

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting Thursday, May 17, 2018

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, May 17, 2018, 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, thus constituting a quorum. Consultants in attendance were: Mike Plunkett of Eagle Water Management, Inc. ("Operator" or "Eagle"); Kristen Scott of Bob Leared Interests, Inc. ("Tax Assessor/Collector"); 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 of On-Site Protection, LLC (the "Security Coordinator"); and Andrew P. Johnson, III, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("JP" or "Attorney").

The President called the meeting to order at 6:35 p.m. and in accordance with the notice posted pursuant to law, the following business was transacted:

I. **Election Agenda.** The President executed the Certificates of Election as required by law declaring the election of Directors Lackey and Dunn. Ms. Croon next presented Directors Lackey and Dunn with the Certificates of Election and the Directors executed the sworn Statements of Elected Officer and Oaths of Office, as required by the Texas Constitution. Ms. Croon declared that Directors Lackey and Dunn were now officially elected for additional terms of four (4) years.

Next, upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board agreed the keep the current slate of officers as they are at this time.

[Mr. Johnson entered the meeting.]

II. **Public Comment.** There was no public comment.

III. **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. Dunn noted that the crime report is incomplete due to the crime feed interruption by Harris County, which should normalize soon. Mr. Dunn next reviewed the internet performance report for District facilities.

Director Lackey then updated the Board on his correspondence with the HCCO Constable, Mark Herman, regarding the Interlocal Law Enforcement Agreement with the District.

IV. **General Business.**

- A. **Energy Contract.** Director Lackey stated per the District's Energy Consultant, Rick Lewis, of American Enerpower, the District's Contract with Hudson Energy will expire on December 20, 2020. The Board could lock in a lower rate today with Constellation Energy and the new pricing would commence on December 20, 2020.

Discussion ensued and upon motion by Director Bishop, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board approved the Constellation Energy Contract at a rate of \$0.03827 per kilowatt hour with the effective date of December 20, 2020 through December 22, 2025. A copy of the Contract is attached hereto as Exhibit "B".

- B. **Other Matters.** Director Lackey reported on his correspondence with an attorney from the Harris County District Attorney's Office ("HCDA") related to the case of a resident who was apprehended due to having illegal water connections. HCDA wanted to know if the District would recommend incarceration, restitution or both options for the Defendant. Mr. Plunkett stated that the resident presently owes \$1079.83 to the District for water service, penalties, and interest. Discussion ensued after which the Board concurred that the District would be satisfied with the Defendant paying restitution to the District.

- C. **District's Website.** There were no matters to report.

- D. **Emergency Operations and repairs to District Facilities.** Mr. Plunkett reported that the grit chamber at the Wastewater Treatment Plant is in the process of being repaired. Preventive maintenance has been performed on the District's generators ahead of the hurricane season.

- E. **Insurance Renewal.** Upon motion by Director Daniel, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approve the proposal submitted by Arthur J. Gallagher, the District's current insurance provider. A copy of the proposal is attached hereto as Exhibit "C".

- F. **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 "D".

- G. **Discuss June 21 and July 5 meeting dates.** It was consensus of the Board to move its June 21, 2018 Board meeting to June 26, 2018 due to the Association of Water Board Directors Conference. The July 5, 2018 Board meeting remains unchanged.

V. **Tax Assessor/Collector's Report.** Ms. Scott reviewed the Tax Assessor/Collector's Report for the month of April 2018, a copy of which is attached hereto as Exhibit "E". Ms. Scott reported that 98.531% of the District's 2017 tax levy had been collected as of April 30, 2018. Ms. Scott noted that the Delinquent Tax Attorney will start mailing notices to delinquent tax accounts notifying them that in addition to penalty and interest, an additional 20 percent penalty will be added to the delinquent tax accounts as of July 1, 2018.

Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board: (i) approved the Tax Assessor/Collector's Report; and (ii) authorized payment of checks numbered 1329 through 1335 from the Tax Account.

VI. **Bookkeeper's Report.** Ms. Townley reviewed the Bookkeeping Report, a copy of which is attached hereto as Exhibit "F". She also reviewed the budget for fiscal year ending June 30, 2019, a copy of which is attached to the Bookkeeper's Report. Discussion ensued regarding the budget.

Next, upon motion by Director Cook, seconded by Director Bishop, after full discussion, and with all Directors present voting aye, the Board voted to: (i) approve the Bookkeeper's Report; (ii) approve the budget for FYE June 30, 2019 as amended; and (iii) authorize payment of Check Nos. 16160 through 16244 from the Operating Fund.

VII. **Engineer's Report.** Mr. Carpenter presented the Engineer's Report, a copy of which is attached hereto as Exhibit "G".

Northern Point Drainage. Mr. Carpenter updated the Board regarding the Northern Point Drainage project and stated that IDS has prepared Change Order No. 2 for the installation of the Storm Water Quality Inlet Structures and appurtenances in the amount of \$59,050.48. Mr. Carpenter stated that because Change Order No. 2 exceeds \$50,000, IDS will solicit an additional two (2) bids for the installation of the Storm Water Quality Inlet Structures and appurtenances. He asked the Board to approve Change Order No. 2 subject to IDS confirming that the two (2) additional bids received for the project exceed the current bid of \$59,050.48. Mr. Carpenter stated that the revised contract amounts to \$196,521.48.

The Contractor submitted Pay Application No. 2 in the amount of \$17,907.30. IDS recommends the Board approve payment of Pay Application No. 2.

Facility Improvement and Maintenance Plan. IDS has prepared cost estimates for the capital improvement projects discussed at the last meeting. Also prepared is a summary of costs for the potential bond issue, currently estimated at \$5,890,000. Discussion ensued regarding the drainage improvements costs for Northern Point Subdivision. Mr. Carpenter stated that IDS will set up a meeting with Harris County Commissioner Precinct 4, Jack Cagle, about the County possibly sharing the costs of the drainage project with the District.

Water Plant Rehabilitation. IDS has prepared Change Order No. 1, which includes the coating of additional electrical equipment, the generator, and a few miscellaneous items requested by the Board. The change order is in the amount of \$28,452.58, resulting in a revised

contract amount of \$220,414.58. IDS recommends the Board approve payment of Pay Application No. 1 in the amount of \$22,229.55.

Wastewater Treatment Plant Rehabilitation. The contractor plans to begin work on the lift station on June 4, 2018. The Operator is coordinating with contractors to prepare bypass pumping and pull the lift station pumps.

Northpointe Center-Phase II (Santikos). The Developer is planning to build a Bombshell Restaurant. IDS has received construction plans and will provide comments to their engineer.

Los Tacos al Pastor. A developer is planning to start a taqueria in the shopping center north of Three Lakes Blvd. They are requesting capacity in the amount of 4 equivalent single family connections. IDS recommends the Board approve the utility capacity letter subject to the developer installing a grease trap.

Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) approved Change Order No. 2 for the Northern Point Drainage project, subject to IDS confirming that the two (2) additional bids received for the project exceed the current bid of \$59,050.48; (ii) approved payment of Pay Application No. 1 in the amount of \$22,229.55; (iii) approve the utility capacity letter for the proposed Los Tacos al Pastor restaurant, subject to the developer installing a grease trap.

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

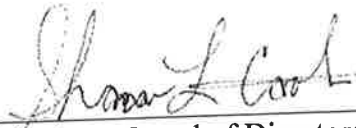
IX. Attorney's Report.

- A. Arbitrage Rebate and Yield Restriction Compliance Service Program Report. Mr. Johnson presented the Report, a copy of which is attached hereto as Exhibit "H". It was noted that no payment is due to Internal Revenue Service.
- B. Minutes of May 3, 2018. 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 May 3, 2018 meeting as amended.

X. Adjournment. With no additional matters before the Board, the Board adjourned the meeting at 8:23 p.m.

[EXECUTION PAGE FOLLOWS]

PASSED AND APPROVED this 7th day of June, 2018.


Secretary, Board of Directors

Exhibits:

- "A" Security Report
- "B" Energy Contract
- "C" Insurance Proposal
- "D" RRRT Report
- "E" Tax Collector Report
- "F" Bookkeeper Report
- "G" Engineer's Report
- "H" Arbitrage Compliance Report



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.ConstablePet4.com

Monthly Contract Stats

HARRIS CO MUNICIPAL UTILITY 368

For April 2018

Categories

Burglary Habitation: 0	Burglary Vehicle: 2	Theft Habitation: 0
Theft Vehicle: 0	Theft Other: 2	Robbery: 1
Assault: 1	Sexual Assault: 0	Criminal Mischief: 6
Disturbance Family: 3	Disturbance Juvenile: 2	Disturbance Other: 12 ✓
Alarms: 39	Suspicious Vehicles: 19	Suspicious Persons: 12
Runaways: 0	Phone Harrassment: 1	Other Calls: 214

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	100	1	3	0	0	22	0	0	1024	17
232	70	0	50	0	0	18	0	0	658	18
C70	139	1	4	0	0	41	0	0	591	19
C71	97	0	6	0	0	35	0	0	688	17
C72	156	0	16	0	1	62	0	4	1115	19
C73	106	0	11	0	3	37	0	5	1482	20
C74	92	1	20	1	3	38	0	7	1360	20
TOTAL	760	3	110	1	7	253	0	16	6918	130

Summary of Events



ON-SITE PROTECTION INC.

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

Quality Of Life



☒ Disorder

☒ Quality of Life



☒ Drugs



☐ Liquor

911 Or Other



☐ Alarm

☒ Arson

☒ Death

☐ Family Offense

☒ Missing Person

☐ Other

☐ Pedestrian Stop

☒ Vehicle Recovery

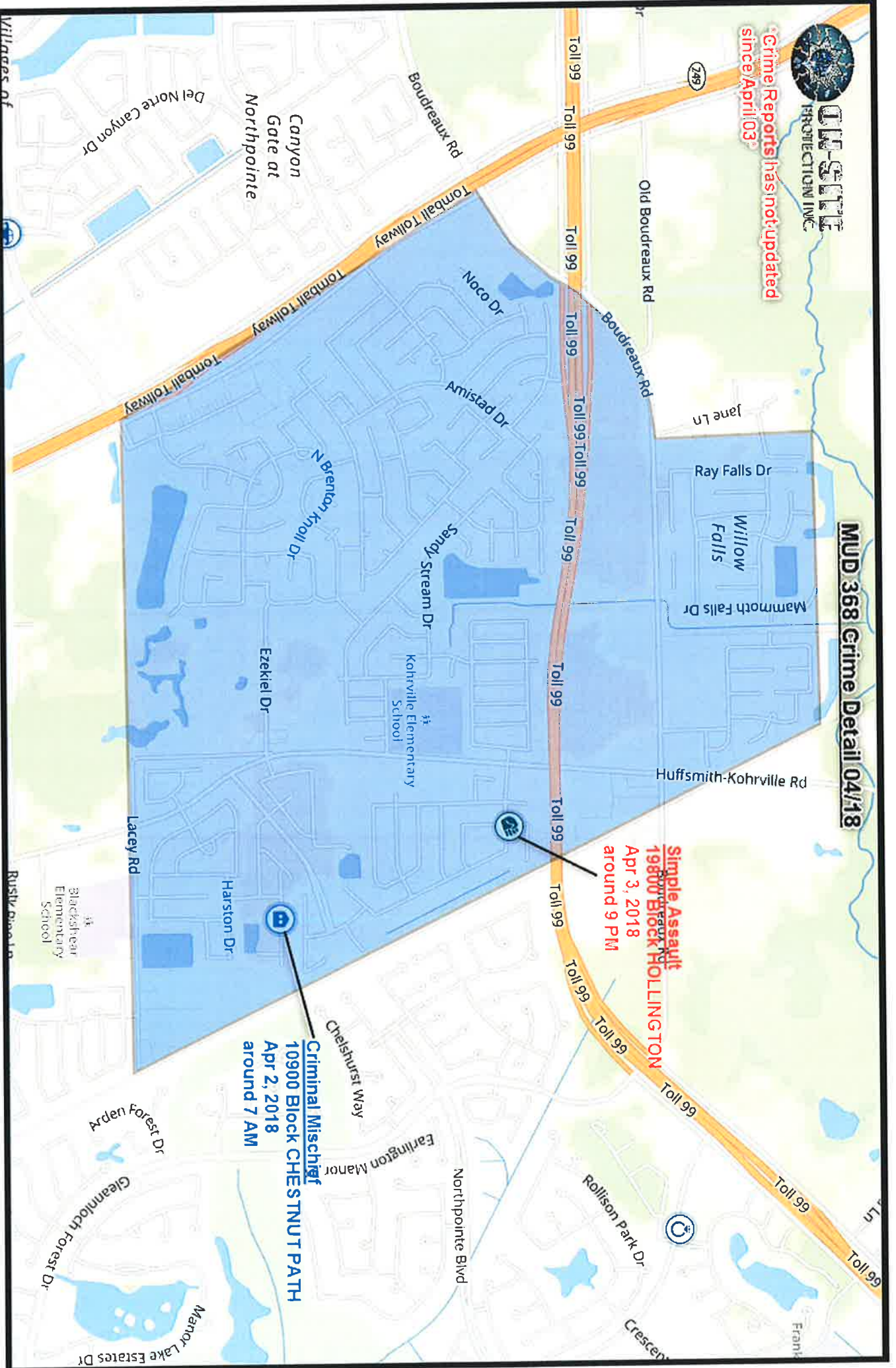
☐ Vehicle Stop

☒ Weapons Offense



Crime Reports has not updated since April 03

MUD 368 Crime Detail 04/18



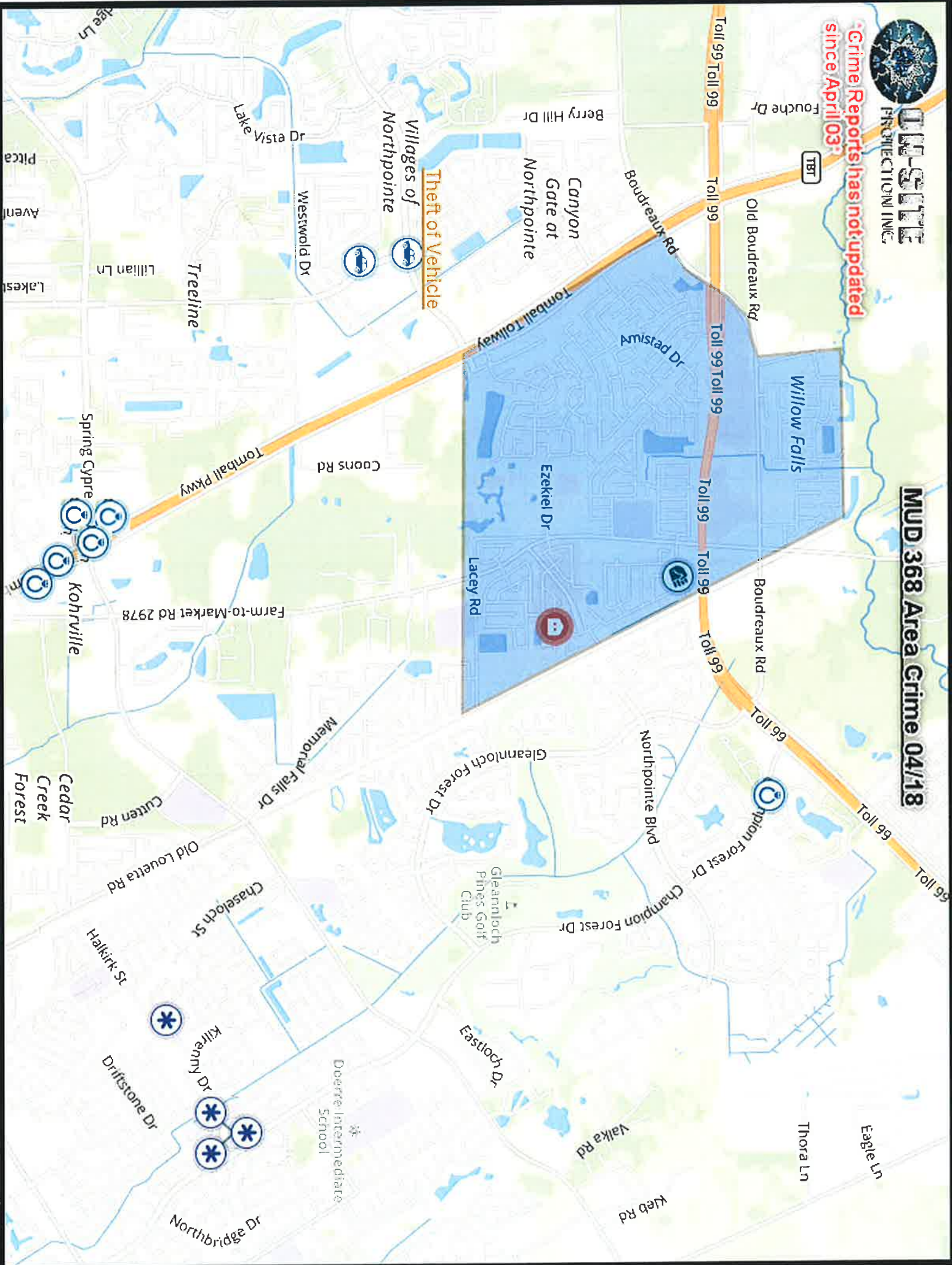
Simple Assault
19800 Block Boudreaux Rd
Apr 3, 2018
around 9 PM

Criminal Mischief
10900 Block CHESTNUT PATH
Apr 2, 2018
around 7 AM



MUD 368 Area Crime 04/18

Crime Reports has not updated since April 03



Report period: 4/1/2018 3:30 PM - 4/30/2018 3:30 PM
 Report notes: Custom host group
 Path to this report: [All Agents](#) / [Local Agent](#) / [MUD 368](#)

Summary







State	Hours	% of total	Polls	% of total
Ok	3162.7	79.5	378825	79.5
Down	806.9	20.3	96680	20.3
Warning	6.2	0.2	757	0.2

Availability Problems

Monitor	States Graph	Down Hours	%	Log From	To
PING on 11107 Lacey Rd.		567.9	100.0	4/3/2018 10:46:49 AM 4/4/2018 12:01:04 PM 4/4/2018 12:21:01 PM 4/9/2018 5:03:21 PM 4/10/2018 4:37:04 PM 4/11/2018 5:49:51 PM 4/12/2018 1:55:31 PM	4/4/2018 11:57:25 AM 4/4/2018 12:17:58 PM 4/9/2018 3:54:28 PM 4/10/2018 4:34:37 PM 4/11/2018 5:47:34 PM 4/12/2018 1:53:25 PM 4/27/2018 4:06:01 AM
PING on 18102 Solomon Rd.		99.7	17.6	4/3/2018 12:58:22 PM 4/3/2018 1:02:22 PM 4/9/2018 11:09:00 AM 4/9/2018 5:03:21 PM 4/10/2018 4:37:04 PM 4/11/2018 5:49:51 PM 4/12/2018 1:55:31 PM 4/14/2018 3:06:19 AM 4/14/2018 3:13:19 AM 4/14/2018 3:16:19 AM	4/3/2018 1:00:37 PM 4/3/2018 1:03:12 PM 4/9/2018 3:54:28 PM 4/10/2018 4:34:37 PM 4/11/2018 5:47:34 PM 4/12/2018 1:53:25 PM 4/13/2018 2:40:34 PM 4/14/2018 3:06:34 AM 4/14/2018 3:13:34 AM 4/14/2018 3:16:34 AM
PING on 19203 Royal Isle Dr.		43.9	7.7	... more ... 4/8/2018 3:18:41 AM 4/9/2018 5:03:21 PM 4/12/2018 1:32:57 PM 4/19/2018 12:04:30 PM 4/19/2018 9:26:11 PM 4/19/2018 10:02:11 PM 4/19/2018 10:55:36 PM 4/19/2018 10:58:35 PM 4/19/2018 11:16:05 PM 4/21/2018 12:38:14 PM	4/8/2018 3:28:48 AM 4/10/2018 4:25:51 PM 4/12/2018 1:33:12 PM 4/19/2018 12:18:26 PM 4/19/2018 9:34:56 PM 4/19/2018 10:26:21 PM 4/19/2018 10:56:20 PM 4/19/2018 10:59:32 PM 4/19/2018 11:17:20 PM 4/21/2018 12:45:28 PM
PING on 23567 Coons Rd.		25.0	4.4	... more ... 4/9/2018 3:14:09 PM 4/9/2018 5:03:21 PM 4/14/2018 3:11:49 AM 4/14/2018 3:13:19 AM 4/14/2018 3:16:19 AM 4/21/2018 10:14:57 PM 4/21/2018 10:15:57 PM 4/21/2018 10:17:57 PM 4/21/2018 10:19:27 PM 4/21/2018 10:22:58 PM	4/9/2018 3:15:28 PM 4/10/2018 4:25:51 PM 4/14/2018 3:12:14 AM 4/14/2018 3:13:34 AM 4/14/2018 3:16:44 AM 4/21/2018 10:15:17 PM 4/21/2018 10:16:42 PM 4/21/2018 10:18:12 PM 4/21/2018 10:22:13 PM 4/21/2018 10:25:42 PM
PING on 12043 1/2 Sandy Stream		23.5	4.1	... more ... 4/7/2018 2:36:16 AM 4/7/2018 2:38:46 AM 4/7/2018 2:39:46 AM 4/7/2018 2:42:46 AM 4/9/2018 5:03:21 PM 4/19/2018 12:04:30 PM	4/7/2018 2:37:31 AM 4/7/2018 2:39:01 AM 4/7/2018 2:41:01 AM 4/7/2018 2:43:01 AM 4/10/2018 4:25:51 PM 4/19/2018 12:07:19 PM
PING on 19412 1/2 Scalet Cove Dr.		23.4	4.1	4/7/2018 4:55:58 PM 4/9/2018 5:03:21 PM 4/18/2018 12:14:45 AM 4/18/2018 12:17:45 AM	4/7/2018 4:56:43 PM 4/10/2018 4:25:51 PM 4/18/2018 12:16:00 AM 4/18/2018 12:18:01 AM

PING on 19734 1/2 Bold River Road		23.4	4.1	4/24/2018 1:07:47 PM 4/9/2018 5:03:21 PM 4/19/2018 12:04:30 PM 4/19/2018 12:07:00 PM	4/24/2018 1:09:32 PM 4/10/2018 4:25:51 PM 4/19/2018 12:05:20 PM 4/19/2018 12:07:14 PM
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Performance Problems

Monitor	States Graph	Warning Hours	%	Log From	To
PING on 19203 Royal Isle Dr.		1.1	0.2	4/3/2018 10:55:03 AM 4/3/2018 1:35:33 PM 4/3/2018 1:37:03 PM 4/3/2018 3:13:33 PM 4/3/2018 3:32:03 PM 4/3/2018 3:33:33 PM 4/4/2018 11:52:24 AM 4/4/2018 12:00:49 PM 4/5/2018 1:28:37 AM 4/5/2018 10:59:12 AM ... more ...	4/3/2018 10:55:33 AM 4/3/2018 1:36:03 PM 4/3/2018 1:37:33 PM 4/3/2018 3:14:03 PM 4/3/2018 3:32:33 PM 4/3/2018 3:34:03 PM 4/4/2018 11:52:54 AM 4/4/2018 12:01:18 PM 4/5/2018 1:29:07 AM 4/5/2018 11:01:12 AM
PING on 19412 1/2 Scalet Cove Dr.		1.1	0.2	4/3/2018 11:05:59 AM 4/3/2018 1:28:29 PM 4/3/2018 1:49:59 PM 4/3/2018 3:07:59 PM 4/3/2018 3:14:59 PM 4/4/2018 11:52:25 AM 4/4/2018 12:00:49 PM 4/4/2018 8:37:31 PM 4/5/2018 1:28:37 AM 4/5/2018 10:59:12 AM ... more ...	4/3/2018 11:06:29 AM 4/3/2018 1:28:59 PM 4/3/2018 1:50:29 PM 4/3/2018 3:08:29 PM 4/3/2018 3:15:29 PM 4/4/2018 11:52:54 AM 4/4/2018 12:01:14 PM 4/4/2018 8:38:00 PM 4/5/2018 1:29:07 AM 4/5/2018 11:01:12 AM
PING on 19734 1/2 Bold River Road		1.1	0.2	4/3/2018 1:25:39 PM 4/3/2018 1:28:39 PM 4/3/2018 1:38:39 PM 4/3/2018 1:53:09 PM 4/3/2018 2:54:09 PM 4/3/2018 3:13:39 PM 4/3/2018 3:32:09 PM 4/4/2018 11:52:24 AM 4/4/2018 12:00:49 PM 4/4/2018 12:25:21 PM ... more ...	4/3/2018 1:26:09 PM 4/3/2018 1:29:09 PM 4/3/2018 1:39:09 PM 4/3/2018 1:53:39 PM 4/3/2018 2:54:39 PM 4/3/2018 3:14:09 PM 4/3/2018 3:32:39 PM 4/4/2018 11:52:54 AM 4/4/2018 12:00:54 PM 4/4/2018 12:25:51 PM
PING on 23567 Coons Rd.		1.1	0.2	4/3/2018 10:55:03 AM 4/3/2018 1:35:33 PM 4/3/2018 1:37:03 PM 4/3/2018 3:13:33 PM 4/3/2018 3:32:03 PM 4/3/2018 3:33:33 PM 4/4/2018 11:52:25 AM 4/4/2018 12:00:49 PM 4/5/2018 1:28:37 AM 4/5/2018 10:59:12 AM ... more ...	4/3/2018 10:55:33 AM 4/3/2018 1:36:03 PM 4/3/2018 1:37:33 PM 4/3/2018 3:14:03 PM 4/3/2018 3:32:33 PM 4/3/2018 3:34:03 PM 4/4/2018 11:52:54 AM 4/4/2018 12:01:18 PM 4/5/2018 1:29:07 AM 4/5/2018 11:01:12 AM
PING on 12043 1/2 Sandy Stream		1.0	0.2	4/3/2018 11:05:59 AM 4/3/2018 1:28:29 PM 4/3/2018 3:07:59 PM 4/3/2018 3:14:59 PM 4/4/2018 11:52:25 AM 4/4/2018 12:00:49 PM 4/5/2018 1:28:37 AM 4/5/2018 10:59:12 AM 4/5/2018 1:06:27 PM 4/5/2018 1:41:27 PM ... more ...	4/3/2018 11:06:29 AM 4/3/2018 1:28:59 PM 4/3/2018 3:08:29 PM 4/3/2018 3:15:29 PM 4/4/2018 11:52:54 AM 4/4/2018 12:01:14 PM 4/5/2018 1:29:07 AM 4/5/2018 11:01:12 AM 4/5/2018 1:07:27 PM 4/5/2018 1:41:56 PM
PING on 18102 Solomon Rd.		0.7	0.1	4/3/2018 1:03:12 PM 4/3/2018 1:25:37 PM 4/3/2018 1:38:37 PM 4/3/2018 2:09:07 PM	4/3/2018 1:03:37 PM 4/3/2018 1:26:07 PM 4/3/2018 1:39:07 PM 4/3/2018 2:09:37 PM

4/3/2018 3:13:37 PM	4/3/2018 3:14:07 PM
4/3/2018 3:32:07 PM	4/3/2018 3:32:37 PM
4/3/2018 3:33:37 PM	4/3/2018 3:34:07 PM
4/4/2018 11:52:25 AM	4/4/2018 11:52:54 AM
4/4/2018 12:00:49 PM	4/4/2018 12:00:52 PM
4/4/2018 12:25:21 PM	4/4/2018 12:25:51 PM
... more ...	



