

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, September 7, 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, September 7, 2017, 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 except Director Cook, thus constituting a quorum. Consultants in attendance were: Matthew Carpenter, P.E. and Kameron Pugh, E.I.T., of IDS Engineering Group ("IDS" or "Engineer"); Mike Plunkett of Eagle Water Management, Inc. ("Eagle" or "Operator"); Kaye Townley of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); Justin Jenkins of McCall Gibson Swedlund Barfoot PLLC (the "Auditor"); Andrew Dunn and Matthew Dunn of On-Site Protection, LLC (the "Security Coordinator"); Sergeant Walton of the Harris County Precinct 4 Constable's Office; Andrew P. Johnson, III, and Tyler Scully, attorneys, and Mirna Croon, paralegal, of Johnson Petrov LLP ("Attorney"). Also present were residents of the District listed on the attached attendance roster.

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.** The President first introduced the Board and Consultants stating that the District's Engineer will first review his report related to the flooding during Hurricane Harvey.

Next, Mr. Carpenter distributed his report, a copy of which is attached hereto as Exhibit A. He stated that as everyone is aware, Hurricane Harvey resulted in major flooding across the Houston area, including the District. According to the rain data from Harris County Flood Warning System, rain gauge on Willow Creek near Highway 249, from the evening of August 25, 2017 to the afternoon of August 29, 2017, the rainfall in the District measured at 26.6 inches. To put this in perspective, the same gauge measured 12.6 inches of rain in a 24-hour period during the Tax Day flood. Harris County Flood Control District ("HCFCD") defines the 500-year storm event for this area as somewhere between 19 and 21 inches in a four-day period. According to this data, the District experienced a storm event that was substantially greater than a 500-year event.

The storm sewer systems in not only the District, but also Harris County (the "County") are designed to accommodate the 2-year storm event. Any water run-off exceeding the 2-year event flows through the streets to a stormwater detention basin. Stormwater detention basins in the County are typically designed for the 100-year storm event.

Stormwater detention basins are designed to hold stormwater runoff for a period of time, and release the water to a receiving stream slowly, as to not to cause flooding downstream. The design of the stormwater drainage and detention system is reviewed and approved by the County and HCFCD.

Mr. Carpenter stated that based on the most current information possessed by the District, the structural flooding was limited to Northern Point subdivision. Northern Point is an approximately 100 acre subdivision located between Hufsmith-Kohrville and the railroad, north of Northpointe Blvd. and south of State Highway 99. The storm sewer in the subdivision is connected to a pumped stormwater detention basin located along the eastern boundary of the subdivision. The pump station sends water to the storm sewer system located within Three Lakes East. Ultimately, this water drains to Willow Creek.

According to the approved construction plans for the Northern Point Detention basin, the detention basin was sized to hold nearly 77 acre-feet (ac-ft) of water. The construction plans also show that the maximum allowed discharge from the pump station is 10 cubic feet per second (cfs). Based on this volume and the discharge rate, the pond is calculated to be emptied in 93 hours.

Mr. Carpenter further explained that the pond is sized to hold 77 ac-ft of water, and in that four-day period there was approximately 224 ac-ft of water that fell on the subdivision. The amount of run-off was nearly three times the volume of the pond. This rain event was an extraordinary rain event.

Mr. Carpenter stated that after the storm event last year that completely filled the system, and nearly caused structural flooding, the District began to evaluate the system to determine if there was anything that could be done to improve drainage and detention within the subdivision. IDS noted three (3) major items that could be done to improve extreme event drainage within the system:

1. Increase the pumping rate from the stormwater detention basin;
2. Add extreme event releases; and
3. Improve sheet flow corridors.

In order to increase pumping rates and improve sheet flow corridors, the entire drainage system has had to be re-evaluated since the 2016 tax day event to ensure that the modifications to the system do not negatively impact other property owners. The evaluation triggered by street flooding observed during the 2016 event, includes modeling the stormwater detention facilities and storm sewer system. Most of these facilities that needed to be modeled were not designed by IDS, and/or were designed prior to modern modeling software used now for detention facilities.

The modeling has been completed and IDS has learned that the modifications to sheet flow corridors could be made without major impacts to adjacent property owners. However, the streets in the District are owned and maintained by the County and IDS is currently working with the County to enter into an agreement which would allow the District to make the modifications to the pavement to improve sheet flow corridors. The County is in agreement with the concept, but an agreement on cost sharing has not been established.

Mr. Carpenter further stated that during the modeling exercise, IDS noted that increasing the pumping rate from the detention would impact downstream property owners, thus the District could not effectuate a plan to increase pumping rates without major infrastructure improvements. In order to pump more water out of the pond, the discharge of the water could not be within the Three Lakes East storm sewer system. Understanding this, IDS started evaluating other options regarding an outfall location and had a meeting scheduled with the County to discuss routing options on August 28, 2017. The meeting had to be tabled because of the storm.

Mr. Carpenter stated that IDS did not have to model anything to install extreme event swales within the system. The construction plans and contract documents have been created for the project; however, bids received for the project exceeded \$75,000, because of which the project has to be publicly bid. IDS will receive bids on the project next week.

Mr. Carpenter pointed out that IDS does not believe adding extreme event releases would have prevented structural flooding during Hurricane Harvey.

The President then introduced Mr. Plunkett who discussed the actions taken by Eagle prior to, during, and after the storm. Mr. Plunkett stated that prior to the storm, Eagle ensured that all District's facilities were operating properly and had a District-owned portable diesel pump placed at the deepest part of the detention panel in Northern Point to assist in relieving the flooding as soon as water was detected during the storm event. Mr. Plunkett also explained that the Northern Point detention pond has three (3) permanently installed pumps, which ran throughout the storm. Although the pumps at the pumping station ran throughout the storm, the unprecedented magnitude of the storm overwhelmed the system which caused the flooding.

Director Lackey stated that he took calls from residents for 17 hours during the three (3) days of the storm, while dealing with his own family members who were affected by the flooding. Director Lackey also stated that there were many incorrect statements on social media outlets such as that the pumps were turned off. Director Lackey pointed out that the Northern Point detention pond has three (3) submersible pumps which were operating continuously throughout the storm. The Pump Station did flood during the storm, tripping a main breaker and shutting down utility power to the pump station. However, the generator at the pump station was activated within 5-10 seconds of the breaker being tripped and within 10 seconds of transferring power, all three of the District's pumps immediately resumed pumping water. Director Lackey also noted that the pumps have auto-dialers which would notify the Board and/or the Operator via cell phones if the pumps stopped working.

Responding to a question from a resident, Mr. Carpenter clarified that while the construction plans for the detention pond stated that only 10 cfs can be released from the

detention basin, the Operator manually operated all three (3) permanent pumps, resulting in additional pumping during the entire duration of the storm. Additionally, the Operator placed a portable pump in the pond, which added an additional 5 cfs of capacity. During the storm, the portable pump failed and was not able to be placed on-line. The Operator rented another portable pump and operated it until the water within the streets receded.

A resident next stated that Northern Point is the only subdivision in the District that flooded, stating that the District should have worked on increasing the pumping size immediately after Hurricane Ike and the Tax Day event as it seems that all water from Ashford Grove is being dumped into the Northern Point detention pond.

Mr. Carpenter stated that a portion of Ashford Grove is and always was a part of the Northern Point detention system and that the systems were designed to work together. The detention pond was built by the Developer's Engineer and after reviewing the plans and specifications, IDS believes that the detention pond was designed and constructed in accordance with the County and HCFCD regulations established at the time of construction. Mr. Carpenter further stated that the area flooded because of the extreme rain event as the drainage system did not fail.

Mr. Johnson stated that according to HCFCD, on average nearly 70% or 1300 square miles of land over Harris County was covered with up to 1.5 feet of water. It appears that 136,000 homes were flooded which is 63,000 more than during Tropical Storm Allison. Mr. Johnson stated that parts of west Houston are still under water.

A resident next addressed the Board stating that Northern Point has flooded three (3) times during the past three (3) years. She stated that she believed that the detention pond has been designed incorrectly and asked why the District did not fix the detention pond after the last two (2) flood events.

Mr. Carpenter stated that this is the first time that there was structural flooding in Northern Point. During the previous two (2) flooding events there was street flooding and as reported to the Board, water never entered homes. The streets are designed to be part of the drainage system and are designed to hold water.

