

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

## Minutes of Meeting Thursday, December 21, 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, December 21, 2017, at the District meeting place located inside the District, 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 Daniel, thus constituting a quorum. Consultants in attendance were: Mike Plunkett of Eagle Water Management, Inc. ("Operator"); Matthew Carpenter, P.E. and Kameron Pugh, E.I.T., of IDS Engineering Group ("IDS" or "Engineer"); Kaye Townley of Municipal Accounts and Consulting, L.P. ("MAC" or "Bookkeeper"); Lieutenant Garza of the Harris County Precinct 4 Constable's Office ("HCCO"); Andrew Dunn and Matthew Dunn of On-Site Protection, LLC (the "Security Coordinator"); and Tyler Scully, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("JP" or "Attorney").

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 matter was tabled until later in the meeting.
- II. **Security Report.** Lieutenant Garza 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.

Mr. A. Dunn next reviewed Estimate No. 106833 related to the video equipment replacement at Water Well No. 6, Lift Station No. 5 in the amount of \$9,301.67.

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with Director Dunn abstaining, the Board approved Estimate No. 106833, a copy of which is attached hereto as Exhibit "B".

- III. **General Business.**
  - A. **District's Website.** The Board discussed proposed website notices regarding the holiday garbage and recycling schedule.
  - B. **Emergency Operations and repairs to District Facilities.** Mr. Plunkett stated that debris has been removed from the existing storm inlet in the Northern Point

Detention Basin. Mr. Carpenter stated that the existing storm water quality feature in Northern Point Detention Basin is a type that was designed and installed frequently during the time of the construction of the pond, but is not the standard currently used for new drainage facilities. Mr. Carpenter discussed two (2) options for improving the storm water quality intake structure:

- Core larger weir openings in the existing structure to allow additional flow through the structure and surround the structure with fencing to keep trash and debris from entering the outfall; or
- Remove the existing structure and replace it with the standard storm water quality structure (floatables collection screen).

Mr. Carpenter stated that IDS recommends the option of replacing the current structure with a floatables collection screen structure. A cost estimate for each option is attached to the Engineer's Report.

- C. 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".
- D. RRRT Request for Rate Increase. The Board discussed the rate increase request from RRRT, a copy of which is attached hereto as Exhibit "D". Following discussion, the Board agreed that the 14 percent increase per home cannot be approved at this time.
- E. Extreme Event Swale Construction and Maintenance Easement from Northern Point Homeowners' Association ("HOA"). Mr. Scully reported that according to the HOA attorney, HOA is meeting tonight and one of the matters on the agenda is the easement agreement approval. Mr. Carpenter stated that the contractor is still constructing two (2) extreme event swales located on District property. Mr. Scully indicated that he informed the HOA attorney that if the HOA does not sign and return two (2) construction and maintenance easements for the (2) extreme event swales on the HOA property by December 22, 2017, there is a possibility that the District will be forced to pull the contractor from the project. Once the contractor has completed the two (2) extreme event swales located on the District's property, the District cannot afford to incur additional expenses while holding the project open ended awaiting the HOA's response.
- F. Resolution Approving Submittal of Water Smart Application. Upon motion by Director Bishop, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the Water Smart Resolution, a copy of which is attached hereto as Exhibit "E".
- G. Annual Agenda for 2018. The Board reviewed the Annual Agenda for 2018, a copy of which is attached hereto as Exhibit "F".

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

Next, upon motion by Director Dunn, seconded by Director Lackey, 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. 15805 through 15886 from the Operating Fund

Ms. Townley then verified that the District has the sufficient surplus funds in the Capital Projects account to fund Estimate No. 106833 related to the video equipment replacement at Water Well No. 6, Lift Station No. 5 in the amount of \$9,301.67.

Next, upon motion by Director Bishop, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the Resolution Authorizing Use of Surplus Fund without Texas Commission on Environmental Quality approval.

V. **Engineer's Report.** Mr. Carpenter reviewed the Engineer's Report, a copy of which is attached hereto as Exhibit "H". Mr. Carpenter next reported that IDS met with the Harris County engineer to discuss the Right-of-Way alignment and potential conflicts with District utilities for the phase of Hufsmith Kohrville from north of Ezekiel Road to just north of Willow Creek. During the meeting, IDS expressed the District's desire to enter into an agreement with Harris County in which the District would offer the County detention credits from unused detention volume. The County would then provide the storm sewer capacity necessary to accommodate additional outfall pumping rates from the Northern Point Detention Basin. The County's engineer expressed interests in the proposed agreement and will be discussing this opportunity with the other members of the Hufsmith Kohrville project team.

Next, upon motion by Director Bishop, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board (i) authorized IDS to proceed with the replacement of the existing storm water quality feature in Northern Point Detention Basin with a floatables collection screen feature; and (ii) approved the Engineer's Report.

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

VII. **Attorney's Report.**

A. **Memorandum regarding Texas Senate Bill 253.** Mr. Scully reviewed a memo regarding Texas Senate Bill 253, a copy of which is attached hereto as Exhibit "I". Mr. Scully stated that pursuant to Government Code Section 2270.0252 the District is required to, no later than December 31 of each year, file a publicly available report with the presiding officer of each house of the legislature and the attorney general. The report must identify all investments sold, redeemed, divested or withdrawn in compliance with Government Code Section 2270.0206, which requires divestment of assets invested in companies listed by the Comptroller as related in Sudan, Iran, or foreign-terror or listed as complicit in genocide, and summarize any changes made under Government Code Section 2270.0209, which prohibits investments in companies listed by the Comptroller as

related in Sudan, Iran, or foreign-terror or listed as complicit in genocide except in certain circumstances such as loss of a certain percentage of value of the assets.

- B. Amend Investment Policy. Mr. Scully next reviewed a memo related to the proposed revisions to the Investment Policy stating that the 85<sup>th</sup> Texas Legislature passed several bills related to the investment of public funds that require revisions to the District's Investment Policy. A copy of the memo is attached hereto as Exhibit "I-1".

Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) authorized the Bookkeeper and Attorney to file a report with the presiding officer of each house and the attorney general, as required by Texas Senate Bill 253; and (ii) approved the Amended Investment Policy, a copy of which is attached hereto as Exhibit "I-2".

- C. Minutes of December 7, 2017. 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 December 7, 2017 meeting as amended.

VIII. Adjournment. With no additional matters before the Board, the Board adjourned the meeting at 8:38 p.m.

[EXECUTION PAGE FOLLOWS]

Passed and approved this 4<sup>th</sup> day of January, <sup>2018</sup>~~2017~~.

  
Secretary, Board of Directors

**Exhibits:**

- "A" Security Report
- "B" Estimate No. 106833
- "C" RRRT Recycling Report
- "D" RRRT Request for Rate Increase
- "E" Water Smart Resolution
- "F" Annual Agenda
- "G" Bookkeeper report
- "H" Engineers Report
- "I" Memorandum regarding Texas Senate Bill 253
- "I-1" Memorandum regarding Investment Policy
- "I-2" Amended Investment Policy



# HARRIS COUNTY CONSTABLE, PRECINCT 4

## CONSTABLE MARK HERMAN

*"Proudly Serving the Citizens of Precinct 4"*

6831 Cypresswood Drive ★ Spring, Texas 77379 ★ (281) 376-3472 ★ [www.ConstablePct4.com](http://www.ConstablePct4.com)

Monthly Contract Stats

## HARRIS CO MUNICIPAL UTILITY 368

For November 2017

### Categories



Burglary Habitation: 1	Burglary Vehicle: 7	Theft Habitation: 0
Theft Vehicle: 1	Theft Other: 1	Robbery: 0
Assault: 0	Sexual Assault: 0	Criminal Mischief: 1
Disturbance Family: 1	Disturbance Juvenile: 1	Disturbance Other: 13
Alarms: 27	Suspicious Vehicles: 16	Suspicious Persons: 9
Runaways: 0	Phone Harrassment: 1	Other Calls: 175

### Detailed Statistics By Deputy






Unit Number	Contract Calls	District Calls	Reports Taken	Felony Arrests	Misd Arrests	Tickets Issued	Recovered Property	Charges Filed	Mileage Driven	Days Worked
126	145	1	0	0	0	32	0	0	1302	20
232	99	0	59	1	1	19	0	2	443	13
C70	165	0	4	0	0	25	0	0	715	18
C71	115	0	8	0	0	40	0	0	815	20
C72	203	0	12	0	0	56	0	0	1146	20
C73	161	0	10	0	1	38	0	0	1031	17
C74	167	3	8	0	1	49	0	1	1171	18
<b>TOTAL</b>	<b>1055</b>	<b>4</b>	<b>101</b>	<b>1</b>	<b>3</b>	<b>259</b>	<b>0</b>	<b>3</b>	<b>6623</b>	<b>126</b>

### Summary of Events





911 Or Other

-  Alarm
- Arson
- Death
- Family Offense
- Missing Person
- Other
- Pedestrian Stop
- Vehicle Recovery
- Vehicle Stop
- Weapons Offense
-  Drugs

Violent

-  Assault
- Assault with Deadly Weapon
-  Homicide
-  Kidnapping
-  Robbery
-  Other Sexual Offense
- Sexual Assault
- Sexual Offense

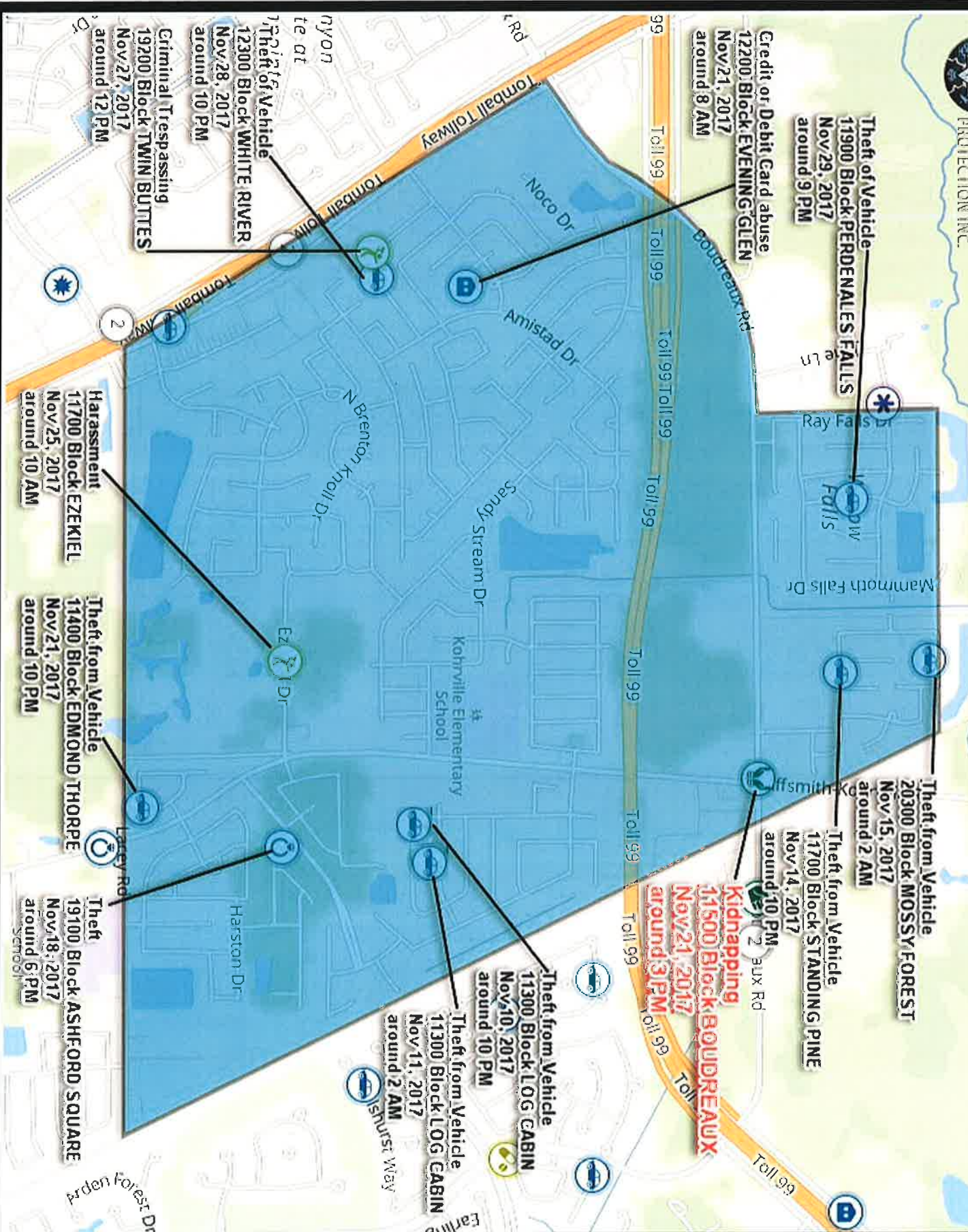
Property

-  Breaking & Entering
-  Property Crime
- Property Crime Commercial
- Property Crime Residential
-  Theft
-  Theft from Vehicle
- Theft of Vehicle