Agreement is Not
Valid Unless
Executed by Seller

**Constellation NewEnergy, Inc.
Electricity Supply Agreement – Fixed Price Solutions**

HARRIS COUNTY MUD 368 ("Customer") AND Constellation NewEnergy, Inc. ("Seller") AGREE AS FOLLOWS:

Defined Terms. Capitalized terms have the meanings set out in this Electricity Supply Agreement, including the attached General Terms and Conditions ("Agreement"); generally the words "you" and "your" refer to the Customer listed above and the words "we" and "us" refer to Seller, unless the context clearly requires otherwise.

Purchase and Sale of Electricity. You will purchase and receive, and we will sell and supply all of your electricity requirements at the prices set forth below for each account identified in the Account Schedule below ("Account"). By signing this Agreement, you authorize us to enroll each Account with your UDC so that we can supply those Account(s). You will take such actions as we request to allow us to enroll each Account in a timely manner. You agree that we may select such sources of energy as we deem appropriate to meet our obligations under this Agreement. We will enroll each Account with the applicable UDC as being supplied by us and will take such other actions with the applicable UDC and ISO necessary for us to meet our obligations under this Agreement.

The specific prices for each Account are set forth in the Account Schedule, below. You are also responsible to pay (1) Taxes - which we will pass through to you on your bill or as part of the price of electricity, as may be required by law, rule or regulation and (2) UDC charges for delivery/distribution services if we provide you a single bill that includes UDC charges. Your prices are fixed for the existing term of this Agreement and only subject to change if there is a change in law, as described in Section 5 of the General Terms and Conditions below. The UDC charges (if any) and Taxes are charged to you as a "pass-through," which means they will change during the existing term of this Agreement if and as the related charges assessed or charged vary for any reason, including but not limited to the types of changes described above.

Cost Components. For each of the items listed as "Fixed" below, this means the item is included in your contract prices as set forth in the Account Schedule. For each of the items listed as "Passed Through" below, this means that you will be charged the costs associated with the line item in accordance with the definitions of each item in Section 1 Definitions of the General Terms and Conditions.

Energy Costs	Fixed
Ancillary Services And Other ISO Costs	Fixed
ERCOT Nodal Ancillaries Costs	Fixed
RUC Capacity Short Charge Costs	Fixed
Basis Costs	Fixed
Line Loss Costs	Fixed
Renewable Portfolio Standards Costs	Fixed
RT Ancillary Imbalance Costs	Fixed

The contract prices contained in the Account Schedule include credit costs and margin.

Retail Trade Transactions. At any time during the term of this Agreement, you may request the purchase of renewable energy certificates in an amount equal to a prescribed percentage of your load volume by entering into one or more Retail Trade Transactions ("RTTs") between us. If we both agree to the pricing and terms of the renewable energy certificates purchase, a separate RTT Confirmation signed by both of us will document each such purchase and be incorporated herein.

Term. This Agreement will become effective and binding after you have signed this Agreement and we have counter-signed. Subject to successful enrollment of your Account(s), this Agreement shall commence on or about the date set forth under "Start Date", and end on or about the date set forth under "End Date", unless extended on a holdover basis as described in this Agreement. The actual Start Date is dependent on the UDC successfully enrolling the Account(s) and furnishing us with all necessary information regarding the Account(s) meter read cycle and meter read date(s). The dates set forth in the Account Schedule below reflect UDC information available at that time or as otherwise estimated by us. The actual meter read dates may occur on or about the dates set forth herein. We will use commercially reasonable efforts to begin service to each Account(s) on the actual meter read date on or about the Start Date set forth

FOR INTERNAL USE ONLY

herein. If we are unable to timely enroll an Account, the Start Date will commence on the next regularly scheduled UDC meter read cycle date following successful enrollment. The End Date will remain the same unless extended for a holdover term. We shall not be liable for any failure to enroll or drop an Account by the Start and End Date due to circumstances beyond our control. We will not be responsible for any gaps in service that may occur between the termination of your service from a prior supplier and the commencement of supply from us.

Nothing in this Agreement shall be deemed to require or otherwise obligate us to offer to extend the term of this Agreement. If following termination or expiration of this Agreement (whether in whole or in part), for any reason, some or all of the Accounts remain designated by the UDC as being supplied by us, we may continue to serve such Account(s) on a month-to-month holdover basis. During such holdover term, we will calculate your invoice as follows: (Each Account's metered usage, as adjusted by the applicable line loss factor) times (the applicable ISO-published Real Time Locational Based Marginal Price ("LMP") + \$.005250/kWh) + (a pass through of all costs and charges incurred for the retail delivery of energy to you) + Taxes. This Agreement will continue to govern the service of such Accounts during such holdover term. Either party may terminate the holdover term at any time within its discretion at which time we will drop each Account as of the next possible meter read date to the then applicable tariff service, whether default service or otherwise.

Your Invoice. Your invoice will contain all charges applicable to your electricity usage, including Taxes (which are passed through to you). We will also invoice you for all UDC charges and related Taxes for those Account(s) served hereunder (except for Account(s) located in Nueces Electric Cooperative, for which you will receive one invoice from the UDC for UDC charges and related Taxes and one invoice from us for all other charges hereunder, unless we agree otherwise). All amounts charged are due in full within twenty (20) days of the invoice date, and we reserve the right to adjust amounts previously invoiced based upon supplemental or additional data we may receive from your UDC. Your invoices will be based on actual data provided by the UDC, provided that if we do not receive actual data in a timely manner, we will make a good faith estimate using your historical usage data and other information. Once we receive actual data we will reconcile the estimated charges and adjust them as needed in subsequent invoices. If you fail to make payment by the due date, interest will accrue daily on outstanding amounts from the due date until the bill is paid in full at a rate of 1.50% per month, or the highest rate permitted by law, whichever is less; and we may withhold any payments due to the UDC until we receive such payments.

Certain Warranties. You warrant and represent that for Account(s) located in the State of Texas, your aggregate peak load during any 12 month period is greater than 50 kilowatts and that the electricity supplied under this Agreement is not for use at a residence.

Notices. All notices will be in writing and delivered by hand, certified mail, return receipt requested, or by first class mail, or by express carrier to our respective business addresses. Our business address is 1221 Lamar St. Suite 750, Houston, TX 77010, Attn: Contracts Administration. Either of us can change our address by notice to the other pursuant to this paragraph.

Customer Service. For questions about your invoice or our services, contact us at our Customer Service Department by calling toll-free 888-635-0827, or by e-mail at CustomerCare@Constellation.com. Your prior authorization of us to your UDC as recipient of your current and historical energy billing and usage data will remain in effect during the entire term of this Agreement, including any renewal, unless you rescind the authorization upon written notice to us or by calling us at 888-635-0827. We reserve the right to cancel this Agreement in the event you rescind the authorization.

CUSTOMER PROTECTIONS AND WAIVERS OF CONSUMER RIGHTS. YOU AGREE THAT THE PUCT'S CUSTOMER PROTECTION RULES, 16 TEX. ADMIN. CODE, SUBCHAPTER R (§§25.471 ET SEQ) **ARE WAIVED AND DO NOT APPLY** TO THIS AGREEMENT TO THE EXTENT ALLOWED BY LAW. YOU CAN VIEW THESE RULES AT: <http://www.puc.state.tx.us/rules/subrules/electric/index.cfm>. **AFTER CONSULTING WITH AN ATTORNEY OF YOUR OWN SELECTION, YOU VOLUNTARILY WAIVE YOUR RIGHTS, IF ANY, UNDER THE TEXAS DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT, §§ 17.41 ET SEQ., TEXAS BUSINESS & COMMERCE CODE ("DTPA"), A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS.**

DISCONNECTION. Pursuant to PUCT regulations, all retail electric providers are allowed to disconnect customers for non-payment or if no service contract is in effect. Notwithstanding anything in this Agreement to the contrary, you acknowledge that in addition to the rights set forth in your Agreement, Seller shall be entitled to disconnect your service for non-payment or no contract to the extent allowed by law. You hold Seller harmless for any interruptions or disruptions of service initiated by the UDC. You shall reimburse us for any costs incurred or passed through to us by the UDC for reinstatement of service.

IN THE EVENT OF AN EMERGENCY, POWER OUTAGE OR WIRES AND EQUIPMENT SERVICE NEEDS, CONTACT YOUR APPLICABLE UDC AT:

UDC Name	UDC Abbreviation	Contact Numbers
CenterPoint Energy	CNP	1-800-332-7143

Additional Terms. For Account(s) located in the State of Texas:

(i) Public Utility Commission of Texas. Additional information, including information on consumer rights, may be obtained by contacting the Public Utility Commission of Texas ("PUCT") at (888) 782-8477.

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Errors and omissions excepted. Std. Short Form_v.2010 Rev Mar-01-2016 ()

Sales Rep: Hayley Conger 217522.106337.0 Printed: 5/17/2018

(ii) Prompt Payment. Chapter 2251 of Subtitle F of the Texas Government Code (the "Prompt Payment Act") applies to Seller's service to Texas governmental entities. If you are a Texas political subdivision, such as a county, municipality, public school district or special-purpose district or authority, then you acknowledge that the Prompt Payment Act allows a governmental entity to take advantage of an offer for an early payment discount and to negotiate a prompt payment discount with a vendor when possible. If this Agreement contains a payment date less than 45 days, then you and we agree that the price offered to you represents an early payment discount for shorter payment terms instead of the standard 45 day payment terms for a political subdivision.

(iii) Termination of Holdover Term. Notwithstanding any other provisions to the contrary herein regarding the holdover term, upon termination of the holdover term by you or us, we may, in accordance with Law, take steps to cease providing service to you.

(iv) Governmental Entity Requirement. Chapter 2270 of Subtitle F, Title 10 of the Texas Government Code applies to Seller's contracts for goods or service to a Texas governmental entity. By signing and entering into this Agreement, Seller verifies that it does not boycott Israel and will not boycott Israel during the term of the Agreement.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK.]

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Each party has caused this Agreement to be executed by its authorized representative on the respective dates written below.

Constellation NewEnergy, Inc.

Customer: Harris County MUD 368

Signature: _____

Signature: _____

Printed Name:

Title:

Address: 1221 Lamar St. Suite 750
Houston, TX 77010
Attn: Contracts Administration

Fax: **888-829-8738**

Phone: **888-635-0827**

Printed Name:

Title:

Date:

Address: 1001 MCKINNEY ST STE 1000
HOUSTON, TX 770026424

Fax:

Phone:

Email:

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General Terms and Conditions

1. Definitions.

"Ancillary Services And Other ISO Costs" means for any billing period the applicable charges regarding ancillary services as set forth in the applicable ISO Open Access Transmission Tariff ("OATT") and for other ISO costs not otherwise included in any of the defined cost components in this Agreement. We will reasonably determine your Account's monthly Ancillary Services And Other ISO Costs based on the Account's \$/kWh share of costs for Ancillary Services And Other ISO Costs or otherwise reasonable allocation method as we may determine from time to time based on how Ancillary Services And Other ISO Costs are assessed by the ISO.

"Basis Costs" means the difference in market prices between the zone of the service account and the supply hub associated with the service account energy zone. The real time market price will be used to calculate Basis Costs except that where the contract specifies use of the day ahead market price as the energy index for settlement, the day ahead index price will be used for calculating Basis Costs.

"Energy Costs" means a charge for the cost items included in the Locational Marginal Price for the ISO zone identified in the Account Schedule

"ERCOT Nodal Ancillaries Costs" means additional charges and fees associated with the ERCOT Nodal Protocols including, but not limited to the Congestion Revenue Rights auction revenue disbursement, RUC Make Whole Uplift Charge, RUC Decommitment Charge, and RUC Clawback Payment.

"ISO" means the independent system operator or regional transmission organization responsible for the service territory governing an Account, or any successor or replacement entity.

"Line Loss Costs" means the costs (to the extent not already captured in the applicable Energy Costs) applicable to each Account based on the kW/h difference between the UDC metered usage and the ISO settlement volumes. If Line Loss Costs are "Fixed," the Line Loss Costs are included in the Energy Costs and will not be invoiced as a separate line item. If Line Loss Costs are "Passed Through," the Line Loss Costs will be invoiced as a separate line item and calculated based on the applicable fixed price or locational marginal price for the corresponding usage.

"Locational Marginal Price" means the Settlement Point Price (SPP) for the relevant index, day ahead or real time, as established by ERCOT rules (and includes the ORDC Real-Time Price Adder as set forth in NPRR 568 which provides for the implementation of an Operating Reserve Demand Curve (ORDC) beginning on June 1, 2014).

"Non Time Of Use" or "Non TOU" means all hours of each day.

"RT Ancillary Imbalance Costs" means for any billing period the applicable charges or credits regarding real-time (RT) ancillary imbalance services as set forth in Nodal Protocol Revision Request 568 (NPRR 568) and the ERCOT Nodal Protocols which provides for the implementation of an Operating Reserve Demand Curve (ORDC) beginning on June 1, 2014.

"Renewable Portfolio Standards Costs" means the costs associated with meeting renewable portfolio standards costs at the levels required by currently applicable Law. If Renewable Portfolio Standards Costs are not included in the contract price, such costs for a particular month will be the product of (i) the Monthly RPS Price; and (ii) an Account's monthly kWh usage. The Monthly RPS Price is the price of renewable portfolio standards compliance for the Account, for a particular month, fixed by reference to the renewable portfolio standards forward price curve for the state where the Account is located.

"RUC Capacity Short Charge Costs" means charges and fees associated with the ERCOT RUC Capacity Short charge. If Customer enters into RTT(s) to fix Customer's energy price, the RUC Capacity Short Charge will be fixed for any RTT volumes that are associated with a Fixed Price or Heat Rate RTT.

"Taxes" means all federal, state, municipal and local taxes, duties, fees, levies, premiums or other charges imposed by any governmental authority, directly or indirectly, on or with respect to the electricity and related products and services provided under this Agreement, including any taxes enacted after the date we entered into this Agreement.

"UDC" means your local electric distribution utility owning and/or controlling and maintaining the distribution system required for delivery of electricity to the Accounts.

"UDC Charges" means all UDC costs, charges, and fees, due under UDC's delivery services rates associated with your use of UDC's distribution network, all as defined by the UDC tariffs, and any similar or related charges the UDC may impose from time to time

2. Cash deposit and other security. At any time, we may require that you provide information to us so that we may evaluate your creditworthiness. We reserve the right to require that you make a cash deposit or provide other security acceptable to us if your financial obligations to us increase under this Agreement, or if, in our opinion, your credit, payment history, or ability to pay your bills as they come due becomes a concern. You will deliver any required cash deposit or other required security (or any increase therein) within three (3) business days of our request.

3. Default under this Agreement. You will be in default under this Agreement if you fail to: pay your bills on time and in full; provide cash deposits or other security as required by Section 2 above; or perform all material obligations under this Agreement and you do not cure such default within 5 days of written notice from us; or if you declare or file for bankruptcy or otherwise become insolvent or unable to pay your debts as they come due. We will be in default under this Agreement if we fail to perform all material obligations under this Agreement and do not cure such default within 5 days written notice from you, or if we declare or file for bankruptcy or otherwise become insolvent or unable to pay our debts as they come due.

4. Remedies upon default; Early Termination Payment. If you are in default under this Agreement, in addition to any other remedies available to us, we may terminate this Agreement entirely, or solely with respect to those Accounts adversely affected by such default, and switch your Account(s) back to UDC service (consistent with applicable regulations and UDC practices); and/or you will be required to pay us an early termination payment to compensate us for all losses we sustain due to your default, including:

- all amounts you owe us for electricity provided to you;
- the positive difference, if any, between (A) the price you would have paid us under this Agreement had it not been terminated early (including our margin), less the then-current market price of electricity and services under terms substantially similar to the terms of this Agreement, as reasonably calculated by us based on information available to us internally or supplied by one or more third parties; multiplied by (B) the estimated undelivered volume of electricity you would consume through the end of the term, as reasonably calculated by us
- ; and
- all costs (including attorneys' fees, expenses and court costs) we incur in collecting amounts you owe us under this Agreement.

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The parties agree that any early termination payment determined in accordance with this Section is a reasonable approximation of harm or loss, and is not a penalty or punitive in any respect, and that neither party will be required to enter into a replacement transaction in order to determine or be entitled to a termination payment.

5. Changes in law. We may pass through or allocate, as the case may be, to you any increase or decrease in our costs related to the electricity and related products and services sold to you that results from the implementation of new, or changes (including changes to formula rate calculations) to existing, Laws, or other requirements or changes in administration or interpretation of Laws or other requirements. "Law" means any law, rule, regulation, ordinance, statute, judicial decision, administrative order, ISO business practices or protocol, UDC or ISO tariff, rule of any commission or agency with jurisdiction in the state in which the Accounts are located. Such additional amounts will be included in subsequent invoices to you. The changes described in this Section may change any or all of the charges described in this Agreement, whether described as "fixed," "variable," "pass-through" or otherwise. Your first bill reflecting increased costs will include a bill insert describing the increase in costs in reasonable detail.

6. Events beyond either of our reasonable control. If something happens that is beyond either of our reasonable control that prevents either of us from performing our respective obligations under this Agreement, then whichever one of us cannot perform will be relieved from performance until the situation is resolved. Examples of such events include: acts of God, fire, flood, hurricane, war, terrorism; declaration of emergency by a governmental entity, the ISO or the UDC; curtailment, disruption or interruption of electricity transmission, distribution or supply; regulatory, administrative, or legislative action, or action or restraint by court order or other governmental entity; actions taken by third parties not under your or our control, such as the ISO or a UDC. Such events shall not excuse failure to make payments due in a timely manner for electricity supplied to you prior to such event. Further, if such an event prevents or makes it impossible or impracticable for the claiming party to carry out any obligation under this Agreement due to the events beyond either of our reasonable control for more than 30 days, then whichever one of us whose performance was not prevented by such events shall have the right to terminate this Agreement without penalty upon 30 days' written notice to the other.

7. UDC or ISO obligations. We will have no liability or responsibility for matters within the control of the UDC or the ISO-controlled grid, which include maintenance of electric lines and systems, service interruptions, loss or termination of service, deterioration of electric services, or meter readings.

8. Limitation on Liability. IN NO EVENT WILL EITHER PARTY OR ANY OF ITS RESPECTIVE AFFILIATED COMPANIES BE LIABLE FOR ANY CONSEQUENTIAL, EXEMPLARY, SPECIAL, INCIDENTAL OR PUNITIVE DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST OPPORTUNITIES OR LOST PROFITS NOT CONTEMPLATED BY SECTION 4. Each party's total liability related to this Agreement, whether arising under breach of contract, tort, strict liability or otherwise, will be limited to direct, actual damages. Direct, actual damages payable to us will reflect the early termination payment calculation in Section 4. Each party agrees to use

commercially reasonable efforts to mitigate damages it may incur. NO WARRANTY, DUTY, OR REMEDY, WHETHER EXPRESSED, IMPLIED OR STATUTORY, ON OUR PART IS GIVEN OR INTENDED TO ARISE OUT OF THIS AGREEMENT, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE.

9. DISPUTE RESOLUTION. THIS AGREEMENT WILL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH ANY ACCOUNT IS LOCATED, WITHOUT GIVING EFFECT TO ANY CONFLICTS OF LAW PROVISIONS, AND ANY CONTROVERSY OR CLAIM ARISING FROM OR RELATING TO THIS AGREEMENT WILL BE SETTLED IN ACCORDANCE WITH THE EXPRESS TERMS OF THIS AGREEMENT BY A COURT LOCATED IN SUCH STATE. IF THE MATTER AT ISSUE INVOLVES ACCOUNTS OR MATTERS IN MORE THAN ONE STATE, THE GOVERNING JURISDICTION AND VENUE SHALL BE DEEMED TO BE NEW YORK. TO THE EXTENT ALLOWED BY APPLICABLE LAW, WE ALSO BOTH AGREE IRREVOCABLY AND UNCONDITIONALLY TO WAIVE ANY RIGHT TO A TRIAL BY JURY OR TO INITIATE OR BECOME A PARTY TO ANY CLASS ACTION CLAIMS WITH RESPECT TO ANY ACTION, SUIT OR PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

10. Relationship of Parties; Representations and Warranties. We are an independent contractor, and nothing in this Agreement establishes a joint venture, fiduciary relationship, partnership or other joint undertaking. We are not acting as your consultant or advisor, and you will not rely on us in evaluating the advantages or disadvantages of any specific product or service, predictions about future energy prices, or any other matter. Your decision to enter into this Agreement and any other decisions or actions you may take is and will be based solely upon your own analysis (or that of your advisors) and not on information or statements from us. You represent (i) you are duly organized and in good standing under the Laws of the jurisdiction of your formation; (ii) you are authorized and qualified to do business in the jurisdiction necessary to perform under this Agreement; (iii) execution, delivery and performance of this Agreement are duly authorized and do not violate any of your governing documents or contracts or any applicable Law; and (iv) if you are a Governmental Entity, you further warrant (a) you have complied with all applicable bidding and procurement laws in awarding this Agreement, (b) you will not claim immunity on the grounds of sovereignty or similar grounds from enforcement of this Agreement; and (c) you will obtain all necessary budgetary approvals, appropriations and funding for all of your obligations under this Agreement, the failure of which shall not be an excuse for Governmental Entity's performance or failure to perform hereunder and upon request will provide proof of such authority. "Governmental Entity" means a municipality, county, governmental board or department, commission, agency, bureau, administrative body, joint action agency, court or other similar political subdivision (including a public school district or special purpose district or authority), or public entity or instrumentality of the United States or one or more states.

11. Confidentiality. Consistent with applicable regulatory requirements, we will hold in confidence all information obtained by us from you related to the provision of services under this Agreement and which concern your energy characteristics and use patterns, except that we may, consistent with applicable law and regulation, disclose such information to (a) our affiliates

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and such affiliates' employees, agents, advisors, and independent contractors, (b) third parties representing you in this purchase of electricity, and (c) other third parties, if the information (i) is presented in aggregate and (ii) cannot be reasonably expected to identify you. Except as otherwise required by law, you will agree to keep confidential the terms of our Agreement, including price.

12. Miscellaneous Provisions. If in any circumstance we do not provide notice of, or object to, any default on your part, such situation will not constitute a waiver of any future default of any kind. If any of this Agreement is held legally invalid, the remainder will not be affected and will be valid and enforced to the fullest extent permitted by law and equity, and there will be deemed substituted for the invalid provisions such provisions as will most nearly carry out our mutual intent as expressed in this Agreement. You may not assign or otherwise transfer any of your rights or obligations under this Agreement without our prior written consent. Any such attempted transfer will be void. We may assign our rights and obligations under this Agreement. This Agreement contains the entire agreement between both of us, supersedes any other agreements, discussions or understandings (whether written or oral) regarding the subject matter of this Agreement, and may not be contradicted by any prior or contemporaneous oral or written agreement. A facsimile or e-mailed copy with your signature will be considered an original for all purposes, and you will provide original signed copies upon request. Each party authorizes the other party to affix an ink or digital stamp of its signature to this Agreement, and agrees to be bound by a document executed in such a manner. The parties acknowledge that any document generated by the parties with respect to this Agreement, including this Agreement, may be imaged and stored electronically and such imaged documents may be introduced as evidence in any proceeding as if such were original business records and neither party shall contest their admissibility as evidence in any proceeding. Except as otherwise explicitly provided in this Agreement, no amendment (including in form of a purchase order you send us) to this Agreement will be valid or given any effect unless signed by both of us. Applicable provisions of this Agreement will continue in effect after termination or expiration of this Agreement to the extent necessary, including those for billing adjustments and payments, indemnification, limitations of liability, and dispute resolution. This Agreement is a "forward contract" and we are a "forward contract merchant" under the U.S. Bankruptcy Code, as amended. Further, we are not providing advice regarding "commodity interests", including futures contracts and commodity options or any other matter, which would cause us to be a commodity trading advisor under the U.S. Commodity Exchange Act, as amended.

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ACCOUNT SCHEDULE:**For: Harris County MUD 368****The Pricing set forth below is only valid until 5:00 PM Central Prevailing Time on May 17, 2018**

We shall have no obligation to enroll or supply electricity to any account(s) that are not identified on the Account Schedule below.
Please verify that your specific information is COMPLETE and ACCURATE.

Your review and acceptance of this information will help ensure accurate future invoices

Notes: Accounts or Service Addresses listed in the Account(s) Schedule may be updated or replaced with a new account number issued by the UDC, ISO or other entity.

THIS DOCUMENT MAY BE RETURNED TO SELLER BY FAX TO (888)-829-8738 OR AS OTHERWISE DIRECTED.

No. of Service Accounts: 11

UDC	UDC Account Number	Service Address	Start Date	End Date	Energy Price Non TOU (\$/kWh)
CNP	1008901023809800060100	19002 WINDSOR POINTE DR, TOMBALL, TX 77375	12/30/20	12/22/25	\$0.03827
CNP	1008901023809915130100	19203 ROYAL ISLE DR, TOMBALL, TX 77375	12/30/20	12/22/25	\$0.03827
CNP	1008901023810272630100	12043 SANDY STREAM DR, TOMBALL, TX 77375	12/30/20	12/21/25	\$0.03827
CNP	1008901023813040660102	11107 LACEY RD, TOMBALL, TX 77375	12/30/20	12/21/25	\$0.03827
CNP	1008901023814115650103	11750 BOUDREAUX RD, TOMBALL, TX 77375	12/30/20	12/22/25	\$0.03827
CNP	1008901023815082820104	19734 BOLD RIVER RD, TOMBALL, TX 77375	12/30/20	12/21/25	\$0.03827
CNP	1008901023816390470105	10918 HARSTON DR, TOMBALL, TX 77375	12/30/20	12/21/25	\$0.03827
CNP	1008901023900592090112	23567 COONS RD, TOMBALL, TX 77375	12/30/20	12/22/25	\$0.03827
CNP	1008901024900367320109	18026 SOLOMON ROAD EXT, TOMBALL, TX 77375	12/30/20	12/21/25	\$0.03827
CNP	1008901041562264850100	19412 SCARLET COVE DR, TOMBALL, TX 77375	12/30/20	12/22/25	\$0.03827
CNP	1008901041562264855100	19744 LOGAN BRIAR DR, TOMBALL, TX 77375	12/30/20	12/22/25	\$0.03827

TO ACCEPT THE PRICING ABOVE, PLEASE FAX A SIGNED COPY OF THIS AGREEMENT TO US AT 888-829-8738.

Payments to Certain Third-Parties: You acknowledge and understand that:

- We are making a payment to American EnerPower, Inc. in connection with its efforts to facilitate our entering into this Agreement; and
- Your price reflects the fee we are paying to American EnerPower, Inc.
- American EnerPower, Inc. is acting on your behalf as your representative and is **not** a representative or agent of ours.
- You should direct any questions regarding such fee to American EnerPower, Inc..