Responding to a resident asking why larger pumps were not installed at the detention pond, Mr. Carpenter stated that the District cannot install larger pumps without the HCFCD approval. The detention pond design previously approved by HCFCD allows that 10 cfs be pumped out of the pond. During Hurricane Harvey, the District pumped more water out of the detention pond.

A resident next stated that out of the eleven subdivisions in the District, Northern Point is the only one that flooded. He stated that most likely property values in Northern Point will be reduced and asked whether Northern Point was designed to flood.

Mr. Carpenter stated that the engineering firm that designed the Northern Point detention pond was Turner, Collie & Braden. IDS has reviewed the design plans for the detention pond

and they appear to be done in accordance with the County, City of Houston, and HCFCD regulations established at the construction. Ashford Grove was designed to drain into the Northern Point detention pond.

A resident next asked about the portable pump that stopped working during the storm stating how residents themselves brought fuel for the pump. She asked why more pumps were not brought in to pump the water out of the Northern Point detention pond.

Mr. Carpenter stated that prior to the storm, the Operator installed a District-owned portable diesel pump at the detention pond to assist with relieving the flooding. That portable diesel pump ran out of fuel and then experienced some vandalism which rendered it inoperable. Prior to the vandalism and disabling of the District's portable diesel pump, the District rented another diesel pump and planned to move some of Northern Point's storm water into Ashford Grove drainage system. Mr. Carpenter stated that the District was not authorized by the HCFCD regulations to even use the portable pump as the District cannot intentionally pump water into other neighborhoods and risk flooding them. Responding to a question, Mr. Carpenter stated that the District is allowed to have zero emergency pumps. [See note as to emergency pumps, Paragraph VI. C.]

Responding to a resident's question about possible solutions to the flooding issues in Northern Point, Mr. Carpenter stated that IDS is working with the County to find an alternate location to pump water from the Northern Point detention pond on a permanent basis. IDS has been working with the County and HCFCD regarding a revised drainage plan which would allow the District to pump a higher flow out of the detention pond. Additionally, the District has previously authorized proceeding with construction items aimed at improving drainage, but because of the storm, bidding had to be rescheduled.

A resident next stated that her car flooded and she would like to sell her house. She asked if the District would purchase her house. Mr. Johnson stated that the District has no authorization to purchase homes. The HCFCD or Federal Emergency Management Administration may purchase homes flooded multiple times.

A resident next stated that she has been living in Northern Point for 10 years and streets flood after every major rain fall. She asked what actions were taken by the District after Hurricane Ike to correct the flooding in Northern Point.

Mr. Carpenter stated that during Hurricane Ike the problem was that the power was lost and the pumps at the detention pond stopped working. The District installed a permanent generator at the detention pond to correct the problem.

A resident next inquired if there is a contingency plan to notify residents that they need to evacuate due to flooding.

Director Lackey stated that the District is responsible for water and sewer. The District operates the pond; however, HCFCD regulates design criteria for the ponds in Harris County. Director Lackey also stated that the District purchased the portable pump in an attempt to

alleviate flooding in the District even though the District was not mandated to do so by HCFCD. The Harris County Emergency Management System ("HCEMS") advised residents to shelter in place and the District has no powers to counter the advice provided by the HCEMS.

Responding to a question from a resident, Mr. Carpenter stated that the main pump station has an auto-dialer which would dial up to eight (8) telephone numbers until someone responds if something is wrong. The pumps can run simultaneously. There is no flow meter on the pump to measure flow rate.

A resident next asked why the HCCO did not come and help as some visitors with large trucks were driving through the subdivision making waves and causing even more flooding.

Director Lackey stated that the HCCO is not allowed to drive cars through the flood waters. Director Lackey stated that once the Northern Point HOA contacted him with an issue, he contacted the HCCO which immediately responded to the scene.

Mr. Carpenter then responded to a resident by stating that IDS provides status reports to the Board at every meeting and the meeting minutes are posted on the website. He also stated that it may be beneficial to meet with the Harris County Commissioners Court ("HCCC") to discuss the flooding in Northern Point at some point, but that is up to the HCCC. Many neighborhoods in Harris County are in similar position and HCFCD is reaching out to engineers, operators and attorneys to determine structural flooding in the County. Mr. Carpenter stated that residents are always welcomed to contact their local representatives about any issues.

A resident asked who can review the design plans for the Northern Point detention pond. Mr. Carpenter stated that if the HOA would like to engage an engineer to review the design plans they just need to contact the District and the plans will be provided to them. Additionally, any resident may file an open records request with the District to obtain the documents.

A resident next asked why no one from the District came to refuel the pump.

Mr. Plunkett stated that Eagle installed the portable diesel fuel pump in the detention pond prior to the storm. The pump started pumping on Friday, August 25, and on Saturday, August 26, it ran out of fuel. Mr. Plunkett stated that he could not send one of his employees to the District during that time to refuel the pump as driving during that time would have placed their lives at risk. Some residents refueled the pump but at that point it was only circulating water that had already been pumped out of the detention pond and re-circulating water between the flooded railroad ditch and the detention pond, thus it was not reducing flooding. Mr. Plunkett stated that he is sorry for all residents who lost homes and that he understands residents who tried to divert the water from their homes; however, he could not start pumping water across the railroad into other neighborhoods as that would be illegal.

Mr. Carpenter then responded to a resident stating that the new drainage plan IDS is planning to present to the County and HCFCD is that water from the Northern Point detention pond be drained utilizing the drainage improvements that will serve Hufsmith-Kohrville road

expansion - segment 3. Mr. Carpenter stated that after the recent events, he feels optimistic that the County and HCFCD will work with the District on the new plan.

Next, after no additional questions from residents, the Board closed the public comment section of the meeting.

II. General Business.

- A. District's Website. It was noted that the HCFCD Report and Recycling Information has been posted on the website.
- B. Drainage and Trash Pickup update. There were no additional matters to report.
- C. Agreed-Upon Procedures Audit Report related to Woodmere reimbursement ("Audit Report"). The President recognized Mr. Jenkins who presented to and reviewed with the Board the Audit Report, a copy of which is attached hereto as Exhibit "B". Mr. Jenkins reported that as listed in the Report, the amount to be paid to Woodmere for the water and sewer facilities in Ashford Grove East and Ashford Grove East, Section 1, amounts to \$547,793.

Upon motion by Director Bishop, seconded by Director Daniel, after full discussion and with all Directors present voting aye, the Board approved the Audit Report.

- D. Pay Bills and Pay Estimates. Ms. Townley reported that check nos. 15587, 1691, 1692, 1693, 1694, and 1695 will be listed on the next Bookkeeper's Report.

III. Operator's Report. The President recognized Mr. Plunkett who presented to and reviewed with the Board the Operator's Report, a copy of which is attached hereto as Exhibit "C". Mr. Plunkett noted that the District had 100.2% accountability for the period from July 13, 2017 through August 14, 2017. Mr. Plunkett also noted that during the last month 85.57% of the District's water came from the surface water source with the remainder from the District's groundwater wells.

Mr. Plunkett then reviewed with the Board the Termination List, a copy of which is attached to the Operator's Report, and recommended that the Termination List be tabled until the next month due to flooding issues and issues with U.S. Mail Services caused by Hurricane Harvey.

Upon motion by Director Bishop, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) approved the Operator's Report as presented; and (ii) tabled the Termination List as recommended by the Operator.

IV. Engineer's Report. Mr. Pugh presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "A".

- A. Operations Committee Meeting. The Operations Committee meeting will be scheduled via email.
- B. Water Quality Monitoring for Water Wells Nos. 2, 3, 4, 5, and 6. Mr. Pugh reported that the August 2017 laboratory test results for benzene, toluene, ethyl benzene, or xylene (BTEX) in Water Wells Nos. 2, 3, 4, 5, and 6 are non-detect.
- C. Water Plant ("WP") No. 2. Mr. Pugh reported that the piping modifications and redline diagrams are complete.
- D. WP Nos. 1 and 2. Mr. Pugh reported that the redline drawings of the WP No. 2 control diagrams to allow surface water to be transferred from WP No. 2 to WP No. 1 are complete.
- E. Water Plant Rehabilitation. Mr. Pugh stated that the preliminary plans and technical specifications for the Ground Storage Tank Rehabilitation are being prepared. IDS will begin advertising this month.
- F. Phase 3 Sanitary Sewer Rehab. The phase 3 point repairs are complete. IDS is working to obtain a proposal for the phase 4 sanitary sewer rehabilitation work.
- G. WWTP Odor Control. Mr. Pugh reported that the odor control panel is operational. EFS is working to complete the electrical modifications.
- H. Sandy Stream Sewer Capacity Evaluation; Upsize required for Dungrove tract. There were no new matters to report.
- I. Lift Station ("LS") Panel replacements. Mr. Pugh reported that IDS is awaiting information from the electrical engineer to complete design.
- J. Emergency Generators for LS Nos. 1, 2 and 6. Mr. Pugh reported the generators have been installed and CenterPoint Gas has extended natural gas lines to the sites. IDS is coordinating with Cummins to address punch list items from the final inspection.
- K. Wastewater Treatment Plant Rehabilitation. Mr. Pugh stated that IDS is preparing construction plans and technical specifications for the on-site lift station rehabilitation.
- L. NorthPointe Center – Phase 2 (Santikos). There were no new matters to report.
- M. 136-Acre Finger Tract. The landowners are working with the State to agree upon land value for the condemnation.
- N. 9.6-acre Riverside tract potential annexation. The developer is working with the landowner to purchase land for commercial use. There are no additional updates.

