no unexpected issues arise an additional \$1,000 to \$1,200 will be expended prior to completion of the project.

- D. Residential Recycling and Refuse of Texas ("RRRT") Monthly Recycling Report. The Board reviewed the RRRT Report, a copy of which is attached hereto as Exhibit "C".
- E. First Amendment to Retail Electricity Services Annex with Texas General Land Office and authorization of any action in connection therewith. The President recognized Mr. Elder who discussed an electricity contract with the Texas General Land Office ("TGLO"). He stated that currently 75 utility districts are participating in the TGLO contract which allows the supplier to offer lower electricity rates. Mr. Elder stated that the District's electric contract expires in 2020. The current electric rates are still low and the District would be able to lock in a rate for a contract starting in 2020. Responding to a question from Mr.

Johnson, Mr. Elder stated that he is not an energy consultant for the District but was asked to present this contract to the District by Mark Burton of Municipal Accounts. There was no action on this matter.

[Mr. Elder departed the meeting.]

- F. Fire Hydrant painting. Director Bishop reported that the Boy Scouts - Troop 1491 - have requested that they be allowed to paint additional fire hydrants in the District in order to raise money for summer camp. Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board authorized the Scouts to paint fire hydrants in the District for \$20.00 per fire hydrant and install SWIM markers at \$5.00 per SWIM marker.

IV. Tax Assessor/Collector's Report. Ms. Scott reviewed the Tax Assessor/Collector's Report for the month of December 2016, a copy of which is attached hereto as Exhibit "D". Ms. Scott reported that 95.031% of the District's 2016 tax levy had been collected as of January 31, 2017.

Ms. Scott then discussed the Order Determining Ad Valorem Tax Exemptions, Order Authorizing Additional 20% Penalty on Delinquent Tax Accounts, and Resolution Authorizing Petition Challenging Appraisal Records, copies of which are attached hereto as Exhibit "E", "E-1", and "E-2".

Next, upon motion by Director Bishop, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board: (i) approved the Tax Assessor/Collector's Report; (ii) authorized payment of checks numbered 1220 through 1230 from the Tax Account; (iii) approved the Order Determining Ad Valorem Tax Exemptions; (iv) approved the Order Authorizing Additional 20% Penalty on Delinquent Tax Accounts; and (v) approved the Resolution Authorizing Petition Challenging Appraisal Records.

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

Next, upon motion by Director Cook, seconded by Director Bishop, after full discussion, and with all Directors present voting aye, the Board voted to: (i) approve the Bookkeeper's Report; and (ii) authorize payment of Check Nos. 15033 through 15098 from the Operating Fund.

VI. Engineer's Report. There was no report.

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

VIII. Attorney's Report:

- A. Response Letter to Willow Falls Association (the "Association") regarding fencing. Mr. Scully stated that the Response Letter to the Association will be resent as JP is yet to receive a US mail certified mail receipt.

B. Minutes of February 2, 2017 Board meeting. Next, 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 February 2, 2017 meeting as amended.

IX. Adjournment. With no additional matters before the Board, the Board adjourned the meeting at 8:10 p.m.

Passed and approved this 16<sup>th</sup> day of February, 2017.

  
Secretary, Board of Directors

**Exhibits:**

- "A" Security Report
- "A-1" Internet Performance report
- "B" Refunding Bonds analysis
- "C" RRRT Report
- "D" Tax Collector Report
- "E" Order Determining Ad Valorem Tax Exemptions
- "E-1" Order Authorizing Additional 20% Penalty on Delinquent Tax Accounts
- "E-2" Resolution Authorizing Petition Challenging Appraisal Records
- "F" Bookkeeper Report