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HARRIS COUNTY MUD 368
06/01/2018 - 06/01/2019
May 3, 2018

Proposal for Insurance Services

c/o Johnson Petrov, LLP
2929 Allen Parkway, Suite 3150
Houston, TX 77019

"TAILORED SOLUTIONS FOR CLIENT SUCCESS"

1900 West Loop South, Suite 1600, Houston, TX 77027 * (800) 222-9044* Fax (713) 358-5795

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Your W.I.N. Team

Waterworks Insurance Network Support Team:

Kimberly Courte, CPCU

Program Director

Kim_Courte@ajg.com

281-812-9387/ cell 281-772-1611

Elizabeth Deyo

Client Service Manager

Elizabeth_Deyo@ajg.com

713-935-8808/ fax 713-358-5795

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Jessica_Salias@ajg.com

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Sharon Z. Patin

Area VP Operations/Client Services Director

Sharon_Patin@ajg.com

713-358-5794 / fax 713-358-5795

Sherrill A. Portis

Client Services Director

Sherrill_Portis@ajg.com

713-358-5828 / fax 713-358-5829

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Premium & Insurance Summary

Named Insured Schedule and Policy Term for the Below Coverages

HARRIS COUNTY MUD 368

06/01/2018 - 06/01/2019

Line of Business	Premium
Package (Property, B&M, Flood, Inland Marine, General Liability, Pollution, Law Enforcement Liability, and Hired-Non Owned Auto)	\$30,432
Excess Liability	\$ 500
Directors & Officers Liability- \$1mil Including Defense <u>Outside</u> the Limit	\$ 1,800
Public Employee Blanket Crime- \$50k	\$ 221
Directors Position Bond- \$50k (5 Directors)	\$ 150
Peace Officer Bond- \$60k (6 Officers)	\$ 300
Workers' Compensation	\$ 400
Business Travel Accident (\$250,000 Limit, see options for \$500,000 Limit)	\$ 300
Agent Fee	\$ 3,400
Total	\$37,503

Expiring Premium: \$35,035. *Our area suffered significant destruction from Hurricane Harvey with estimates of damage to districts alone in the millions. We are proud to continue to provide broad protection while minimizing the impact of the overall cost to your insurance program.*

Thank you for your business and we look forward to continuing to provide you with the best Insurance program in Texas.

****Please see Proposal Pages 26 and 29 for Required Signatures****

Claim Summary

DOL	Claim No.	Loss	Amount Paid	Status
09/13/2008	TXSP208091073	Hurricane Damage	\$10,028.79	Closed
01/25/2008	TXSP208020311	Well Motor Failure; Well #4	\$40,086	Closed
09/21/2007	TXSP207100304	Well Motor Failure; Well #4	\$35,784	Closed
TOTAL			\$85,898.79	

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-Optional- Coverages & Limits Available

Cyber Liability	Premium	Sign For Acceptance
\$1,000,000	\$2,170	
\$2,000,000	\$2,820	
Law Enforcement Liability Coverage	Premium	Sign For Acceptance
Needed if you hire police officers \$1,000,000 limit	\$1,000	
Peace Officer Bond- Additional Officers ONLY	Premium	Initial for Acceptance
Additional officers over the current 1-2 officer limit *Current Bond already includes up to two officers for no additional charge	\$50 each	Number of Additional Officers _____
Mobile Equipment- Leased/Rented Equipment Coverage	Premium	Sign For Acceptance
\$100,000 limit; \$500 deductible	\$200	
Tax Assessor Bond Limits	Premium	Sign For Acceptance
\$10,000	\$100	
\$25,000	\$125	
\$50,000 (higher limits available upon request)	\$250	

Change Limits Request

* Denotes Current Limit Purchased

Denotes Current Limit at 12/31/2017

Total Liability Limits Including: General liability, Pollution and Auto when Excess Purchased (Primary + Excess)	Excess Limit	Premium	Sign For Changes Only
\$2,000,000 Occurrence = 1mil primary + Excess	\$1mil	\$500	*
\$3,000,000 Occurrence = 1mil primary + Excess	\$2mil	\$1,000	
\$4,000,000 Occurrence = 1mil primary + Excess	\$3mil	\$1,500	
Higher Limits Available Upon Request			

Director & Officers Limits	Premium	Sign For Changes Only
\$1,000,000 Including Defense <i>Outside</i> the Limit	\$1,800	*
\$2,000,000 Including Defense <i>Outside</i> the Limit	\$2,400	
\$3,000,000 (higher limits available upon request)	\$3,000	

Business Travel Accident	Premium	Sign For Changes Only
\$250,000 limit	\$300	*
\$500,000 limit	\$500	
\$500,000 limit (3-Year Prepaid Term)	\$1,350	

Crime Bond Limits	Premium	Sign For Changes Only
\$10,000	\$120	
\$50,000	\$221	
\$100,000 (higher limits available upon request)	\$341	

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District Facilities

No.	Property Description / Address with City, Zip Code & County	Replacement Cost Value	Year Built	Denote Actual Flood Zone (ex. A, AE, X, etc).
1	19744 ½ Logan Briar, Tomball, TX 77375 Fence/WWTP & Generator (value included)	7,500,000	1978/ 2005/ 2009	X
2	19412 ½ Scarlett Cove, Tomball, TX 77375 Fence/WW #1 & WW #2 & Generator (value included) Maintenance Bldg	1,353,000 225,000	1978/ 2004 2007	X X
3	12043 ½ Sandy Steam, Tomball, TX 77375 Fence/WW #3 & Generator (value included)	1,085,000	1978	X
4	11107 Lacey Rd, Tomball, TX 77375 Fence/WW #4- WP #2 & WW #5 & Generator (value included)	1,035,810 2,212,536	2003 2006	X X
5	19002 ½ Windsor Point, Tomball, TX 77375 Fence/Northpointe East Storm water Station & Generator (value included)	365,000	1998	X
6	19203 ½ Royal Isle, Tomball, TX 77375 Fence/LS #1(Northpointe East) & Generator	350,000	1998	X
7	11750 Boudreaux, Tomball, TX 77375 Fence/LS #2 (Willow Falls) & Generator	375,000	2003	X
8	19734 ½ Bold River Rd, Tomball, TX 77375 Fence/Northern Point Stormwater Station- LS #3 (Northern Point) & Generator (value included)	350,000 325,000	2002 2004	X X
9	18930 Ayston Drive, Tomball, TX 77375 Fence/LS #4 (Ashford Place) & Generator (value included)	835,000	2005	X
10	18102 ½ Solomon Rd., Tomball, TX 77375 Fence/WW #6 & Generator (value included)	3,120,000	2010	X
11	23567 ½ Coons Rd., Tomball, TX 77375 Fence/LS #5 and SWPS (Dungrove) & Generator (value included)	810,000	2012	X
12	10798 Chestnut Path Way, Tomball, TX 77375 Fence/LS #6 (Ashford Grove East) & Generator (value projected)	800,000	2016	X
	TOTAL	20,741,346		

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INLAND MARINE	
1	2006 Cummins Portable Generator, Model# DSH8A-5776864, Serial Number# (Stored at-19412 1/2 Scarlett Cove, Tomball, TX 77375); \$80,000

Please Answer the Following:	YES	NO	Quantity of Each
Submersible Well Pumps (Water Well Pumps. Not line Shaft)	X		Number 2 Horsepower of each 75 HP

Below is the signature received on the engineer report of values. The proposal is based on the information provided.

I hereby attest that the above information is true and correct, to the best of my knowledge.

X  Matt Caputo 3/15/18
Signature: Print Name Date

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PKG POLICY EQUIPMENT BREAKDOWN

06/01/2018 - 06/01/2019

Equipment Breakdown aka Boiler & Machinery Coverage Written On Occurrence Form

Coverage	Special-Broad Form Protection of Real & Personal Property For Equipment Breakdown
Valuation	Replacement Cost
Policy Limit	Blanket Basis – All Locations
Examples of causes of loss included, but not limited to:	Sudden & Accidental Breakdown of Equipment from Mechanical Failure and Electrical Surges
Coinsurance	Waived

Blanket Limits

Real & Personal Property	Per Attached Schedule on page 6
Extra Expense	\$2,000,000

Deductibles

Equipment Breakdown	\$ 5,000
• Equipment located greater than 50 feet below ground	\$ 25,000
• Equipment (motor and pump <u>both</u> i.e. submersible) located greater than 50 feet below ground <u>and</u> has 100hp or higher	\$ 35,000 plus \$150 per HP

Annual Premium

Included in Package Pricing on Premium Summary Page 4

Carrier: Allied World Specialty A.M. Best Rating: A XV Admitted

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PKG POLICY PROPERTY

06/01/2018 - 06/01/2019

Coverage Written On Occurrence Form

Coverage	Special-Broad Form Protection of Real & Personal Property
Valuation	Replacement Cost
Policy Limit	Blanket Basis – All Locations
Examples of causes of loss included, but not limited to:	Fire, Wind, Flood, Vandalism, Theft, Lightning, Earthquake, Pollution Clean Up and Terrorism
Coinsurance	Waived

Blanket Limits

Real & Personal Property	Per Attached Schedule on page 6
Flood Zone X & X500L	\$5,000,000
Flood Zone AE	\$1,000,000
Earthquake	\$1,000,000
Extra Expense	\$2,000,000

Deductibles

All Perils such as Fire, Lightning, Wind, Theft, Vandalism, etc. except as noted	\$ 5,000
• Flood Zone X/X500L and Earthquake	\$ 25,000
• Flood Zone AE	5% of individual items damaged, min \$25,000 per event
• Extra Expense	None
Only <u>Largest</u> deductible applies per event, regardless of the number of locations involved, items damaged or cause of damage.	

Annual Premium

Included in Package Pricing on Premium Summary Page 4

Carrier: Allied World Specialty A.M. Best Rating: A XV Admitted

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PKG POLICY MOBILE EQUIPMENT

06/01/2018 - 06/01/2019

Mobile Equipment Coverage Written On Occurrence Form

Coverage	Special-Broad Form Protection of Tools & Mobile Equipment
Valuation	Actual Cash Value
Examples of causes of loss included, but not limited to:	Fire, Wind, Flood, Vandalism, Theft, Lightning, Earthquake, Pollution Clean Up and Terrorism

Limits/Deductibles

Type	Limit	Deductible
Scheduled Equipment	\$80,000	\$5,000

Schedule

Item	Value
2006 Cummins Portable Generator, Model# DSH8A-5776864	\$80,000

Annual Premium

Included in Package Pricing on Premium Summary Page 4

Carrier: Allied World Specialty A.M. Best Rating: A XV Admitted

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06/01/2018 - 06/01/2019

Coverage Written On Occurrence Form

Coverage	Protection for the named insured and their executive officers, directors and employees for claims resulting in Bodily Injury, Property Damage and Personal & Advertising Injury
Included, but not limited to:	<ul style="list-style-type: none"> • Liability arising from any owned property such as facilities, buildings, parks, detention ponds and lakes • Failure to Supply (no limitation requiring property damage) • Sewer Back Up • Products Contamination • Terrorism • Punitive Damages • Duty to Defend • Host Liquor Liability
Defense Cost	In addition to policy limits
Deductible	None
Exclusions	Cyber liability, Workers Compensation and War
Must Schedule:	
Dams, Reservoirs & Levees for Liability coverage to apply	

Base Limits

\$1,000,000	Each Occurrence
\$3,000,000	General Aggregate
\$3,000,000	Products and Completed Operations Aggregate
\$1,000,000	Personal and Advertising Injury
\$1,000,000	Damage to Rented Premises (each occurrence)
\$ 10,000	Medical Payments
\$1,000,000	Hired & Non-Owned Auto Liability
Included	Law Enforcement Activities Liability

Annual Premium

Included in Package Pricing on Premium Summary Page 4

Carrier: Allied World Specialty A.M. Best Rating: A XV Admitted

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PKG POLICY POLLUTION LIABILITY

06/01/2018 - 06/01/2019

Coverage Written On Occurrence Form

Coverage	Protection for the named insured and their executive officers, directors and employees for claims resulting in Bodily Injury and Property Damage with Clean Up Cost for Pollution Incidents
Accidental and Unintended Pollution Incident from:	<ul style="list-style-type: none">• Escape or back-up of sewage or waste-water if property damage occurs away from land you own or lease• Escape of fuels or lubricants from mobile equipment• Application of pesticides or herbicides• Potable water which you supply to others• Chemicals you use in your water or wastewater treatment• Natural gas or propane gas used in your treatment process• Heat, smoke or fumes from a hostile fire• Duty to Defend• Punitive Damages• Terrorism
Defense Cost	In addition to policy limits
Deductible	None

Annual Premium

Included in Package Pricing on Premium Summary Page 4

Carrier: Allied World Specialty A.M. Best Rating: A XV Admitted

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EXCESS LIABILITY POLICY

06/01/2018 - 06/01/2019

Coverage Written On Occurrence Form

Coverage	Provides Higher Limits of Underlying Insurance Coverage
Underlying Insurance Coverage:	<ul style="list-style-type: none">• Automobile• General Liability• Pollution• Law Enforcement (if purchased)
Includes but Not Limited To:	<ul style="list-style-type: none">• Duty to Defend• Punitive Damages• Terrorism
Defense Cost	In addition to policy limits
Deductible	No Deductible or Retention
Exclusions	All underlying policy exclusions including cyber liability
Limit	\$1,000,000 Per Occurrence & Aggregate

Annual Premium and Limits

See Premium Summary Page 4 or Coverage and Limits Option Page 5

Carrier: Allied World Specialty A.M. Best Rating: A XV Admitted

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DIRECTORS & OFFICERS LIABILITY POLICY

06/01/2018 - 06/01/2019

Coverage Written On Claims Made Form

Coverage	Protection for the named insured, executive officers, directors and employees for claims resulting from covered wrongful acts
Included, but not limited to:	• Defense for alleged breach of contract
	• Coverage for directors spouse if claim seeks to recover from marital party
	• Punitive Damages
	• Duty to Defend
	• Defense <u>Outside</u> the Limit
	• Pay on Behalf Contract
	• Claims Made
	• Claim Trigger- May report known circumstances that may give rise to a claim
	• Claim includes judicial and administrative proceedings and declaratory or injunctive relief.
	• Full prior acts coverage
	• 60 Days Notice of Cancellation / 10 days for Non-Payment
	• 100% Defense paid for claims that include covered and non-covered claims. Further, Chubb will not request reimbursement.
	• Attorney selection from extensive expert panel or if you have a particular attorney you would like to use, please advise and we will work with Chubb to obtain pre-approval which we have done for those districts that make the request.
Retention:	\$1,500 for Entity (no deductible for director unless district agrees to pay it on their behalf) Insuring clause 1: None Insuring clause 2: \$1,500 Insuring clause 3: \$1,500

Annual Premium and Limits

See Premium Summary Page 4 or Coverage and Limits Option Page 5

Carrier: Chubb/Federal A.M. Best Rating: A++XV Admitted

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Directors & Officers Continued

When used in this Coverage Section:

Claim means:

- (1) when used in reference to the coverage provided by Insuring Clause 1 or 2:
- (a) a written demand for monetary damages or non-monetary relief;
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 - (b) a civil proceeding commenced by the service of a complaint or similar pleading;
 - (c) a criminal proceeding commenced by the return of an indictment; or
 - (d) a formal civil administrative or civil regulatory proceeding commenced by the filing of a notice of charges or similar document, or by the entry of a formal order of investigation or similar document, against an **Insured Person** for a **Wrongful Act**, including any appeal therefrom; or
- (2) when used in reference to the coverage provided by Insuring Clause 3:
- (a) a written demand for monetary damages or non-monetary relief;
 - (b) a civil proceeding commenced by the service of a complaint or similar pleading;
 - (c) a criminal proceeding commenced by the return of an indictment; or
 - (d) a formal civil administrative or civil regulatory proceeding commenced by the filing of a notice of charges or similar document, or by the entry of a formal order of investigation or similar document, but only while such proceeding is also pending against an **Insured Person**, against an **Organization** for a **Wrongful Act**, including any appeal therefrom.

Except as may otherwise be provided in Subsection 8(e) of this Coverage Section, or Subsection 4or Subsection 6(b) of the General Terms and Conditions, a **Claim** will be deemed to have first been made when such **Claim** is commenced as set forth in this definition (or, in the case of a written demand, when such demand is first received by an **Insured**).

Extended Reporting Period

4. (a) If any **Liability Coverage Section** is either terminated or not renewed for any reason other than nonpayment of premium, any **Insured** shall have the right to purchase an Extended Reporting Period for the period set forth in Item 5(A) of the Declarations of these General Terms and Conditions. This right to purchase an Extended Reporting Period shall lapse unless written notice of election to purchase the Extended Reporting Period, together with payment of the additional applicable premium due as set forth in Item 5(B) of the Declarations of these General Terms and Conditions, is received by the Company within thirty (30) days after the end of the **Policy Period**.

(b) If the Extended Reporting Period is purchased, then coverage otherwise afforded by such **Liability Coverage Section** will be extended to apply to Loss from Claims first made during such Extended Reporting Period but only for Wrongful Acts committed or allegedly committed before the end of the **Policy Period** or the date of any conversion of coverage described in Subsection 9, 10 or 11 of these General Terms and Conditions, whichever is earlier. The entire additional premium for the Extended Reporting Period shall be deemed fully earned at the inception of such Extended Reporting Period. The Limit of Liability for the Extended Reporting Period shall be part of and not in addition to the applicable Limits of Liability for the **Policy Year** immediately preceding the expiration of the Policy Period.

Reporting and Notice

6. (a) The **Insureds** shall, as a condition precedent to exercising any right to coverage under any **Liability Coverage Section**, give to the Company written notice of any **Claim** as soon as practicable, but:

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(i) if such **Liability Coverage Section** expires (or is otherwise terminated) without being renewed and if no Extended Reporting Period is purchased with respect to such **Liability Coverage Section**, no later than the sixtieth (60th) day after the effective date of expiration or termination; or

(ii) if an Extended Reporting Period is purchased with respect to such **Liability Coverage Section**, no later than the last day of the Extended Reporting Period.

(b) Solely with respect to the Directors & Officers Liability and Entity Liability Coverage Section and the Fiduciary Liability Coverage Section, if:

(i) an Insured becomes aware of circumstances during the Policy Period which could give rise to a Claim and gives written notice of such circumstances to the Company as soon as practicable during the Policy Period, or

(ii) an Insured receives during the Policy Period a written request to toll or waive a statute of limitations applicable to Wrongful Acts committed, attempted, or allegedly committed or attempted before or during the Policy Period and gives written notice of such request and of such alleged Wrongful Acts to the Company as soon as practicable during the Policy Period,

then any Claim subsequently arising from such circumstances referred to in (i) above, or from the Wrongful Acts referred to in (ii) above shall be deemed to have been first made against the Insured during the Policy Year in which the written notice described in (i) or (ii) above was first given by an Insured to the Company, provided any such subsequent Claim is reported to the Company as set forth in Subsection 6(a) above. With respect to any such subsequent Claim, no coverage under the Directors & Officers Liability and Entity Liability Coverage Section or the Fiduciary Liability Coverage Section shall apply to loss incurred prior to the date such subsequent Claim is actually made.

(c) Solely with respect to the Employment Practices Liability Coverage Section, if during the Policy Period any Insured:

(i) becomes aware of a Potential Employment Claim or Potential Third Party Claim and gives written notice of such Potential Employment Claim or Potential Third Party Claim to the Company as soon as practicable during the Policy Period; and

(ii) requests coverage under the Employment Practices Liability Coverage Section for any Employment Claim or Third Party Claim subsequently resulting from such Potential Employment Claim or Potential Third Party Claim;

then any Employment Claim or Third Party Claim subsequently arising from such Potential Employment Claim or Potential Third Party Claim referred to in (i) above shall be deemed to have been first made against the Insured during the Policy Year in which the written notice described in (i) and (ii) above was first given by an Insured to the Company, provided any such subsequent Employment Claim or Third Party Claim is reported to the Company as set forth in Subsection 6(a) above. With respect to any such Employment Claim or Third Party Claim, no coverage under the Employment Practices

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Liability Coverage Section shall apply to loss incurred prior to the date such subsequent Employment Claim or Third Party Claim is actually made.

(d) Solely with respect to any Non-Liability Coverage Section, the Insureds shall give notice of a Coverage Event in accordance with the applicable Proof of Loss and Legal Proceedings Subsection of such Coverage Section.

(e) The Insureds shall, as a condition precedent to exercising any right to coverage under this Policy, give to the Company such information, assistance, and cooperation as the Company may reasonably require, and shall include in any notice under Subsection 6(a), (b) or (c) above a description of the Claim, Potential Employment Claim, Potential Third Party Claim or circumstances, the nature of any alleged Wrongful Acts, the nature of the alleged or potential damage, the names of all actual or potential claimants, the names of all actual or potential defendants, and the manner in which such Insured first became aware of the Claim, Potential Employment Claim, Potential Third Party Claim or circumstances.

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CRIME POLICY

06/01/2018 - 06/01/2019

Coverage	Protection for loss caused to named insured through failure of any employee/consultant to perform faithfully their duties or to account properly for all monies and property received by virtue of their position or employment. Limit applies per employee/consultant up to \$100,000. If the bond amount is over \$100,000 each employee/consultant is covered up to \$100,000 and the excess amount is provided on a per loss basis rather than each basis.
Consultants Covered:	Attorney, Operator, Bookkeeper, Engineer, and Delinquent Tax Attorney

Annual Premium and Limits

See Premium Summary Page 4 or Coverage and Limits Option Page 5

Carrier: Liberty Mutual A.M. Best Rating: A XV Admitted

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DIRECTORS POSITION BOND

06/01/2018 - 06/01/2019

Coverage	Provides coverage for loss caused to the District through the failure of Directors to perform faithfully their duties or to account properly for all monies and property received by virtue of their position as Director
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Limits

\$10,000	Each Director (5)
\$50,000	General Aggregate

Annual Premium

\$150	For (5) Directors
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Carrier: Liberty Mutual **A.M. Best Rating:** A XV Admitted

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OPTIONAL -TAX ASSESSOR/COLLECTOR BOND

06/01/2018 - 06/01/2019

Coverage	Covers the faithful performance and discharge of all the duties required by law as the Tax Assessor/ Collector and to pay over to the depository of the District all funds or other things of value coming into his hands as Tax Assessors/Collectors.
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Annual Premium and Limits

See Premium Summary Page 4 or Coverage and Limits Option Page 5

Carrier: Liberty Mutual A.M. Best Rating: A XV Admitted

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PEACE OFFICER BOND

06/01/2018 - 06/01/2019

Coverage	Provides coverage for the faithful performance and discharge of all the duties required by law for Peace Officer.
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Limits

\$10,000	Per Peace Officer
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Annual Premium and Limits

See Premium Summary Page 4 or Coverage and Limits Option Page 5

Carrier: Liberty Mutual

A.M. Best Rating: A XV Admitted

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WORKERS COMPENSATION POLICY

06/01/2018 - 06/01/2019

Coverage	When you purchase Workers Compensation Insurance you subscribe to "The Act" and are protected under the statutes and retain your Common Law Defenses. Workers Compensation covers employees injured within course and scope of their work. Part 1 of Workers Compensation is designed to cover the lost wages and medical expenses of the injured employee. Part 2, Employers Liability is designed to protect you if there is a law suit from loss of consortium by a spouse, death of a spouse, or gross negligence (the few reasons an employee can still sue within the act).
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Limits

\$1,000,000	Each Accident
\$1,000,000	Disease-Policy Limit
\$1,000,000	Disease-Each Employee

Payroll

Code	Payroll	Description
8810	\$36,000	Clerical/Directors
7520	\$ If Any	Water

Annual Premium

See Premium Summary Page 4 or Coverage and Limits Option Page 5

Carrier: Texas Mutual A. M. Best Rating: A XV Admitted

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BUSINESS TRAVEL ACCIDENT POLICY

06/01/2018 - 06/01/2019

Coverage	Provides 24 Hour Coverage while traveling on district business for Accidental Death & Dismemberment.
Included, but not limited to:	<ul style="list-style-type: none"> • Paralysis • Seatbelt & Occupant Protection Device • Medical Evacuation • Repatriation • Psychological Therapy • Rehabilitation Expense • Home Alteration or Vehicle Modification

Limits

\$250,000	Director(s)
\$ 25,000	Spouse
\$ 10,000	Children

Annual Premium

See Premium Summary Page 4 or Coverage and Limits Option Page 5

Carrier: Chubb A. M. Best Rating: A++XV Admitted

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-OPTIONAL-CYBER LIABILITY AND SECURITY BREACH RESPONSE POLICY

06/01/2018 - 06/01/2019

Written On Claims Made Form

Coverage	Cyber Liability, Security Breach Response and First Party Coverage
Policy Limit	\$1,000,000-\$5,000,000 Available
Policy Retention	\$ 2,500
Business Income and Digital Asset Restoration	\$ 2,500 each claim/24 hour waiting period
Retroactive Date	Full Prior Acts

DESCRIPTION

Policy Aggregate Limit of Liability	Full Limit
Privacy Liability Including Employee Privacy	Full Limit
Privacy Regulatory Claims Coverage (Where insurance by law)	Full Limit
Security Liability	Full Limit
Multimedia Liability	Full Limit
PCI DSS Assessment	100,000

Security Breach Response Coverage Insurances the following as part of the Aggregate

Legal Advisory	Full Limit
Forensics Investigations	
Public Relations	
Notification Services	
Credit Monitoring	

First Party Coverages

Cyber Extortion	Full Limit
Business Income and Digital Asset Restoration	Full Limit

Annual Premium

Premium & Optional Coverage and Limits on Page 5

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Cyber Liability & Security Breach Response Continued

Claim means:

1. A written demand received by "You" for money or services, including the service of a civil suit or institution of arbitration proceedings;
2. Initiation of a civil suit against "You" seeking injunctive relief (meaning a temporary restraining order or a preliminary or permanent injunction);
3. Solely with respect to Coverage B., a "Regulatory Claim" made against "You";
4. A "PCI DSS Assessment"; or
5. Solely with respect to Coverage F., a "Cyber Extortion Threat" made against "You".

Multiple "Claims" arising from the same or a series of related or repeated acts, errors, or omissions or from any continuing acts, errors, or omissions shall be considered a single "Claim" for the purposes of this Policy, irrespective of the number of claimants or "You" involved in the "Claim". All such "Claims" shall be deemed to have been made at the time of the first such "Claim" was made or deemed made under Section IX.A.

Optional Extended Reporting Period: Premium 100% One Year Length (12 months)

Carrier: BCS Insurance Company
(Parent Company BCS Financial-BlueCross BlueShield)
A. M. Best Rating: A-IX Excellent Admitted

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HARRIS COUNTY MUD 368
06/01/2018 - 06/01/2019

Proposal Acceptance

Survey

Do you Own, Manage or Responsible for Any of the Following:	No	If Yes, please describe
Fireworks Display or Exhibition	<input checked="" type="checkbox"/>	
Golf Course	<input checked="" type="checkbox"/>	
Amusement Park or Traveling Amusement Entertainment	<input checked="" type="checkbox"/>	
Public Transportation	<input checked="" type="checkbox"/>	
Rodeos	<input checked="" type="checkbox"/>	
Fire department Services or Emergency Medical Services	<input checked="" type="checkbox"/>	
Landfill dump, refuse site or incinerator	<input checked="" type="checkbox"/>	
Have there been any changes in operations?	<input checked="" type="checkbox"/>	

Signature

Proposal Acceptance Signature



Date 5-17-18

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Compensation Agreement

HARRIS COUNTY MUD 368 & Arthur J. Gallagher Risk Management Services, Inc.