Next, upon motion by Director Bishop, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report.

V. **Developer's Report.** There was no report presented.

VI. **Attorney's Report.**

A. **Rate Order violations.** There were no updates.

B. **Approval of minutes of the August 17, 2017 Board meeting.** This matter was tabled.

C. **Other Matters.** Mr. Johnson next led a discussion of how the Board could improve interaction with residents. During discussion Mr. Pugh stated that his rough calculation is that it would take approximately 130 additional emergency diesel pumps to empty Northern Point detention pond in 12 hours.

VII. **Other matters.** Director Bishop reported that the Pinecrest Homeowners' Association asked for permission to place National Night Out signs on District property. Discussion ensued and the Board agreed to permit placing of such sign as long as the property is returned to its original condition after the signs are removed.

VIII. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 10:55 p.m.

Passed and approved this _____ day of _____, 2017.



Secretary, Board of Directors

Exhibits:

- "A" – Engineer's Report
- "B" – Reimbursement Audit Report
- "C" - Operator's Report



September 7, 2017

Board of Directors
Harris County Municipal Utility District No. 368
c/o Johnson Petrov LLP
1001 McKinney, Suite 1000
Houston, Texas 77002-1223

Reference: District Engineer's Status Report, IDS Job No. 0456-001-MR

Members of the Board:

The status of the various projects in the District is as follows:

GENERAL DISTRICT MATTERS

1. Hurricane Harvey

As you are aware, Hurricane Harvey resulted in major flooding across the Houston area, including the District.

We collected rain data from the Harris County Flood Warning System rain gauge on Willow Creek near State Highway 249.

From the evening of August 25 to the afternoon of August 29, this rain gauge measured 26.6 inches of rainfall. To put this in perspective, we reviewed our report from April 21, 2016, and this same gauge measured 12.6 inches of rain in a 24-hour period. We have not calculated the actual return rate for this event, but the calculation does not really matter.

Harris County Flood Control District defines the 500-year storm event for this area as somewhere between 19 and 21 inches in a 4-day period. From this data, the District experienced a storm event that was substantially greater than a 500-year event.

The storm sewer systems in not only the District, but also Harris County, are designed to accommodate the 2-year storm event. Any water run-off exceeding the 2-year event flows through the streets to a stormwater detention basin. Stormwater detention basins in Harris County are typically designed for the 100-year storm event.

Stormwater detention basins are designed to hold stormwater runoff for a period of time, and release the water to a receiving stream slowly, as to not cause flooding downstream. The design of the stormwater drainage and detention system is reviewed and approved by Harris County and Harris County Flood Control District.

Based on the most current information that we have, the structural flooding was limited to Northern Point subdivision.

Northern Point is an approximately 100 acre subdivision located between Huffsmith-Kohrville and the railroad, north of Northpoint Blvd and south of SH 99. The storm sewer in the subdivision is connected to a pumped stormwater detention basin located along the eastern boundary of the subdivision. The pump station sends water to the storm sewer system located within Three Lakes East. Ultimately this water drains to Willow Creek.

According to the approved construction plans for the Northern Point Detention basin, the detention basin was sized to hold nearly 77 acre-feet (ac-ft) of water. The construction plans also show that the maximum allowed discharge from the pump station is 10 cubic feet per second (cfs). Based on this volume and the discharge rate, the pond is calculated to be emptied in 93 hours.

The pond is sized to hold 77-ac-ft of water, and in that four day period there was approximately 224 ac-ft of water that fell on the subdivision. The amount of run-off was nearly three times the volume of the pond. This rain event was an extraordinary rain event.

We had a very good representative storm event last year that completely filled the system, and nearly caused structural flooding. After this event we began to evaluate the system to determine if there was anything that could be done to improve drainage and detention within the subdivision. We noted three major items that could be done to improve extreme event drainage within the system:

- Increase the pumping rate from the stormwater detention basin;
- Add extreme event releases; and
- Improve sheet flow corridors

In order to increase pumping rates and improve sheet flow corridors, we have to evaluate the entire drainage system to ensure that the modifications to the system do not negatively impact other property owners. The evaluation includes modeling the stormwater detention facilities and storm sewer system. Most of these facilities that needed to be modeled were not designed by our firm and/or were built prior to modern modeling software used now for detention facilities. So this effort takes time, but the modeling has been completed. We learned in the modeling exercise that modifications to sheet flow corridors could be made, without major impacts to adjacent property owners. However, as you may already know, the streets are owned and maintained by Harris County. We are currently working with Harris County to enter into an agreement with making the modifications to the pavement to improve sheet flow corridors. Harris County is in agreement with the concept, but an agreement on cost sharing has not been established.

We would like to note that we do not believe improvements to sheet flow corridors would have prevented structural flooding with this storm event.

During the modeling exercise, we noted that increasing the pumping rate from the detention would impact downstream property owners, so we could not effectuate a plan to increase pumping rates without major infrastructure improvements. In order to pump more water out of the pond, the discharge of the water could not be within the Three Lakes East storm sewer system. Understanding this, we started evaluating other options regarding an outfall location. We actually had a meeting scheduled to meet with Harris County to discuss routing options on August 28, but that meeting clearly had to be rescheduled after the storm. We'll discuss emergency operations further in the report.

We did not have to model anything to install extreme event releases within the system, and we began preparation of construction plans and contract documents. We received solicited bids on the project and then determined that the project needed to be publicly bid because of the cost of the project. We will receive bids on the project next week.

We would like to note that we do not believe adding extreme event releases would have prevented structural flooding with this storm event.

While the construction plans note that the detention basin can only be released at 10 cfs, the Operator manually operated all three permanent pumps, resulting in approximately 25 cfs of pumping during the entire duration of the storm. Additionally, the Operator placed a potable pump in the pond, which added an additional 5 cfs of capacity. During the storm, the potable pump failed and was not able to be placed on-line, and so the Operator rented another portable pump and operated it until the water within streets receded.

2. Northern Point Drainage

We are coordinating with Harris County to discuss the possibility of utilizing the drainage improvements that will serve Hufsmith-Kohrville road expansion.

We advertised the extreme event release project for bids. We had to delay the bid opening for the project because of the storm. We plan to receive bids for the project next week.

3. Operations Committee Meeting

The next Operations Committee Meeting has not been scheduled.

WATER SUPPLY SYSTEM MATTERS

4. Water Quality Monitoring for Water Well Nos. 2, 3, 4, 5, and 6

The August 2017 laboratory test results for benzene, toluene, ethyl benzene, or xylene (BTEX) in Well No. 2, Well No. 3, Well No. 4, Well No. 5, and Well No. 6 are non-detect.

5. Water Plant No. 2

The piping modifications and redline diagrams are complete.

6. Water Plant Nos. 1 and 2

The redline drawings of the Water Plant No. 2 control diagrams to allow surface water to be transferred from Water Plant No. 2 to Water Plant No. 1 are complete.

7. Water Plant Rehabilitation

Plans and technical specifications for the GST Rehabilitation are being prepared. We plan to begin advertising this month.

WASTEWATER TREATMENT SYSTEM MATTERS

8. Phase 3 Sanitary Sewer Rehab

The phase 3 point repairs are complete. We are working to obtain a proposal for the phase 4 sanitary sewer rehabilitation work.

9. Wastewater Treatment Plant Odor Control

The odor control system is operational. EFS is working to complete the electrical modifications.

10. Sandy Stream Sewer Capacity Evaluation: Upsize Required for Dungrove Tract

No new activity to report.