**OR-SITE**  
PROTECTION INC.

# MUD 368 Crime Detail 11/17



Theft of Vehicle  
11900 Block PERDENALES FALLS  
Nov/29, 2017  
around 9 PM

Credit or Debit Card abuse  
12200 Block EVENING GLEN  
Nov/21, 2017  
around 8 AM

Theft of Vehicle  
12300 Block WHITE RIVER  
Nov/28, 2017  
around 10 PM

Criminal Trespassing  
19200 Block TWIN BUTTES  
Nov/27, 2017  
around 12 PM

Theft from Vehicle  
20300 Block MOSSY FOREST  
Nov/15, 2017  
around 2 AM

Theft from Vehicle  
11700 Block STANDING PINE  
Nov/14, 2017  
around 10 PM

**Kidnapping**  
11500 Block BOUDREAU  
Nov/21, 2017  
around 3 PM

Theft from Vehicle  
11300 Block LOG CABIN  
Nov/10, 2017  
around 10 PM

Theft from Vehicle  
11300 Block LOG CABIN  
Nov/11, 2017  
around 2 AM

Harassment  
11700 Block EZEKIEL  
Nov/25, 2017  
around 10 AM

Theft from Vehicle  
11400 Block EDMOND THORPE  
Nov/21, 2017  
around 10 PM

Theft  
19100 Block ASHFORD SQUARE  
Nov/18, 2017  
around 6 PM

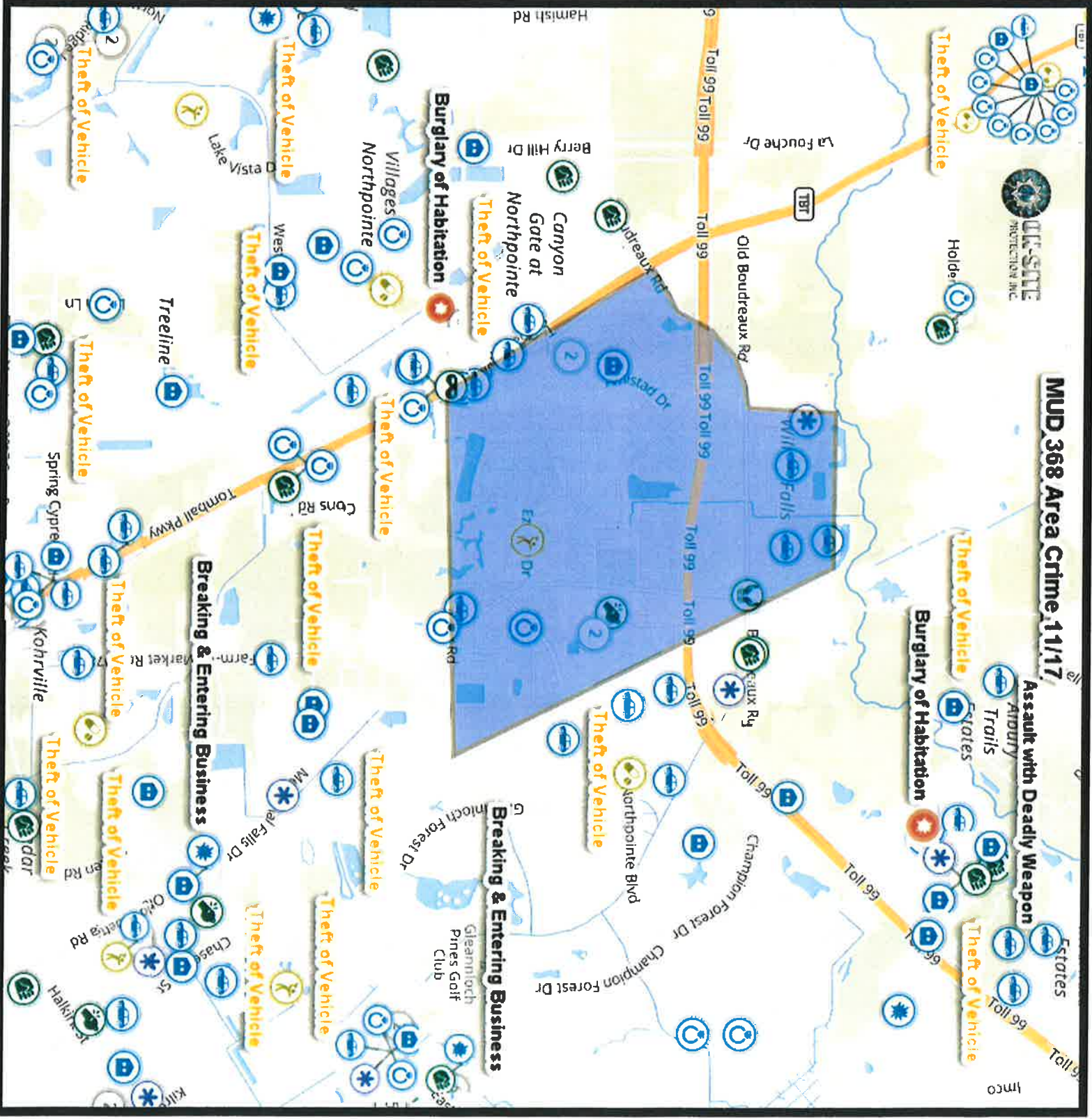
Theft  
19100 Block ASHFORD SQUARE  
Nov/18, 2017  
around 6 PM





# MUD 368 Area Crime 1/1/17

Assault with Deadly Weapon



Report period: 11/1/2017 10:30 AM - 11/30/2017 10:30 AM  
 Report notes: Custom host group  
 Path to this report: [All Agents](#) / [Local Agent](#) / [MUD 368](#)

## Summary

State	Hours	% of total	Polls	% of total
OK	1754.1	85.3	209927	85.3
Down	297.9	14.5	35655	14.5
Warning	4.9	0.2	591	0.2

## Availability Problems

Monitor	States Graph	Down Hours	%	Log From	To
<a href="#">PING on 18102 Solomon Rd.</a>		293.8	100.0	11/1/2017 10:30:00 AM	11/4/2017 4:05:00 AM
<a href="#">PING on 19203 Royal Isle Dr.</a>		1.7	0.6	11/1/2017 2:37:24 PM	11/1/2017 2:38:09 PM
<a href="#">PING on 19412 1/2 Scalet Cove Dr.</a>		0.7	0.2	11/1/2017 12:27:47 PM	11/1/2017 12:28:02 PM
<a href="#">PING on 11107 Lacey Rd</a>		0.6	0.2	11/1/2017 12:27:47 PM	11/1/2017 12:28:02 PM

<a href="#">PING on 23567 Coons Rd.</a>		0.5	0.2	<a href="#">more ...</a> 11/1/2017 2:37:24 PM	11/1/2017 2:38:09 PM
		0.3	0.1	11/3/2017 1:13:21 AM	11/3/2017 1:14:06 AM
<a href="#">PING on 19734 1/2 Bold River Road</a>		0.1	0.0	11/3/2017 3:33:51 AM	11/3/2017 4:04:16 AM
		0.1	0.0	11/1/2017 2:37:24 PM	11/1/2017 2:38:09 PM
<a href="#">PING on 12043 1/2 Sandy Stream</a>		0.1	0.0	11/2/2017 10:08:21 AM	11/2/2017 10:09:12 AM
		0.1	0.0	11/2/2017 10:10:51 AM	11/2/2017 10:11:06 AM
<a href="#">PING on 12043 1/2 Sandy Stream</a>		0.1	0.0	11/2/2017 5:58:51 PM	11/2/2017 6:02:06 PM
		0.1	0.0	11/3/2017 1:13:21 AM	11/3/2017 1:14:06 AM
<a href="#">PING on 12043 1/2 Sandy Stream</a>		0.1	0.0	11/14/2017 1:15:30 PM	11/14/2017 1:18:26 PM
		0.1	0.0	11/14/2017 2:20:30 PM	11/14/2017 2:21:20 PM
<a href="#">PING on 12043 1/2 Sandy Stream</a>		0.1	0.0	11/16/2017 5:29:13 PM	11/16/2017 5:30:04 PM
		0.1	0.0	11/16/2017 5:31:43 PM	11/16/2017 5:31:58 PM
<a href="#">PING on 12043 1/2 Sandy Stream</a>		0.1	0.0	11/16/2017 5:34:13 PM	11/16/2017 5:35:33 PM
		0.1	0.0	11/17/2017 1:06:13 AM	11/17/2017 1:07:33 AM

Performance Problems

Monitor	States Graph	Warning Hours	%	Log	To	
<a href="#">PING on 19203 Royal Isle Dr.</a>		0.9	0.3	From	11/1/2017 11:01:32 AM	11/1/2017 11:02:02 AM
		0.9	0.3	11/1/2017 11:04:32 AM	11/1/2017 11:05:01 AM	
<a href="#">PING on 12043 1/2 Sandy Stream</a>		0.8	0.3	11/1/2017 11:34:32 AM	11/1/2017 11:35:31 AM	
		0.8	0.3	11/1/2017 1:08:39 PM	11/1/2017 1:08:39 PM	
<a href="#">PING on 12043 1/2 Sandy Stream</a>		0.8	0.3	11/1/2017 1:09:09 PM	11/1/2017 1:10:39 PM	
		0.8	0.3	11/1/2017 1:11:39 PM	11/1/2017 1:12:09 PM	
<a href="#">PING on 12043 1/2 Sandy Stream</a>		0.8	0.3	11/1/2017 1:54:39 PM	11/1/2017 1:55:09 PM	
		0.8	0.3	11/1/2017 2:10:39 PM	11/1/2017 2:11:09 PM	
<a href="#">PING on 12043 1/2 Sandy Stream</a>		0.8	0.3	11/2/2017 6:25:07 AM	11/2/2017 6:25:36 AM	
		0.8	0.3	11/2/2017 3:26:06 PM	11/2/2017 3:26:36 PM	
<a href="#">PING on 12043 1/2 Sandy Stream</a>		0.8	0.3	11/14/2017 10:12:47 AM	11/14/2017 10:13:15 AM	
		0.8	0.3	11/1/2017 11:01:32 AM	11/1/2017 11:02:02 AM	
<a href="#">PING on 12043 1/2 Sandy Stream</a>		0.8	0.3	11/1/2017 11:04:32 AM	11/1/2017 11:05:01 AM	
		0.8	0.3	11/1/2017 11:34:32 AM	11/1/2017 11:35:31 AM	
<a href="#">PING on 12043 1/2 Sandy Stream</a>		0.8	0.3	11/1/2017 1:09:09 PM	11/1/2017 1:10:39 PM	
		0.8	0.3	11/1/2017 1:11:39 PM	11/1/2017 1:12:09 PM	
<a href="#">PING on 12043 1/2 Sandy Stream</a>		0.8	0.3	11/1/2017 1:54:39 PM	11/1/2017 1:55:09 PM	
		0.8	0.3	11/1/2017 2:10:39 PM	11/1/2017 2:11:09 PM	
<a href="#">PING on 12043 1/2 Sandy Stream</a>		0.8	0.3	11/2/2017 6:25:07 AM	11/2/2017 6:25:36 AM	
		0.8	0.3	11/2/2017 3:26:06 PM	11/2/2017 3:26:36 PM	
<a href="#">PING on 12043 1/2 Sandy Stream</a>		0.8	0.3	11/14/2017 10:12:47 AM	11/14/2017 10:13:15 AM	
		0.8	0.3	11/1/2017 11:01:32 AM	11/1/2017 11:02:02 AM	

[PING on 11107 Lacey Rd](#)



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 11/2/2017 6:37:06 PM  
 11/14/2017 10:12:47 AM  
 11/14/2017 11:06:16 AM

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 11/14/2017 11:06:45 AM

[PING on 19412 1/2 Scalet Cove Dr.](#)



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[PING on 19734 1/2 Bold River Road](#)



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 11/2/2017 3:26:06 PM  
 11/2/2017 6:37:06 PM  
 11/14/2017 10:12:47 AM

11/1/2017 11:02:02 AM  
 11/1/2017 11:05:01 AM  
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 11/1/2017 1:12:09 PM  
 11/1/2017 1:55:09 PM  
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 11/14/2017 10:13:15 AM

[PING on 23567 Coons Rd.](#)