THIS COMPENSATION AGREEMENT is made and entered into and effective 06/01/2018 - 06/01/2019 by and between HARRIS COUNTY MUD 368 a Texas Public Entity ("Client"), and ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC., an Illinois corporation ("Gallagher").

I. TERM AND TERMINATION

This Agreement shall commence on the Effective Date for a term of one (1) year, but may be terminated by either party at any time upon thirty (30) days prior written notice.

II. OBLIGATIONS OF GALLAGHER

Gallagher will provide the services set out on Exhibit A attached hereto (collectively, the "Services") to Client. If the Services include the placement of insurance coverages, Gallagher will use its commercial best efforts to secure such insurance coverages on Client's behalf. In the event an insurance company cancels or refuses to place such insurance coverages, Gallagher will use its commercial best efforts to obtain the coverage from another insurance company.

III. OBLIGATIONS OF CLIENT

Client shall remunerate Gallagher its usual and customary brokerage commission for the Services. In addition to or in lieu of commission, Client shall pay Gallagher an annual fee of [List Amount of Fee] for the Services, as provided in Exhibit B to this Agreement. Client acknowledges that Gallagher and its affiliates (as that term is defined by Section 823.003(a) of the Texas Insurance Code) may receive compensation from insurers and other third parties as described by Exhibit C to this Agreement or as otherwise disclosed in writing to Client prior to the purchase of any insurance product pursuant to this Agreement. Such fee may be revised at the time of renewal of this Agreement by the execution of an amendment to this Agreement signed by the parties hereto.

IV. DISCLOSURES

- A. In addition to such fees, compensation, and commissions provided herein, Gallagher may also receive investment income on fiduciary funds temporarily held by it, such as premiums or return premiums. Other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers, captive managers and similar parties, some of which may be owned in whole or in part by Gallagher's corporate parent, may earn and retain usual and customary commissions and fees in the course of providing insurance products to Client as described in Exhibit C to this Agreement. Gallagher may also participate in contingent and supplemental commission arrangements with insurance companies. Contingent commission arrangements provide for additional

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contingent compensation if underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company, not on an individual policy basis. Supplemental commissions, unlike contingents, are known at the effective date of the policy, but are typically paid later and apart from when usual and customary commission is paid. Any such income, fees, or commission will not reduce the fees or compensation due to Gallagher under this Agreement.

- B. Gallagher's fees under this Agreement shall be earned on the Effective Date (and any renewal thereof), and payable on invoicing. Client is responsible for payment of premiums for all insurance placed by Gallagher on its behalf. If any amount is not paid in full when due, including premium payments to insurance companies, that nonpayment will constitute a material breach of this Agreement that will allow Gallagher to immediately terminate this Agreement, at its option, without notice to Client. In addition, and not in lieu of the right to terminate, Gallagher reserves the right to apply return premiums or any other payment up to \$5,000 received by Gallagher on Client's behalf to any amounts owed by Client to Gallagher unless such return premiums or other payments are disputed by Client.
- C. Where applicable, insurance coverage placements which Gallagher makes on Client's behalf, may require the payment of federal excise taxes, surplus lines taxes, stamping or other fees, to the Internal Revenue Service (federal), various state(s) departments of revenue, state regulators, boards or associations. In such cases, Client is responsible for the payment of such taxes and/or fees, which will be identified separately by Gallagher on invoices covering these placements. Under no circumstances will these taxes or other related fees or charges be offset against the amount of Gallagher's brokerage fees or commissions referred to herein.
- D. Gallagher will not be operating in a fiduciary capacity, but only as Client's broker, obtaining a variety of coverage terms and conditions to protect the risks of Client's enterprise. Gallagher will seek to bind those coverages based upon Client's authorization; however, Gallagher can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact Gallagher with questions on these or any other issues of concern.

V. LIMITATION OF LIABILITY

Gallagher's liability to Client, arising from any negligent acts or omissions of Gallagher, whether related to the Services provided hereunder or not, shall not exceed \$20 million in the aggregate. Without limiting the foregoing, Gallagher shall

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only be liable for actual damages incurred by Client, and shall not be liable for any indirect, consequential or punitive damages.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first written above.

ARTHUR J. GALLAGHER RISK
MANAGEMENT SERVICES, INC.

HARRIS COUNTY MUD 368

By: Tanner Burns

Name: Tanner Burns

Title: Area President

Fee Agreement - Texas-Nonreimbursements 6.1.12

By: Roy P. Lackey

Name: Roy P. Lackey

Title: President HCMUD 368

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06/01/2018 - 06/01/2019

Bindable Quotations & Compensation Schedules

EXHIBIT A

The following outlines services provided by Gallagher over the term of this Agreement:

Use its best efforts to secure the below lines of insurance coverage on Client's behalf:

Package (Property, B&M, Flood, Inland Marine, General Liability, Pollution, Law Enforcement Liability, and Hired-Non Owned Auto)
Excess Liability
Directors & Officers Liability- \$1mil Including Defense <u>Outside</u> the Limit
Public Employee Blanket Crime- \$50k
Directors Position Bond- \$50k (5 Directors)
Peace Officer Bond- \$60k (6 Officers)
Workers' Compensation
Business Travel Accident (\$250,000 Limit, see options for \$500,000 Limit)

Request change endorsements, when requested by the client or when otherwise necessary, ensuring accuracy and delivery in a timely manner.

Administration of insurance program, including policy review and issuance, invoicing, coordination and/or issuance of required documentation, i.e., automobile identification cards, certificates of insurance, and other program administration, as required by the client.

Review accounting and billing data received from insurance markets on client's behalf to ensure accuracy.

EXHIBIT B

COMPENSATION RECEIVED BY GALLAGHER

To the best of Gallagher's knowledge at the time of this Agreement, the following is a complete listing of fees to be paid by Client to Gallagher under this Agreement:

Broker fee in the amount of \$3,400 on policies written as part of the Services set forth on Exhibit A.

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EXHIBIT C

COMPENSATION RECEIVED BY GALLAGHER FROM INSURERS AND OTHER THIRD PARTIES

To the best of Gallagher's knowledge at the time of this Agreement, the following is a complete listing of monies received by Gallagher from insurers and other third parties as a result of the Services to be performed under this Agreement on Exhibit A:

Commission to be received from insurers for the placement of Coverages as outlined on next page:

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Exhibit C continued

COVERAGE(S)	ESTIMATED ANNUAL PREMIUM 2	CARRIER NAME(S)	COMM. % OR FEE to AJG 3	PROGRAM MANAGER NAME 1	COMM. % or FEE to Program Manager 4	AJG OWNED? YES/NO
Real & Personal Property, Flood & Earthquake, Equipment Breakdown, Mobile Equipment, Commercial General Liability Pollution, Law Enforcement and Hired Non Owned Auto incl. policy fees	33,510	Allied World Specialty Insurance Company	15%	Allied Public Risk Program Manager	Did not provide	No
Commercial Excess Liability	500	Allied World Specialty Insurance Company	15%	Allied Public Risk Program Manager	Did not provide	No
Directors & Officers	1,800	Federal Insurance Company	15%	N/A	N/A	No
Public Employee Blanket Crime Bond	221	The Ohio Casualty Insurance Company	30%	N/A	N/A	No
Directors Position Bond	150	The Ohio Casualty Insurance Company	30%	N/A	N/A	No
Peace Officer Bond	300	The Ohio Casualty Insurance Company	30%	N/A	N/A	No
Workers' Compensation	400	Texas Mutual	10%	N/A	N/A	No
Business Travel Accident	300	Federal Insurance Company	25%	N/A	N/A	No

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Some carriers pay Gallagher supplemental or contingent commissions in addition to the policy commission. Contingent commissions are typically contingent upon performance factors such as growth, profit, volume or retention, while supplemental commissions are not. These supplemental or contingent commissions may range from less than 1% up to 10% of the policy premium. Please refer to the Compensation Commission Disclosure or contact your Gallagher representative for additional information.

1. We were able to obtain more advantageous terms and conditions for you through an intermediary/ wholesaler.
2. If the premium is shown as an indication: The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.
 - * A verbal quotation was received from this carrier. We are awaiting a quotation in writing.
3. The commission rate is a percentage of annual premium .
 - * Gallagher is receiving 15 % commission on this policy. The fee due Gallagher will be reduced by the amount of the commissions received.
4. *The non-Gallagher intermediary/wholesaler did not provide their compensation information for this proposal. The usual and customary compensation to a wholesaler/ intermediary ranges from 5% to 12%, but we cannot verify that range is applicable in connection with this proposal.

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Guide to Best Ratings

Rating Levels and Categories

Level	Category	Level	Category	Level	Category
A++, A+	Superior	B, B-	Fair	D	Poor
A, A-	Excellent	C++, C+	Marginal	E	Under Regulatory Supervision
B++, B+	Good	C, C-	Weak	F	In Liquidation
				S	Suspended

Financial Size Categories

(In \$000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)

FSC I		Up to	1,000	FSC IX	250,000	to	500,000
FSC II	1,000	to	2,000	FSC X	500,000	to	750,000
FSC III	2,000	to	5,000	FSC XI	750,000	to	1,000,000
FSC IV	5,000	to	10,000	FSC XII	1,000,000	to	1,250,000
FSC V	10,000	to	25,000	FSC XIII	1,250,000	to	1,500,000
FSC VI	25,000	to	50,000	FSC XIV	1,500,000	to	2,000,000
FSC VII	50,000	to	100,000	FSC XV	2,000,000	or more	
FSC VIII	100,000	to	250,000				

Best's Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada.

Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. View the A.M. Best Important Notice: Best's Credit Ratings for a disclaimer notice and complete details at <http://www.ambest.com/ratings/notice>.

Best's Credit Ratings are under continuous review and subject to change and/or affirmation. For the latest Best's Credit Ratings and Best Credit Reports (which include Best Ratings), visit the A.M. Best website at <http://www.ambest.com>. See Guide to Best's Credit Ratings for explanation of use and charges. Copies of the Best's Insurance Reports for carriers listed above are also available upon request of your Gallagher representative.

Best's Credit Ratings reproduced herein appear under license from A.M. Best and do not constitute, either expressly or impliedly, an endorsement of (Licensee's publication or service) or its recommendations, formulas, criteria or comparisons to any other ratings, rating scales or rating organizations which are published or referenced herein. A.M. Best is not responsible for transcription errors made in presenting Best's Credit Ratings. Best's Credit Ratings are proprietary and may not be reproduced or distributed without the express written permission of A.M. Best Company.

Gallagher companies use A.M. Best Company's rating services to evaluate the financial condition of insurers whose policies we propose to deliver. Gallagher companies make no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.

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GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS

A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile.

Best's Financial Strength Ratings

	Rating	Descriptor	Definition
Secure	A++, A+	Superior	Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
	A, A-	Excellent	Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
	B++, B+	Good	Assigned to companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
Vulnerable	B, B-	Fair	Assigned to companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C++, C+	Marginal	Assigned to companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C, C-	Weak	Assigned to companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
	D	Poor	Assigned to companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.
	E	Under Regulatory Supervision	Assigned to companies (and possibly their subsidiaries/affiliates) placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation - but not liquidation - that prevents conduct of normal ongoing insurance operations.
	F	In Liquidation	Assigned to companies placed in liquidation by a court of law or by a forced liquidation.
	S	Suspected	Assigned to rated companies when sudden and significant events impact operations and rating implications cannot be evaluated due to a lack of timely or adequate information, or in cases where continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements.

Rating Modifiers

Modifier	Descriptor	Definition
u	Under Review	Indicates the rating may change in the near term, typically within six months. Generally is event driven, with positive, negative or developing implications.
[x]	Public Data	Indicates rating assigned to insurer that chose not to participate in A.M. Best's interactive rating process (Discontinued in 2010).
S	Syndicate	Indicates rating assigned to a Lloyd's syndicate.

Rating Outlooks

Indicates potential direction of a Best's Financial Strength Rating over an intermediate term, generally defined as 12 to 36 months.

Positive	Indicates possible rating upgrade due to favorable financial/market trends relative to the current rating level.
Negative	Indicates possible rating downgrade due to unfavorable financial/market trends relative to the current rating level.
Stable	Indicates low likelihood of a rating change due to stable financial/market trends.

Under Review Implications

Indicates the potential direction of a Best's Financial Strength Rating that is in Under Review status based on information currently available.

Positive	Indicates there is a reasonable likelihood the company's rating will be raised as a result of A.M. Best's analysis of a recent event.
Negative	Indicates there is a reasonable likelihood the company's rating will be lowered as a result of A.M. Best's analysis of a recent event.
Developing	Indicates there is uncertainty as to the final rating outcome, but there is a reasonable likelihood the company's rating will change as a result of A.M. Best's analysis of a recent event.

Not Rated Designation

NR: Assigned to companies that are not rated by A.M. Best.

Rating Disclosure

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims payment policies or procedures, the ability of the insurer to disprove or deny claims payment on grounds of misrepresentation or fraud, or any specific liability contractually borne by the policy or contract holder. A Best's Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best's Terms of Use at www.ambest.com.

Best's Financial Strength Ratings are distributed via press release and/or the A.M. Best website at www.ambest.com and are published in the Credit Rating Actions section of Best's Journal™. Best's Financial Strength Ratings are proprietary and may not be reproduced without permission. Copyright © 2014 by A.M. Best Company, Inc. Version 080114



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Proposal Disclosures

Proposal Disclaimer

The following disclosures are hereby made a part of this proposal. Please review these disclosures prior to signing the Client Authorization to Bind or e-mail confirmation.

IMPORTANT: The proposal is an outline of certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. It does not include all the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract language. The insurance policies themselves must be read for those details. Policy forms for your reference will be made available upon request.

We will not be operating in a fiduciary capacity, but only as your broker, obtaining a variety of coverage terms and conditions to protect the risks of your enterprise. We will seek to bind those coverages based upon your authorization; however, we can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact us with questions on these or any other issues of concern.

Texas House Bill 89 Compliance

As required by Chapter 2270, Government Code, Arthur J. Gallagher Risk Management Services, Inc. hereby verifies that it does not boycott Israel and will not boycott Israel through the term of the policies included in this proposal. For purposes of this verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

Compensation Disclosure

One of the core values highlighted in The Gallagher Way states, "We are an Open Society," and our open society extends to the compensation Gallagher receives. In general, Gallagher may be compensated as follows:

1. Gallagher Companies are primarily compensated from the usual and customary commissions or fees received from the brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively "insurance coverages") handled for a client's account, which may vary from company to company and insurance coverage to insurance coverage. As permitted by law, Gallagher companies occasionally receive both commissions and fees.
2. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher Companies may participate in contingent and supplemental commission arrangements with intermediaries and insurance companies. Contingent commissions provide for additional contingent compensation if underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company and/or through the intermediary, not on an individual policy basis. Some insurance markets, including Gallagher-owned intermediaries, have modified their commission schedule with Gallagher, resulting in an increase in some commission rates. These additional commissions, commonly referred to as "supplemental commissions" are known as of the effective date, but some insurance companies are paying this commission later and apart from when commission is normally paid at policy issuance. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular

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insurance company. Note: Upon request, your Gallagher representative can provide more specific market information regarding contingent and supplemental commission related to your insurance coverage.

3. Gallagher Companies may also receive investment income on fiduciary funds temporarily held by them, such as premiums or return premiums.

Proposal Disclosures (Continued)

4. Gallagher Companies may access other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace. Gallagher Companies may own some of these facilities, in whole or in part. If such a facility was utilized in the placement of a client's account, the facility may have earned and retained customary brokerage commission or fees for its work.

5. Gallagher assists its customers in procuring premium finance quotes and unless prohibited by law may earn compensation for this value added service.

6. From time to time, Gallagher may participate in insurance company promotional events or training and development that insurers provide for Gallagher employees.

7. Gallagher strives to find appropriate coverage at a competitive price for our customers. In order to achieve these goals, we gather and analyze data about our customers and their insurance coverage. This data and the resulting analytical tools help us better understand the current marketplace, more accurately predict future trends and offer tailored solutions to our customers. The data may also be provided to insurers pursuant to consulting service agreements from which we earn fees.

If you have specific questions about the compensation received by Gallagher and its affiliates in relation to your insurance placements, please contact your Gallagher representative for more details.

In the event you wish to register a formal complaint regarding compensation Gallagher receives from insurers or third parties, please send an e-mail to Compensation_Complaints@ajg.com or send a letter to:

Compliance Officer
Arthur J. Gallagher & Co.
Two Pierce Place, 20th Floor
Itasca, IL 60143

TRIA/TRIPRA Disclaimer

If this proposal contains options to purchase TRIA/TRIPRA coverage, the proposed TRIA/TRIPRA program may not cover all terrorism losses. While the amendments to TRIA eliminated the distinction between foreign and domestic acts of terrorism, a number of lines of coverage excluded under the amendments passed in 2005 remain excluded including commercial automobile, burglary and theft insurance; surety insurance, farm owners multiple perils and professional liability (although directors and officers liability is specifically included). If such excluded coverages are required, we recommend that you consider purchasing a separate terrorism policy. Please note that a separate terrorism policy for these excluded coverages may be necessary to satisfy loan covenants or other contractual obligations. TRIPRA includes a \$100 billion cap on insurers' aggregate liability.

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The TRIPRA program increases the amount needed in total losses by \$20 million each calendar year before the TRIPRA program responds from the 2015 trigger of \$100 million to \$200 million by the year 2020.

TRIPRA is set to expire on December 31, 2020. There is no certainty of extension, thus the coverage provided by your insurers may or may not extend beyond December 31, 2020. In the event you have loan covenants or other contractual obligations requiring that TRIA/TRIPRA be maintained throughout the duration of your policy period, we recommend that a separate "Stand Alone" terrorism policy be purchased to satisfy those obligations.

Premiums for the above policies are due and payable as billed in full or as insurance company installments. Premiums may be financed subject to acceptance by an approved finance company. Following acceptance, completion (and signature) of a premium finance agreement with the specified down payment is required.

Proposal Disclosures (Continued)

Confidentiality Statement

We consider as confidential any information presented by Arthur J. Gallagher Risk Management Services, Inc. in response to your "request for proposal," as well as subsequent verbal and written communications between our organizations. We ask that other brokers not have access to our material and that information presented in this proposal be shared only with those who have a need to know within your company. We make our commitment to you that information already received from you, and additional to follow, will be treated with the same high level of respect and confidentiality.

Actuarial Disclaimer

The information contained in this proposal is based on the historical loss experience and exposures provided to Arthur J. Gallagher. This proposal is not an actuarial study. Should you wish to have this proposal reviewed by an independent actuary, we will be pleased to provide you with a listing of actuaries for your use.

Pool Funding Disclaimer

Arthur J. Gallagher & Co. does not provide actuarial services or actuarial estimates of losses. If the excess insurer or reinsurer that provides excess coverage calculates a loss fund for the pool, it is our recommendation that the pool fully fund that amount. Further, it is our recommendation that the pool contract with an appropriately certified actuary to provide recommendations for overall pool funding, surplus and reserve funds.

Pool Assessability Disclaimer

The [Insert Name of Pool] pool pays for up to \$[insert amount] of each property claim and \$[insert amount] of each liability claim from the pooled or (joint) loss fund. Money for the pooled (or joint) loss fund comes from members annual contributions or premiums. Article [insert article], Section [insert section] of the pool's bylaws state that the pool allows assessments. Members may be assessed for additional premium if the [insert name of pool] Board determines that additional funds are needed to pay pool claims and expenses. It is important that members understand that [insert name of pool] pool is not an insurance company; the pool operates as a cooperative risk sharing organization.

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Claims Reporting

For Chubb D&O Policy Claims/Notice, you may report to:

Any notice to the Company with respect to any Coverage Section shall designate the Coverage Section under which notice is being given and shall be treated as notice only under the Coverage Section(s) so designated. Notice to the Company of a Claim, Potential Employment Claim or Potential Third Party Claim or of circumstances which could give rise to a Claim under any Liability Coverage Section or of a Coverage Event under any Non-Liability Coverage Section, shall be given in writing addressed to:

Attn: Claims Department
Chubb Group of Insurance Companies
15 Mountain View Road
Warren, New Jersey 07059

All other notices to the Company shall be given in writing addressed to

Attn: Chubb Specialty Insurance Underwriting
Chubb Group of Insurance Companies
15 Mountain View Road
Warren, New Jersey 07059

Any such notice shall be effective on the date of receipt by the Company at such address.

For Cyber Liability/Breach Response Claims, you may report to:

Notice of Claim:

joan.dambrosio@clydec
o.us Clyde & Co. US
LLP
101 Second Street, 24th
Floor San Francisco CA
94105

24 hour Security Breach Hotline

1-866-288-1705

Baker & Hostetler
LLP 45 Rockefeller
Plaza
New York, NY 10111-0100

All Claims may be reported via email to any of the following:

Attn: Kimberly Courte, CPCU
Area Vice President
Kim_Courte@aig.com,
281-812-9387/ cell 281-772-1611

Attn: Elizabeth Deyo
Client Service Manager
Elizabeth.Deyo@aig.com, 713-935-8808

Attn: Jessica Salias
Client Service Manager
Jessica.Salias@aig.com, 713-358-5928

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RESIDENTIAL

Recycling & Refuse of Texas

HCMUD 368

Recycling Data

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



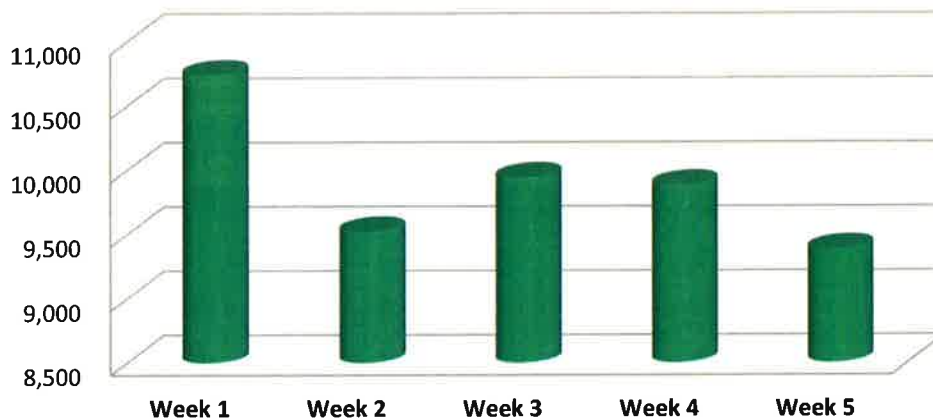
April

Week 1	10,740
Week 2	9,520
Week 3	9,940
Week 4	9,880
Week 5	9,380

Total Pounds 49,460

Total Tons 24.7

April 2018



Resources Conserved

Trees	Saved	420	
Water	Saved	173,110	Gallons
Air Pollution	Reduced	1,484	Pounds
Electricity	Saved	101,393	kW Hours
Land Fill Space	Saved	82	Cubic Yards





RESIDENTIAL

Recycling & Refuse of Texas

HCMUD 368

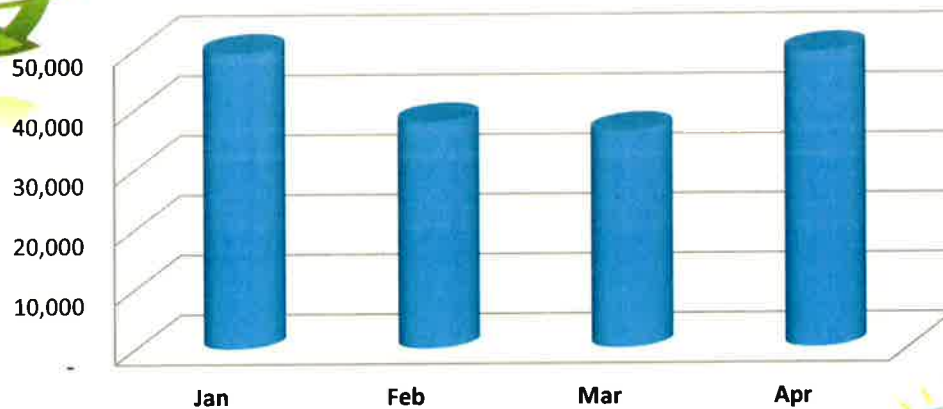
Recycling Data

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

Jan	49,520
Feb	37,880
Mar	36,176
Apr	49,460
Total Pounds	173,036
Total Tons	87



2018 Year To Date



Resources Conserved

Trees	Saved	1,471	
Water	Saved	605,626	Gallons
Air Pollution	Reduced	5,191	Pounds
Electricity	Saved	354,724	kW Hours
Land Fill Space	Saved	286	Cubic Yards





RESIDENTIAL

Recycling & Refuse of Texas

HCMUD 368

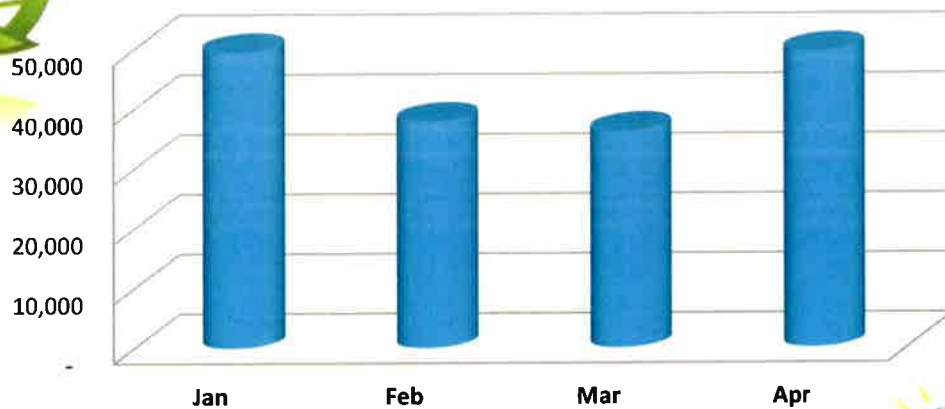
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2018 Year To Date



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HARRIS COUNTY M.U.D. #368
TAX ASSESSOR/COLLECTOR'S REPORT

4/30/2018

Taxes Receivable: 8/31/2017	\$	60,366.48	
Reserve for Uncollectables	(14,437.06)	
Adjustments		<u>1,036.50</u>	\$ <u>46,965.92</u>
Original 2017 Tax Levy	\$	4,532,367.52	
Adjustments		<u>319,905.85</u>	<u>4,852,273.37</u>
Total Taxes Receivable			\$ 4,899,239.29

Prior Years Taxes Collected	\$	19,053.83	
2017 Taxes Collected (98.5%)		<u>4,780,998.16</u>	<u>4,800,051.99</u>

Taxes Receivable at: 4/30/2018 **\$ 99,187.30**

2017 Receivables:	
Debt Service	56,001.95
Maintenance	15,273.26

bob leared interests

11111 Katy Freeway, Suite 725
Houston, Texas 77079-2197

Phone: (713) 932-9011
Fax: (713) 932-1150

HARRIS COUNTY M.U.D. #368

	Month of 4/2018	Fiscal to Date 6/01/2017 - 4/30/2018
Beginning Cash Balance	\$ 163,100.02	87,526.12
Receipts:		
Current & Prior Years Taxes	19,721.08	4,821,581.23
Penalty & Interest	1,943.03	15,499.01
Additional Collection Penalty	101.19	7,657.60
Stale Dated Checks		177.93
Checking Account Interest	9.93	157.74
Overpayments		10,827.02
NSF Fee Collected		30.00
Special Inventory Tax/OPymt		14,831.96
Funds Pending Certification		26.12
Refund - due to adjustments	190.80	15,341.21
Returned Checks (NSF)		1,191.58
Rendition Penalty		181.86
Refund Rendition Penalty		7.54
TOTAL RECEIPTS	\$ 21,966.03	4,887,510.80
Disbursements:		
Atty's Fees, Delq. collection	311.16	8,117.09
CAD Quarterly Assessment		35,030.00
CAD Cost, Estimate of value		251.72
Publications, Legal Notice		670.00
Refund - due to adjustments	8,352.36	15,179.55
Refund - due to overpayments		10,825.04
Refund - erroneous payments		173.61
Tax A/C Bond Premium		250.00
Transfer to Debt Service Fund	35,000.00	3,690,000.00
Transfer to General Fund	5,923.59	1,030,660.60
Tax Assessor/Collector Fee	4,311.00	46,303.13
CAD Map Copy Fees		15.00
Return Check (NSF)		1,191.58
Rendition Penalty CAD Portion		15.96
Postage	39.27	1,226.57
Supplies	438.36	1,484.65
Audit Preparation		200.00
NSF Fee to BLI		30.00
Records Maintenance		120.00
Continuing Disclosure Info	30.00	300.00
Copies		714.00
Envelopes - Original Stmts		415.20
Duplicate Statements		10.00
Mileage Expense	26.16	283.92
Supp/Corr Mailing (Envelopes)		180.60
Check Cost		179.55
Tax Rate Calculation		325.00
Water Termination Assistance		250.00
TOTAL DISBURSEMENTS	(\$ 54,431.90)	(4,844,402.77)
CASH BALANCE AT: 4/30/2018	\$ 130,634.15	130,634.15

HARRIS COUNTY M.U.D. #368

Disbursements for month of May, 2018

Check #	Payee	Description	Amount
	W/T to General Fund 5/7/18	Transfer to General Fund	\$ 4,212.96
	W/T to Debt Service 5/7/18	Transfer to Debt Service Fund	25,000.00
1329	Estabillo Perpetua & Angelito	Refund - due to adjustments	42.60
1330	Tucker Michael & Theresa	Refund - due to adjustments	21.00
1331	Parker Jess T & Sandra S	Refund - due to adjustments	42.60
1332	Kurday Angel H & Belsa G	Refund - due to adjustments	21.00
1333	Comerford Roger	Refund - due to adjustments	21.00
1334	Russell John R	Refund - due to adjustments	42.60
1335	Bob Leared	Tax Assessor/Collector Fee	4,824.26
TOTAL DISBURSEMENTS			\$ 34,228.02
Remaining Cash Balance			\$ <u>96,406.13</u>

Wells Fargo Bank, N.A.