11. Lift Station Control Panel Replacements

The electrical engineer is awaiting information necessary to complete design.

12. Emergency Generators for Lift Stations 1, 2, and 6

The generators have been installed on site and CenterPoint Gas has extended natural gas lines to the sites. We are coordinating with Cummins to address punch-list items from the final inspection.

13. Wastewater Treatment Plant Rehabilitation

We are preparing construction plans and technical specifications for the on-site lift station rehabilitation.

RESIDENTIAL AND COMMERCIAL DEVELOPMENT PROJECTS

14. Harris County Street Acceptance Status

All streets eligible for acceptance have been accepted by the County.

15. NorthPointe Center-Phase II (Santikos)

No new activity to report.

16. 136-Acre Finger Tract

No new activity to report.

17. 9.6-Acre Riverside Tract


The developer is working with the landowner to purchase land for commercial use, and there are no new updates on this tract.

We will be glad to answer any questions the Board may have.

Respectfully,



Matthew Carpenter, P.E.



Kameron H. Pugh, E.I.T.

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IDS
Engineering Group

TBPE F-2726

TBPLS 10110700 & 10110704



P.O BOX 11750
SPRING, TEXAS 77391-1750
281-374-8989

OPERATIONS REPORT

For

HARRIS COUNTY MUD #368

**SEPTEMBER 7, 2017
BOARD MEETING**

MONTHLY ACTIVITY REPORT
FOR
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT # 368

COLLECTIONS DATE RANGE: July 22, 2017 thru August 18, 2017

Water Collections:	\$ <u>83,030.83</u>
Sewer Collections:	<u>148,755.37</u>
NHCRWA Fees:	<u>109,645.12</u>
Security Service Fees	<u>10,608.98</u>
Late Letter Fees:	<u>2,905.79</u>
Penalties:	<u>5,713.22</u>
Deposits:	<u>8,366.68</u>
Transfer Fees:	<u>1,475.00</u>
Service Fees:	<u>208.60</u>
Miscellaneous:	<u>3,374.89</u>
Unapplied Payments/Overpayments:	<u>1,585.22</u>

TOTAL COLLECTIONS: **\$375,669.70**

CURRENT BILLING DUE FOR PERIOD ENDING August 14, 2017:

Water:	\$ <u>83,371.75</u>
Sewer:	<u>159,768.00</u>
NHCRWA Fees:	<u>114,312.51</u>
Security Service Fee:	<u>17,380.00</u>

TOTAL CURRENT BILLING: **\$374,832.26**

PREPARED BY: EAGLE WATER MANAGEMENT, INC.

HARRIS COUNTY MUD #368
 WATER ACCOUNTABILITY
 SEPTEMBER 2017 MEETING

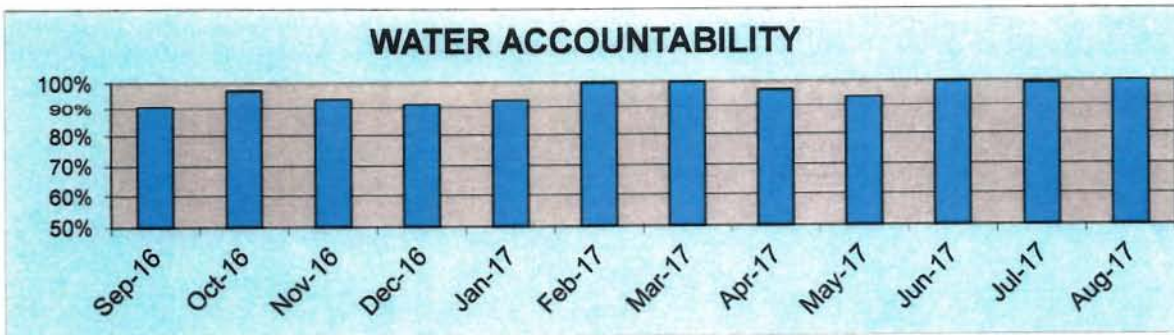
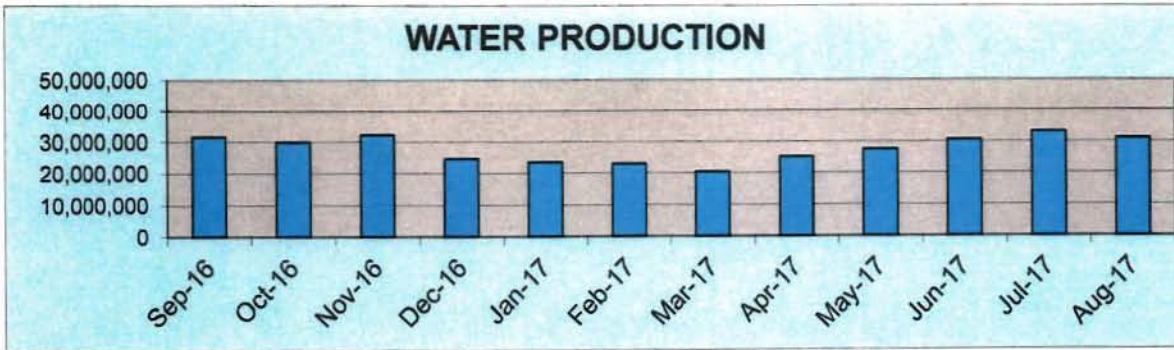
<u>Billing Period: July 13, 2017 thru August 14, 2017</u>	<u>GALLONS</u>	<u>GALLONS</u>
TOTAL WELL GALLONS PUMPED DURING BILLING CYCLE:	2,801,000	
RECEIVED FROM NHCRWA	28,424,000	
<u>TOTAL GALLONS PUMPED:</u>	31,225,000	
<u>WATER LOSSES</u>		<u>LOSS</u>
WASTE TREATMENT PLANT USAGE:		21,000
INTERCONNECT USAGE DELIVERED:		0
LINE FLUSHINGS:		0
FIRE HYDRANT FLUSHINGS:		40,950
UNAUTHORIZED CONSUMPTION: (Theft - estimate)		0
STORAGE TANK DRAINING/FLUSHING: (Overflow)		0
HYDROPNEUMATIC TANK REFILLS:		0
MAIN BREAKS: (Estimate)		0
SERVICE LINE LEAKS:		174,240
WATER MAIN FILLINGS:		0
FIRE HYDRANT METER RENTAL USAGE:		0
OTHER: BOV		71,240
<u>TOTAL WATER LOSSES FOR BILLING CYCLE:</u>		307,430
<u>TOTAL NET GALLONS PUMPED:</u>	30,917,570	
<u>GALLONS BILLED FOR BILLING CYCLE:</u>	30,979,000	
<u>PUMP TO BILL PERCENTAGE FOR BILLING CYCLE:</u>		100.2%
<u>ADDITIONAL INFORMATION:</u>		
<u>NUMBER OF CONNECTION ACCOUNTS</u>		
RESIDENTIAL	3,782	
COMMERCIAL	27	
APARTMENTS	0	
NON PROFIT	3	
BUILDERS	4	
IRRIGATION/OTHERS	43	
<u>TOTAL NUMBER OF ACCOUNTS:</u>	3,859	

EAGLE WATER MANAGEMENT, INC.