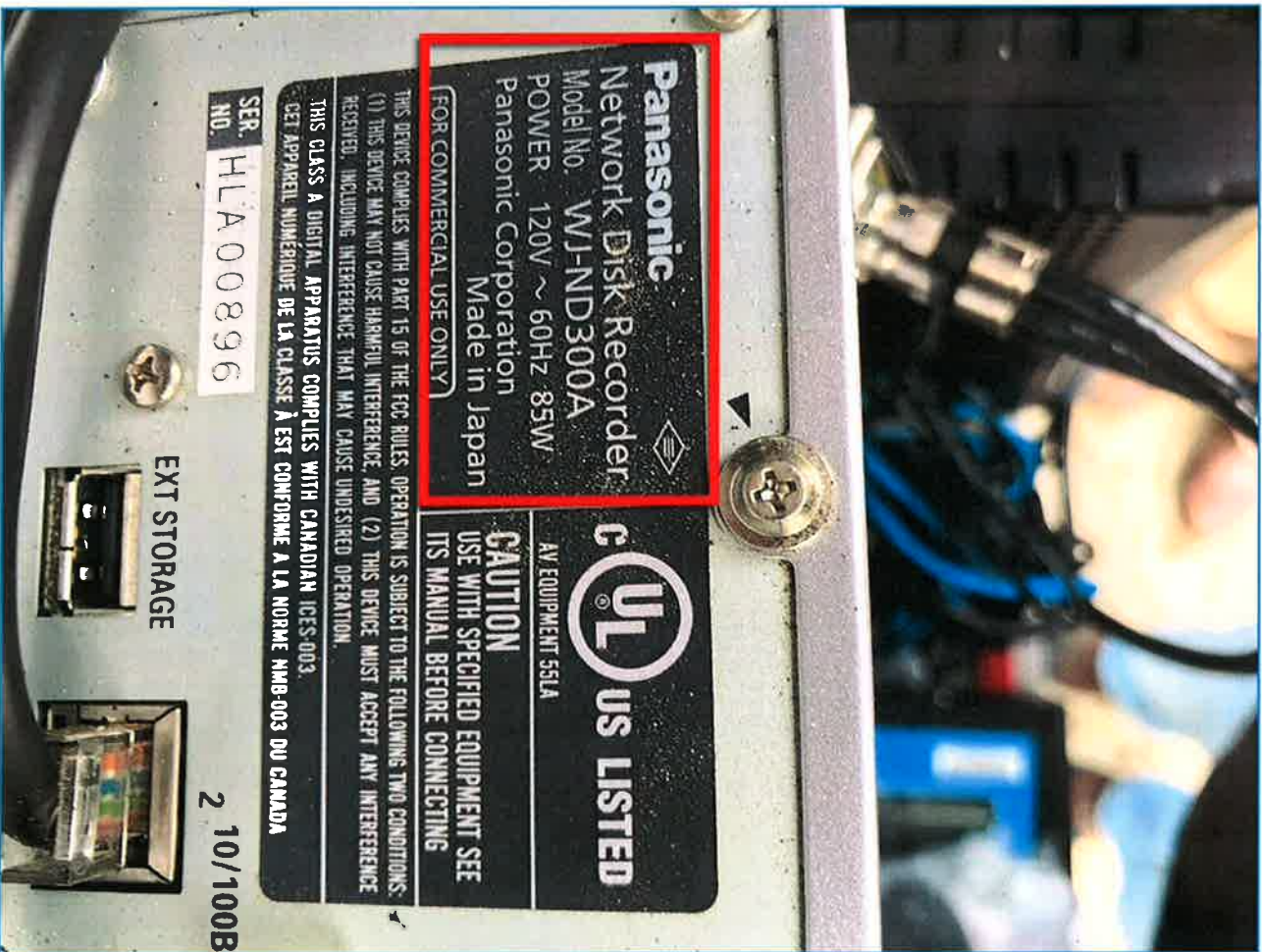
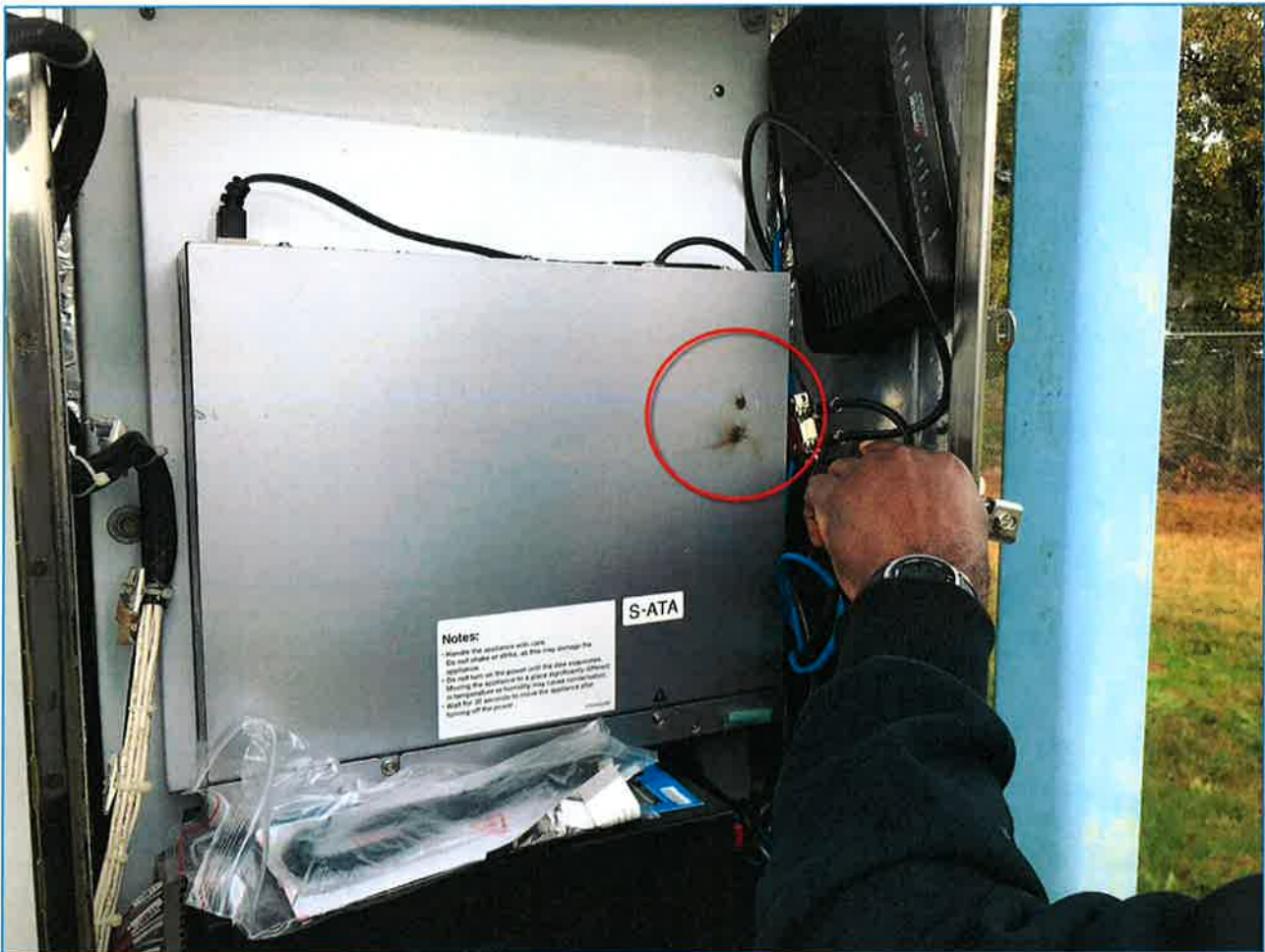


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# ON-SITE PROTECTION INC.

14090 FM 2920 Rd, Ste G539 | Tomball, TX 77377  
281-826-4060 | adunn@on-siteprotection.com | www.on-siteprotection.com

**RECIPIENT:**

**Harris County MUD No. 368**

c/o Municipal Accounts & Consulting, L.P.  
200 River Pointe, Suite 240  
Conroe, TX 77304

**Estimate #106833**

Sent on \_\_\_\_\_

**Total \$9,301.67**

**SERVICE ADDRESS:**

18102 Solomon Road Ext.  
LS#5, SWPS#3, RW#6  
Tomball, Texas 77375

SERVICE / PRODUCT	DESCRIPTION	QTY.	UNIT COST	TOTAL
Bundled Service - Electrical Products Portion	Bundled Service - UPS, PoE, RTR, & Labor	1	\$953.03	\$953.03
Alibi 3.0 Megapixel	3.0 Megapixel Outdoor 100' IR Varifocal IP Bullet Camera	4	\$320.00	\$1,280.00
6K-LPR650	LICPLATECAM/IRBUILT/6-50MMIP66	1	\$801.24	\$801.24
Conduit Bundle - Per 100 Feet	Per 100 Feet - 3 data lines - (90 degree x2 / dir. burial / Grnd Rod / Acorn Clamp / THHN wire / Dir. Bur. cbl 1000' / misc parts)	2	\$585.03	\$1,170.06
ALI - 3000 Series - 8-Channel NVR	Alibi 3000 Series 8-Channel SwitchBox NVR - 4TB Storage	1	\$827.22	\$827.22
Misc supplies	Wiring, Consumables, Fasteners, etc.	1	\$150.00	\$150.00
Labor - Electronic Security Installation Billable Hours	Electronic Security Installation Billable Hours	20	\$75.00	\$1,500.00
UG Service - Trenching (Data)	Incl. Equipment and Labor. Up to 5 Data runs incl. conduit.	1	\$1,215.60	\$1,215.60
CAT5 PoE Lightning Panel	RMSP-CAT5-24-L-COM Panel - Installed	1	\$884.52	\$884.52
LABOR (install)	Labor related to installation of Lightning panel	8	\$65.00	\$520.00

**A deposit of \$4,650.84 will be required to begin.**



**ON-SITE  
PROTECTION INC.**

14090 FM 2920 Rd, Ste G539 | Tomball, TX 77377  
281-826-4060 | [adunn@on-siteprotection.com](mailto:adunn@on-siteprotection.com) | [www.on-siteprotection.com](http://www.on-siteprotection.com)

**Total** **\$9,301.67**

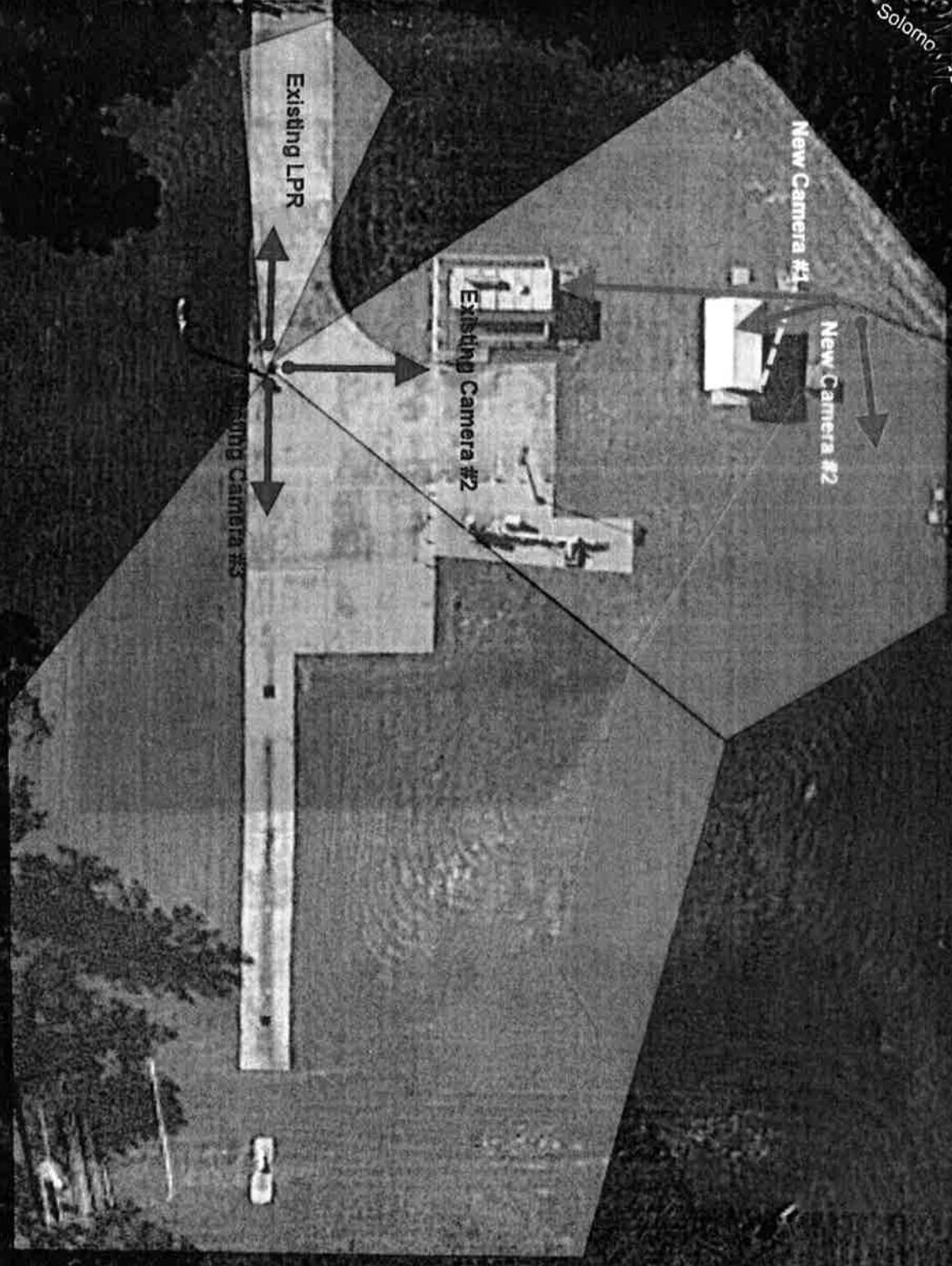
This quote is valid for the next 30 days, after which values may be subject to change.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