HARRIS COUNTY M.U.D. #368

HISTORICAL COLLECTIONS DATA

Year	Collections Month Of 4/2018	Adjustments To Collections 4/2018	Total Tax Collections at 4/30/2018	Total Taxes Receivable at 4/30/2018	Collection Percentage
2017	19,485.43	126.00-	4,780,998.16	71,275.21	98.531
2016	130.74	64.80-	4,699,143.91	9,313.47	99.802
2015	148.30		4,631,992.44	4,790.49	99.897
2014	147.41		4,465,442.89	4,227.02	99.905
2013			4,427,584.77	3,452.11	99.922
2012			4,113,991.71	2,979.96	99.928
2011			3,999,885.13	1,374.09	99.966
2010			3,978,230.77	781.61	99.980
2009			4,134,761.50	993.34	99.976
2008			4,197,842.44		100.000
2007			3,980,340.19		100.000
2006			3,756,258.77		100.000
2005			3,611,815.76		100.000
2004			2,772,538.51		100.000
2003			2,155,147.68		100.000
2002			1,423,495.12		100.000
2001			1,017,839.62		100.000
2000			795,991.91		100.000
1999			549,996.48		100.000
1998			353,610.10		100.000
1997			335,522.40		100.000
1996			299,066.25		100.000
1995			557,545.88		100.000
1994			539,134.94		100.000
1993			485,953.09		100.000
1992			446,920.13		100.000
1991			445,171.72		100.000
1990			444,047.27		100.000
1989			503,531.71		100.000
1988			538,692.54		100.000
1987			594,187.85		100.000
1986			504,848.06		100.000
1985			491,169.45		100.000
1984			441,038.67		100.000
1983			267,404.55		100.000
1982			139,274.57		100.000
1981			105,337.87		100.000

(Percentage of collections same period last year 98.642)

HARRIS COUNTY M.U.D. #368

HISTORICAL TAX DATA

Year	Taxable Value	SR/CR	Tax Rate	Adjustments	Reserve for Uncollectibles	Adjusted Levy
2017	693,181,619	08 / 08	.700000	319,905.85		4,852,273.37
2016	653,952,409	19 / 19	.720000	442,558.85		4,708,457.38
2015	586,934,518	28 / 28	.790000	498,721.69		4,636,782.93
2014	513,755,120	38 / 38	.870000	520,035.94		4,469,669.91
2013	445,330,252	48 / 48	.995000	369,274.90		4,431,036.88
2012	413,765,920	52 / 52	.995000	265,248.05		4,116,971.67
2011	423,472,450	59 / 59	.945000	135,547.61	556.99	4,001,259.22
2010	427,881,644	01 / 50	.930000	251,592.17	287.01	3,979,012.38
2009	444,747,413	01 / 62	.930000	422,509.96	396.04	4,135,754.84
2008	451,411,165	02 / 63	.930000	442,920.14	281.60	4,197,842.44
2007	414,694,425	01 / 60	.960000	799,097.66	726.32	3,980,340.19
2006	361,201,441	01 / 63	1.040000	460,719.16	236.90	3,756,258.77
2005	316,871,315	01 / 59	1.140000	706,610.53	516.88	3,611,815.76
2004	237,049,500	01 / 30	1.170000	287,414.46	940.85	2,772,538.51
2003	179,635,110	04 / 28	1.200000	330,474.84	473.64	2,155,147.68
2002	117,709,120	01 / 23	1.210000	164,753.13	785.29	1,423,495.12
2001	79,404,260	05 / 39	1.282500	90,749.26	520.70	1,017,839.62
2000	57,162,760	28 / 28	1.392500	149,299.28		795,991.91
1999	38,133,900	20 / 20	1.442500	22,374.80	85.69	549,996.48
1998	24,126,690	00 / 00	1.450000	24,942.69	102.52	353,610.10
1997	22,192,300	00 / 00	1.500000	71,205.00	1,371.15	335,522.40
1996	19,749,080	00 / 00	1.500000	37,231.80	1,179.15	299,066.25
1995	18,986,870	00 / 00	2.900000	125,986.44	824.18	557,545.88
1994	18,601,390	00 / 00	2.900000	83,633.39	305.37	539,134.94
1993	19,085,750	00 / 00	2.550000	33,571.56	733.65	485,953.09
1992	19,481,680	00 / 00	2.300000	25,234.91	837.20	446,920.13
1991	21,379,260	00 / 00	2.089000	22,066.11	1,441.20	445,171.72
1990	22,158,550	00 / 00	2.005000	32,376.59	233.38	444,047.27
1989	25,307,850	00 / 00	1.990000	21,224.74	94.53	503,531.71
1988	28,456,960	00 / 00	1.830000	68,696.92	36.05	538,692.54
1987	31,161,730	00 / 00	1.830000	39,613.84	1,470.77	594,187.85
1986	32,494,500	00 / 00	1.490000	42,125.72		504,848.06
1985	32,964,390	00 / 00	1.490000	76,165.82		491,169.45
1984	29,599,910	00 / 00	1.490000	243,327.73		441,038.67
1983	17,946,614	00 / 00	1.490000			267,404.55
1982	9,605,143	00 / 00	1.450000			139,274.57
1981	7,264,681	00 / 00	1.450000			105,337.87

HARRIS COUNTY M.U.D. #368

TAX RATE COMPONENTS

Year	Debt Service Rate	Debt Service Levy	Maintenance Rate	Maintenance Levy
2017	.550000	3,812,500.57	.150000	1,039,772.80
2016	.580000	3,792,924.21	.140000	915,533.17
2015	.640000	3,756,381.19	.150000	880,401.74
2014	.720000	3,699,037.14	.150000	770,632.77
2013	.840000	3,740,774.83	.155000	690,262.05
2012	.840000	3,475,634.35	.155000	641,337.32
2011	.790000	3,344,967.88	.155000	656,291.34
2010	.790000	3,380,021.41	.140000	598,990.97
2009	.790000	3,513,168.23	.140000	622,586.61
2008	.790000	3,565,909.31	.140000	631,933.13
2007	.820000	3,399,874.04	.140000	580,466.15
2006	.920000	3,322,844.35	.120000	433,414.42
2005	1.020000	3,231,624.48	.120000	380,191.28
2004	1.050000	2,488,175.59	.120000	284,362.92
2003	1.080000	1,939,632.91	.120000	215,514.77
2002	1.090000	1,282,321.98	.120000	141,173.14
2001	1.140000	904,746.34	.142500	113,093.28
2000	1.250000	714,534.95	.142500	81,456.96
1999	1.300000	495,664.09	.142500	54,332.39
1998	1.300000	317,029.74	.150000	36,580.36
1997	1.300000	290,786.09	.200000	44,736.31
1996	1.300000	259,190.76	.200000	39,875.49
1995	2.670000	513,326.75	.230000	44,219.13
1994	2.700000	501,953.23	.200000	37,181.71
1993	2.350000	447,839.11	.200000	38,113.98
1992	2.100000	408,057.52	.200000	38,862.61
1991	1.975000	420,877.99	.114000	24,293.73
1990	1.900000	420,956.81	.105000	23,090.46
1989	1.900000	480,872.78	.090000	22,658.93
1988	1.750000	514,990.07	.080000	23,702.47
1987	1.750000	568,043.58	.080000	26,144.27
1986	1.450000	491,217.16	.040000	13,630.90
1985	1.450000	477,907.87	.040000	13,261.58
1984	1.450000	429,130.63	.040000	11,908.04
1983	1.450000	260,184.63	.040000	7,219.92
1982	1.450000	139,274.57		
1981	1.450000	105,337.87		

HARRIS COUNTY M.U.D. #368

Notes:

2013	Agriculture Deferment	8,468.48
2014	Agriculture Deferment	7,404.69
2015	Agriculture Deferment	6,723.81
2016	Agriculture Deferment	7,536.27
2017	Agriculture Deferment	7,326.86
Total --->		37,460.11

\$ 190.80 - REPORTED AS TAXES COLLECTED ON PRIOR REPORTS. TRANSFERED TO
REFUND ADJUSTMENTS 4/18 REPORT DUE TO CAD ADJUSTMENTS.
2017 TAXES \$ 126.00 VARIOUS ACCOUNTS
2016 TAXES \$ 64.80 VARIOUS ACCOUNTS

HARRIS COUNTY M.U.D. #368

Tax Exemptions:	2017	2016	2015
Homestead	.000	.000	.000
Over 65	3,000	3,000	3,000
Disabled	3,000	3,000	3,000

Last Bond Premium Paid:

Payee	Date of Check	Amount
HARCO	3/05/2018	250.00
6/1/18 - 6/1/21		

Adjustment Summary:	2017	
11/2017	/ CORR 003	314,244.48
12/2017	/ CORR 004	3,566.28
1/2018	/ CORR 005	2,556.88
2/2018	/ CORR 006	1,435.22
3/2018	/ CORR 007	3,213.80-
4/2018	/ CORR 008	1,316.79
TOTAL		319,905.85

HARRIS COUNTY M.U.D. #368
Homestead Payment Plans

<u>Account no.</u>	<u>Property Owner</u>	<u>Tax Year</u>	<u>Last Payment Amount</u>	<u>Last Payment Date</u>	<u>Balance Due</u>
(I) 0403-002-0002	ALAS ARNEL & MARIVIL	2017	139.55	04/30/18	1,209.68
(I) 0701-005-0140	STENHAUSE LINDA	2017	.00	None	1,302.07

*Total Count 2

(I) - BLI Contract (A) - Delinquent Attorney Contract

Standard Payment Plans

<u>Account no.</u>	<u>Property Owner</u>	<u>Tax Year</u>	<u>Last Payment Amount</u>	<u>Last Payment Date</u>	<u>Balance Due</u>
(S) 0294-013-0024	CALANDRA CHARLYN	2017	126.44	04/23/18	726.89

*Total Count 1



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

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

Bookkeeper's Report

May 17, 2018

Harris County Municipal Utility District No. 368

Account Balances

As of May 17, 2018

Financial Institution (Acct Number)	Issue Date	Maturity Date	Interest Rate	Account Balance	Notes
Fund: Operating					
Certificates of Deposit					
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	
FIRST STATE BANK (XXXX1914)	12/19/2017	12/19/2018	1.10 %	215,000.00	
ICON BANK (XXXX2935)	01/05/2018	01/05/2019	1.25 %	240,000.00	
GREEN BANK (XXXX0407)	03/09/2018	03/08/2019	1.30 %	240,000.00	
REGIONS BANK (XXXX6910)	04/18/2018	04/18/2019	2.04 %	240,000.00	
Money Market Funds					
TEXPOOL (XXXX0003)	05/31/2005		1.67 %	2,304,626.17	
Checking Account(s)					
COMPASS BANK-CHECKING (XXXX4015)			0.10 %	20,776.58	Checking Account
Totals for Operating Fund:				\$4,940,402.75	
Fund: Capital Projects					
Money Market Funds					
TEXPOOL (XXXX0007)	08/03/2012		1.67 %	274,834.04	SERIES 2012
TEXPOOL (XXXX0010)	09/20/2017		1.67 %	94,316.82	Series 2017
Checking Account(s)					
COMPASS BANK-CHECKING (XXXX7091)			0.10 %	390.46	Checking Account
Totals for Capital Projects Fund:				\$369,541.32	
Fund: Debt Service					
Certificates of Deposit					
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	
CADENCE BANK - DEBT (XXXX3672)	02/05/2018	02/05/2019	1.33 %	240,000.00	
THIRD COAST BANK-DEBT (XXXX2225)	02/08/2018	02/08/2019	1.30 %	240,000.00	
SPIRIT OF TX BANK - DEBT (XXXX3234)	02/09/2018	02/09/2019	1.25 %	240,000.00	
CENTRAL BANK - DEBT (XXXX0353)	02/10/2018	02/10/2019	1.25 %	240,000.00	
COMPASS BANK-PREMIER (XXXX6693)	02/10/2018	02/11/2019	1.30 %	240,000.00	
BUSINESS BANK OF TX- DEBT (XXXX320)	02/13/2018	02/13/2019	1.75 %	240,000.00	
Money Market Funds					
TEXPOOL (XXXX0001)	10/01/2005		1.67 %	4,160,031.64	
COMPASS BANK-DEBT (XXXX7084)	04/11/2013		0.25 %	146,144.18	
Totals for Debt Service Fund:				\$6,466,175.82	
Grand total for Harris County Municipal Utility District No. 368:				\$11,776,119.89	

Harris Co MUD 368 GOF
Cash Flow Report - Checking Account
As of May 17, 2018

Num	Name	Memo	Amount	Balance
BALANCE AS OF 04/20/2018				\$43,915.76
Receipts				
			4,015.06	
	Unclaimed Property		78.73	
	Interest on Checking		300.00	
	Meter Rental		10,293.79	
	SPA Revenue		301,219.72	
	Accounts Receivable - April		1,309.06	
	Accounts Receivable - April O/S		21,003.90	
	Accounts Receivable - April O/S		950.00	
	Tap Connections		220,000.00	
	Transfer from Investments			559,170.20
Total Receipts				
Disbursements				
			(303.10)	
16020	Lupe Tortilla	Meal Expense	(338.83)	
16021	Lupe Tortilla	Meal Expense	0.00	
16050	Maria Fernandez	VOID: Deposit Refund (\$61.23)	(999.47)	
16160	Comcast	Telephone / Internet	(126.44)	
16161	CenterPoint Energy	Natural Gas	(3,050.00)	
16162	BioClean	Northern Point Sec. Ph. 1	(138.53)	
16165	Allison V Dunn	Fees of Office - 05.17.2018	(138.53)	
16166	Eric J. Daniel	Fees of Office - 05.17.2018	(112.81)	
16167	Roy Lackey	Fees of Office - 05.17.2018	(123.52)	
16168	Sharon Cook	Fees of Office - 05.17.2018	(138.53)	
16169	Tiffani Bishop	Fees of Office - 05.17.2018	(138.52)	
16170	Allison V Dunn	Fees of Office - 05.03.2018	(138.52)	
16171	Eric J. Daniel	Fees of Office - 05.03.2018	(112.80)	
16172	Roy Lackey	Fees of Office - 05.03.2018	(123.53)	
16173	Sharon Cook	Fees of Office - 05.03.2018	(138.52)	
16174	Tiffani Bishop	Fees of Office - 05.03.2018	(123.52)	
16175	Sharon Cook	Fees of Office - Ops Meeting - 04.26.2018	(100.00)	
16176	Roy Lackey	Fees of Office - Ops Meeting - 04.26.2018	(54.07)	
16177	Xueyu Pang	Deposit Refund	(125.00)	
16178	Yesenia Ramirez	Deposit Refund	(64.81)	
16179	Adam Reid Pursel	Deposit Refund	(61.23)	
16180	Alicia Rodriguez	Deposit Refund	(39.83)	
16181	Alissa Hoffart	Deposit Refund	(61.23)	
16182	Ashley Marie Castro	Deposit Refund	(34.44)	
16183	Ashly Turner	Deposit Refund	(64.81)	
16184	camille Noble Nathalie Marlene	Deposit Refund	(57.65)	
16185	Carol Loughmiller Murphy	Deposit Refund	(125.00)	
16186	Cristina M. Lumpkin	Deposit Refund	(125.00)	
16187	Donna Berry	Deposit Refund	(30.49)	
16188	Edna Earl Johnson	Deposit Refund	(61.23)	
16189	Gary D Pruitt	Deposit Refund	(61.23)	
16190	Giovanni & Sonia Ramirez	Deposit Refund	(133.00)	
16191	Helen Marguerite Trevino	Deposit Refund	(8.20)	
16192	Jacalyn Jenene Bowen	Deposit Refund	(57.65)	
16193	Jane King	Deposit Refund	(125.00)	
16194	Jason Douglas	Deposit Refund	(193.10)	
16195	Jessie Manrique	Deposit Refund	(53.07)	
16196	Johnny Chiv/Kanika Moul	Deposit Refund		

Harris Co MUD 368 GOF
Cash Flow Report - Checking Account
As of May 17, 2018

Num	Name	Memo	Amount	Balance
Disbursements				
16197	Jon Sheppard	Deposit Refund	(60.00)	
16198	Jorge A. Garza Jr	Deposit Refund	(68.39)	
16199	Judy Griffith	Deposit Refund	(13.44)	
16200	Kelly Clack	Deposit Refund	(108.14)	
16201	Kevinryan Richards Maus	Dcposit Refund	(6.12)	
16202	Madilyn J Taylor	Deposit Refund	(125.00)	
16203	Maria Fernandez	Deposit Refund	(61.23)	
16204	Oscar Trejo	Deposit Refund	(61.23)	
16205	Shezad Shiraz Meghani	Deposit Refund	(56.65)	
16206	Stephen Craig Hodges	Deposit Refund	(49.83)	
16207	Summit Rental Management	Deposit Refund	(125.00)	
16208	Talents Development LLC	Deposit Refund	(117.42)	
16209	Tanner Peyton Stogsdill	Deposit Refund	(64.81)	
16210	Tony Usery	Deposit Refund	(43.03)	
16211	Tracy Collins	Deposit Refund	(11.72)	
16212	TTK Properties LLC	Deposit Refund	(125.00)	
16213	Warren L Scott	Deposit Refund	(64.81)	
16214	Warren P. Broderick	Deposit Refund	(68.11)	
16215	William Clarkson	Deposit Refund	(64.81)	
16216	Water Utility Services, Inc.	Chemicals	(5,310.00)	
16217	WCA Waste Corporation	Trash Collection - 19744 1/2 Logan Briar Dr	(240.16)	
16218	Arthur J. Gallagher & Co.	Insurance	(37,503.00)	
16219	Association of Water Board Directors	AWBD Spring Breakfast	(160.00)	
16220	Best Trash	Curbside Cart Trash Pick up - March	(46,953.70)	
16221	Camino Services	Pay App #2	(17,907.30)	
16222	CenterPoint Energy	Utilities Expense	(20.88)	
16223	Deer Park Construction	Galvanized Pipe Stool	(1,450.00)	
16224	Eagle Water Management, Inc.	Operations	(101,121.36)	
16225	Electrical Field Services, Inc.	Maintenance & Repairs	(42,751.63)	
16226	Graceview Baptist Church	Rent - Meeting Facility May 2018	(100.00)	
16227	Harris County Treasurer	Security	(58,705.00)	
16228	Hudson Energy	Electricity Expense	(18,208.24)	
16229	IDS Engineering Group	Engineering Expense	(18,655.92)	
16230	Lawns & More	Mowing Expense	(51,600.50)	
16231	Municipal Accounts & Consulting, LP	Bookkeeping Fee	(2,903.50)	
16232	North Harris Cty Regional Water Authority	Surface Water Fee	(113,083.61)	
16233	Off Cinco	Website	(300.00)	
16234	On-Site Protection LLC	Security Patrol	(8,160.30)	
16235	Pardalis Industrial Enterprises, Inc.	Pay App # 1	(22,229.55)	
16236	Phillips Cleaning Services, LLC	Janitorial Services - April 2018	(140.00)	
16237	PWC Solutions, Inc.	Chemicals	(4,428.00)	
16238	Residential Recycling of Texas, Inc.	Recycling Expense - May 2018	(10,654.00)	
16239	Sales Revenue, Inc.	Sales Tracking May 2018	(583.00)	
16240	Trinity Wastewater Solutions Company	Mobile Dewatering 04/2018	(9,437.59)	
16241	.	Meal Expense	0.00	
16242	.	Meal Expense	0.00	
16243	Comcast	.	0.00	
16244	CenterPoint Energy	.	0.00	
Bnk Chg	Compass Bank	Acct Maintenance Fee	(18.00)	

Harris Co MUD 368 GOF
Cash Flow Report - Checking Account
 As of May 17, 2018

Num	Name	Memo	Amount	Balance
Disbursements				
Bnk Chg	Compass Bank	ACH Debit Per Item Fee	(361.00)	
Bnk Chg	Compass Bank	Return Item Charge Back	(147.19)	
Total Disbursements				<u>(582,309.38)</u>
BALANCE AS OF 05/17/2018				<u><u>\$20,776.58</u></u>

Harris Co MUD 368 Capital Project
Cash Flow Report - Checking Account
As of May 17, 2018

Num	Name	Memo	Amount	Balance
BALANCE AS OF 04/20/2018				\$390.46
Receipts				
	Interest Earned on Checking		0.05	
Total Receipts				0.05
Disbursements				
BNK CHG	Compass Bank	Bank Service Charges	(0.05)	
Total Disbursements				(0.05)
BALANCE AS OF 05/17/2018				\$390.46

HARRIS COUNTY MUD NO. 368

Capital Projects Fund Breakdown

May 17, 2018

Net Proceeds for All Bond Issues

Receipts

Prior Surplus Funds	162,556.00
Series 2009 - Bond Proceeds	7,795,000.00
Series 2009 - Interest Earnings	32,611.70
Series 2012 - Bond Proceeds	4,710,000.00
Series 2012 - Interest Earnings	\$10,316.26
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	\$836.52

Total Receipts	17,061,330.50
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Disbursements

Series 2009 Bond Issue Costs	7,990,113.71
Series 2012 Bond Issue Costs	4,446,145.75
Series 2014 Bond Issue Costs	2,520,010.02
Series 2017 Bond Issue Costs	1,776,564.70

Total Disbursements	16,732,834.18
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Total Cash Balance	<u>369,541.32</u>
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Balances by Account

Compass - 0000057091	\$390.46
Texpool xx006- Series 2009	-
Texpool xx007- Series 2012	274,834.04
Texpool xx008- Series 2014	-
Texpool xx010- Series 2017	94,316.82

Total Cash Balance	<u>\$369,541.32</u>
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Balances by Bond Series

Series 2009	53.94
Series 2012	274,170.56
Series 2014	(0.00)
Series 2017	94,316.82

Total Cash Balance	<u>369,541.32</u>
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Remaining Costs/Surplus By Bond Series

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

Series 2009 - Interest	\$32,611.70
Series 2009 - Surplus	(\$32,557.76)
Series 2012 - Surplus & Interest	274,170.56
Series 2014 - Surplus & Interest	\$ (0.00)
Series 2017 - Surplus & Interest	\$94,316.82
Total Surplus & Interest Balance	<u>368,541.32</u>

Total Remaining Costs/Surplus	<u>369,541.32</u>
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Harris Co MUD 368 GOF
Actual vs. Budget Comparison
April 2018