HARRIS COUNTY MUD #368

WATER PRODUCTION & ACCOUNTABILITY

MO/YR	PUMPED (MG)	BILLED (MG)	%	Four Month Average
Sep-16	31,440,000	28,530,000	90.7%	94.3%
Oct-16	29,829,000	29,113,000	97.6%	94.8%
Nov-16	32,041,000	30,266,000	94.5%	94.1%
Dec-16	24,444,000	22,359,000	91.5%	93.6%
Jan-17	23,296,000	21,801,000	93.6%	94.3%
Feb-17	22,875,000	22,797,000	99.7%	94.8%
Mar-17	20,238,500	20,224,000	99.9%	96.2%
Apr-17	24,966,500	24,288,000	97.3%	97.6%
May-17	27,337,500	25,772,000	94.3%	97.8%
Jun-17	30,446,060	30,361,000	99.7%	97.8%
Jul-17	32,934,250	32,703,000	99.3%	97.6%
Aug-17	30,917,570	30,979,000	100.20%	98.4%



HARRIS COUNTY MUD #368

**WATER PLANT
MONTHLY FACILITY REPORT**

MONTH OF AUGUST 2017

WELL #2 PUMPAGE	CURRENT	LAST MONTH
Average Daily	4,000 gallons	13,000 gallons
Maximum Daily	81,000 gallons	128,000 gallons
Minimum Daily	0 gallons	0 gallons
TOTAL	118,000 gallons	418,000 gallons

WELL #3 PUMPAGE	CURRENT	LAST MONTH
Average Daily	0 gallons	0 gallons
Maximum Daily	0 gallons	0 gallons
Minimum Daily	0 gallons	0 gallons
TOTAL	0 gallons	0 gallons

WELL #4 PUMPAGE	CURRENT	LAST MONTH
Average Daily	76,000 gallons	79,000 gallons
Maximum Daily	392,000 gallons	586,000 gallons
Minimum Daily	0 gallons	0 gallons
TOTAL	2,349,000 gallons	2,440,000 gallons

WELL #5 PUMPAGE	CURRENT	LAST MONTH
Average Daily	29,000 gallons	58,000 gallons
Maximum Daily	133,000 gallons	468,000 gallons
Minimum Daily	0 gallons	0 gallons
TOTAL	891,000 gallons	1,805,000 gallons

WELL #6 PUMPAGE	CURRENT	LAST MONTH
Average Daily	0 gallons	1,000 gallons
Maximum Daily	0 gallons	9,000 gallons
Minimum Daily	0 gallons	0 gallons
TOTAL	0 gallons	27,000 gallons

TOTAL PUMPAGE FROM WELLS	3,358,000 gallons	4,690,000 gallons
TOTAL RECEIVED FROM NHCRWA	25,687,000 gallons	27,816,000 gallons
TOTAL COMBINED PRODUCTION	28,445,000 gallons	32,506,000 gallons
PERCENTAGE SURFACE WATER	89.19%	85.57%

PERMIT TERM: SEPT 1, 2016 THRU AUGUST 31, 2017

YEAR TO DATE PUMPAGE THRU 2017 PERMIT TERM: 17,245,000 gallons

YEAR TO DATE RWA WATER THRU 2017 PERMIT TERM: 312,348,000 gallons

PERCENTAGE SURFACE WATER DURING PERMIT TERM 94.77%

CONDITION OF EQUIPMENT:

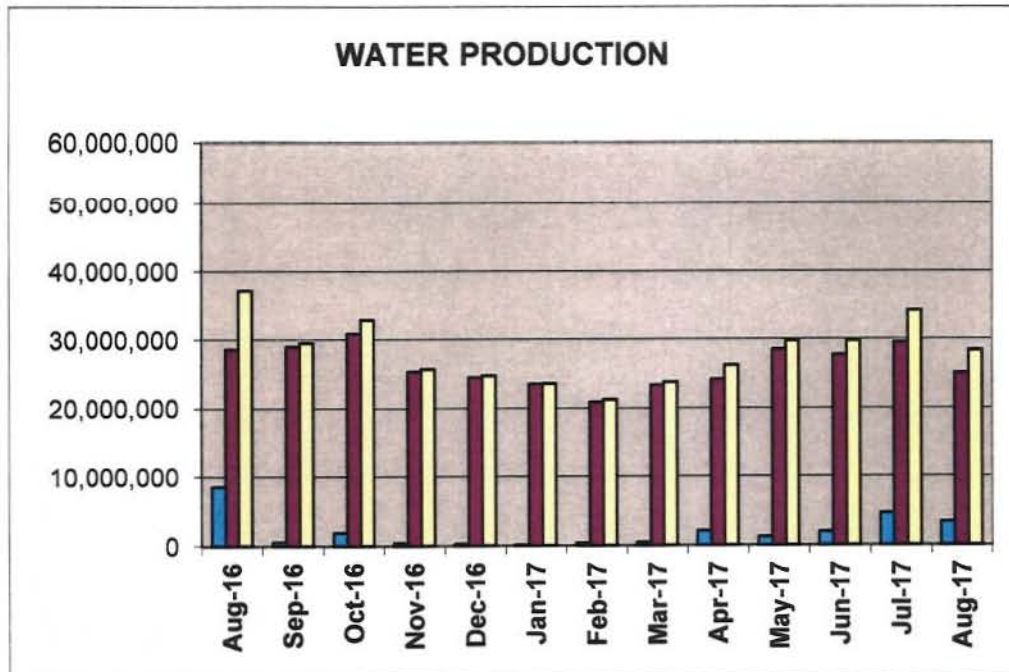
FUTURE ANTICIPATED PROJECTS:

Recoating project

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT #368

WATER PRODUCTION REPORT

MONTH/YEAR	PUMPAGE	NHCRWA	TOTAL
Aug-16	8,539,000	28,602,000	37,141,000
Sep-16	545,000	28,974,000	29,519,000
Oct-16	1,920,000	30,882,000	32,802,000
Nov-16	385,000	25,327,000	25,712,000
Dec-16	245,000	24,491,000	24,736,000
Jan-17	89,000	23,480,000	23,569,000
Feb-17	364,000	20,844,000	21,208,000
Mar-17	453,000	23,310,000	23,763,000
Apr-17	2,067,000	24,144,000	26,211,000
May-17	1,228,000	28,509,000	29,737,000
Jun-17	1,928,000	27,816,000	29,744,000
Jul-17	4,663,000	29,484,000	34,147,000
Aug-17	3,358,000	25,087,000	28,445,000



HARRIS COUNTY MUD #368

WASTEWATER TREATMENT PLANT

MONTHLY FACILITY REPORT

AUGUST 2017

FLOW (GPD)

Average Daily Flow: 1,087,000 GALLONS

Percent of Rated Capacity: 121%

Minimum Daily Flow: 515,000 GALLONS

Maximum Daily Flow: 3,812,000 GALLONS

TOTAL FLOW: 33,703,000 GALLONS

TPDES PERMIT NO. 12044-001

PERMIT EXPIRATION: 3/1/2018

PERMIT VIOLATIONS: None

SOLIDS HANDLING DATE: _____ gallons

CONDITION OF EQUIPMENT: _____

Incoming electrical service at WWTP damaged by birds, EFS repairing

Plant operating on back up generator

FUTURE ANTICIPATED PROJECTS: _____

**HC MUD 368
Sludge Haul History**

Month/Year	Gallons processed	Cost/gallon	Sludge Cost	Cost
Jan-15	456,779	\$0.0425	\$19,413.11	\$19,413.11
Feb-15	203,831	\$0.0425	\$8,662.82	\$8,662.82
Mar-15	175,295	\$0.0425	\$7,450.04	\$7,450.04
Apr-15			\$0.00	\$0.00
May-15	178,633	\$0.0425	\$7,591.90	\$7,591.90
Jun-15	141,156	\$0.0425	\$5,999.13	\$5,999.13
Jul-15	201,731	\$0.0425	\$8,573.57	\$8,573.57
Aug-15	187,653	\$0.0425	\$7,975.25	\$7,975.25
Sep-15	251,577	\$0.0425	\$10,692.02	\$10,692.02
Oct-15			\$0.00	\$0.00
Nov-15	159,084	\$0.0425	\$6,761.07	\$6,761.07
Dec-15	223,743	\$0.0425	\$9,509.08	\$9,509.08
2015 Total	2,179,482			\$92,627.99
Jan-16	223,526	\$0.0425	\$9,499.86	\$9,499.86
Feb-16	183,609	\$0.0425	\$7,803.38	\$7,803.38
Mar-16	199,814	\$0.0425	\$8,492.10	\$8,492.10
Apr-16	196,534	\$0.0425	\$8,352.70	\$8,352.70
May-16	0		\$0.00	\$0.00
Jun-16	188,831	\$0.0425	\$8,025.32	\$8,025.32
Jul-16	191,918	\$0.0425	\$8,156.52	\$8,156.52
Aug-16	251,598	\$0.0425	\$10,692.92	\$10,692.92
Sep-16			\$0.00	\$0.00
Oct-16	197,070	\$0.0425	\$8,375.48	\$8,375.48
Nov-16			\$0.00	\$0.00
Dec-16	202,046	\$0.0425	\$8,586.96	\$8,586.96
2016 Total	1,834,946		\$77,985.21	\$77,985.21
Jan-17	262,255	\$0.0425	\$11,145.84	\$11,145.84
Feb-17	0	\$0.0000	\$0.00	\$0.00
Mar-17	281,110	\$0.0425	\$11,947.18	\$11,947.18
Apr-17	269,777	\$0.0425	\$11,465.52	\$11,465.52
May-17	0	\$0.0000	\$0.00	\$0.00
Jun-17	372,652	\$0.0425	\$15,837.71	\$15,837.71
Jul-17	194,619	\$0.0425	\$8,271.31	\$8,271.31
Aug-17	0		\$0.00	\$0.00
Sep-17			\$0.00	\$0.00
Oct-17			\$0.00	\$0.00
Nov-17			\$0.00	\$0.00
Dec-17			\$0.00	\$0.00
2017 Total	1,380,413		\$58,667.55	\$58,667.55