**ON-SITE**  
PROTECTION  
Solomon, PA

MUD 368 - Solomon Road Ext. Camera Layout







# RESIDENTIAL

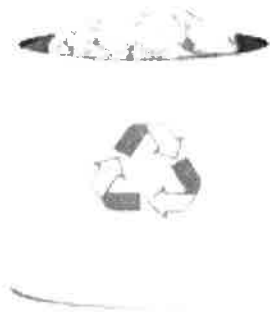
Recycling & Refuse of Texas

## HCMUD 368

### Recycling Data

Provided By: Residential Recycling of Texas  
Saving Texas resources one home at a time

Participating House Count = 2,618



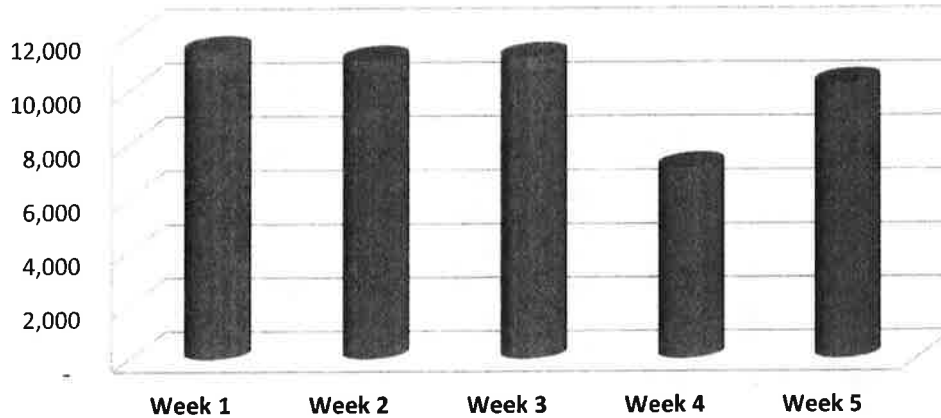
### November

Week 1	11,480
Week 2	11,100
Week 3	11,220
Week 4	7,120
Week 5	10,230

Total Pounds 51,150

Total Tons 25.6

### November 2017



### Resources Conserved

Trees Saved	435
Water Saved	179,025 Gallons
Air Pollution Reduced	1,535 Pounds
Electricity Saved	104,858 kW Hours
Land Fill Space Saved	84 Cubic Yards





# RESIDENTIAL

Recycling & Refuse of Texas

## HCMUD 368

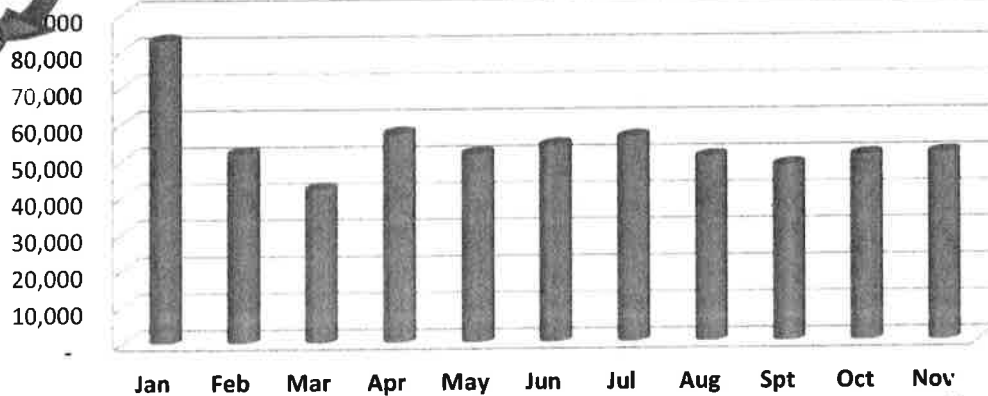
### Recycling Data

Provided By: Residential Recycling of Texas  
Saving Texas resources one home at a time

Jan	82,779
Feb	51,766
Mar	41,946
Apr	57,146
May	51,527
Jun	53,808
Jul	55,926
Aug	50,417
Spt	48,100
Oct	50,625
Nov	51,150
<b>Total Pounds</b>	<b>595,190</b>
<b>Total Tons</b>	<b>298</b>



### 2017 Year To Date



### Resources Conserved

Trees	Saved	5,059	
Water	Saved	2,083,165	Gallons
Air Pollution	Reduced	17,856	Pounds
Electricity	Saved	1,220,140	kW Hours
Land Fill Space	Saved	982	Cubic Yards



# *Residential Recycling & Refuse of Texas, Inc.*

*Specialized to meet the needs of all communities*

*Toll Free: 1-866-516-9805 Fax: 281-357-0775*

*info@rrrtx.net*



November 21, 2017

HC MUD 368

Re: Request for increase due to Market Changes

Dear Board of Directors,

I greatly appreciate the opportunity the Board has given RRRT to service the recycling needs for HC MUD 368. It has been a pleasure to work with the board and residents of the district. RRRT has worked very hard to provide prompt and reliable service to the communities while trying to keep costs down for our customers. Our goal has always been to provide not only what was expected, but to go above and beyond to exceed those expectations on a regular basis.

Due to circumstances beyond our control with the rising cost of insurance, labor, maintenance and negative effects from Harvey, RRRT requests that an increase of \$0.40 per home per month be considered, effective 01/01/2018.

We greatly appreciate doing business with HC MUD 368 and any consideration the board may extent to RRRT.

Respectfully,  
Jerrell Wolff  
President  
Residential Recycling & Refuse of Texas, Inc.  
1-866-516-9805

**RESOLUTION APPROVING SUBMITTAL OF THE WATER SMART  
APPLICATION FOR INCLUSION IN THE ASSOCIATION OF WATER  
BOARD DIRECTORS WATER SMART PARTNERS PROGRAM**

**WHEREAS**, the Board of Directors (the "Board") of **HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368** (the "District") has reviewed all the requirements for participation in the Association of Water Board Directors Water Smart Partners Program and has taken concrete steps to help their customers learn to value the water they use and to conserve water year-round; and

**WHEREAS**, the Board has discussed and reviewed the District's application in its entirety and has confirmed the inclusion of all necessary documentation required for submission to the Association of Water Board Directors Water Smart Partners Program; and

**WHEREAS**, the District has fulfilled all the necessary requirements for inclusion in the Association of Water Board Directors Water Smart Partners Program;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368 THAT:**

Section 1. The Board does hereby approve the submittal of the 2017 Water Smart Application for the period of 1 January 2017 through 31 December 2017 for participation in the Association of Water Board Directors Water Smart Partners Program.

Section 2. The President or any Vice President is authorized to execute and the Secretary or any Assistant Secretary is authorized to attest this Resolution on behalf of the Board of the District and to do any and all things necessary to carry out the intent hereof.

ADOPTED, APPROVED, AND EFFECTIVE this 21<sup>st</sup> day of December, 2017.

  
\_\_\_\_\_  
President, Board of Directors

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Directors



## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

## 2018 ANNUAL AGENDA

DATE	AGENDA ITEMS
January 4	<u>Board of Directors meeting (Operations/Engineering)</u> Law Enforcement Contract
January 18	<u>Board of Directors Meeting (Bookkeeping/Tax)</u> <i>Order Calling Directors Election</i>
<b>January 26-27</b>	<b>AWBD Mid-Winter Conference in Dallas, Texas</b>
February 1	<u>Board of Directors meeting (Operations/Engineering)</u>
February 15	<u>Board of Directors Meeting (Bookkeeping/Tax)</u> Adopt Order Authorizing Additional 20% Penalty on Delinquent Tax Accounts; Adopt Order Determining Ad Valorem Tax Exemptions; Adopt Resolution Authorizing Petition Challenging Appraisal Records Sales Revenue Report (SPA Business List)
March 1	<u>Board of Directors meeting (Operations/Engineering)</u> Best Trash Report <i>Order Cancelling Election (if applicable)</i>
March 15	<u>Board of Directors meeting (Bookkeeping/Tax)</u> Approve Energy Conservation Report (due March 31)
April 5	<u>Board of Directors meeting (Operations/Engineering)</u> Emergency Response Procedures; Discuss Insurance proposals; solicit proposals (Policy Expires May 31) Update value of district facilities for insurance renewal
April 19	<u>Board of Directors meeting (Bookkeeping/Tax)</u> Review Draft Budget for FYE May 31, 2019
May 3	<u>Board of Directors meeting (Operations/Engineering)</u> Review Insurance Proposals Engage Auditor of FYE May 31, 2018 Annual Flushing Survey (Operator's Report)

October 18	<u>Board of Directors meeting (Bookkeeping/Tax)</u> Best Trash Report – CPI Adjustment Letter, if needed
November 1	<u>Board of Directors meeting (Operations/Engineering)</u> Adopt Order Setting Rate and Levying Tax for 2018 Adopt Order Appointing Tax Assessor/Collector Adopt Order Amending District Information Form, as necessary Adopt Resolution Concerning Tax Collection Procedures, including Determine Availability of Payment Options of Taxes Allowed by Tax Code
November 15 (church not available) <i>Eagle</i>	<u>Board of Directors meeting (Bookkeeping/Tax)</u> Review policy on collection of Delinquent Taxes <i>ch...</i>
December 6	<u>Board of Directors meeting (Operations/Engineering)</u>
December 20	<u>Board of Directors meeting (Bookkeeping/Tax)</u> Review and approve Annual Agenda for 2018