		April 2018			June 2017 - April 2018			Annual
		Actual	Budget	Over/(Under)	Actual	Budget	Over/(Under)	Budget
Revenues								
14100	Water Revenue	73,127	73,333	(207)	826,759	806,667	20,092	880,000
14102	Surface Water - NHCWRA	85,161	90,667	(5,505)	1,033,250	997,333	35,917	1,088,000
14120	Reconnection Fee	5,580	3,460	2,120	56,574	38,065	18,509	41,525
14125	Meter Rental	300	792	(492)	2,946	8,708	(5,762)	9,500
14200	Sewer Revenue	160,459	103,000	57,459	1,748,631	1,497,000	251,631	1,600,000
14201	Sewer Inspection Fee Revenue	0	167	(167)	0	1,833	(1,833)	2,000
14202	Customer Service Inspection Rev	0	375	(375)	0	4,125	(4,125)	4,500
14203	Final Builder Inspection	0	167	(167)	0	1,833	(1,833)	2,000
14320	Maintenance Tax	5,924	5,000	924	1,030,661	895,000	135,661	900,000
14325	SPA Revenue	10,294	11,667	(1,373)	116,806	128,333	(11,527)	140,000
14326	Security Service Revenue	11,610	7,833	3,777	143,720	86,167	57,553	94,000
14330	Penalties & Interest	5,556	5,667	(111)	70,658	62,333	8,325	68,000
14380	Miscellaneous Income	0	92	(92)	612	1,008	(396)	1,100
14391	Interest Earned on Temp Invest	4,794	1,667	3,128	33,363	18,333	15,030	20,000
14392	Interest Earned on Checking	79	50	29	861	550	311	600
14600	Tap Connections	950	5,417	(4,467)	43,425	59,583	(16,158)	65,000
15379	Transfer Fees	1,375	1,333	42	14,475	14,667	(192)	16,000
15950	Transfer From CPF	0	0	0	1,052,706	0	1,052,706	0
Total Revenues		365,208	310,685	54,523	6,175,447	4,621,540	1,553,908	4,932,225
Expenditures								
16135	Maintenance & Repairs - Water	12,423	8,500	3,923	269,016	145,500	123,516	150,000
16140	Purchased Surface Water	99,030	63,000	36,030	904,708	858,000	46,708	936,000
16142	Chemicals - Water	0	1,250	(1,250)	6,938	13,750	(6,812)	15,000
16150	Fire Hydrant Meter Rental	400	300	100	4,000	3,300	700	3,500
16170	Tap Connection Expense	450	1,000	(550)	20,000	20,000	0	21,000
16180	Reconnections	4,250	4,171	79	49,125	45,879	3,246	50,050
16235	Maintenance & Repairs - Sewer	57,306	10,000	47,306	354,618	240,000	114,618	250,000
16237	Northern Point Drainage	23,091	75,000	(51,909)	108,314	400,000	(291,686)	475,000
16242	Chemicals - Sewer	9,738	3,750	5,988	62,051	41,250	20,801	45,000
16245	Ditch Cleanout	0	5,000	(5,000)	16,769	55,000	(38,232)	60,000
16257	Rents & Leases	100	119	(19)	1,050	1,306	(256)	1,425
16260	Sludge Removal	9,438	7,917	1,521	70,392	87,083	(16,691)	95,000
16261	Recycling	10,651	9,458	1,193	116,742	104,042	12,701	113,500
16270	Grease Trap Inspection Expense	0	270	(270)	0	2,970	(2,970)	3,240
16274	Facility Pre-Inspection	35	120	(85)	140	1,320	(1,180)	1,440
16275	Inspection Fee - Sewer	0	208	(208)	2,065	2,292	(227)	2,500
16276	Final Builder Inspection Exp.	0	240	(240)	0	2,640	(2,640)	2,880
16278	Customer Service Inspection	455	240	215	3,240	2,640	600	2,880
16319A	Generators-Fuel	0	792	(792)	0	8,708	(8,708)	9,500
16319B	Generators-M&R	583	0	583	34,792	15,000	19,792	15,000
16320	Legal Fees	0	9,167	(9,167)	96,877	100,833	(3,957)	110,000
16321	Auditor Fees	0	0	0	20,800	20,400	400	20,400
16322	Engineering Fees	9,989	3,000	6,989	140,155	83,000	57,155	86,000
16324	Lab Fees	166	2,500	(2,334)	4,167	27,500	(23,334)	30,000
16325	Election Expense	0	0	0	2,584	12,750	(10,166)	12,750
16326	Permit Expense	0	0	0	15,968	21,000	(5,032)	21,000
16330	GIS Mapping	2,286	0	2,286	117,619	0	117,619	0
16331	Arbitrage Compliance Expense	0	0	0	5,200	7,000	(1,800)	7,000
16332	Service Account Collection Exp	20,263	17,100	3,163	220,232	197,900	22,332	215,000
16333	Bookkeeping Fees	2,792	2,775	17	39,508	32,700	6,808	35,500
16334.1	Security-Equip Maint/Repair	46	75	(30)	455	825	(370)	900

Harris Co MUD 368 GOF
Actual vs. Budget Comparison
April 2018

	April 2018			June 2017 - April 2018			Annual
	Actual	Budget	Over/(Under)	Actual	Budget	Over/(Under)	Budget
Expenditures							
16334.2 Security Contract	58,705	56,995	1,710	632,076	626,945	5,131	683,940
16334.3 Security Service - Overtime	7,279	0	7,279	73,697	32,438	41,259	32,438
16334.4 Security - Consulting	850	800	50	8,500	10,000	(1,500)	10,500
16334.5 Security - Outage & Change Mgmt	312	333	(21)	3,067	3,667	(600)	4,000
16335.1 Lawn Maintenance	66,601	13,333	53,267	169,389	146,667	22,723	160,000
16335.2 Maint. & Repair-General-Other	0	417	(417)	0	4,583	(4,583)	5,000
16335.3 Detention Pond Maintenance	8,581	9,500	(919)	100,764	104,500	(3,736)	114,000
16336 Storm Drainage	6,170	417	5,753	6,170	4,583	1,587	5,000
16338 Legal Notices & Other Publ.	0	175	(175)	1,796	1,925	(129)	2,100
16339 SCADA - Other	0	92	(92)	0	1,008	(1,008)	1,100
16339-2 Scada -Internet	705	1,192	(487)	15,660	13,108	2,552	14,300
16340 Printing & Office Supplies	2,978	2,917	62	32,260	32,083	177	35,000
16341 Website Design / Hosting	300	333	(33)	3,478	3,667	(189)	4,000
16341.1 Emergency Notifications	0	208	(208)	0	2,292	(2,292)	2,500
16342 Security System Maint & Repair	0	0	0	21,827	9,000	12,827	9,000
16350 Postage & Delivery	2,151	2,083	68	23,572	22,917	655	25,000
16351 Telephone	294	792	(497)	7,730	8,708	(979)	9,500
16352 Utilities	18,356	16,667	1,689	181,878	183,332	(1,455)	199,999
16353 Insurance & Surety Bond	0	0	0	0	35,035	(35,035)	35,035
16354 Travel & Per Diem	245	1,430	(1,185)	17,707	15,730	1,977	17,160
16355 AWBD Annual Dues	0	0	0	650	580	70	580
16358 Bank Charges	761	525	236	4,982	5,775	(793)	6,300
16359 Miscellaneous Expense	700	896	(195)	5,842	9,854	(4,013)	10,750
16361 Sales Tax Tracking	583	0	583	5,830	0	5,830	0
16370 TCEQ Regulatory Fee	0	0	0	13,384	15,000	(1,616)	15,000
16399 Garbage Expense	47,194	44,417	2,777	512,318	488,583	23,735	533,000
16400 NHCWA Assessment Fee	14,054	7,083	6,971	39,996	77,917	(37,921)	85,000
16600 Payroll Expenses	1,938	3,000	(1,062)	28,097	33,000	(4,903)	36,000
17350 Capital Expenditure - Engineer	6,532	8,000	(1,468)	55,091	42,000	13,091	50,000
17393 WaterWise Program - Khorville	0	0	0	4,521	8,000	(3,479)	8,000
17630 Capital Outlay	23,680	0	23,680	72,825	25,000	47,825	25,000
17632G Generator	0	0	0	29,219	0	29,219	0
17632H Cleaning at Maint. Facility	140	130	10	1,400	1,428	(28)	1,550
Total Expenditures	532,601	397,685	134,916	4,761,248	4,523,915	237,333	4,932,220
Excess Revenues (Expenditures)	(\$167,393)	(\$87,000)	(\$80,393)	\$1,414,199	\$97,625	\$1,316,574	\$0

Harris Co MUD 368 GOF

Balance Sheet

As of April 30, 2018

Apr 30, 18

ASSETS

Current Assets

Checking/Savings

11100 · Cash in Bank

377,742

Total Checking/Savings

377,742

Other Current Assets

11300 · Time Deposits

4,849,540

11500 · Service Accounts Receivable

342,000

11520 · Maintenance Tax Receivable

13,564

11550 · Builder Damage Receivable

3,686

11580 · Accrued Interest

5,947

11620 · Prepaid Insurance

35,035

11740 · Due From Construction

285,874

11750 · Due From Tax Account

(2,300)

Total Other Current Assets

5,533,346

Total Current Assets

5,911,088

TOTAL ASSETS

5,911,088

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

12000 · Accounts Payable

394,501

Total Accounts Payable

394,501

Other Current Liabilities

12100 · Payroll Liabilities

436

12137 · Due to TCEQ

5,241

12138 · Due to Debt Service

507

12140 · Retainage Payable

1

12160 · Builder Meter Rental Deposits

11,841

12161 · Customer Meter Deposits

537,423

12162 · Builder Deposits

20,000

12163 · Unclaimed Property Due to State

4,394

12740 · Deferred Inflows

13,564

Total Other Current Liabilities

593,407

Total Current Liabilities

987,909

Total Liabilities

987,909

Equity

13010 · Unassigned Fund Balance

3,508,980

Net Income

1,414,199

Total Equity

4,923,179

TOTAL LIABILITIES & EQUITY

5,911,088

Harris County Municipal Utility District No. 368

District Debt Service Payments

05/01/2018 - 05/01/2019

Paying Agent	Series	Date Due	Date Paid	Principal	Interest	Total Due
Debt Service Payment Due 09/01/2018						
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
Total Due 09/01/2018				1,790,000.00	1,029,353.13	2,819,353.13
Debt Service Payment Due 03/01/2019						
Wells Fargo Bank, NA	2010R	03/01/2019		0.00	8,200.00	8,200.00
Wells Fargo Bank, NA	2012	03/01/2019		0.00	92,025.00	92,025.00
Wells Fargo Bank, NA	2012R	03/01/2019		0.00	166,362.50	166,362.50
Wells Fargo Bank, NA	2013A	03/01/2019		0.00	64,925.00	64,925.00
Wells Fargo Bank, NA	2013R	03/01/2019		0.00	132,112.50	132,112.50
Wells Fargo Bank, NA	2014	03/01/2019		0.00	57,468.75	57,468.75
Wells Fargo Bank, NA	2015B	03/01/2019		0.00	141,890.63	141,890.63
Wells Fargo Bank, NA	2015R	03/01/2019		0.00	139,550.00	139,550.00
Bank of New York	2017	03/01/2019		0.00	29,606.25	29,606.25
Wells Fargo Bank, NA	2017R	03/01/2019		0.00	169,625.00	169,625.00
Total Due 03/01/2019				0.00	1,001,765.63	1,001,765.63
District Total				\$1,790,000.00	\$2,031,118.76	\$3,821,118.76

HARRIS COUNTY M.U.D. 368

AWBD Conference

2018 Annual Conference
June 21-24, 2018
Dallas, TX

DIRECTOR		ANNUAL		REIMBURSEMENT
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

(For log in assistance, contact: tcavnar@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:

Harris Co MUD 368 GOF
Profit & Loss Budget Overview
June 2017 through May 2018

	June 17 - March 18	12-mo. Projection	2017-18 Approved Budget	2018-19 Proposed Budget	Comments / Changes
Income					
13950 · Transfer From CPF	1,052,706.39	1,191,000.00	0.00	0.00	
14100 · Water Revenue	686,628.57	895,000.00	880,000.00	895,000.00	
14102 · Surface Water - NHCWRA	879,120.35	1,110,000.00	1,088,000.00	1,220,000.00	per operator
14120 · Reconnection Fee	45,814.00	55,000.00	41,525.00	45,000.00	
14125 · Meter Rental	1,945.88	4,500.00	9,500.00	4,500.00	
14200 · Sewer Revenue	1,427,990.31	1,800,000.00	1,600,000.00	1,800,000.00	
14201 · Sewer Inspection Fee Revenue	0.00	2,000.00	2,000.00	2,000.00	
14202 · Customer Service Inspection F	0.00	4,500.00	4,500.00	4,500.00	
14203 · Final Builder Inspection	0.00	2,000.00	2,000.00	2,000.00	
14320 · Maintenance Tax	992,520.60	1,012,000.00	900,000.00	1,010,000.00	
14325 · SPA Revenue	88,963.09	140,000.00	140,000.00	140,000.00	
14326 · Security Service Revenue	120,500.00	130,000.00	94,000.00	130,000.00	
14330 · Penalties & Interest	59,477.34	76,500.00	68,000.00	68,000.00	
14380 · Miscellaneous Income	532.08	1,100.00	1,100.00	1,100.00	
14391 · Interest Earned on Temp Inve	22,999.24	25,000.00	20,000.00	30,000.00	
14392 · Interest Earned on Checking	712.32	800.00	600.00	800.00	
14600 · Tap Connections	40,575.00	65,000.00	65,000.00	45,000.00	
15379 · Transfer Fees	12,100.00	16,000.00	16,000.00	16,000.00	
Total Income	5,432,585.17	6,530,400.00	4,932,225.00	5,413,900.00	
Expense					
16135 · Maintenance & Repairs - Wat	228,787.58	288,000.00	150,000.00	200,000.00	
16136 · Electronic Meter Fees	0.00	0.00	0.00	0.00	
16140 · Purchased Surface Water	747,472.10	955,000.00	936,000.00	1,070,000.00	per operator
16142 · Chemicals - Water	4,635.25	15,000.00	15,000.00	9,000.00	per operator
16150 · Fire Hydrant Meter Rental	3,200.00	4,400.00	3,500.00	4,400.00	
16170 · Tap Connection Expense	18,200.00	21,000.00	21,000.00	21,000.00	
16180 · Reconections	40,575.00	50,050.00	50,050.00	50,050.00	
16235 · Maintenance & Repairs - Sew	281,712.85	335,000.00	250,000.00	250,000.00	
16237 · Northern Point Drainage	83,351.27	205,000.00	475,000.00	270,000.00	per engineer

Harris Co MUD 368 GOF
Profit & Loss Budget Overview
June 2017 through May 2018

	June 17 - March 18	12-mo. Projection	2017-18 Approved Budget	2018-19 Proposed Budget	Comments / Changes
16242 · Chemicals - Sewer	45,063.50	48,000.00	45,000.00	50,000.00	per operator
16245 · Ditch Cleanout	16,768.50	30,000.00	60,000.00	30,000.00	
16257 · Rents & Leases	950.00	1,425.00	1,425.00	1,425.00	
16260 · Sludge Removal	52,886.79	95,000.00	95,000.00	95,000.00	
16261 · Recycling	106,091.20	127,360.00	113,500.00	128,000.00	
16270 · Grease Trap Inspection Exper	0.00	3,240.00	3,240.00	3,240.00	
16274 · Facility Pre-Inspection	0.00	1,440.00	1,440.00	1,440.00	
16275 · Inspection Fee - Sewer	1,925.00	2,500.00	2,500.00	2,500.00	
16276 · Final Builder Inspection Exp.	0.00	2,880.00	2,880.00	2,880.00	
16278 · Customer Service Inspection	2,574.50	2,880.00	2,880.00	2,880.00	
16319 · Generators					
16319A · Generators-Fuel	0.00	9,500.00	9,500.00	9,500.00	
16319B · Generators-M&R	34,073.56	35,000.00	15,000.00	15,000.00	
Total 16319 · Generators	34,073.56	44,500.00	24,500.00	24,500.00	
16320 · Legal Fees	96,876.58	110,000.00	110,000.00	110,000.00	
16321 · Auditor Fees	20,800.00	20,800.00	20,400.00	20,800.00	
16322 · Engineering Fees	108,235.84	140,000.00	86,000.00	90,000.00	per engineer
16324 · Lab Fees	3,835.30	20,000.00	30,000.00	30,000.00	
16325 · Election Expense	2,583.90	12,750.00	12,750.00	12,750.00	
16326 · Permit Expense	15,968.38	21,000.00	21,000.00	21,000.00	
16330 · GIS Mapping	92,543.35	92,543.35	0.00	10,000.00	per operator
16331 · Arbitrage Compliance Expens	5,200.00	5,200.00	7,000.00	5,200.00	
16332 · Service Account Collection Ex	180,064.50	240,000.00	215,000.00	240,000.00	
16333 · Bookkeeping Fees	32,466.67	40,000.00	35,500.00	37,000.00	
16334 · Security Service					
16334.1 · Security-Equip Maint/Re	409.50	900.00	900.00	900.00	
16334.2 · Security Contract	632,076.00	690,781.00	683,940.00	704,460.00	
16334.3 · Security Service - Overtin	66,417.76	78,000.00	32,438.00	32,438.00	???
16334.4 · Security - Consulting	7,650.00	10,500.00	10,500.00	10,500.00	

Harris Co MUD 368 GOF Profit & Loss Budget Overview

June 2017 through May 2018

	June 17 - March 18	12-mo. Projection	2017-18 Approved Budget	2018-19 Proposed Budget	Comments / Changes
16334.5 · Security - Outage & Char	2,754.35	4,000.00	4,000.00	4,000.00	
16342 · Security System Maint & R	21,827.05	25,000.00	9,000.00	9,000.00	
Total 16334 · Security Service	731,134.66	809,181.00	740,778.00	761,298.00	
16335 · Maint & Repair - General					
16335.1 · Lawn Maintenance	101,493.75	160,000.00	160,000.00	160,000.00	
16335.2 · Maint. & Repair-General	0.00	5,000.00	5,000.00	5,000.00	
16335.3 · Detention Pond Maintena	81,576.39	114,000.00	114,000.00	114,000.00	
Total 16335 · Maint & Repair - Gener	183,070.14	279,000.00	279,000.00	279,000.00	
16336 · Storm Drainage	0.00	5,000.00	5,000.00	5,000.00	
16338 · Legal Notices & Other Publ.	1,795.69	2,100.00	2,100.00	2,100.00	
16339 · SCADA					
16339-2 · Scada-Internet	14,955.18	16,000.00	14,300.00	14,300.00	
16339 · SCADA - Other	0.00	1,100.00	1,100.00	1,100.00	
Total 16339 · SCADA	14,955.18	17,100.00	15,400.00	15,400.00	
16340 · Printing & Office Supplies	26,254.35	35,000.00	35,000.00	35,000.00	
16341 · Website Design / Hosting					
16341.1 · Emergency Notifications	0.00	2,500.00	2,500.00	2,500.00	
16341 · Website Design / Hosting -	3,178.00	4,000.00	4,000.00	4,000.00	
Total 16341 · Website Design / Hosting	3,178.00	6,500.00	6,500.00	6,500.00	
16350 · Postage & Delivery	19,217.28	25,000.00	25,000.00	25,000.00	
16351 · Telephone	7,435.41	9,500.00	9,500.00	9,500.00	
16352 · Utilities	145,659.03	199,999.00	199,999.00	199,999.00	
16353 · Insurance & Surety Bond	0.00	35,035.00	35,035.00	35,035.00	
16354 · Travel & Per Diem	17,394.56	17,500.00	17,160.00	17,160.00	
16355 · AWBD Annual Dues	650.00	650.00	580.00	650.00	
16358 · Bank Charges	3,597.17	5,000.00	6,300.00	6,300.00	
16359 · Miscellaneous Expense	3,929.85	5,000.00	10,750.00	5,000.00	
16361 · Sales Tax Tracking	5,247.00	6,413.00	0.00	6,500.00	
16370 · TCEQ Regulatory Fee	13,383.75	13,383.75	15,000.00	15,000.00	

Harris Co MUD 368 GOF Profit & Loss Budget Overview

June 2017 through May 2018

	June 17 - March 18	12-mo. Projection	2017-18 Approved Budget	2018-19 Proposed Budget	Comments / Changes
16399 · Garbage Expense	418,062.90	559,000.00	533,000.00	559,000.00	
16400 · NHCWA Assessment Fee	17,846.79	25,000.00	85,000.00	27,500.00	per operator
16600 · Payroll Expenses	26,158.95	36,000.00	36,000.00	36,000.00	
17350 · Capital Expenditure - Enginee	46,347.59	50,000.00	50,000.00	50,000.00	
17393 · WaterWise Program - Khorvil	4,521.04	8,000.00	8,000.00	8,000.00	
17630 · Capital Outlay	57,180.77	57,180.00	25,000.00	25,000.00	
17632 · Misc Facility Modifications					
17632G · Generator	29,219.44	29,219.00	0.00	0.00	
17632H · Cleaning at Maint. Facilit	1,120.00	1,558.00	1,558.00	1,558.00	
Total 17632 · Misc Facility Modificatio	30,339.44	30,777.00	1,558.00	1,558.00	
Total Expense	4,004,201.17	5,172,287.10	4,932,225.00	4,924,565.00	
Net Income	1,428,384.00	1,358,112.90	0.00	489,335.00	



May 17, 2018

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**

We have prepared Change Order No 2 for the installation of the Storm Water Quality Inlet Structures and appurtenances in the amount of \$59,050.48. This results in a revised contract amount of \$196,521.48.

The contractor submitted Pay Application No. 2 in the amount of \$17,907.30. We recommend payment.

2. **Facility Improvement and Maintenance Plan**

We have prepared cost estimates for the capital improvement projects discussed at the last meeting. We have also prepared a summary of costs for the potential bond issue, which we are currently estimating to be \$5,890,000.

WATER SUPPLY SYSTEM MATTERS

3. **Water Plant Rehabilitation**

We have prepared Change Order No. 1, which includes the coating of additional electrical equipment, the generator, and a few miscellaneous items requested by the Board. The change order is in the amount of \$28,452.58, resulting in a revised contract amount of \$220,414.58.

The contractor has presented Pay Application No. 1 in the amount of \$22,229.55. We recommend payment.

WASTEWATER TREATMENT SYSTEM MATTERS

4. Wastewater Treatment Plant Rehabilitation

The contractor plans to begin work on the lift station on June 4, 2018. The Operator is coordinating with contractors to prepare bypass pumping and pull the lift station pumps.

RESIDENTIAL AND COMMERCIAL DEVELOPMENT PROJECTS

5. NorthPointe Center-Phase II (Santikos)

The developer is planning to build a Bombshell Restaurant. We have received construction plans and will provide comments to their engineer.

6. Los Tacos al Pastor

A developer is planning to start a taqueria in the shopping center north of Three Lakes Blvd. They are requesting capacity in the amount of 4 ESFCs. The Utility Capacity Letter is attached.

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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**CONTRACT CHANGE ORDER**

Project: Extreme Event Drainage Swales to Serve Northern Point
Subdivision

Date: 5/17/2018
Change Order No.: 2
Job No.: 0456-153-00
Contract No.: 2

Owner: Harris County Municipal Utility District No. 368

Contractor: Camino Services, LLC

REVISED CONTRACT AMOUNT

Original Contract Amount:	\$117,574.00
Previous Contract Amount:	\$137,471.00
Amount This Change Order:	\$59,050.48
Revised Contract Amount:	\$196,521.48

1. GENERAL STATEMENT OF CHANGE:

This order covers the contract modification as follows:
See attachment.

2. TIME: None

The work covered by this change order shall be performed under the same terms and conditions as included in the original construction contract.

Changes Approved:

Harris County Municipal Utility District No.
368

Owner

By: _____
(Date)

Camino Services, LLC

Contractor

By: _____
(Date)

Changes Recommended:

IDS Engineering Group

Engineer

By: _____
(Date)

CONTRACT CHANGE ORDER

Page 2 of 3

Project: Extreme Event Drainage Swales to Serve Northern Point
Subdivision

Date: 5/17/2018
Change Order No.: 2
Job No.: 0456-153-00
Contract No.: 2

Owner: Harris County Municipal Utility District No. 368

Contractor: Camino Services, LLC

ADDITIONAL ITEMS**3. CONTRACT DRAWING REVISIONS:**

None

4. CONTRACT DOCUMENTS REVISIONS:

None

5. CONTRACT PRICE REVISIONS:

Revise the quantity of the following Bid Items, which is part of the Contract:

Add the following items:

<u>Item No.</u>	<u>Quantity</u>	<u>Unit</u>	<u>Unit Price</u>	<u>Description</u>	<u>Add Cost</u>
CO2A	1	EA.	\$1,350.48	Mobilization	\$1,350.48
CO2B	44	V.F.	\$675.00	Furnish and Install Two Standard City of Houston Type "C" Storm Sewer Manhole, for pipes 24-Inch to 42-Inch diameter, all depths, Complete in Place, Complete in Place:	\$29,700.00
CO2C	141	L.F.	\$130.00	Furnish and Install 24-Inch RCP, C-76 Class III Storm Sewer with 02317-03 bedding and backfill, Complete in Place:	\$18,330.00
CO2D	2	EA.	\$985.00	Furnish and Install Prefabricated Floatable Screen SWQ Structure, Complete in Place:	\$1,970.00
CO2E	1	EA.	\$2,875.00	Sawcut, Remove, and Legally Dispose of Concrete Sloped Pavement, Complete in Place:	\$2,875.00

CONTRACT CHANGE ORDER

Page 3 of 3

Project: Extreme Event Drainage Swales to Serve Northern Point
Subdivision

Date: 5/17/2018
Change Order No.: 2
Job No.: 0456-153-00
Contract No.: 2

Owner: Harris County Municipal Utility District No. 368

Contractor: Camino Services, LLC

CO2F	150	S.F.	\$21.50	Installation of 5-Inch Thick Concrete Sloped Pavement, Complete in Place:	\$3,225.00
CO2G	1	EA.	\$650.00	Turf Establishment, Complete in Place:	\$650.00
CO2H	1	EA.	\$950.00	Furnish and Install Trench Safety System for Storm Sewer Construction, Complete in Place:	\$950.00

TOTAL AMOUNT OF CHANGE ORDER NO. 2

\$59,050.48



April 26, 2018

Harris County Municipal Utility District No. 368
c/o Municipal Accounts & Consulting, L.P.
611 Longmire Rd., Suite 1
Conroe, Texas 77304

Attention: Ms. Katherine Turner

Reference: Extreme Event Drainage Swales to Serve Northern Point Subdivision;
Harris County Municipal Utility District No. 368;
IDS Job No. 0456-153-00, Contract No. 2

Dear Ms. Turner:

Enclosed is an Application and Certificate for Payment No. 2 for the above referenced project for the period of January 9, 2018 to April 10, 2018. As itemized in this estimate, we recommend payment to Camino Services, LLC in the amount of \$17,907.30 at this time.

As of April 10, 2018, the project was approximately 54% complete with 470% of the contract time expended. The total items completed and stored to date are billed at 54% of the contract sum to date. A qualified project representative was assigned to the project to observe the work as it was being performed. To the best of my knowledge, all work has been performed in accordance with the construction plans and contract specifications.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew Carpenter".

Matthew Carpenter, P.E.
Vice President

MC/kip X:\0400\045615300 Northern Point Drainage\CPS\Contract No. 2 (REBID)\110 Pay Req\Pay Estimate No. 1.docx

cc: Board of Directors, Harris County Municipal Utility District No. 368
c/o Andrew P. Johnson, III, Johnson Petrov, PLLC
Bob Felinski, Camino Services, LLC
Teague G. Harris, P.E. / Kameron Pugh, E.I.T.
Marcus Skinner

APPLICATION AND CERTIFICATE FOR PAYMENT

PAGE ONE OF 1 PAGE

Project:

Extreme Drainage Swale

Job No.:

0456-153-00, Contract #2

Owner:

Harris County Municipal Utility District No. 368

Notice to Proceed Date: 11/12/2017

Contract Duration: 120 Calendar Days

Period From:

1/8/2018 To: 4/10/2018



Project Manager: Matthew Carpenter, P.E.
Engineer: IDS Engineering Group

Contractor: Camino Services, LLC

Application Date: 4/10/2018 Application No.: 2

CHANGE ORDER SUMMARY

Change Orders approved in previous months by Owner		Additions \$	Deletions \$
Subsequent Change Orders Number	Approved (date)		

Net Change by Change Orders

Weather Days Requested To Date: Weather Days Granted:
Liquidated Damages Assessed: None

The undersigned Contractor certifies that the work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by him for Work for which previous Certificates for Payment were issued and payment received from the Owner and that the current payment shown herein is now due.