						Sample =	0.675	26 - lb/d	=	0.107	=	0.228	19 - mg/L	01/07 - Weekly	24 - COMP24
01092	Zinc, total [as Zn]	1 - Effluent Gross	0	--	Permit Req.		Req Mon DAILY AV	26 - lb/d		Req Mon DAILY AV		Req Mon DAILY MX	19 - mg/L	01/07 - Weekly	CP - COMPOS
						Value NODI									
						Sample <	0.253	26 - lb/d	<	0.042	=	0.061	19 - mg/L	01/07 - Weekly	GR - GRAB
01105	Aluminum, total [as Al]	1 - Effluent Gross	0	--	Permit Req.		Req Mon DAILY AV	26 - lb/d		Req Mon DAILY AV		Req Mon DAILY MX	19 - mg/L	01/07 - Weekly	CP - COMPOS
						Value NODI									
						Sample =	0.708	=	1.276	03 - MGD				99/99 - Continuous	TM - TOTALZ
50050	Flow, in conduit or thru treatment plant	1 - Effluent Gross	0	--	Permit Req.	<=	.9 DAILY AV	Req Mon DAILY MX	03 - MGD				99/99 - Continuous	TM - TOTALZ	
						Value NODI									
						Sample		=	1.15		=	2.7	19 - mg/L	01/01 - Daily	GR - GRAB
50060	Chlorine, total residual	1 - Effluent Gross	0	--	Permit Req.	>=	1 MO MIN		<=	4 MO MAX		19 - mg/L	01/01 - Daily	GR - GRAB	
						Value NODI									
						Sample		<	10	=	109	30 - MPN/100mL	01/07 - Weekly	GR - GRAB	
X 51040	E. coli	1 - Effluent Gross	0	--	Permit Req.	<=	63 DAILY AV	<=	200 DAILY MX			32 - CFU/100mL	02/30 - Twice Per Month	GR - GRAB	
						Value NODI									
						Sample <	13.43	26 - lb/d	<	2	=	3	19 - mg/L	01/07 - Weekly	24 - COMP24
80082	BOD, carbonaceous [5 day, 20 C]	1 - Effluent Gross	0	--	Permit Req.	<=	75 DAILY AV	26 - lb/d	<=	10 DAILY AV	<=	25 DAILY MX	19 - mg/L	01/07 - Weekly	CP - COMPOS
						Value NODI									

Submission Note

If a parameter row does not contain any values for the Sample nor Effluent Trading, then none of the following fields will be submitted for that row: Units, Number of Excursions, Frequency of Analysis, and Sample Type.

Edit Check Errors

Parameter Code	Name	Monitoring Location	Field	Type	Description	Acknowledge
51040	E. coli	1 - Effluent Gross	Units	Soft	The selected units do not match the units specified by the permit for this parameter. The provided sample value(s) may be outside the permit limit. (Error Code: 3)	

Comments

No attachments.

Report Last Saved By

HARRIS COUNTY MUD 368

User:	mike p	Date/Time:	2017-08-14 08:31 (Time Zone: -05:00)
Name:	Mike Plunkett		
E-Mail:	mplunkett@eaglewatermanagement.com		

Certification Statement

I certify under penalty of law that this submission was prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are criminal penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations. By entering my password and security question answer and pressing the Submit button, I agree that:

1. I am Mike Plunkett.
2. I have not violated any term in my Electronic Signature Agreement.
3. I am otherwise without any reason to believe that the confidentiality of my password has been compromised now or at any time prior to this submission.
4. I have the authority to submit these data on behalf of the listed facilities.
5. This action constitutes an electronic signature equivalent to my written signature.
6. I understand that this attestation of fact pertains to the implementation, oversight, and enforcement of a federal environmental program and must be true to the best of my knowledge.

Submission Information

Name:	Mike Plunkett	Date/Time:	2017-08-14 08:32 (Time Zone: -05:00)
User:	mike p	E-Mail:	mplunkett@eaglewatermanagement.com
Submitter Telephone:	281-374-8989	Submitter Ip:	50.240.243.62
Confirmation Code:	e2d4e3b3-2343-4e32-8b0b-fadfb1005c4e		
Submitter Hashed Password:	f60a0eebaba0968ba4a2d8c3f03f1082a5720ba0432c6027312ba1495af00de5		
DMR Hash:	6ea705bf473c95a9b0af7a62a904cdb3e4f9532ee8cca3eef621469d9254b81		
NetDMR Certificate Id:	4		
Certificate Alias:	netdmr uat sample certificate 2		

Account Name	16-Jun	16-Jul	16-Aug	16-Sep	16-Oct	16-Nov	16-Dec	17-Jan	17-Feb	17-Mar	17-Apr	17-May	Total previous 12 months	17-Jun	17-Jul	17-Aug
Graceview Baptist Church	\$250	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$250	\$100	\$1,850	\$200	\$200	\$200
100	54	49	40	29	40	48	40	21	29	44	70	35		43	47	43
Walgreens	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,400	\$200	\$200	\$200
201	5	5	9	5	5	6	5	5	6	5	6	5		6	5	6
Reach Unlimited (12335 White River)	\$100	\$100	\$250	\$100	\$100	\$250	\$100	\$100	\$100	\$100	\$100	\$100	\$1,850	\$200	\$200	\$350
300	7	17	64	30	11	56	49	49	17	16	20	0		64	17	50
Houston Garden Center	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,400	\$200	\$200	\$200
410	8	4	3	3	9	3	6	3	4	5	7	5		4	3	3
Quick N Easy (Chevron)	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,400	\$200	\$200	\$200
500	12	12	14	14	12	13	9	9	9	9	9	12		14	13	13
Landmark Property (Strip Center w/ Subway)	\$250	\$250	\$100	\$100	\$250	\$500	\$250	\$250	\$250	\$250	\$250	\$250	\$3,550	\$600	\$200	\$3,500
510	53	61	45	47	60	153	67	60	65	63	65	76		94	48	160
Canyon Cleaners	\$250	\$100	\$100	\$250	\$100	\$100	\$100	\$100	\$250	\$100	\$100	\$250	\$2,000	\$200	\$350	\$600
521	55	48	49	50	48	49	43	45	54	49	48	53		41	59	148
Tower Plaza (Strip Center by Chevron)	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,400	\$200	\$350	\$200
600	22	21	24	28	28	30	21	34	24	17	20	22		40	50	33
Regal Cinema Inc.	\$500	\$2,500	\$500	\$500	\$500	\$500	\$500	\$2,500	\$500	\$500	\$500	\$500	\$10,350	\$3,500	\$3,500	\$3,500
1222	176	212	191	137	94	119	125	247	154	152	176	160		174	195	199
Khorville Elementary	\$250	\$100	\$100	\$250	\$500	\$500	\$500	\$100	\$250	\$100	\$100	\$250	\$3,350	\$350	\$200	\$200
140480	66	3	7	75	108	113	89	43	52	47	44	55		70	3	7
Parkway Chevrolet	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,600	\$600	\$600	\$600
186910	115	111	122	108	111	133	91	107	120	118	119	139		144	126	133
Kids World Day care	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,400	\$200	\$200	\$200
187220	22	18	20	23	23	24	18	18	23	21	24	21		24	22	24
Valero	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,400	\$200	\$200	\$200
201330	38	38	41	43	37	37	31	35	30	30	32	41		27	33	35
Barkway Pet Resort	\$250	\$500	\$250	\$250	\$250	\$250	\$250	\$500	\$250	\$250	\$250	\$250	\$3,850	\$350	\$600	\$600
202221	64	106	78	66	61	71	79	80	75	62	73	67		79	91	111
Blackshear Elementary	\$500	\$100	\$100	\$500	\$2,500	\$2,500	\$500	\$500	\$500	\$500	\$500	\$2,500	\$11,800	\$600	\$200	\$350
202561	98	8	5	175	230	212	137	90	177	168	157	241		133	49	65
Texas Roadhouse	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,300	\$3,500	\$600	\$3,500
202770	173	150	126	160	130	165	126	154	165	146	150	133		155	138	164
Fred Haas Nissan	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,600	\$600	\$600	\$600
203120	111	135	118	130	143	100	121	100	162	123	138	94		110	107	106
Lacey Food Mart	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,400	\$200	\$200	\$200
203141	11	12	9	9	9	11	10	12	12	10	10	24		21	12	15
Bahama Bucks	\$100	\$100	\$250	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,550	\$200	\$350	\$200
207320	48	46	57	45	35	40	34	27	23	19	27	27		33	52	31
HMT	\$250	\$250	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,700	\$200	\$200	\$350
207810	72	73	43	27	22	23	19	14	18	18	27	21		28	34	51
Adriatic Café						\$100	\$100	\$100	\$100	\$100	\$500	\$100	\$1,450	\$350	\$350	\$350
208151						9	0	1	2	7	105	0		53	66	77
Totals	\$4,900	\$6,300	\$4,050	\$4,450	\$6,700	\$7,200	\$4,800	\$6,650	\$4,700	\$4,400	\$4,950	\$6,700	\$65,800	\$12,850	\$9,700	\$16,300