**MUNICIPAL ACCOUNTS  
& CONSULTING, L.P.**

**Harris County Municipal Utility  
District No. 368**

**Bookkeeper's Report**

**December 21, 2017**



Harris County Municipal Utility District No. 368

Account Balances

As of December 21, 2017

Financial Institution (Acct Number)	Issue Date	Maturity Date	Interest Rate	Account Balance	Notes
<b>Fund: Operating</b>					
<b>Certificates of Deposit</b>					
FIRST STATE BANK (XXXX1914)	12/19/2016	12/19/2017	0.50 %	215,000.00	
GREEN BANK (XXXX3875)	01/05/2017	01/05/2018	0.50 %	140,000.00	
GREEN BANK (XXXX0407)	03/09/2017	03/09/2018	0.70 %	95,000.00	
PREFERRED BANK (XXXX8865)	04/14/2017	04/18/2018	0.65 %	240,000.00	
PIONEER BANK (XXXX0536)	05/17/2017	05/17/2018	0.70 %	240,000.00	
CENTRAL BANK (XXXX0337)	05/26/2017	05/26/2018	0.80 %	240,000.00	
POST OAK BANK (XXXX0518)	07/16/2017	07/16/2018	1.00 %	240,000.00	
THIRD COAST BANK, SSB (XXXX2126)	08/03/2017	08/03/2018	1.00 %	240,000.00	
SPIRIT OF TEXAS BANK (XXXX5618)	11/28/2017	11/28/2018	1.10 %	240,000.00	
TEXAS CAPITAL BANK (XXXX0254)	11/28/2017	11/28/2018	1.25 %	240,000.00	
ALLEGIANCE BANK (XXXX5654)	11/30/2017	11/30/2018	1.05 %	240,000.00	
<b>Money Market Funds</b>					
TEXPOOL (XXXX0003)	05/31/2005		1.02 %	1,528,662.88	
<b>Checking Account(s)</b>					
COMPASS BANK-CHECKING (XXXX4015)			0.10 %	7,196.96	Checking Account
<b>Totals for Operating Fund:</b>				<b>\$3,905,859.84</b>	
<b>Fund: Capital Projects</b>					
<b>Money Market Funds</b>					
TEXPOOL (XXXX0006)	11/09/2009		1.02 %	557,591.67	Series 2009
TEXPOOL (XXXX0007)	08/03/2012		1.02 %	457,785.77	SERIES 2012
TEXPOOL (XXXX0010)	09/20/2017		1.02 %	93,772.28	Series 2017
<b>Checking Account(s)</b>					
COMPASS BANK-CHECKING (XXXX7091)			0.10 %	395.71	Checking Account
<b>Totals for Capital Projects Fund:</b>				<b>\$1,109,545.43</b>	
<b>Fund: Debt Service</b>					
<b>Certificates of Deposit</b>					
INDEPENDENT BANK-DEBT (XXXX1532)	02/05/2017	02/05/2018	0.50 %	240,000.00	
THIRD COAST BANK-DEBT (XXXX2225)	02/08/2017	02/08/2018	0.50 %	240,000.00	
SPIRIT OF TX BANK - DEBT (XXXX3234)	02/09/2017	02/09/2018	0.51 %	240,000.00	
CENTRAL BANK - DEBT (XXXX0353)	02/10/2017	02/10/2018	0.70 %	240,000.00	
COMPASS BANK-PREMIER (XXXX6693)	02/10/2017	02/10/2018	0.51 %	240,000.00	
BUSINESS BANK OF TX- DEBT (XXXX320)	02/13/2017	02/13/2018	0.90 %	240,000.00	
ALLEGIANCE BANK - DEBT (XXXX6106)	08/13/2017	08/14/2018	1.00 %	240,000.00	
TEXAS CAPITAL BANK-DEBT (XXXX0105)	08/15/2017	08/15/2018	1.25 %	240,000.00	
GREEN BANK - DEBT (XXXX3888)	08/16/2017	08/16/2018	1.10 %	240,000.00	
<b>Money Market Funds</b>					
TEXPOOL (XXXX0001)	10/01/2005		1.02 %	1,666,290.92	
COMPASS BANK-DEBT (XXXX7084)	04/11/2013		0.25 %	144,860.84	
<b>Totals for Debt Service Fund:</b>				<b>\$3,971,151.76</b>	
<b>Grand total for Harris County Municipal Utility District No. 368:</b>				<b>\$8,986,557.03</b>	

**Harris Co MUD 368 GOF**  
**Cash Flow Report - Checking Account**  
**As of December 21, 2017**

Num	Name	Memo	Amount	Balance
<b>BALANCE AS OF 11/17/2017</b>				<b>\$6,426.74</b>
<b>Receipts</b>				
	Accounts Receivable - November		296,293.54	
	Accounts Receivable - Novmeber O/S		45,699.00	
	Adjustment per A/R Recap		146.11	
	SPA Revenue		8,573.23	
	Builder Deposit		1,000.00	
	Interest on Checking		86.30	
	Tap Connections		20,625.00	
	Transfer from Investments		300,000.00	
<b>Total Receipts</b>				<b>672,423.18</b>
<b>Disbursements</b>				
15583	Lupe Tortilla	Meal Expense	(286.94)	
15645	Comcast	VOID: Telephone (\$180.56-Returned Chk)	0.00	
15736	Allison V Dunn	VOID: Fees of Office - 11.16.2017 (\$138.53)	0.00	
15805	Comcast	Electricity	(2,288.58)	
15806	CenterPoint Energy	Natural Gas	(125.33)	
15807	Allison V Dunn	Fees of Office - 12.21.2017	(138.53)	
15808	Eric J. Daniel	Fees of Office - 12.21.2017	(138.52)	
15809	Roy Lackey	Fees of Office - 12.21.2017	(112.63)	
15810	Sharon Cook	Fees of Office - 12.21.2017	(123.53)	
15811	Tiffani Bishop	Fees of Office - 12.21.2017	(138.53)	
15812	Allison V Dunn	Fees of Office - 12.07.2017	(138.52)	
15813	Eric J. Daniel	Fees of Office - 12.07.2017	(138.53)	
15814	Roy Lackey	Fees of Office - 12.07.2017	(112.62)	
15815	Sharon Cook	Fees of Office - 12.07.2017	(123.52)	
15816	Tiffani Bishop	Fees of Office - 12.07.2017	(138.52)	
15817	Roy Lackey	Fees of Office - Ops Meeting - 11.30.2017	(100.00)	
15818	Sharon Cook	Fees of Office - Ops Meeting - 11.30.2017	(123.53)	
15819	Alison Anell Loughlin	Deposit Refund	(64.70)	
15820	Anthony L Glowski	Deposit Refund	(8.65)	
15821	Aquino Torres Jr	Deposit Refund	(125.00)	
15822	Ben Garcia	Deposit Refund	(42.88)	
15823	Berneadette Benjamin Raj	Deposit Refund	(125.00)	
15824	Casey Knighy & Julie Aylwin	Deposit Refund	(53.63)	
15825	Chelsea Wade	Deposit Refund	(61.01)	
15826	Diane A Veale	Deposit Refund	(64.70)	
15827	Donald S Smith	Deposit Refund	(50.71)	
15828	Geocanny Contreras	Deposit Refund	(125.00)	
15829	Gerome Vitello	Deposit Refund	(49.94)	
15830	Gina Maglitto	Deposit Refund	(64.70)	
15831	Gold Key Management	Deposit Refund	(125.00)	
15832	Gulf Tex Management Co	Deposit Refund	(125.00)	
15833	Hussein Awad	Deposit Refund	(64.70)	
15834	jacqueline Brewer Giese	Deposit Refund	(125.00)	
15835	James Fredrick Stephens	Deposit Refund	(125.00)	
15836	Jeff & Terry Riley	Deposit Refund	(53.63)	
15837	Joe David Lucas	Deposit Refund	(64.96)	
15838	John D Cody	Deposit Refund	(61.35)	
15839	Jon Sheppard	Deposit Refund	(75.00)	
15840	Jose R Bonilla	Deposit Refund	(64.70)	

**Harris Co MUD 368 GOF**  
**Cash Flow Report - Checking Account**  
**As of December 21, 2017**

Num	Name	Memo	Amount	Balance
<b>Disbursements</b>				
15841	Justin Chance Caudle	Deposit Refund	(70.92)	
15842	Katherine M Mott	Deposit Refund	(57.32)	
15843	Kelsey Nicole Collins	Deposit Refund	(61.01)	
15844	Kimberly Schwab	Deposit Refund	(64.70)	
15845	Mario Adan Cavazos Jr	Deposit Refund	(79.25)	
15846	Mark Spivey	Deposit Refund	(57.32)	
15847	Marsiso Vizcarra	Deposit Refund	(64.70)	
15848	Nicholas Joseph Jr	Deposit Refund	(94.64)	
15849	Omero Ortega Landaverde	Deposit Refund	(227.61)	
15850	Pathlight Property Mgmt	Deposit Refund	(125.00)	
15851	Paul Morrison	Deposit Refund	(64.70)	
15852	Ricky Espinosa-Perez	Deposit Refund	(8.35)	
15853	Stephanie Burleson	Deposit Refund	(16.04)	
15854	Taylor Rego	Deposit Refund	(61.01)	
15855	Valerie Garcia	Deposit Refund	(131.66)	
15856	Wanda Faye Woods	Deposit Refund	(44.76)	
15857	Yukany O'connor	Deposit Refund	(125.00)	
15858	Long Lake Builders	Deposit Refund	(25.64)	
15859	Accurate Utility Supply, LLC	E25 Poly Beacon	(175,000.00)	
15860	Association of Water Board Directors	2018 Annual Membership Dues	(650.00)	
15861	Best Trash	Curbside Cart Trash Pick up - November	(46,830.30)	
15862	CenterPoint Energy	Utilities Expense	(190.57)	
15863	CFG Industries, LLC	Pay Application # 1 - Project No. 17-031-0108	(14,000.00)	
15864	DLD Services	L/S #3 - Standby Generator	(5,110.53)	
15865	Eagle Water Management, Inc.	Operations	(143,849.88)	
15866	Electrical Field Services, Inc.	Maintenance & Repairs	(11,576.81)	
15867	Graceview Baptist Church	Rent - Meeting Facility December 2017	(100.00)	
15868	Harris County Treasurer	Security	(56,996.00)	
15869	Hudson Energy	Electricity Expense	(16,015.73)	
15870	IDS Engineering Group	Engineering Expense	(33,122.65)	
15871	Lawns & More	Lawn Maintenance 11/2017	(1,295.00)	
15872	Municipal Accounts & Consulting, LP	Bookkeeping Fee	(2,819.19)	
15873	North Harris Cty Regional Water Authority	Surface Water Fee	(78,775.21)	
15874	Off Cinco	Website	(300.00)	
15875	On-Site Protection LLC	Security Expense	(9,702.88)	
15876	Phillips Cleaning Services, LLC	Janitorial Services - October & November 2017	(280.00)	
15877	PWC Solutions, Inc.	Chemicals	(4,657.50)	
15878	Residential Recycling of Texas, Inc.	Recycling Expense - December	(10,626.00)	
15879	Sales Revenue, Inc.	Sales Tracking December 2017	(583.00)	
15880	Texas Commission on Environmental Quality	CWQ Assessment Fee - Water System Fee FY18	(8,089.90)	
15881	Trinity Wastewater Solutions Company	Mobile Dewatering 11/2017	(11,097.43)	
15882	WCA Waste Corporation	Trash Collection - 19744 1/2 Logan Briar Dr	(117.29)	
15883	Johnson Petrov LLP	Legal Fees	(11,335.50)	
15884	Electrical Field Services, Inc.	Maintenance & Repairs	(20,374.28)	
15885	CenterPoint Energy	Natural Gas	0.00	
15886	Comcast	Telephone / Internet	0.00	
Bnk Chg	Compass Bank	Acct Maintenance Fee	(18.00)	
Bnk Chg	Compass Bank	ACH Debit Per Item Fee	(152.00)	
Bnk Chg	Compass Bank	Return Item Charge Back	(646.79)	

Harris Co MUD 368 GOF  
**Cash Flow Report - Checking Account**  
 As of December 21, 2017

Num	Name	Memo	Amount	Balance
<b>Disbursements</b>				
Bnk Chg	Compass Bank	Deposit Correction by Bank	(12.80)	
<b>Total Disbursements</b>			<u>(12.80)</u>	<u>(671,652.96)</u>
<b>BALANCE AS OF 12/21/2017</b>				<u><u>\$7,196.96</u></u>

Harris Co MUD 368 Capital Project  
**Cash Flow Report - Checking Account**  
 As of December 21, 2017

Num	Name	Memo	Amount	Balance
<b>BALANCE AS OF 11/17/2017</b>				<b>\$395.71</b>
<b>Receipts</b>				
	Interest Earned on Checking		0.14	
<b>Total Receipts</b>				0.14
<b>Disbursements</b>				
BNK CHG	Compass Bank	Bank Service Charges	(0.14)	
<b>Total Disbursements</b>				(0.14)
<b>BALANCE AS OF 12/21/2017</b>				<b>\$395.71</b>

# HARRIS COUNTY MUD NO. 368

## Capital Projects Fund Breakdown

December 21, 2017

### Net Proceeds for All Bond Issues

<u>Receipts</u>	
Prior Surplus Funds	162,556.00
Series 2009 - Bond Proceeds	7,795,000.00
Series 2009 - Interest Earnings	31,671.43
Series 2012 - Bond Proceeds	4,710,000.00
Series 2012 - Interest Earnings	\$7,658.06
Series 2014 - Bond Proceeds	2,520,000.00
Series 2014- Interest Earnings	10.02
Series 2017 - Bond Proceeds	1,830,000.00
Series 2017- Interest Earnings	\$291.98
<b>Total Receipts</b>	<b>17,057,187.49</b>
<u>Disbursements</u>	
Series 2009 Bond Issue Costs	7,431,581.77
Series 2012 Bond Issue Costs	4,260,530.57
Series 2014 Bond Issue Costs	2,520,010.02
Series 2017 Bond Issue Costs	1,776,564.70
<b>Total Disbursements</b>	<b>15,988,687.06</b>
<b>Total Cash Balance</b>	<b><u>1,109,545.43</u></b>

### Balances by Account

Compass - 0000057091	\$395.71
Texpool xx006- Series 2009	557,591.67
Texpool xx007- Series 2012	457,785.77
Texpool xx008- Series 2014	-
Texpool xx010- Series 2017	93,772.28
<b>Total Cash Balance</b>	<b><u>\$1,109,545.43</u></b>

### Balances by Bond Series

Series 2009	557,645.61
Series 2012	457,127.54
Series 2014	(0.00)
Series 2017	93,772.28
<b>Total Cash Balance</b>	<b><u>1,109,545.43</u></b>