Contractor: Camino Services, LLC
Signed by: Date: 4/12/2018

This Certificate is not negotiable. It is payable only to the payee named herein and its issuance, payment and acceptance are without prejudice to any rights of the Owner or Contractor under their Contract.

Application is made for Payment, as shown below, in connection with the attached Contract Continuation Sheet(s).

The present status of the account for this Contract is as follows:

Original Contract Sum	\$ 117,574.00
Net Changes by Change Order	\$ 19,897.00
Contract sum to Date	\$ 137,471.00
Total Completed and Stored to Date	\$ 73,791.00
Retainage 10 %	\$ 7,379.10
Total Earned Less Retainage	\$ 66,411.90
Less Previous Certificates for Payment	\$ 48,504.60
Current Payment Due	\$ 17,907.30

In accordance with the Contract and this Application for Payment, the Contractor is entitled to payment in the amount shown above.

Engineer: IDS Engineering Group
Signed By: Date: 4/24/18

CONSTRUCTION COSTS	Amount	District's Share	District's Share Bond App No. 14
A. Developer Contribution Items (Woodmere Development Co., Ltd.)			
1. Ashford Grove East Section 2			
a. Clearing and Grubbing	\$ 5,000	\$ 5,000	\$ 5,000
b. Erosion Control	\$ 1,000	\$ 1,000	\$ 1,000
c. Water	\$ 75,932	\$ 75,932	\$ 75,932
d. Wastewater	\$ 67,790	\$ 67,790	\$ 67,790
e. Drainage	\$ 52,427	\$ 52,427	\$ 52,427
f. Miscellaneous	\$ 15,540	\$ 15,540	\$ 15,540
Subtotal	\$ 217,690	\$ 217,690	\$ 217,690
2. Ashford Grove East Land Costs			
a. Lift Station Land Costs	\$ 4,800	\$ 4,800	\$ 4,800
b. Lift Station Land Taxes	\$ 800	\$ 800	\$ 800
c. Detention Land Costs	\$ 89,700	\$ 89,700	\$ 89,700
d. Detention Land Taxes	\$ 14,950	\$ 14,950	\$ 14,950
Subtotal	\$ 110,250	\$ 110,250	\$ 110,250
3. Materials Testing Services	\$ 30,692	\$ 30,692	\$ 30,692
4. Erosion Control Consultant	\$ 24,639	\$ 24,639	\$ 24,639
5. Engineering and Surveying Services (28% of Item 1)	\$ 60,700	\$ 60,700	\$ 60,700
Total Developer Contribution Items	\$ 443,970	\$ 443,970	\$ 443,970
B. MUD Contribution Items (Harris County M.U.D. No. 368)			
1. WWTP Improvements			
a. Tank Coating and Yard Piping	\$ 1,196,900	\$ 1,196,900	\$ 1,196,900
Subtotal	\$ 1,196,900	\$ 1,196,900	\$ 1,196,900
2. Drainage Improvements to Serve Northern Point Subdivision			
a. Erosion Control	\$ 10,000	\$ 10,000	\$ 10,000
b. Drainage	\$ 1,728,000	\$ 1,728,000	\$ 1,728,000
c. Miscellaneous	\$ 53,800	\$ 53,800	\$ 53,800
Subtotal	\$ 1,791,800	\$ 1,791,800	\$ 1,791,800
3. Water Plant No. 1 Improvements			
a. GST and HPT Coating (Interiors and Exteriors)	\$ 493,800	\$ 493,800	\$ 493,800
Subtotal	\$ 493,800	\$ 493,800	\$ 493,800
4. Water Plant No. 2 Improvements			
a. 2019 GST and HPT Coatings (Interior)	\$ 317,088	\$ 317,088	\$ 317,088
b. 2018 GST and HPT Coatings (Exterior)	\$ 324,300	\$ 324,300	\$ 324,300
Subtotal	\$ 641,388	\$ 641,388	\$ 641,388
5. Detention Improvements			
a. Erosion Control	\$ 25,000	\$ 25,000	\$ 25,000
b. Pilot Channels/SWQ Features/Backslope Swales	\$ 423,050	\$ 423,050	\$ 423,050
Subtotal	\$ 448,050	\$ 448,050	\$ 448,050
6. Materials Testing Services	\$ 45,719	\$ 45,719	\$ 45,719
7. Erosion Control Consultant	\$ -	\$ -	\$ -

8. Engineering and Surveying Services (15% of Items 1-5) Total MUD Contribution Items	\$ 685,791	\$ 685,791	\$ 685,791
	\$ 4,855,398	\$ 4,855,398	\$ 4,855,398
TOTAL CONSTRUCTION COSTS (90% of BIR)	\$ 5,299,369	\$ 5,299,369	\$ 5,299,369
	Amount	District's Share	District's Share Bond App No. 14
NON-CONSTRUCTION COSTS			
A. Legal Fees			\$ 147,250
B. Fiscal Agent Fees			\$ 117,800
C. Interest Costs			
1. Developer Interest (Woodmere)			\$ 50,000
D. Bond Discount (3%)			\$ 176,700
E. Issuance Expenses			\$ 33,266
F. TCEQ Bond Issuance Fee (0.25%)			\$ 14,725
G. Attorney General Fee (0.10%)			\$ 5,890
H. Bond Application Report Costs			\$ 45,000
TOTAL NON-CONSTRUCTION COSTS (10% of BIR)			\$ 590,631
TOTAL BOND ISSUE REQUIREMENTS			\$ 5,890,000



Opinion of Probable Cost for Wastewater Treatment Plant Improvements

Detailed (Conceptual)

May 14, 2018

Item:	Quantity	Unit	Unit Cost	Total
<u>WWTP Improvements</u>				
Lift Station - Bypass Pumping	1	LS	\$ 35,000	\$ 35,000
Lift Station - Piping Coating	1	LS	\$ 35,000	\$ 35,000
Digester Interior Wall Coating	6,800	SF	\$ 30	\$ 204,000
North Clarifier Interior Wall Coating	7,500	SF	\$ 30	\$ 225,000
South Clarifier Interior Wall Coating	7,500	SF	\$ 30	\$ 225,000
Clarifiers - Drain, Clean, and Sludge Haul	1	LS	\$ 20,000	\$ 20,000
Digester - Drain, Clean, and Sludge Haul	1	LS	\$ 10,000	\$ 10,000
Clarifier Return Gauging Equipment	1	LS	\$ 15,000	\$ 15,000
Valve Replacement	6	EA	\$ 30,000	\$ 180,000
Solid Waste Building	1	LS	\$ 40,000	\$ 40,000
Appurtenances, Bonds, Staking, Etc.	10%			\$ 98,900

<i>WWTP Improvements Total</i>	\$ 1,087,900
<i>Engineering</i>	\$ 164,000
<i>Contingencies (10%)</i>	\$ 109,000
Total	\$ 1,360,900

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 Drainage Improvements to Serve Northern Point Subdivision

Detailed (Conceptual)

May 14, 2018

Item:	Quantity	Unit	Unit Cost	Total
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Extreme Event Swales

Erosion Control	1	LS	\$ 4,650	\$ 4,650
Drainage Items	1	LS	191,871	\$ 191,871

Extreme Event Swales Total \$ 196,521

Extreme Event Release

Clearing and Grubbing	1	LS	\$ 15,000	\$ 15,000
Regrade Existing Railroad Ditch	5,000	LF	\$ 30	\$ 150,000
Appurtenances, Bonds, Staking, Etc.	10%			\$ 16,500

Extreme Event Release Total \$ 181,500

Stormwater Pump Station

Remove and Dispose of Existing Pavement	235	SY	\$ 35	\$ 8,250
7" Concrete Pavement	235	SY	\$ 120	\$ 28,200
Replace Diesel Generator Slab	1	LS	\$ 15,000	\$ 15,000
Replace/Raise Electrical Control Panel	1	LS	\$ 60,000	\$ 60,000
Replace Pumps, Supports, Base, Piping	2	EA	\$ 85,000	\$ 170,000
Replace Diesel Generator	1	LS	\$ 175,000	\$ 175,000
18-Inch PVC Force Main (HDD)	1,050	LF	\$ 325	\$ 341,250
18-Inch PVC Force Main (Bore and Jack)	200	LF	\$ 350	\$ 70,000
Storm Manhole	4	EA	\$ 4,000	\$ 16,000
Appurtenances, Bonds, Staking, Etc.	10%			\$ 88,400

Stormwater Pump Station Total \$ 972,100

Street Paving Modifications

Remove and Dispose of Concrete Pavement	2,200	SY	\$ 30	\$ 66,000
6-Inch Concrete Pavement w/ Subgrade	2,200	SY	\$ 140	\$ 308,000
Appurtenances, Bonds, Staking, Etc.	10%			\$ 37,400

Street Paving Modifications Total \$ 411,400



Opinion of Probable Cost for Drainage Improvements to Serve Northern Point Subdivision

Detailed (Conceptual)

May 14, 2018

Item:	Quantity	Unit	Unit Cost	Total
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Miscellaneous

Erosion Control	1	LS	\$ 10,000	\$ 10,000
Traffic Control Plan	1	LS	\$ 15,000	\$ 15,000
Performance and Payment Bonds	1	LS	\$ 33,000	\$ 33,000
Appurtenances, Bonds, Staking, Etc.	10%			\$ 5,800

Miscellaneous Total \$ 63,800

Construction Total \$ 1,825,321

Engineering \$ 274,000

Contingencies (10%) \$ 163,000

Total \$ 2,262,321

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 Water Plant No. 1 Improvements

Detailed (Conceptual)

May 14, 2018

Item:	Quantity	Unit	Unit Cost	Total
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WP No. 1 Improvements

GST 1 - Exterior Coating	1	LS	\$ 35,000	\$ 35,000
GST 2 - Exterior Coating	1	LS	\$ 35,000	\$ 35,000
GST 3 - Exterior Coating	1	LS	\$ 45,000	\$ 45,000
GST 1 - Interior Coating	1	LS	\$ 65,000	\$ 65,000
GST 2 - Interior Coating	1	LS	\$ 65,000	\$ 65,000
GST 3 - Interior Coating	1	LS	\$ 100,000	\$ 100,000
HPT Exterior Coating	2	EA	\$ 10,000	\$ 20,000
HPT Interior Coating	2	EA	\$ 14,000	\$ 28,000
Above Ground Piping Coating	1	LS	\$ 15,000	\$ 15,000
Appurtenances, Bonds, Staking, Etc.	10%			\$ 40,800

WP No. 1 Improvements Total **\$ 448,800**

Engineering \$ 68,000

Contingencies (10%) \$ 45,000

Total **\$ 561,800**

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 Water Plant No. 2 Improvements

Detailed (Conceptual)

May 14, 2018

Item:	Quantity	Unit	Unit Cost	Total
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WP No. 2 Improvements

GST 1 - Interior Coating	1	LS	\$ 120,000	\$ 120,000
GST 2 - Interior Coating	1	LS	\$ 120,000	\$ 120,000
HPT Interior Coating	2	EA	\$ 14,000	\$ 28,000
Appurtenances, Bonds, Staking, Etc.	10%			\$ 26,800

WP No. 2 Improvements Total **\$ 294,800**

Engineering \$ 45,000

Contingencies (10%) \$ 29,500

Total **\$ 369,300**

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 Detention Facilities Improvements

Detailed (Conceptual)

May 14, 2018

Item:	Quantity	Unit	Unit Cost	Total
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Dungrove Detention Pond

Concrete Pilot Channels	535	LF	\$ 60	\$ 32,100
Regrade Backslope Swales	1,800	LF	\$ 5	\$ 9,000
Spot Repair/Regrade for Erosion	1	LS	\$ 30,000	\$ 30,000
Appurtenances, Bonds, Staking, Etc.	10%			\$ 7,150

Dungrove Detention Pond Total **\$ 78,250**

NPE Detention Pond

Regrade Earthen Pilot Channel	865	LF	\$ 10	\$ 8,650
Regrade Backslope Swales	1,000	LF	\$ 5	\$ 5,000
Install New SWQ Structure	1	LS	\$ 60,000	\$ 60,000
Appurtenances, Bonds, Staking, Etc.	10%			\$ 7,400

NPE Detention Pond Total **\$ 81,050**

Ashford Place Detention Pond

Concrete Pilot Channel	115	LF	\$ 60	\$ 6,900
Regrade Backslope Swales	725	LF	\$ 5	\$ 3,650
Remove Floatable Collection Screen (Fence)	1	LS	\$ 2,000	\$ 2,000
Install New SWQ Structure	1	LS	\$ 60,000	\$ 60,000
Appurtenances, Bonds, Staking, Etc.	10%			\$ 7,300

Ashford Place Detention Pond Total **\$ 79,850**

Ashford Grove Detention Pond

Concrete Pilot Channel	320	LF	\$ 60	\$ 19,200
Regrade Backslope Swales	450	LF	\$ 5	\$ 2,250
Appurtenances, Bonds, Staking, Etc.	10%			\$ 2,150

Ashford Grove Detention Pond Total **\$ 23,600**

Northern Point Detention Pond



Opinion of Probable Cost for Detention Facilities Improvements

Detailed (Conceptual)

May 14, 2018

Item:	Quantity	Unit	Unit Cost	Total
Regrade Backslope Swales	1,000	LF	\$ 5	\$ 5,000
Appurtenances, Bonds, Staking, Etc.	10%		\$	500
<i>Northern Point Detention Pond Total</i>			\$	5,500
<u>Three Lakes East Detention Pond</u>				
Concrete Pilot Channel	1,000	LF	\$ 60	\$ 60,000
Regrade Backslope Swales	500	LF	\$ 5	\$ 2,500
Appurtenances, Bonds, Staking, Etc.	10%		\$	6,250
<i>Three Lakes East Detention Pond Total</i>			\$	68,750
<u>Willow Falls Southeast Detention Pond</u>				
Concrete Pilot Channel	145	LF	\$ 60	\$ 8,700
Regrade Backslope Swales	450	LF	\$ 5	\$ 2,250
Appurtenances, Bonds, Staking, Etc.	10%		\$	1,100
<i>Willow Falls Southeast Detention Pond Total</i>			\$	12,050
<u>Willow Falls Northwest Detention Pond</u>				
Regrade Backslope Swales	750	LF	\$ 5	\$ 3,750
Appurtenances, Bonds, Staking, Etc.	10%		\$	400
<i>Willow Falls Northwest Detention Pond Total</i>			\$	4,150
<u>Stonepine Detention Pond</u>				
Concrete Pilot Channels	195	LF	\$ 60	\$ 11,700
Regrade Backslope Swales	1,800	LF	\$ 5	\$ 9,000
Concrete Pavement at Outfall Discharge	55	SY	\$ 100	\$ 5,500
Appurtenances, Bonds, Staking, Etc.	10%		\$	2,650
<i>Stonepine Detention Pond Total</i>			\$	28,850



Opinion of Probable Cost for Detention Facilities Improvements

Detailed (Conceptual)

May 14, 2018

Item:	Quantity	Unit	Unit Cost	Total
<u>Erosion Control</u>				
Erosion Control	1	LS \$	25,000 \$	25,000
<i>Erosion Control Total</i>			\$	25,000
<i>Construction Total</i>			\$	407,050
<i>Engineering</i>			\$	62,000
<i>Contingencies (10%)</i>			\$	41,000
Total			\$	510,050

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).

**CONTRACT CHANGE ORDER**

Project: Water Plant No. 2 Rehabilitation

Date: 5/17/2018

Change Order No.: 1

Job No.: 0456-154-00

Contract No.: 1

Owner: Harris County Municipal Utility District No. 368

Contractor: Pardalis Industrial Enterprises, Inc.

REVISED CONTRACT AMOUNT

Original Contract Amount:	\$191,962.00
Previous Contract Amount:	\$191,962.00
Amount This Change Order:	\$28,452.58
Revised Contract Amount:	\$220,414.58

1. GENERAL STATEMENT OF CHANGE:

This order covers the contract modification as follows:
See attachment.

2. TIME: None

The work covered by this change order shall be performed under the same terms and conditions as included in the original construction contract.

Changes Approved:

Harris County Municipal Utility District No.
368

Owner

By:

(Date)

Changes Recommended:

IDS Engineering Group

Engineer

By:

(Date)

Pardalis Industrial Enterprises, Inc.

Contractor

By:

(Date)

CONTRACT CHANGE ORDER

Page 2 of 5

Project: Water Plant No. 2 Rehabilitation

Date: 5/17/2018

Change Order No.: 1

Job No.: 0456-154-00

Contract No.: 1

Owner: Harris County Municipal Utility District No. 368

Contractor: Pardalis Industrial Enterprises, Inc.

ADDITIONAL ITEMS

3. CONTRACT DRAWING REVISIONS:

None

4. CONTRACT DOCUMENTS REVISIONS:

None

5. CONTRACT PRICE REVISIONS:

Revise the quantity of the following Bid Items, which is part of the Contract:

Bid Item No. 6: Furnish Blaster/Painter and equipment to perform miscellaneous blasting/painting for "extra blaster/painter man-hours", Complete in Place:

<u>Proposed Quantity</u>	<u>Unit</u>	<u>Original Unit Price</u>	<u>Original Total Cost</u>	<u>Revised Quantity</u>	<u>Revised Total Cost</u>	<u>Deduct Cost</u>
20.0	M.H.	\$500.00	\$10,000.00	0.0	\$0.00	(\$10,000.00)

Bid Item No. 7: Furnish labor, equipment, and material for installatio of epoxy caulk seam sealer at badly pitted surfaces, Complete in Place:

<u>Proposed Quantity</u>	<u>Unit</u>	<u>Original Unit Price</u>	<u>Original Total Cost</u>	<u>Revised Quantity</u>	<u>Revised Total Cost</u>	<u>Deduct Cost</u>
175.0	GAL	\$200.00	\$35,000.00	0.0	\$0.00	(\$35,000.00)

Add the following items:

<u>Item No.</u>	<u>Quantity</u>	<u>Unit</u>	<u>Unit Price</u>	<u>Description</u>	<u>Add Cost</u>
CO1A	1	LS	\$18,000.00	Furnish all Materials, Labor, Equipment and Superintendence for the Rehabilitation of the Exterior of the Emergency Standby Generator, including Surface Preparation, in accordance with the Specifications and the Coatings Supplier's Recommendations, Complete in Place:	\$18,000.00

CONTRACT CHANGE ORDER

Page 3 of 5

Project: Water Plant No. 2 Rehabilitation

Date: 5/17/2018

Change Order No.: 1

Job No.: 0456-154-00

Contract No.: 1

Owner: Harris County Municipal Utility District No. 368

Contractor: Pardalis Industrial Enterprises, Inc.

CO1B	1	LS	\$4,000.00	Furnish all Materials, Labor, Equipment and Superintendence for the Rehabilitation of the Exterior of the Electrical Equipment Weatherhead, including Surface Preparation, in accordance with the Specifications and the Coatings Supplier's Recommendations, Complete in Place:	\$4,000.00
CO1C	1	LS	\$500.00	Furnish all Materials, Labor, Equipment and Superintendence for the Rehabilitation of the Exterior of the Electrical Potential Transformer and Meter Boxes, including Surface Preparation, in accordance with the Specifications and the Coatings Supplier's Recommendations, Complete in Place:	\$500.00
CO1D	1	LS	\$4,000.00	Furnish all Materials, Labor, Equipment and Superintendence for the Rehabilitation of the Well Pump Motors, including Surface Preparation, in accordance with the Specifications and the Coatings Supplier's Recommendations, Complete in Place:	\$4,000.00
CO1E	1	LS	\$1,000.00	Furnish all Materials, Labor, Equipment and Superintendence for the Rehabilitation of the Bollards, including Surface Preparation, in accordance with the Specifications and the Coatings Supplier's Recommendations, Complete in Place:	\$1,000.00

CONTRACT CHANGE ORDER

Page 4 of 5

Project: Water Plant No. 2 Rehabilitation

Date: 5/17/2018

Change Order No.: 1

Job No.: 0456-154-00

Contract No.: 1

Owner: Harris County Municipal Utility District No. 368

Contractor: Pardalis Industrial Enterprises, Inc.

CO1F	1	LS	\$3,500.00	Furnish all Materials, Labor, Equipment and Superintendence for the Rehabilitation of the Exterior of the Electrical Equipment Enclosure, including Surface Preparation, in accordance with the Specifications and the Coatings Supplier's Recommendations, Complete in Place:	\$3,500.00
CO1G	1	LS	\$5,000.00	Furnish all Materials, Labor, Equipment and Superintendence for the Rehabilitation of the Electrical Transformer Enclosure and Radiator, including Surface Preparation, in accordance with the Specifications and the Coatings Supplier's Recommendations, Complete in Place:	\$5,000.00
CO1H	1	LS	\$18,726.29	Furnish all Materials, Labor, Equipment and Superintendence for High Power Pressure Washing of Complete Interior of HPT 1 and Interior of GST 1 (Minimum 4,000 PSI) from GST Floor to Approximately 10 feet Height of Interior GST Walls, including Removal and Legal Disposal of Sediment, in accordance with the Specifications, Complete in Place:	\$18,726.29

CONTRACT CHANGE ORDER

Page 5 of 5

Project: Water Plant No. 2 Rehabilitation

Date: 5/17/2018

Change Order No.: 1

Job No.: 0456-154-00

Contract No.: 1

Owner: Harris County Municipal Utility District No. 368

Contractor: Pardalis Industrial Enterprises, Inc.

CO1I	1	LS	\$18,726.29	Furnish all Materials, Labor, Equipment and Superintendence for High Power Pressure Washing of Complete Interior of HPT 2 and Interior of GST 2 (Minimum 4,000 PSI) from GST Floor to Approximately 10 feet Height of Interior GST Walls, including Removal and Legal Disposal of Sediment, in accordance with the Specifications, Complete in Place:	\$18,726.29
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TOTAL AMOUNT OF CHANGE ORDER NO. 1

\$28,452.58



May 11, 2018

Harris County Municipal Utility District No. 368
c/o Municipal Accounts & Consulting, L.P.
611 Longmire Rd., Suite 1
Conroe, Texas 77304

Attention: Ms. Katherine Turner

Reference: Water Plant No. 2 Rehabilitation, Harris County Municipal Utility District No. 368,
IDS Job No. 0456-154-00, Contract No. 1

Dear Ms. Turner:

Enclosed is an Application and Certificate for Payment No. 1 for the above referenced project for the period of April 16, 2018 to April 27, 2018. As itemized in this estimate, we recommend payment to Pardalis Industrial Enterprises, Inc. in the amount of \$22,229.55 at this time.

As of April 27, 2018, the project was approximately 13% complete with 117% of the contract time expended. The total items completed and stored to date are billed at 13% of the contract sum to date. A qualified project representative was assigned to the project to observe the work as it was being performed. To the best of my knowledge, all work has been performed in accordance with the construction plans and contract specifications.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Carpenter", is written over a horizontal line.

Matthew Carpenter, P.E.
Vice President

MC/kip X:\0400\045615400 HCMUD 368 Water Plant No. 2 Rehab\CPS\110 Pay Req\Pay Estimate No. 1.docx

cc: Board of Directors, Harris County Municipal Utility District No. 368
c/o Andrew P. Johnson, III, Johnson Petrov, PLLC
Aki Platis, Pardalis Industrial Enterprises, Inc.
Teague G. Harris, P.E. / Kameron Pugh, E.I.T.
Jim Angelo / Marcus Skinner

APPLICATION AND CERTIFICATE FOR PAYMENT

PAGE ONE OF 1 PAGE

Project: Water Plant No. 2 Rehabilitation

Project Manager: Matthew Carpenter, P.E.
Engineer: IDS Engineering Group

Job No.: 0456-154-00, Contract No. 1

Contractor: Pardalis Industrial Enterprises, Inc.

Owner: Harris County Municipal Utility District No. 368

Application Date: 4/27/2018 Application No.: 4471900

Notice to Proceed Date: 2/16/18 Contract Duration: 60 Calendar Days

Period From: 4/16/2018 To: 4/27/2018

CHANGE ORDER SUMMARY

Change Orders approved in previous months by Owner		Additions \$	Deletions \$
Subsequent Change Orders Number	Approved (date)		

Net Change by Change Orders

Weather Days Requested To Date: 6 Weather Days Granted:
Liquidated Damages Assessed: None

Application is made for Payment, as shown below, in connection with the attached Contract Continuation Sheet(s).

The present status of the account for this Contract is as follows:

Original Contract Sum	\$ 191,962.00
Net Changes by Change Order	\$ -
Contract sum to Date	\$ 191,962.00
Total Completed and Stored to Date	\$ 24,699.50
Retainage 10 %	\$ 2,469.95
Total Earned Less Retainage	\$ 22,229.55
Less Previous Certificates for Payment	\$ -
Current Payment Due	\$ 22,229.55

In accordance with the Contract and this Application for Payment, the Contractor is entitled to payment in the amount shown above.

The undersigned Contractor certifies that the work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by him for Work for which previous Certificates for Payment were issued and payment received from the Owner and that the current payment shown herein is now due.

Contractor: Pardalis Industrial Enterprises, Inc.

Engineer: IDS Engineering Group

Signed by:  Date: 2/23/2018

Signed By:  Date: 4/27/18

This Certificate is not negotiable. It is payable only to the payee named herein and its issuance, payment and acceptance are without prejudice to any rights of the Owner or Contractor under their Contract.

IDS ENGINEERING GROUP
APR 27 2018
RECEIVED



May 17, 2018

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

We have prepared Change Order No 2 for the installation of the Storm Water Quality Inlet Structures and appurtenances in the amount of \$59,050.48. This results in a revised contract amount of \$196,521.48.

The contractor submitted Pay Application No. 2 in the amount of \$17,907.30. We recommend payment.

2. Facility Improvement and Maintenance Plan

We have prepared cost estimates for the capital improvement projects discussed at the last meeting. We have also prepared a summary of costs for the potential bond issue, which we are currently estimating to be \$5,890,000.

WATER SUPPLY SYSTEM MATTERS

3. Water Plant Rehabilitation

We have prepared Change Order No. 1, which includes the coating of additional electrical equipment, the generator, and a few miscellaneous items requested by the Board. The change order is in the amount of \$28,452.58, resulting in a revised contract amount of \$220,414.58.

The contractor has presented Pay Application No. 1 in the amount of \$22,229.55. We recommend payment.

WASTEWATER TREATMENT SYSTEM MATTERS

4. **Wastewater Treatment Plant Rehabilitation**

The contractor plans to begin work on the lift station on June 4, 2018. The Operator is coordinating with contractors to prepare bypass pumping and pull the lift station pumps.

RESIDENTIAL AND COMMERCIAL DEVELOPMENT PROJECTS

5. **NorthPointe Center-Phase II (Santikos)**

The developer is planning to build a Bombshell Restaurant. We have received construction plans and will provide comments to their engineer.

6. **Los Tacos al Pastor**

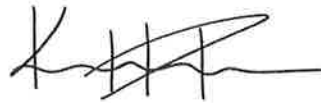
A developer is planning to start a taqueria in the shopping center north of Three Lakes Blvd. They are requesting capacity in the amount of 4 ESFCs. The Utility Capacity Letter is attached.