DRAFT
SUBJECT TO CHANGE

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

REPORT ON APPLYING AGREED-UPON PROCEDURES TO CONSTRUCTION,

ENGINEERING AND RELATED COSTS REIMBURSABLE TO

WOODMERE DEVELOPMENT COMPANY, LTD. (DEVELOPER)

FROM THE SERIES 2017 BOND PROCEEDS

SEPTEMBER 7, 2017

TABLE OF CONTENTS

DRAFT
SUBJECT TO CHANGE

SCHEDULE

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES

SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED
COSTS REIMBURSABLE TO WOODMERE DEVELOPMENT
COMPANY, LTD. (DEVELOPER)

A

COMPARISON OF ACUTAL COSTS WITH COST SUMMARY AS
AS APPROVED BY THE TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

B

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708
E-Mail: mgsb@mgsbpllc.com

DRAFT
SUBJECT TO CHANGE

9600 Great Hills Trail
Suite 150W
Austin, Texas 78759
(512) 610-2209
www.mgsbpllc.com

September 7, 2017

Board of Directors
Harris County Municipal Utility District No. 368
Harris County, Texas

Independent Accountant's Report
on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of Harris County Municipal Utility District No. 368 (the "District"), on the invoices and schedules submitted by Woodmere Development Company, Ltd. (the "Developer") for payment from the Series 2017 bond proceeds. The responsible parties for this report are the intended users of the report. These procedures were performed solely to assist you in evaluating the reasonableness of those costs as required by the Texas Commission on Environmental Quality and the report is not to be used for any other purpose.

Pursuant to 30 TAC Chapter 293.70 of the Texas Commission on Environmental Quality (the "Commission"), the Board of Directors of the District are responsible for engaging a certified public accountant or public accountant holding a permit from the Texas State Board of Public Accountancy to perform certain agreed-upon procedures applicable to all items and amounts for which a reimbursement request has been received, and issue a report before a developer is reimbursed for expenditures incurred on the District's behalf.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Board of Directors of the District. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose of which this report has been requested or for any other purpose. The procedures we performed are as summarized below:

- A. We reviewed the Technical Memorandum dated May 17, 2017, and the Order Approving an Engineering Project and the Issuance of \$1,830,000 in Unlimited Tax Bonds as approved by the Commission dated June 6, 2017, and rules of the Commission relative to the reimbursement request. Our review was for the purpose of identifying those items authorized for District participation and those items the District is specifically prohibited from purchasing. In some cases our efforts required review of portions of the bond application relative to this bond issue.

DRAFT
SUBJECT TO CHANGE

- B. We reviewed for completeness certain Developer schedules, supporting invoices and contract estimates in substantiation of the costs to be reimbursed. Our review included all documentation supporting items, amounts, and proof of payment for which reimbursement was requested.
- C. We read the development and financing agreements for particular items that might affect the reimbursement. The agreements reviewed are referenced in our report.
- D. We footed the extensions of any engineering invoices pertaining to the reimbursement on a test basis and compared the contract amounts used in determining the fee for the design and construction phase portions of the invoice to the related construction contracts and to the engineering contract when appropriate.
- E. For construction pay estimates, we footed and tested extensions on a test basis on payments made on behalf of the District.
- F. For all payments, we compared the payment dates to copies of cancelled checks. If cancelled checks were not available, alternate procedures were designed to support dates and amounts of payments.
- G. We reviewed the formulas for computation of developer interest to be reimbursed to the Developer based upon the net effective interest rate of the Series 2017 Bond Issue as approved by the Commission and limited interest, if appropriate, in accordance with the orders and rules of the Commission.
- H. We reviewed the report and payments made by the District pertaining to the District's 2016 General Fund reimbursement to gain assurances that duplicate payments were not made for facilities for reimbursement from the General Fund were still included in the bond issue as approved by the Commission.
- I. We inquired of the District's Bookkeeper regarding current General Fund expenditures for costs to be reimbursed to the General Fund from the Capital Projects Fund in accordance with the approval of the Commission.
- J. We obtained verbal confirmation from Rebel Contractors, Inc., C.F. McDonald Electric, Inc. and JAHQ, Inc. that all contract estimates to date have been paid in full and that there are no claims to be made against either the District or Developer on the project.

- K. We prepared for submittal to the Commission our report detailing the costs payable to the Developer and a schedule reflecting the results of the payment and future costs to complete as compared with the amount approved by the Commission.
- L. A draft of our report was provided to the District's Attorney, Engineer, Financial Advisor, Bookkeeper, and Developer prior to reimbursing the Developer.

The attached Schedule A, titled "Schedule of Construction, Engineering and Related Costs Reimbursable to Woodmere Development Company, Ltd. (Developer)", sets forth their reimbursable costs. This reimbursement is in accordance with the terms and conditions of the Water, Sewer and Drainage Improvement Financing and Construction Agreement dated October 16, 2014, between the District and Woodmere Development Company, Ltd. and as amended on December 1, 2016.

The Developer submitted reimbursement schedules in the amount of \$1,433,921.73, which did not include interest. Per our review of the documentation submitted, we have revised the reimbursement amount to \$547,793.27, which includes interest of \$74,621.74. Interest was calculated at 3.407918%, the net effective interest rate of the District's Series 2017 bond issue, through September 14, 2017. Changes to the Developer's reimbursement submission include the following:

1. We deducted \$3,750.00 to correct the Developer's schedule for the reimbursable amount of a geotechnical report related to the construction of the Ashford Grove East Detention Facilities.
2. We added \$44,120.00 to correct the Developer's schedule for the construction costs of the Ashford Grove East Lift Station that were not included in the reimbursement schedule.
3. We deducted \$961,075.39 for the amount previously reimbursed from the BAN proceeds.
4. We deducted \$40,044.81 for the 4% reduction as specified in the amended financing agreement.
5. We added \$74,621.74 per our calculation of developer interest.

Schedule B is a comparison of the actual reimbursable costs with the estimated costs. As reflected on Schedule B, it appears that the District will have sufficient funds to meet the obligations of the bond issue. Significant variances (over or under 10% of the projected cost) are explained below:

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- Developer interest was estimated for the bond application at 4.5% through September 15, 2017. Actual developer interest was calculated at 3.407918%, the net effective interest rate of the District's Series 2017 bond issue, through September 14, 2017.

In addition to the above, we have calculated an amount of \$1,016,736.39 to be transferred to the District's General Fund from the bond proceeds for costs paid by the General Fund as follows: \$961,075.39 for construction costs previously reimbursed to the Developer, \$45,000.00 for bond application report costs, \$1,830.00 for the Attorney General fee and \$8,831.00 for miscellaneous bond issuance expenses.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the aforementioned reimbursable costs. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report of agreed-upon procedures is for the exclusive use of the Board of Directors of the District in compliance with certain rules of the Commission. The report is intended for use by the Board of Directors and is not intended to be associated with the presentation of any other financial data of the District. We are aware that the report is subject to distribution under provisions of the Texas Open Records Act.