### Remaining Costs/Surplus By Bond Series

Series 2009 - Remaining Costs	-
Series 2012	-
Series 2014	(0.00)
<b>Total Amount in Remaining Costs</b>	<b><u>(\$0.00)</u></b>

Series 2009 - Interest	\$31,671.43
Series 2009 - Surplus	\$525,974.18
Series 2012 - Surplus & Interest	457,127.54
Series 2014 - Surplus & Interest	\$ (0.00)
Series 2017 - Surplus & Interest	\$93,772.28
<b>Total Surplus &amp; Interest Balance</b>	<b><u>1,108,545.43</u></b>
<b>Total Remaining Costs/Surplus</b>	<b><u>1,109,545.43</u></b>

Harris County Municipal Utility District No. 368

Summary of Pledged Securities

As of December 21, 2017

Financial Institution: ALLEGIANCE BANK

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: ALLEGIANCE BANK - DEBT

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: BUSINESS BANK OF TX- DEBT

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: CENTRAL BANK

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: CENTRAL BANK - DEBT

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: COMPASS BANK-CHECKING (Depository Bank)

Total CDs, MM, and Checking Accounts:	\$7,592.67	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	Yes
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: COMPASS BANK-DEBT

Total CDs, MM:	\$144,860.84	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	Yes
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: COMPASS BANK-PREMIER

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	Yes
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Harris County Municipal Utility District No. 368

Summary of Pledged Securities

As of December 21, 2017

Financial Institution: FIRST STATE BANK

Total CDs, MM:	\$215,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: GREEN BANK

Total CDs, MM:	\$235,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: GREEN BANK - DEBT

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: INDEPENDENT BANK-DEBT

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: PIONEER BANK

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: POST OAK BANK

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: PREFERRED BANK

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: SPIRIT OF TEXAS BANK

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		



Harris County Municipal Utility District No. 368

Summary of Pledged Securities

As of December 21, 2017

Financial Institution: SPIRIT OF TX BANK - DEBT

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: TEXAS CAPITAL BANK

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: TEXAS CAPITAL BANK-DEBT

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: TEXPOOL

Total CDs, MM:	\$4,304,103.52	Collateral Security Required:	No
Less FDIC coverage:	\$0.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: THIRD COAST BANK, SSB

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

Financial Institution: THIRD COAST BANK-DEBT

Total CDs, MM:	\$240,000.00	Collateral Security Required:	No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File:	No
Total pledged securities:	\$0.00	Investment Policy Received:	Yes
Ratio of pledged securities to investments:	N/A		

**Harris Co MUD 368 GOF**  
**Actual vs. Budget Comparison**  
**November 2017**

	November 2017			June 2017 - November 2017			Annual Budget	
	Actual	Budget	Over/(Under)	Actual	Budget	Over/(Under)		
<b>Revenues</b>								
13950	Transfer From CPF	0	0	0	1,052,706	0	1,052,706	0
14100	Water Revenue	75,964	73,333	2,630	478,331	440,000	38,331	880,000
14102	Surface Water - NHCWRA	96,213	90,667	5,546	639,768	544,000	95,768	1,088,000
14120	Reconnection Fee	3,318	3,460	(143)	19,814	20,762	(949)	41,525
14125	Meter Rental	0	792	(792)	600	4,750	(4,150)	9,500
14200	Sewer Revenue	159,506	133,333	26,172	951,792	800,000	151,792	1,600,000
14201	Sewer Inspection Fee Revenue	0	167	(167)	0	1,000	(1,000)	2,000
14202	Customer Service Inspection Rev	0	375	(375)	0	2,250	(2,250)	4,500
14203	Final Builder Inspection	0	167	(167)	0	1,000	(1,000)	2,000
14320	Maintenance Tax	2,944	55,000	(52,056)	8,944	80,000	(71,056)	900,000
14325	SPA Revenue	8,573	11,667	(3,093)	54,342	70,000	(15,658)	140,000
14326	Security Service Revenue	16,085	7,833	8,252	90,133	47,000	43,133	94,000
14330	Penalties & Interest	6,740	5,667	1,074	41,454	34,000	7,454	68,000
14380	Miscellaneous Income	146	92	54	482	550	(68)	1,100
14391	Interest Earned on Temp Invest	1,911	1,667	244	12,172	10,000	2,172	20,000
14392	Interest Earned on Checking	86	50	36	483	300	183	600
14600	Tap Connections	20,625	5,417	15,208	32,975	32,500	475	65,000
15379	Transfer Fees	1,675	1,333	342	8,975	8,000	975	16,000
<b>Total Revenues</b>		<b>393,785</b>	<b>391,019</b>	<b>2,766</b>	<b>3,392,971</b>	<b>2,096,112</b>	<b>1,296,858</b>	<b>4,932,225</b>
<b>Expenditures</b>								
16135	Maintenance & Repairs - Water	20,772	12,500	8,272	138,530	75,000	63,530	150,000
16140	Purchased Surface Water	81,291	78,000	3,291	529,210	468,000	61,210	936,000
16142	Chemicals - Water	216	1,250	(1,034)	3,684	7,500	(3,817)	15,000
16150	Fire Hydrant Meter Rental	400	0	400	2,000	0	2,000	3,500
16170	Tap Connection Expense	7,850	1,750	6,100	16,400	10,500	5,900	21,000
16180	Reconnections	4,615	4,171	444	26,240	25,025	1,215	50,050
16235	Maintenance & Repairs - Sewer	19,290	20,000	(710)	213,508	150,000	63,508	250,000
16237	Northern Point Drainage	4,268	40,000	(35,732)	24,826	205,000	(180,174)	475,000
16242	Chemicals - Sewer	3,362	3,750	(389)	21,627	22,500	(873)	45,000
16245	Ditch Cleanout	0	5,000	(5,000)	16,769	30,000	(13,232)	60,000
16257	Rents & Leases	100	119	(19)	550	713	(163)	1,425
16260	Sludge Removal	11,097	7,917	3,181	44,624	47,500	(2,875)	95,000
16261	Recycling	10,623	9,458	1,165	63,557	56,750	6,807	113,500
16270	Grease Trap Inspection Expense	0	270	(270)	0	1,620	(1,620)	3,240
16274	Facility Pre-Inspection	0	120	(120)	0	720	(720)	1,440
16275	Inspection Fee - Sewer	0	208	(208)	1,820	1,250	570	2,500
16276	Final Builder Inspection Exp.	0	240	(240)	0	1,440	(1,440)	2,880
16278	Customer Service Inspection	425	240	185	1,790	1,440	350	2,880
16319A	Generators-Fuel	0	792	(792)	0	4,750	(4,750)	9,500
16319B	Generators-M&R	7,176	1,250	5,926	22,693	7,500	15,193	15,000
16320	Legal Fees	10,700	9,167	1,533	59,699	55,000	4,699	110,000
16321	Auditor Fees	0	0	0	20,800	20,400	400	20,400
16322	Engineering Fees	28,855	7,167	21,688	81,102	43,000	38,102	86,000
16324	Lab Fees	311	2,500	(2,190)	3,339	15,000	(11,662)	30,000
16325	Election Expense	450	0	450	450	12,750	(12,300)	12,750
16326	Permit Expense	8,090	21,000	(12,910)	15,968	21,000	(5,032)	21,000
16330	GIS Mapping	40,555	0	40,555	50,178	0	50,178	0
16331	Arbitrage Compliance Expense	0	7,000	(7,000)	5,200	7,000	(1,800)	7,000
16332	Service Account Collection Exp	20,149	17,917	2,232	120,197	107,500	12,697	215,000
16333	Bookkeeping Fees	2,617	2,958	(342)	23,742	17,750	5,992	35,500
16334.1	Security-Equip Maint/Repair	46	75	(30)	182	450	(268)	900

**Harris Co MUD 368 GOF**  
**Actual vs. Budget Comparison**  
**November 2017**

	November 2017			June 2017 - November 2017			Annual Budget
	Actual	Budget	Over/(Under)	Actual	Budget	Over/(Under)	
<b>Expenditures</b>							
16334.2 Security Contract	56,995	56,995	0	284,975	341,970	(56,995)	683,940
16334.3 Security Service - Overtime	8,134	2,703	5,431	50,054	16,219	33,835	32,438
16334.4 Security - Consulting	850	0	850	5,100	0	5,100	10,500
16334.5 Security - Outage & Change Mgmt	524	0	524	2,045	0	2,045	4,000
16335.1 Lawn Maintenance	1,295	13,333	(12,038)	81,009	80,000	1,009	160,000
16335.2 Maint. & Repair-General-Other	0	417	(417)	0	2,500	(2,500)	5,000
16335.3 Detention Pond Maintenance	9,330	9,500	(170)	54,583	57,000	(2,417)	114,000
16336 Storm Drainage	0	417	(417)	0	2,500	(2,500)	5,000
16338 Legal Notices & Other Publ.	0	175	(175)	1,746	1,050	696	2,100
16339 SCADA - Other	0	92	(92)	0	550	(550)	1,100
16339-2 Scada -Internet	1,387	1,192	195	8,748	7,150	1,598	14,300
16340 Printing & Office Supplies	1,858	2,917	(1,059)	16,891	17,500	(609)	35,000
16341 Website Design / Hosting	300	333	(33)	1,800	2,000	(200)	4,000
16341.1 Emergency Notifications	0	208	(208)	0	1,250	(1,250)	2,500
16342 Security System Maint & Repair	0	750	(750)	16,107	4,500	11,607	9,000
16350 Postage & Delivery	2,122	2,083	39	12,634	12,500	134	25,000
16351 Telephone	717	792	(75)	3,958	4,750	(792)	9,500
16352 Utilities	16,332	16,667	(335)	97,618	100,000	(2,381)	199,999
16353 Insurance & Surety Bond	0	0	0	0	35,035	(35,035)	35,035
16354 Travel & Per Diem	272	1,430	(1,158)	9,543	8,580	963	17,160
16355 AWBD Annual Dues	0	0	0	0	0	0	580
16358 Bank Charges	326	525	(199)	2,427	3,150	(723)	6,300
16359 Miscellaneous Expense	1,947	896	1,051	6,490	5,375	1,115	10,750
16370 TCEQ Regulatory Fee	0	0	0	0	0	0	15,000
16399 Garbage Expense	46,948	44,417	2,531	277,128	266,500	10,628	533,000
16400 NHCWA Assessment Fee	(2,516)	7,083	(9,599)	24,562	42,500	(17,938)	85,000
16600 Payroll Expenses	3,391	3,000	391	16,955	18,000	(1,045)	36,000
17350 Capital Expenditure - Engineer	0	4,167	(4,167)	956	25,000	(24,044)	50,000
17393 WaterWise Program - Khorville	0	0	0	4,521	0	4,521	8,000
17630 Capital Outlay	0	2,083	(2,083)	41,085	12,500	28,585	25,000
17632H Cleaning at Maint. Facility	140	130	10	700	779	(79)	1,558
<b>Total Expenditures</b>	433,606	427,122	6,484	2,530,319	2,485,915	44,404	4,932,225
<b>Excess Revenues (Expenditures)</b>	(\$39,821)	(\$36,103)	(\$3,718)	\$862,652	(\$389,803)	\$1,252,455	\$0

Harris Co MUD 368 GOF

Balance Sheet

As of November 30, 2017

Nov 30, 17

**ASSETS**

Current Assets

Checking/Savings

11100 · Cash in Bank

375,319

Total Checking/Savings

375,319

Other Current Assets

11300 · Time Deposits

4,155,046

11500 · Service Accounts Receivable

359,797

11520 · Maintenance Tax Receivable

13,564

11550 · Builder Damage Receivable

2,588

11580 · Accrued Interest

5,947

11612 · Prepaid Other

56,995

11620 · Prepaid Insurance

35,035

11740 · Due From Construction

322,469

11750 · Due From Tax Account

(2,300)