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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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368
c/o Johnson Petrov LLP
2929 Allen Parkway, Suite 3150
Houston, Texas 77019

May 17, 2018

Paulo Garcia
Los Tacos al Pastor
24922 Highway 249 Suite 121
Tomball, Texas 77375

Reference: Water and Wastewater Capacity Commitment to Los Tacos al Pastor
IDS Project No. 456-UC

Dear Mr. Garcia:

This letter is written on behalf of Harris County Municipal Utility District No. 368 ("District") in connection with Los Tacos al Pastor, a proposed development of a full-service restaurant of approximately 1,100 square feet at the address of 24922 Highway 249 Suite 121 Tomball, Texas 77375 ("Site") located within an existing retail center with legal description "RES A1 BLK 1 & RES C2 BLK 2 THREE LAKES SEC 1 PINECREST COMMERCIAL RESERVE ". The Site is located east of State Highway 249, north of Three Lakes Boulevard, west of Hufsmith-Kohrville Road, and south of Boudreaux Road within the District. This commitment is to this Site for wastewater treatment capacity and water supply capacity sufficient to serve a maximum of 4 single family connections.

This water and wastewater capacity commitment is made subject to the following conditions:

1. The Owner must extend water distribution lines, as required by the District, in order to utilize this capacity.
2. Plans and specifications for internal water, sanitary sewer and drainage facilities required to provide service to the Site in accordance with City of Houston, Harris County Flood Control District and Texas Commission on Environmental Quality standards shall be prepared by a registered professional engineer, shall be approved by all applicable regulatory authorities, and shall be prepared or approved by the District's Engineer prior to beginning construction of such facilities, if applicable.
3. A Mylar reproducible copy of a subdivision plat of the Site which has been recorded in the Map Records of Harris County, Texas shall be provided to the District's Engineer prior to the connection of any building within the Site to the District's water and wastewater system, if applicable.
4. Construction of all water, sanitary sewer and drainage facilities shall be inspected by the District's Operator and/or Engineer to certify to the District that such facilities have been constructed in accordance with the approved plans and specifications. Owner or his contractor shall provide a minimum of 48 hours notice to request inspection. Owner or his contractor shall

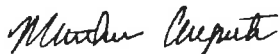
Mr. Paulo Garcia
Los Tacos al Pastor
May 17, 2018
Page 2

provide grease interceptor per the calculations and specifications submitted to the District's Engineer.

5. The Owner shall pay all applicable rates and fees and comply with all terms and conditions in accordance with the District's then current Rate Order, as amended. Please note that this Rate Order prohibits the discharge of wastewater, other than typical domestic wastewater, which exceeds certain defined quality parameters.
6. This commitment shall automatically expire on May 16, 2019, and shall have no further force and effect, relative to any capacity not reasonably required by the Site's development actually completed or under construction at said time. At that time, the District will reconsider the Owner's request to reissue a new commitment.
7. The Owner may not assign this commitment to a subsequent owner(s) of the Site without obtaining prior written permission from the District which shall not be unreasonably withheld and shall provide written notice of such assignment to the District. This commitment shall apply only to the referenced Site and may not be transferred to any other property.
8. The District hereby specifically reserves the right at any time after completion of development of the Site to reallocate surplus water supply and wastewater treatment capacity not required by such development to other customers of the District.
9. The District is authorized by State law to withhold or discontinue water and wastewater service to property owners who are not current in payment to the District of monthly water and sewer charges, standby fees, and taxes.
10. The Owner is hereby advised that the District is subject to the supervision of various local, State and Federal authorities and cannot exercise independent control over all activities and actions affecting development of the Site. This commitment is issued subject to the actions and approvals of such authorities as provided by law.

Should you have any questions concerning the above commitment, please do not hesitate to call Matt Carpenter, IDS Engineering Group, at 713-462-3178.

Respectfully,



Matthew Carpenter, PE
District Engineer

cc: Board of Directors, HCMUD 368
Mr. Andrew Johnson, District Attorney, Johnson Petrov



May 10, 2018

Mr. Andrew P. Johnson, III, Member
Johnson Petrov LLP
2929 Allen Parkway Suite 3150
Houston, Texas 77019
on behalf of:
Harris County Municipal Utility District No. 368 ("District")

ARBITRAGE REBATE AND YIELD RESTRICTION COMPLIANCE SERVICE PROGRAM

Dear Board Members:

Arbitrage Compliance Specialists, Inc. ("ACS") has completed the arbitrage rebate and yield restriction report. To better understand the terminology within the report please review the explanation of the project fund yield restriction, debt service yield restriction and the arbitrage rebate requirement of the United States Treasury, Internal Revenue Service ("IRS") as summarized below.

Project Fund Yield Restriction Requirement

The Yield Restriction IRS regulations require that project bond proceeds be invested at or below the Materially Higher Yield (bond yield + .125%) during certain time periods or calculate and submit to the IRS Yield Restriction/Yield Reduction Payments; *if* both of the following conditions exist:

- 1) There are project bond proceeds remaining after the Temporary Period (normally 3 years after the delivery date) in excess of the minor portion (the lesser of \$100,000 or 5% of the sale proceeds of the issue).
- 2) The project bond proceeds were invested above the materially higher yield.

If applicable, yield restriction calculations are initiated on day one of year four and continue until the project fund balance falls below the minor portion. Both project bonds as well as refunding bonds are subject to yield restriction. Understandably, bonds that are issued for projects are subject to yield restriction but refunding bonds can also have associated project funds that require yield restriction by means of the remaining project funds of the refunded bonds. ACS has tested each bond in the compliance service program to determine if the bonds have satisfied both of the conditions as listed above under bullet points 1 and 2. The results of our review are located in the Executive Summary section of this report.

Debt Service Yield Restriction Requirement

Debt Service Yield Restriction/Yield Reduction regulations require that debt service funds be invested at or below the bond yield + .001% during certain time periods. Yield Restriction is required if both of the following conditions exist:

- 1) The debt service balance has exceeded the least of the following (“three part test”):
 - a. 10 percent of the principal amount of the issue;
 - b. Maximum annual debt service on the issue;
 - c. 125 percent of the average debt service on the issue;
- 2) The debt service funds were invested above the bond yield + .001%

A debt service yield restriction calculation is a complex and timely procedure. ACS’s experience has been that approximately 95% of municipal utility bond’s debt service funds will satisfy one of the testing criteria listed above and will not require a yield restriction calculation. However, there are circumstances when a bond has failed both the three part tests and the investment yield test and will require a yield restriction calculation to be performed. The results of our review are located in the Executive Summary section of this report.

Arbitrage Rebate Requirement

Arbitrage rebate payments are required if the investment yield earned on the bond proceeds as well as the replacement proceeds are above the bond yield. The funds that are subject to arbitrage rebate are listed below:

- Project Funds
- Debt Service Funds
- Cost of Issuance Funds
- Refunding Escrow Funds
- Reserve Funds
- Transferred Proceeds (funds remaining in older bonds that have been subsequently refunded)

Unlike project fund yield restriction that is triggered by having project funds in excess of the minor portion at the end of the Temporary Period, arbitrage rebate is accumulated from the date the bonds are issued until the bonds mature. Understandably, interest rates are in constant flux and during certain periods the rate of return may exceed the bond yield (positive arbitrage rebate) while during other periods the rate of return may be less than the bond yield (negative arbitrage rebate). The calculation of arbitrage rebate nets the positive arbitrage rebate and negative arbitrage rebate over the life of the bond issue which often reaches 30 years. The IRS filing date for submitting an arbitrage rebate payment is within 60 days of **each** 5th year anniversary date and when the bond matures. If a bond has accumulated an arbitrage liability and has failed to submit the payment to the IRS on time, the bonds are put at risk of losing their tax-exempt status. However, not all bonds are subject to arbitrage rebate. ACS has tested each bond under management to determine if the bonds are exempt under the arbitrage rebate regulations by applying the **Small Issuer Exception Qualification** criteria as defined in the Scope of Services section of this report. The results of our review are listed in the Executive Summary section of this report.

SCOPE OF SERVICES

ACS has completed an initial review of the District's bonds as included in the Executive Summary, according to the Scope of Services as listed below. ACS will continue to provide the compliance service program for all of the bonds submitted by the District for the entire life of each bond issuance. As the District issues future bonds, ACS encourages the District to place each new bond issuance into our compliance service program.

- Test and Opine to the Small Issuer Exception Qualification to arbitrage rebate for the bonds according to the following criteria:
 - The debt must be issued by a governmental entity that has general taxing powers.
 - At least 95% of the proceeds must be used for local governmental activities of the issuer or by governmental units located within the issuer's boundaries.
 - All tax-exempt debt issued in a calendar year cannot exceed \$5,000,000.
 - The refunded bond issue(s) must qualify for the \$5,000,000 limit at the time of their issuance.
 - The aggregate face amount of the refunding bond issue must not exceed \$5,000,000.
 - Except in the case of a refunded bond issue having a weighted average maturity of 3 years or less, the weighted average maturity of the refunding bond issue must not exceed the weighted average maturity of the refunded bond issue.
 - The refunding bond issue must not mature more than 30 years after the issue date of the refunded bond issue.
 - If a bond is determined to be subject to arbitrage rebate, ACS will issue an engagement letter for the District's approval.
- Review the District's investment records to determine if the project proceeds of each tax-exempt debt issue were spent within the Temporary Period;
 - If project funds remain at the end of the Temporary Period, ACS will calculate the rate of return on the investments and compare the rate to the materially higher yield (bond yield + .125%) to determine if there is a yield restriction calculation required. This process will continue until the project fund balance falls below the minor portion.
 - If the rate of return is higher than the materially higher yield, ACS will recommend a yield restriction report.
- Calculate the investment yield on the debt service investments by month;
- Compare the investment yield to the Bond Yield + .001% on a monthly basis;
 - If the investment yield is higher than the bond yield + .001%, ACS will proceed with the debt service reasonable reserve level testing as listed below:
- Determine if the unbona fide debt service reserve fund has not exceeded the least of the following:
 - 10 percent of the principal amount of the issue;
 - Maximum annual debt service on the issue;
 - 125 percent of the average debt service on the issue;
- Provide a calendar of future reporting due dates to the District and provide updates as required;
- Notify the District approximately one year in advance of future arbitrage and yield restriction filing dates;
- Report to the District, in an Executive Summary, the findings of the review with recommendations to resolve any issues that require attention and provide updates as required;
- Collection of investment records on a yearly basis from the bookkeeper;
- Storage of the bond documents and investment records until the maturity of the bond plus three years to ensure compliance with the record retention requirements of the IRS.

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EXECUTIVE SUMMARY

Listed below are the tax-exempt debt issues that ACS has reviewed to determine if each issue is subject to arbitrage rebate and/or yield restriction regulations according to the Scope of Service section. The bonds are in various stages of the regulatory process, therefore, ACS will continue to monitor each bond until maturity and subsequently provide updated summaries to the District.

Active Bond Issues

\$7,795,000 Unlimited Tax Bonds, Series 2009

Arbitrage Rebate:

- Subject to Arbitrage Rebate. Greater than \$5,000,000 of tax-exempt debt was issued in the calendar year. ACS has completed the final year arbitrage rebate report through 9/1/17. No further reports are required.

Project Fund Yield Restriction:

- Subject to Project Fund Yield Restriction: the capital project funds associated with this bond issue were not spent below the minor portion before 11/19/12, the end of the Temporary Period. The unspent capital project funds at that time were \$2,013,187.81.
 - For the period 11/19/12 – 9/1/17 the capital project funds rate of return has not exceeded the materially higher yield of 5.697396% (5.572396% + 0.125%). On 9/1/16 a portion of the remaining project funds became transferred proceeds of the Series 2015A. No further reports are required.

Debt Service Yield Restriction:

- As part of the arbitrage rebate calculations, ACS determined that a debt service yield restriction payment was not due for the period ending 9/1/17. No further reports are required.

\$12,835,000 Unlimited Tax Refunding Bonds, Series 2010

Arbitrage Rebate:

- Subject to Arbitrage Rebate. Greater than \$5,000,000 of tax-exempt debt was issued in the calendar year. ACS has completed the 5th year arbitrage rebate report through 8/26/15. The next report filing date is the final arbitrage rebate report due within 60 days of 9/1/19.

Project Fund Yield Restriction:

- Not subject to Project Fund Yield Restriction. No further reports are required.

Debt Service Yield Restriction:

- ACS tested the period 8/26/10 – 3/31/18 and found that the unbona fide debt service fund passed the Investment Yield Test. ACS will continue to monitor the debt service fund investment yield on a yearly basis and notify the District of potential liabilities if they start to accrue.

\$8,995,000 Unlimited Tax Refunding Bonds, Series 2012

Arbitrage Rebate:

- Subject to Arbitrage Rebate. Greater than \$5,000,000 of tax-exempt debt was issued in the calendar year. ACS has completed arbitrage rebate reports through the 5th year date of 3/29/17. The next report filing date is the 10th year arbitrage rebate report due within 60 days of 3/29/22.

Project Fund Yield Restriction:

- Not subject to Project Fund Yield Restriction. No further reports are required.

Debt Service Yield Restriction:

- ACS tested the period 3/29/12 – 3/31/18 and found that the unbona fide debt service fund passed the Investment Yield Test. ACS will continue to monitor the debt service fund investment yield on a yearly basis and notify the District of potential liabilities if they start to accrue.

\$4,710,000 Unlimited Tax Bonds, Series 2012

Arbitrage Rebate:

- Subject to Arbitrage Rebate. Greater than \$5,000,000 of tax-exempt debt was issued in the calendar year. ACS has completed the 5th year arbitrage rebate report through 8/15/17. The next report filing date is the 10th year arbitrage rebate report due within 60 days of 8/15/22.

Project Fund Yield Restriction:

- Subject to Project Fund Yield Restriction: the capital project funds associated with this bond issue were not spent below the minor portion before 8/15/15, the end of the Temporary Period. The unspent capital project funds at that time were \$464,985.36.
 - For the period 8/15/15 – 3/31/18, the capital project funds rate of return has not exceeded the materially higher yield of 4.20798% (4.08298% + 0.125%). As of 3/31/18 the project fund balance was \$459,812.65.

Debt Service Yield Restriction:

- ACS tested the period 8/15/12 – 3/31/18 and found that the unbona fide debt service fund passed the Investment Yield Test. ACS will continue to monitor the debt service fund investment yield on a yearly basis and notify the District of potential liabilities if they start to accrue.

\$8,205,000 Unlimited Tax Refunding Bonds, Series 2013

Arbitrage Rebate:

- Subject to Arbitrage Rebate. Greater than \$5,000,000 of tax-exempt debt was issued in the calendar year. The next report filing date is the 5th year arbitrage rebate report due within 60 days of 5/29/18. ACS is currently engaged to complete the report.

Project Fund Yield Restriction:

- Not subject to Project Fund Yield Restriction. No further reports are required.

Debt Service Yield Restriction:

- ACS tested the period 5/29/13 – 3/31/18 and found that the unbona fide debt service fund passed the Investment Yield Test. ACS will continue to monitor the debt service fund investment yield on a yearly basis and notify the District of potential liabilities if they start to accrue.

\$5,930,000 Unlimited Tax Refunding Bonds, Series 2013A

Arbitrage Rebate:

- Subject to Arbitrage Rebate. Greater than \$5,000,000 of tax-exempt debt was issued in the calendar year. The next report filing date is the 5th year arbitrage rebate report due within 60 days of 12/19/18. ACS is currently engaged to complete the report.

Project Fund Yield Restriction:

- Not subject to Project Fund Yield Restriction. No further reports are required.

Debt Service Yield Restriction:

- ACS tested the period 12/19/13 – 3/31/18 and found that the unbona fide debt service fund passed the Investment Yield Test. ACS will continue to monitor the debt service fund investment yield on a yearly basis and notify the District of potential liabilities if they start to accrue.

\$2,520,000 Unlimited Tax Bonds, Series 2014

Arbitrage Rebate:

- Not subject to Arbitrage Rebate. The bonds qualified for the Small Issuer Exception to Arbitrage Rebate. No further reports are required.

Project Fund Yield Restriction:

- Subject to Project Fund Yield Restriction. The funds attributable to this issue were spent below the minor portion prior to the end of the Temporary Period. No further reports are required.

Debt Service Yield Restriction:

- ACS tested the period 2/12/14 – 3/31/18 and found that the unbona fide debt service fund passed the Investment Yield Test. ACS will continue to monitor the debt service fund investment yield on a yearly basis and notify the District of potential liabilities if they start to accrue.

\$8,145,000 Unlimited Tax Refunding Bonds, Series 2015

Arbitrage Rebate:

- Subject to Arbitrage Rebate. Greater than \$5,000,000 of tax-exempt debt was issued in the calendar year. The next report filing date is the 5th year arbitrage rebate report due within 60 days of 3/10/20.

Project Fund Yield Restriction:

- Not subject to Project Fund Yield Restriction. No further reports are required.

Debt Service Yield Restriction:

- ACS tested the period 3/10/15 – 3/31/18 and found that the unbona fide debt service fund passed the Investment Yield Test. ACS will continue to monitor the debt service fund investment yield on a yearly basis and notify the District of potential liabilities if they start to accrue.

\$7,770,000 Unlimited Tax Refunding Bonds, Series 2015A

Arbitrage Rebate:

- Subject to Arbitrage Rebate. Greater than \$5,000,000 of tax-exempt debt was issued in the calendar year. The next report filing date is the 5th year arbitrage rebate report due within 60 days of 5/11/20.

Project Fund Yield Restriction:

- Subject to Project Fund Yield Restriction. A portion of the remaining capital project funds from the Series 2009 became transferred proceeds of the Series 2015A beginning on 9/1/16. The transferred proceeds balance on 9/1/16 was 1,266,757.81.
 - For the period 9/1/16 – 3/31/18, the capital project funds rate of return has not exceeded the materially higher yield of 3.6011% (3.4761% + 0.125%). As of 3/31/18 the transferred proceeds project fund balance for series 2015A was approximately \$51,500.

Debt Service Yield Restriction:

- ACS tested the period 5/11/15 – 3/31/18 and found that the unbona fide debt service fund passed the Investment Yield Test. ACS will continue to monitor the debt service fund investment yield on a yearly basis and notify the District of potential liabilities if they start to accrue.

\$9,150,000 Unlimited Tax Refunding Bonds, Series 2017

Arbitrage Rebate:

- Subject to Arbitrage Rebate. Greater than \$5,000,000 of tax-exempt debt was issued in the calendar year. The next report filing date is the 5th year arbitrage rebate report due within 60 days of 6/7/22.

Project Fund Yield Restriction:

- Not subject to Project Fund Yield Restriction. No further reports are required.

Debt Service Yield Restriction:

- ACS tested the period 6/7/17 – 3/31/18 and found that the unbona fide debt service fund passed the Investment Yield Test. ACS will continue to monitor the debt service fund investment yield on a yearly basis and notify the District of potential liabilities if they start to accrue.

\$1,830,000 Unlimited Tax Bonds, Series 2017

Arbitrage Rebate:

- Not subject to Arbitrage Rebate. The bonds qualified for the Small Issuer Exception to Arbitrage Rebate. Although over \$5 million was issued in the 2017 calendar year the \$9.15M Series 2017 is a current refunding bond and is not taken into consideration when determining if the 1.83M Series 2017 bonds are subject to arbitrage rebate. No further reports are required.

Project Fund Yield Restriction:

- Subject to Project Fund Yield Restriction: Project Fund Yield Restriction will be required if the project fund balance remaining on 9/14/20 is \$91,500 or greater. As of 3/31/18, the project fund balance was \$94,187.50.

Debt Service Yield Restriction:

- ACS tested the period 9/14/17 – 3/31/18 and found that the unbona fide debt service fund passed the Investment Yield Test. ACS will continue to monitor the debt service fund investment yield on a yearly basis and notify the District of potential liabilities if they start to accrue.

We appreciate the opportunity to provide assistance to the District. As always, if we may be of further assistance or if you have any questions, please do not hesitate to contact us at (800) 672.9993 ext. 7526.

Yours truly,

A handwritten signature in cursive script that reads "Doug Pahnke". The signature is written in black ink and is positioned above a horizontal line.

Doug Pahnke, CPA, Managing Director

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Inactive Bond Issues

\$3,830,000 Unlimited Tax Refunding Bonds, Series 1997

Arbitrage Rebate:

- Subject to Arbitrage Rebate. The weighted average maturity of the refunding bonds (9.94) exceeds the weighted average maturity of the refunded bonds (7.37); therefore, disqualifying the Series 1997 from the Small Issuer Exception to arbitrage rebate. ACS has completed arbitrage rebate reports through the final date of 9/1/11. No further reports are required.

Project Fund Yield Restriction:

- Not subject to Project Fund Yield Restriction. No further reports are required.

Debt Service Yield Restriction:

- As part of the arbitrage rebate calculations ACS determined that a debt service yield restriction payment was not due for the period ending 9/1/11. No further reports are required.

\$1,770,000 Bond Anticipation Note, Series 1999

Arbitrage Rebate:

- Not subject to Arbitrage Rebate. The bonds qualified for the Small Issuer Exception to Arbitrage Rebate. No further reports are required.

Project Fund Yield Restriction:

- Not subject to Project Fund Yield Restriction. The funds attributable to this issue have become Transferred Proceeds of the Series 2000 bonds as of 3/9/00. No further reports are required.

Debt Service Yield Restriction:

- Not subject to Debt Service Yield Restriction. No further reports are required.

\$1,350,000 Bond Anticipation Note, Series 1999A

Arbitrage Rebate:

- Not subject to Arbitrage Rebate. The bonds qualified for the Small Issuer Exception to Arbitrage Rebate. No further reports are required.

Project Fund Yield Restriction:

- Subject to Project Fund Yield Restriction. The funds attributable to this issue were spent below the minor portion prior to the end of temporary period. No further reports are required.

Debt Service Yield Restriction:

- Not subject to Debt Service Yield Restriction. No further reports are required.

\$5,975,000 Unlimited Tax Bonds, Series 2000

Arbitrage Rebate:

- Subject to Arbitrage Rebate. Greater than \$5,000,000 of tax-exempt debt was issued in the calendar year. ACS has completed arbitrage rebate reports through the final date of 9/1/07. No further reports are required.

Project Fund Yield Restriction:

- As part of the arbitrage rebate calculations, ACS determined that a project fund yield restriction payment was not due for the period ending 9/1/07. No further reports are required.

Debt Service Yield Restriction:

- As part of the arbitrage rebate calculations ACS determined that a debt service yield restriction payment was not due for the period ending 9/1/07. No further reports are required.

\$3,390,000 Unlimited Tax Bonds, Series 2001

Arbitrage Rebate:

- Not subject to Arbitrage Rebate. The bonds qualified for the Small Issuer Exception to Arbitrage Rebate. No further reports are required.

Project Fund Yield Restriction:

- Subject to Project Fund Yield Restriction. The funds attributable to this issue were spent below the minor portion prior to the end of the Temporary Period. No further reports are required.

Debt Service Yield Restriction:

- ACS tested the period 10/30/01 – 9/1/13 and found that the unbona fide debt service fund failed **both** the Investment Yield Test as well as the Reasonable Reserve Level Test for the period 1/1/07 – 7/31/07 therefore, accruing a debt service yield restriction liability.
 - ACS proceeded with the secondary test and completed the Reasonable Reserve Test to identify periods that the debt service funds would fail the Reasonable Reserve Level Limit but yield below the bond yield + .001%. ACS found that the rate of the return on the unreasonable reserve for the period 9/1/07 – 7/31/09 would have been sufficient to eliminate the debt service liability. No further reports are required.

\$5,420,000 Unlimited Tax Bonds, Series 2002

Arbitrage Rebate:

- Subject to Arbitrage Rebate. Greater than \$5,000,000 of tax-exempt debt was issued in the calendar year. ACS has completed arbitrage rebate reports through the final date of 8/27/10. No further reports are required.

Project Fund Yield Restriction:

- As part of the arbitrage rebate calculations, ACS determined that a project fund yield restriction payment was not due for the period ending 8/27/10. No further reports are required.

Debt Service Yield Restriction:

- As part of the arbitrage rebate calculations ACS determined that a debt service yield restriction payment was not due for the period ending 8/27/10. No further reports are required.

\$7,620,000 Unlimited Tax Bonds, Series 2003

Arbitrage Rebate:

- Subject to Arbitrage Rebate. Greater than \$5,000,000 of tax-exempt debt was issued in the calendar year. ACS has completed arbitrage rebate reports through the final date of 3/30/12. No further reports are required.

Project Fund Yield Restriction:

- As part of the arbitrage rebate calculations, ACS determined that a project fund yield restriction payment was not due for the period ending 8/27/10. No further reports are required.

Debt Service Yield Restriction:

- As part of the arbitrage rebate calculations ACS determined that a debt service yield restriction payment was not due for the period ending 8/27/10. No further reports are required.

\$5,510,000 Unlimited Tax Bonds, Series 2004

Arbitrage Rebate:

- Subject to Arbitrage Rebate. Greater than \$5,000,000 of tax-exempt debt was issued in the calendar year. ACS has completed arbitrage rebate reports through the final date of 9/1/14. No further reports are required.

Project Fund Yield Restriction:

- As part of the arbitrage rebate calculations, ACS determined that a project fund yield restriction payment was not due for the period ending 7/7/09. No further reports are required.

Debt Service Yield Restriction:

- As part of the arbitrage rebate calculations, ACS determined that a debt service yield restriction payment was not due for the period ending 9/1/14. No further reports are required.

\$9,890,000 Unlimited Tax Bonds, Series 2005

Arbitrage Rebate:

- Subject to Arbitrage Rebate. Greater than \$5,000,000 of tax-exempt debt was issued in the calendar year. ACS has completed arbitrage rebate reports through the final date of 9/1/14. No further reports are required.

Project Fund Yield Restriction:

- Subject to Project Fund Yield Restriction. The funds attributable to this issue were spent below the minor portion prior to the end of the Temporary Period. No further reports are required.

Debt Service Yield Restriction:

- As part of the arbitrage rebate calculations, ACS determined that a debt service yield restriction payment was not due for the period ending 9/1/14. No further reports are required.

\$6,660,000 Unlimited Tax Refunding Bonds, Series 2006

Arbitrage Rebate:

- Subject to Arbitrage Rebate. Greater than \$5,000,000 of tax-exempt debt was issued in the calendar year. ACS has completed the final arbitrage rebate report through 12/20/13. No further reports are required.

Project Fund Yield Restriction:

- Not subject to Project Fund Yield Restriction. No further reports are required.

Debt Service Yield Restriction:

- As part of the arbitrage rebate calculations, ACS determined that a debt service yield restriction payment was not due for the period ending 12/20/13. No further reports are required.

\$9,400,000 Unlimited Tax Bonds, Series 2007

Arbitrage Rebate:

- Subject to Arbitrage Rebate. Greater than \$5,000,000 of tax-exempt debt was issued in the calendar year. ACS has completed the Final arbitrage rebate report through 9/1/15. No further reports are required.

Project Fund Yield Restriction:

- Subject to Project Fund Yield Restriction. The funds attributable to this issue were spent below the minor portion prior to the end of the Temporary Period. No further reports are required.

Debt Service Yield Restriction:

- As part of the arbitrage rebate calculations, ACS determined that a debt service yield restriction payment was not due for the period ending 9/1/15. No further reports are required.