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McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368
 SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS
 REIMBURSABLE TO WOODMERE DEVELOPMENT COMPANY, LTD. (DEVELOPER)
 SEPTEMBER 7, 2017

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND
 EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

DESCRIPTION		REIMBURSABLE COST
Rebel Contractors, Inc.		
Construction - Detention Facilities Ashford Grove East		
Amount Paid by Developer	\$ 355,075.00	
Less: Amount Previously Reimbursed from the District's General Fund	<u>248,552.50</u>	\$ 106,522.50
IDS Engineering Group		
Engineering - Detention Facilities Ashford Grove East		
Amount Paid by Developer	\$ 78,000.63	
Less: Amount Previously Reimbursed from the District's General Fund	<u>54,600.44</u>	23,400.19
Tolunay-Wong Engineers, Inc.		
Geotechnical Report - Detention Facilities Ashford Grove East		
Amount Paid by Developer	\$ 7,500.00	
Less: Developer's 50% Share	3,750.00	
Less: Amount Previously Reimbursed from the District's General Fund	<u>2,625.00</u>	1,125.00
Storm Water Solutions, LP		
Storm Water Pollution Prevention Planning Ashford Grove East Detention Facilities		
Amount Paid by Developer	\$ 3,000.00	
Less: Amount Previously Reimbursed from the District's General Fund	<u>2,100.00</u>	900.00

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INTEREST ACCRUED AT 3.407918%*		TOTAL DUE DEVELOPER	
\$	19,650.74	\$	126,173.24
	5,674.72		29,074.91
	319.56		1,444.56
	123.35		1,023.35

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368
 SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS
 REIMBURSABLE TO WOODMERE DEVELOPMENT COMPANY, LTD. (DEVELOPER)
 SEPTEMBER 7, 2017

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND
 EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

DESCRIPTION	REIMBURSABLE COST
Harris County Municipal Utility District No. 368	
Annexation Feasibility Study Ashford Grove East	
Amount Paid by Developer	\$ 7,500.00
Less: Amount Previously Reimbursed from the District's General Fund	5,250.00
	\$ 2,250.00
 JAHO, Inc.	
Construction - Water, Wastewater and Drainage Ashford Grove East, Section 1	
Amount Paid by Developer	\$ 378,316.36
Less: Amount Previously Reimbursed from the District's General Fund	264,821.45
	113,494.91
 IDS Engineering Group	
Engineering - Water, Wastewater and Drainage Ashford Grove East, Section 1	
Amount Paid by Developer	\$ 71,833.33
Less: Amount Previously Reimbursed from the District's General Fund	50,283.33
	21,550.00
 Tolunay-Wong Engineers, Inc.	
Materials Testing - Water, Wastewater and Drainage Ashford Grove East, Section 1	
Amount Paid by Developer	\$ 8,459.00
Less: Amount Previously Reimbursed from the District's General Fund	5,921.30
	2,537.70
 Storm Water Solutions, LP	
Storm Water Pollution Prevention Planning Ashford Grove East, Section 1	
Amount Paid by Developer	\$ 31,299.25
Less: Amount Previously Reimbursed from the District's General Fund	21,909.47
	9,389.78

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<u>INTEREST ACCRUED AT 3.407918%*</u>	<u>TOTAL DUE DEVELOPER</u>
\$ 746.96	\$ 2,996.96
19,282.19	132,777.10
4,835.81	26,385.81
439.23	2,976.93
1,244.59	10,634.37

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368
 SCHEDULE OF CONSTRUCTION, ENGINEERING AND RELATED COSTS
 REIMBURSABLE TO WOODMERE DEVELOPMENT COMPANY, LTD. (DEVELOPER)
 SEPTEMBER 7, 2017

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND
 EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

DESCRIPTION	REIMBURSABLE COST
C.F. McDonald Electric, Inc.	
Construction - Lift Station Ashford Grove East	
Amount Paid by Developer	\$ 441,200.00
Less: Amount Previously Reimbursed from the District's General Fund	<u>277,956.00</u>
	\$ 163,244.00
 IDS Engineering Group	
Engineering - Lift Station Ashford Grove East	
Amount Paid by Developer	\$ 89,167.66
Less: Amount Previously Reimbursed from the District's General Fund	<u>62,417.36</u>
	26,750.30
 Tolunay-Wong Engineers, Inc.	
Materials Testing - Lift Station Ashford Grove East	
Amount Paid by Developer	\$ 3,690.50
Less: Amount Previously Reimbursed from the District's General Fund	<u>2,583.35</u>
	1,107.15
 Storm Water Solutions, LP	
Storm Water Pollution Prevention Planning Ashford Grove East Lift Station	
Amount Paid by Developer	\$ 3,000.00
Less: Amount Previously Reimbursed from the District's General Fund	<u>2,100.00</u>
	900.00
 TOTAL AMOUNT REIMBURSABLE TO WOODMERE DEVELOPMENT COMPANY, LTD. ON SEPTEMBER 14, 2017	 <u><u>\$ 473,171.53</u></u>

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<u>INTEREST ACCRUED AT 3.407918%*</u>	<u>TOTAL DUE DEVELOPER</u>
\$ 16,795.39	\$ 180,039.39
5,252.41	32,002.71
159.58	1,266.73
<u>97.21</u>	<u>997.21</u>
<u>\$ 74,621.74</u>	<u>\$ 547,793.27</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368
COMPARISON OF ACTUAL COSTS WITH COST SUMMARY AS APPROVED
BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
SEPTEMBER 7, 2017

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(SEE ACCOMPANYING DISCLAIMER OF OPINION AND
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

DESCRIPTION	ENGINEERING ESTIMATE AS APPROVED BY THE COMMISSION (1)	AMOUNT PAID FROM DISTRICT'S GENERAL FUND	REIMBURSABLE TO WOODMERE DEVELOPMENT COMPANY, LTD. AT SEPTEMBER 14, 2017
CONSTRUCTION COSTS			
DEVELOPER CONTRIBUTION ITEMS			
Ashford Grove East - Detention Facilities	\$ 355,405	\$ 248,553	\$ 106,522
Ashford Grove East, Section 1 - Water, Wastewater and Drainage	378,316	264,821	113,495
Ashford Grove East - Lift Station	441,200	277,956	163,244
Erosion Control Consultant	37,299	26,109	11,190
Engineering and Surveying Services	266,151	183,681	78,720
TOTAL DEVELOPER CONTRIBUTION ITEMS	\$ 1,478,371	\$ 1,001,120	\$ 473,171
Adjust for 4% Reduction per Amended Financing Agreement	\$ -	\$ (40,045)	\$ -
TOTAL CONSTRUCTION COSTS	\$ 1,478,371	\$ 961,075	\$ 473,171
NON-CONSTRUCTION ITEMS			
Legal Fees	\$ 45,750	\$ -	\$ -
Fiscal Agent Fees	36,690		
Developer Interest	135,690		74,622
Bond Discount (1)	48,612		
Bond Issuance Expenses	27,284	8,831	
Bond Application Report Costs	45,000	45,000	
Attorney General Fee	1,830	1,830	
TCEQ Bond Issuance Fee	4,575		
Contingency (1)	6,288		
TOTAL NON-CONSTRUCTION COSTS	\$ 351,629	\$ 55,661	\$ 74,622
TOTAL	\$ 1,830,000	\$ 1,016,736	\$ 547,793

(1) Amount as approved by the Commission and as adjusted in the Official Statement

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DISTRICT COST TO DATE	ESTIMATED ADDITIONAL COST TO COMPLETE	ACTUAL AND ESTIMATED ADDITIONAL COSTS TO COMPLETE	ACTUAL OVER (UNDER) ESTIMATE	% VARIANCE OVER (UNDER) ESTIMATE
\$ -	\$ -	\$ 355,075	\$ (330)	-0.09%
		378,316	-	0.00%
		441,200	-	0.00%
		37,299	-	0.00%
		262,401	(3,750)	-1.41%
<hr/>	<hr/>	<hr/>	<hr/>	
\$ -	\$ -	\$ 1,474,291	\$ (4,080)	
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\$ -	\$ -	\$ -	\$ -	
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\$ -	\$ -	\$ 1,474,291	\$ (4,080)	
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\$ 45,750	\$ -	\$ 45,750	\$ -	0.00%
36,600		36,600	-	0.00%
		74,622	(61,068)	-43.01%
48,612		48,612	-	0.00%
	18,453	27,284	-	0.00%
		45,000	-	0.00%
		1,830	-	0.00%
4,575		4,575	-	0.00%
		-	(6,288)	-100.00%
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\$ 135,537	\$ 18,453	\$ 284,273	\$ (67,356)	
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\$ 135,537	\$ 18,453	\$ 1,758,564	\$ (71,436)	
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