Total Other Current Assets

4,949,142

Total Current Assets

5,324,462

**TOTAL ASSETS**

5,324,462

**LIABILITIES & EQUITY**

Liabilities

Current Liabilities

Accounts Payable

12000 · Accounts Payable

360,730

Total Accounts Payable

360,730

Other Current Liabilities

12100 · Payroll Liabilities

1,209

12137 · Due to TCEQ

5,241

12138 · Due to Debt Service

1,407

12140 · Retainage Payable

8,036

12160 · Builder Meter Rental Deposits

11,841

12161 · Customer Meter Deposits

530,423

12162 · Builder Deposits

20,000

12163 · Unclaimed Property Due to State

379

12740 · Deferred Inflows

13,564

Total Other Current Liabilities

592,100

Total Current Liabilities

952,830

Total Liabilities

952,830

Equity

13010 · Unassigned Fund Balance

3,508,980

Net Income

862,652

Total Equity

4,371,632

**TOTAL LIABILITIES & EQUITY**

5,324,462

Harris County Municipal Utility District No. 368

**District Debt Service Payments**

12/01/2017 - 12/01/2018

<b>Paying Agent</b>	<b>Series</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Due</b>
<b>Debt Service Payment Due 03/01/2018</b>						
Wells Fargo Bank, NA	2010R	03/01/2018		0.00	15,025.00	15,025.00
Wells Fargo Bank, NA	2012	03/01/2018		0.00	92,312.50	92,312.50
Wells Fargo Bank, NA	2012R	03/01/2018		0.00	171,762.50	171,762.50
Wells Fargo Bank, NA	2013A	03/01/2018		0.00	73,325.00	73,325.00
Wells Fargo Bank, NA	2013R	03/01/2018		0.00	134,287.50	134,287.50
Wells Fargo Bank, NA	2014	03/01/2018		0.00	58,218.75	58,218.75
Wells Fargo Bank, NA	2015B	03/01/2018		0.00	143,340.63	143,340.63
Wells Fargo Bank, NA	2015R	03/01/2018		0.00	141,850.00	141,850.00
Bank of New York	2017	03/01/2018		0.00	29,606.25	29,606.25
Wells Fargo Bank, NA	2017R	03/01/2018		0.00	169,625.00	169,625.00
<b>Total Due 03/01/2018</b>				<b>0.00</b>	<b>1,029,353.13</b>	<b>1,029,353.13</b>
<b>Debt Service Payment Due 09/01/2018</b>						
Wells Fargo Bank, NA	2010R	09/01/2018		390,000.00	15,025.00	405,025.00
Wells Fargo Bank, NA	2012	09/01/2018		25,000.00	92,312.50	117,312.50
Wells Fargo Bank, NA	2012R	09/01/2018		270,000.00	171,762.50	441,762.50
Wells Fargo Bank, NA	2013A	09/01/2018		560,000.00	73,325.00	633,325.00
Wells Fargo Bank, NA	2013R	09/01/2018		145,000.00	134,287.50	279,287.50
Wells Fargo Bank, NA	2014	09/01/2018		25,000.00	58,218.75	83,218.75
Wells Fargo Bank, NA	2015B	09/01/2018		145,000.00	143,340.63	288,340.63
Wells Fargo Bank, NA	2015R	09/01/2018		230,000.00	141,850.00	371,850.00
Bank of New York	2017	09/01/2018		0.00	29,606.25	29,606.25
Wells Fargo Bank, NA	2017R	09/01/2018		0.00	169,625.00	169,625.00
<b>Total Due 09/01/2018</b>				<b>1,790,000.00</b>	<b>1,029,353.13</b>	<b>2,819,353.13</b>
<b>District Total</b>				<b>\$1,790,000.00</b>	<b>\$2,058,706.26</b>	<b>\$3,848,706.26</b>

**HARRIS COUNTY M.U.D. 368**  
**AWBD Conference**

**2018 Mid Winter Conference**  
**January 26-28, 2018**  
**Dallas, TX**

<b>DIRECTOR</b>		<b>ANNUAL</b>		<b>REIMBURSEMENT</b>
Name	Attending	Online	Paid	Paid
Roy Lackey	Yes		Yes	Yes
Tiffani Bishop	Yes		Yes	Yes
Sharon L. Cook	Yes		Yes	Yes
Allison Dunn	Yes		Yes	Yes
Eric Daniel				N/A

\*\*This confirms registration for the conference only. This does not confirm any lodging reservations.  
 \*\*All lodging reservations are the sole responsibility of each attendee.  
 \*\*AWBD now requests that you register on-line, at: [www.awbd-tx.org](http://www.awbd-tx.org)  
 (For log in assistance, contact: [tcvnr@awbd-tx.org](mailto:tcvnr@awbd-tx.org))  
 \*\*Please select the option "Yes, bill Company/District" so the invoice is sent to the bookkeeper.  
 \*\*All requests for an advance of funds are asked to be sent by email to the bookkeeper within 30 days of conference.

REGISTRATION DEADLINE DATES:

REGISTRATION DEADLINE DATES:

Early Bird: 10/25/2017 - \$295.00

Regular: 12/13/2017 - \$345.00

Late Fees will be added beginning 12/14/2017 - \$445.00



December 21, 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. Northern Point Drainage

The existing storm water quality feature in the Northern Point Detention Basin is a type that was designed and installed frequently during the time of the construction of the pond, but is not the standard we use for new drainage facilities. We are presenting two options for improving the storm water quality intake structure:

- Core larger weir openings in the existing structure to allow additional flow through the structure and surround the structure with fencing to keep trash and debris from entering the outfall
- Remove the existing structure and replace with our current standard storm water quality structure (floatables collection screen)

We have prepared a construction cost estimate for each option (attached). We recommend the option of replacing the current structure with a floatables collection screen structure.

2. Hufsmith Kohrville Improvements

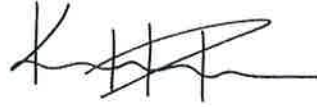
We met with Harris County's engineer to review the Right-of-Way alignment and potential conflicts with District utilities for the phase of Hufsmith Kohrville from north of Ezekiel Road to just north of Willow Creek. During the meeting, we expressed our desire to enter an agreement with Harris County in which the District would offer the County detention credits from unused detention volume. The County would then provide the storm sewer capacity necessary to accommodate additional outfall pumping rates from the Northern Point Detention Basin. The County's engineer expressed interest in the proposed agreement and will be discussing this opportunity with the other members of the Hufsmith Kohrville project team.

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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Opinion of Probable Cost for Modifying the Existing SWQ Structure in Northern Point Detention Basin

Detailed (Conceptual)

December 21, 2017

Item:	Quantity	Unit	Unit Cost	Total
<b><u>SWQ Work</u></b>				
Modify Existing SWQ Structure	1	LS \$	8,000 \$	8,000
Install SWQ Fencing	1	LS \$	12,000 \$	12,000
Appurtenances, Bonds, Staking, Etc.	10%		\$	2,000
<b>SWQ Work Total</b>			<b>\$</b>	<b>22,000</b>
<i>Contingencies (10%)</i>			\$	2,500
<b>Total</b>			<b>\$</b>	<b>24,500</b>

Notes:

(1) This opinion of probable cost was prepared on the basis of experience and judgment, utilizing historical bid costs for similar work if available. Actual bids and ultimate construction costs may vary based on market conditions, inflation, and unforeseen field conditions. The final determination of construction cost is made through the bidding process with contractor(s).



Opinion of Probable Cost for Replace the Existing SWQ Structure in Northern Point Detention Basin

Detailed (Conceptual)

December 21, 2017

Item:	Quantity	Unit	Unit Cost	Total
<b><u>SWQ Work</u></b>				
Remove and Dispose of Existing SWQ Structure	1	LS \$	5,000 \$	5,000
Install Floatables Collection Screen	1	LS \$	40,000 \$	40,000
Cut and Connect to Exist. RCP Outfall	1	LS \$	7,500 \$	7,500
Appurtenances, Bonds, Staking, Etc.	10%		\$	5,250
<b>SWQ Work Total</b>			<b>\$</b>	<b>57,750</b>
<i>Contingencies (10%)</i>			<i>\$</i>	<i>6,000</i>
<b>Total</b>			<b>\$</b>	<b>63,750</b>

Notes:

(1) This opinion of probable cost was prepared on the basis of experience and judgment, utilizing historical bid costs for similar work if available. Actual bids and ultimate construction costs may vary based on market conditions, inflation, and unforeseen field conditions. The final determination of construction cost is made through the bidding process with contractor(s).

## MEMORANDUM

**TO:** Board of Directors  
Harris County Municipal Utility District No. 368

**FROM:** Johnson Petrov LLP

**DATE:** December 21, 2017

**RE:** New Filing Requirement From SB 253

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Government Code Section 2270.0252 requires investing entities to, no later than December 31 of each year, file a publicly available report with the presiding officer of each house of the legislature and the attorney general. The report must identify all investments sold, redeemed, divested or withdrawn in compliance with Government Code Section 2270.0206, which requires divestment of assets invested in companies listed by the Comptroller as related in Sudan, Iran, or foreign-terror or listed as complicit in genocide, and summarize any changes made under Government Code Section 2270.0209, which prohibits investments in companies listed by the Comptroller as related in Sudan, Iran, or foreign-terror or listed as complicit in genocide except in certain circumstances such as loss of a certain percentage of value of the assets.

Also, the investing entity must file a report with the United States presidential special envoy to Sudan that is similar to the report filed with the Texas Legislature, but specifically regarding companies listed by the Comptroller as Sudan-related.

Previously, an investing entity was only defined as the Employees Retirement System of Texas or the Teachers Retirement System of Texas. However, SB 253 has expanded the definition to include an entity subject to Government Code Chapter 2256, the Public Funds Investment Act. As water districts are subject to the Public Funds Investment Act, water districts are now required to file the reports as listed above.

### Actions items by the Board:

- 1) Authorize the Bookkeeper and Attorney file the required reports.
- 2) Amend the District's Investment Policy.



## MEMORANDUM

**TO:** Board of Directors,  
Harris County Municipal Utility District No. 368 (the "District")

**FROM:** Johnson Petrov LLP

**DATE:** December 21, 2017

**RE:** Proposed Revisions to Investment Policy & Certification

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The 85<sup>th</sup> Texas Legislature passed several bills relating the investments of public funds that require revisions to the District's Order Designating Investment Officer and Establishing Rules, Policies, and Code of Ethics for the Investment of District Funds and Review of Investments ("Investment Policy") and the Certification of Receipt and Review of Investment Policy.

House Bill 2647 expands the list of authorized investments to include interest-bearing banking deposits held by a federally insured bank or other financial institution. It is recommended that these authorized interest-bearing banking deposits are added to Section 5.1.A of the Investment Policy.

House Bill 2928 clarifies that Federal Home Loan Banks are instrumentalities of the United States. It is recommended that Section 5.1.A.1 include language indicated that Federal Home Loan Banks are instrumentalities of the United States.

House Bill 1701 has revised to Public Funds Investment Act to only require that investment pools and business organizations that execute some discretion over investment of the District's funds are required to be provided a copy of the District's Investment Policy and execute a Certification of Receipt and Review of Investment Policy. It is recommended that Section 6.1 be amended to comply with House Bill 1701 and require only the certain entities receive the Investment Policy and executes a Certification of Receipt and Review.

Senate Bill 253 prohibits the investment of District funds in publically traded securities of companies doing business with Iran, Sudan, or a foreign terrorist organization, as determine by the Texas Comptroller, and requires divestment of investments in such publically traded corporations. Additionally, the District must file a report annually by December 31 with both chambers of the Texas Legislature, attorney general, and the United States presidential special envoy to Sudan identifying investments covered under this Senate Bill 253. It is recommended that Section 3.3 and Section 4.6 be added in order to comply with Senate Bill 253.

House Bill 89 requires all government contracts include language that the other party will not discriminate against Israel during the term of the contract. It is recommended that language be added to the Bank Certification of Receipt and Review of Investment Policy to ensure compliance with House Bill 89.

**AMENDED AND RESTATED ORDER DESIGNATING INVESTMENT  
OFFICER AND ESTABLISHING RULES, POLICIES, AND CODE  
OF ETHICS FOR THE INVESTMENT OF DISTRICT FUNDS AND  
REVIEW OF INVESTMENTS**

THE STATE OF TEXAS §

COUNTY OF HARRIS §

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368 §

WHEREAS, V.T.C.A., Government Code, Chapter 2256, as amended (the "Public Funds Investment Act"), requires the governing body of political subdivisions to adopt a written investment policy concerning the investment of its funds and funds under its control;

WHEREAS, Section 49.157 of the Texas Water Code, as amended, provides that all district deposits and investments shall be governed by Subchapter A, Chapter 2256, Government Code (Public Funds Investment Act);

WHEREAS, the Board of Directors (the "Board") of Harris County Municipal Utility District No. 368 (the "District") has determined that in order to comply with the Public Funds Investment Act it is necessary to designate an investment officer and to adopt a policy relating to the investment of District funds;

WHEREAS, the 82<sup>nd</sup> Texas Legislature enacted House Bill 2226, effective September 1, 2011, amending Texas Government Code, Chapter 2256, (the "Public Funds Investment Act"), the Board determined that it was necessary to amend the Investment Policy of the District in order to comply with the recently enacted changes in the Public Funds Investment Act; and

WHEREAS, on May 15, 2014, the Board of the District determined that it was necessary to amend the Investment Policy to include a statement regarding the requirement that settlement of all transactions, except investment pools, be made on a delivery versus payment basis.

WHEREAS, the 85<sup>th</sup> Texas Legislature enacted House Bill 1701, House bill 2647, House Bill 2928, and Senate Bill 253, amending Texas Government Code, Chapter 2256 (the "Public Funds Investment Act"), and on December 21, 2017, the Board determined that it was necessary to amend the Investment Policy of the District in order to comply with the recently enacted changes in the Public Funds Investment Act.

"Separately Invested Asset" means an account or fund of the District that is not invested in a Pooled Fund Group.

## II. INVESTMENT POLICY

### SECTION 2.1 INVESTMENT POLICY

A. The Board of the District in accordance with the Public Funds Investment Act hereby establishes an Investment Policy relating to the investment of District funds. All investments shall be made with the judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.

B. Investment of funds shall be governed by the following investment objectives, in order of priority:

1. preservation and safety of principal;
2. liquidity;
3. yield;
4. understanding of the suitability of the investment to the financial requirements of the District; and
5. diversification of the investment portfolio.

C. Annual Review. The Board of the District shall review annually this Investment Policy and Investment Strategies and shall make any changes thereto as determined by the Board of the District to be necessary and prudent for the management of District funds. The Board shall adopt a written order or resolution stating that it has reviewed the Investment Policy and Investment Strategies and setting forth the changes made, if any.

### SECTION 2.2 OTHER REQUIREMENTS.

A. Investment Diversification. There shall be no defined level of investment diversification as long as all funds of the District are invested in accordance with this Investment Policy. All the authorized investments described in Article V hereof are eligible investments for District funds; provided, however, all funds shall be secured by guarantee, insurance or collateral as described in Article V hereof.

B. Yield. District funds shall be invested to obtain the maximum yield taking into consideration the preservation and safety of the principal and the liquidity of the investment in the priority set forth in Section 2.1(B) hereof.

6. yield;

SECTION 3.2 ANNUAL REVIEW OF INVESTMENT STRATEGY. The Board of the District shall review annually the Investment Strategy for each fund of the District and shall make any changes thereto as determined by the Board to be necessary and prudent for the management of the District's funds.

#### IV. INVESTMENT OFFICER

SECTION 4.1 APPOINTMENT OF INVESTMENT OFFICER AND AUTHORIZED REPRESENTATIVE FOR INVESTMENT OF FUNDS, RESPONSIBILITIES AND DUTIES. Any member of the Board may be appointed investment officer of the District (the "Investment Officer"). The Board hereby also appoints the person or entity serving as the District's Bookkeeper to be the District's authorized representative for the investment and reinvestment of the District's funds in accordance with Section 49.1571 of the Texas Water Code. The Investment Officer and the Bookkeeper shall be responsible for the investment of District funds. All investments of District funds shall be in accordance with the Investment Policy of the District. Any investment of District funds shall be made with the judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs but the Board retains ultimate responsibility as fiduciaries of the assets of the District.

If the Board has contracted with another investing entity to invest its funds, as authorized by the Public Funds Investment Act, the Investment Officer of the other investing entity is considered to be the Investment Officer of the District for such purposes. The authority hereby granted to the Investment Officer and Bookkeeper to invest the District's funds is effective until rescinded by the Board, until the expiration of the officer's term or the termination of the person's employment with the District, or if an investment management firm, until the expiration of the contract with the District.

SECTION 4.2 INVESTMENT TRAINING. The Investment Officer and the Bookkeeper shall attend at least one (1) investment training session from an independent source approved by the Board and containing at least six (6) hours of instruction relating to investment responsibilities within twelve (12) months after taking office or assuming duties. Except as provided below, the Investment Officer and Bookkeeper shall also attend at least four (4) hours of additional investment training relating to investment responsibilities within each two-year (2) period thereafter from an independent source approved by the Board.

Training must include education on investment controls, security risks, strategy risks, market risks, diversification of investment portfolio and compliance with the Public Funds Investment Act.

During January of each year, the independent source providing the investment training in which the Investment Officer and the Bookkeeper participated is to report their participation during the previous calendar year to the Texas State Comptroller.

C. the Bookkeeper or Investment Officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the Bookkeeper or Investment Officer.

The Investment Officer or the Bookkeeper filing any Disclosure Statement with the Board of the District pursuant to this Section 4.4 shall also file a copy of the Disclosure Statement with the Texas Ethics Commission.

SECTION 4.5 STANDARD OF CARE OF INVESTMENT OFFICER AND BOOKKEEPER. In determining whether the Investment Officer or the Bookkeeper has exercised prudence with respect to an investment decision, the Board of the District shall take into consideration (i) the investment of all funds, or funds under the District's control, over which the Investment Officer and the Bookkeeper have responsibility rather than consideration as to the prudence of a single investment and (ii) whether the investment decision was consistent with the Investment Policy of the District.

SECTION 4.6 STANDARD OF CARE OF INVESTMENT OFFICER AND BOOKKEEPER. On behalf of the District, the Investment Officer with the assistance of the District's Bookkeeper shall prepare and submit an annual report to both chambers of the Texas Legislature, the Attorney General, and the United States presidential special envoy to Sudan no later than December 31 of each year as required by identifying any investments covered by Section 2.4 and divestment thereof.

## V. AUTHORIZED INVESTMENTS

SECTION 5.1 OBLIGATIONS OF, OR GUARANTEED BY, GOVERNMENTAL ENTITIES.

- A. The following are authorized investments of governmental entities:
1. obligations, including letters of credit, of the United States or its agencies and instrumentalities;
  2. direct obligations of the State of Texas or its agencies and instrumentalities;
  3. collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
  4. other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal



4. In addition to the authority to invest funds in certificates of deposit under Subsections 1-3 of this Section, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this policy:
  - a) the funds are invested by an investing entity through:
    - i. a broker that has its main office or a branch office in this state and is selected from a list adopted by the investing entity as required by Section 2256.025 of the Public Funds Investment Act or;\*
    - ii. a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;
  - b) the broker\* or the depository institution selected by the investing entity under Subsection 4(a)(i) of this Section arranges for the deposit of the funds in certificates of deposit in one (1) or more federally insured depository institutions, wherever located, for the account of the investing entity;
  - c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
  - d) the investing entity appoints the depository institution selected by the investing entity under Section 5.7 or an entity described by Section 2257.041(d) of the Act, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3)\*

### SECTION 5.3 REPURCHASE AGREEMENTS.

A. A fully collateralized repurchase agreement is an authorized investment if the repurchase agreement:

1. has a defined termination date;
2. is secured by a combination of cash and obligations described by Section 5.1(A)(1);\*
3. requires the securities being purchased by the District or cash held by the District\* to be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District; and

## SECTION 5.6 MUTUAL FUNDS.

- A. A no-load money market mutual fund is an authorized investment if the mutual fund:
1. is registered with and regulated by the Securities and Exchange Commission;
  2. provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.);
  3. has a dollar-weighted average stated maturity of ninety (90) days or fewer; and
  4. includes in its investment objectives the maintenance of a stable net asset value of one dollar (\$1.00) for each share.
- B. In addition to a no-load money market mutual fund permitted as an authorized investment in Subsection (A), a no-load mutual fund is an authorized investment if the mutual fund:
1. is registered with the Securities and Exchange Commission;
  2. has an average weighted maturity of less than two (2) years;
  3. is invested exclusively in obligations approved by Article VI;
  4. is continuously rated as to investment quality by at least one (1) nationally recognized investment rating firm with a rating of not less than AAA or its equivalent; and
  5. conforms to the requirements set forth in Section 2256.016(b) and (c) relating to the eligibility of investment pools to receive and invest funds of investing securities.
- C. The District is not authorized by this Section to:
1. invest in the aggregate more than 15 percent (15%) of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in Section 5.6(B);
  2. invest any portion of bond proceeds, reserves, and funds held for debt service, in mutual funds described in Section 5.6(B); or
  3. invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service in any one (1) mutual fund described in Section 5.6(A) or (B) in an amount that exceeds ten percent (10%) of the total assets of the mutual fund.

C. To maintain eligibility and to receive funds from and invest funds on behalf of the District, the Investment Pool must furnish to the Investment Officer or the Bookkeeper:

1. investment transaction confirmations;
2. a monthly report that contains, at a minimum, the following information:
  - (a) the types and percentage breakdown of securities in which the pool is invested;
  - (b) the current average dollar-weighted maturity based on the stated maturity date of the pool;
  - (c) the current percentage of the pool's portfolio in investments that have stated maturities of more than one (1) year;
  - (d) the book value versus the market value of the pool's portfolio, using amortized cost valuation;
  - (e) the size of the pool;
  - (f) the number of participants in the pool;
  - (g) the custodian bank that is safekeeping the assets of the pool;
  - (h) a listing of daily transaction activity of the District;
  - (i) the yield and expense ratio of the pool;
  - (j) the portfolio managers of the pool; and
  - (k) any changes or addenda to the offering circular.

D. The District by contract may delegate to an Investment Pool the authority to hold legal title as custodian of investments purchased with its funds.

E. Under this Section 5.7, "yield" shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the federal Securities and Exchange Commission.

F. To be eligible to receive funds from and invest funds on behalf of the District, a public funds investment pool created to function as a money market mutual fund must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at a one dollar (\$1.00) net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holdings shall be sold as necessary to maintain the ratio between 0.995 and 1.005.

SECTION 5.10 MINIMUM RATING REQUIREMENT. An investment that requires a minimum rating under this section does not qualify as an authorized investment during the period the investment does not have the minimum rating. The Board shall take all prudent measures that are consistent with this Investment Policy to liquidate an investment that does not have the minimum rating.

5.11 SETTLEMENT OF TRANSACTIONS. Settlement of all transactions, except investment pool funds and mutual funds, shall be on a delivery versus payment basis.

VI.  
MISCELLANEOUS

SECTION 6.1 WRITTEN POLICY TO BE PRESENTED TO INVESTMENT COMPANY AND BOOKKEEPER.

A. The Bookkeeper shall be presented a copy of this Investment Policy and shall execute a written instrument substantially in the form attached hereto as **Exhibit "B"** to the effect that the Bookkeeper has:

1. received and thoroughly reviewed a copy of this Investment Policy; and
2. implemented procedures and controls to comply with the Investment Policy.

B. A written copy of the Investment Policy shall be presented to any business organization, including investment pools or an investment transaction with the District or to an investment management firm under contract with the District to invest or manage the District's investment portfolio that has accepted authority granted by the District under the contract to exercise investment discretion in regard to the District's funds, offering to engage in an investment transaction with the District. The qualified representative of the business organization offering to engage in an investment transaction with the District shall execute a written instrument in a form acceptable to the District and the business organization attached hereto as **Exhibit "C"** substantially to the effect that the business organization has:

1. received and reviewed the Investment Policy of the District; and
2. acknowledged that the business organization has implemented procedures and controls in an effort to preclude investment transactions conducted between the District and the organization that are not authorized by the District's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards.

C. The Bookkeeper may not acquire or otherwise obtain any authorized investment described in the District's Investment Policy from a business organization who has not delivered to the District the written instrument described in Section 6.1(B) hereof, if required by Section 6.1(B).

PASSED AND ADOPTED THIS \_\_\_\_\_ of \_\_\_\_\_, 2017.

\_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

(DISTRICT SEAL)

EXHIBIT A - 2

**INVESTMENT STRATEGY  
CONSTRUCTION FUND**

Investment Objective:

To purchase investments that will preserve the safety of capital, maximize liquidity, and maximize yield (in that order of priority), taking into account the timing of planned or potential capital projects that may require the expenditure of the funds in the account.

Investment Strategy:

To invest in any of the authorized investments listed in Article V of the District's Investment Policy, provided that:

1. For funds for planned capital projects with a known commencement date, the investment will mature no later than the date the funds will be needed to fund the pay estimates for the project as they become due, such date to be determined by the District's Board of Directors after consultation with the District's Engineer.
2. For funds not designated for specific planned capital projects, the investment will mature no later than six (6) months after the date of purchase, provided that the District's Board of Directors may authorize an investment with a longer maturity, but no later than one (1) year after the date of purchase.

EXHIBIT B

**BOOKKEEPER'S CERTIFICATION OF RECEIPT  
AND REVIEW OF INVESTMENT POLICY**

THE STATE OF TEXAS

COUNTY OF HARRIS

I, Katherine Turner of Municipal Accounts and Consulting, LLP, do hereby certify that I have been presented a copy of the Amended and Restated Order Designating Investment Officer and Establishing Rules, Policies, and Code of Ethics for the Investment of District Funds and Review of Investments (the "Investment Policy") for Harris County Municipal Utility District No. 368 (the "District"), dated December 21, 2017. I have thoroughly reviewed the Investment Policy and acknowledge that the District has implemented procedures and controls to comply with the Investment Policy.

WITNESS MY HAND THIS \_\_\_\_\_ day of \_\_\_\_\_, 2017.

By: \_\_\_\_\_