

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

## Minutes of Meeting Thursday, June 20, 2019

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, June 20, 2019, at the District meeting place located outside the District, whereupon the roll was called of the members of the Board, to-wit:

Roy P. Lackey	President
Tiffani C. Bishop	Vice President/Investment Officer
Sharon L. Cook	Secretary
Eric Daniel	Treasurer
Allison V. Dunn	Assistant Secretary

All members of the Board were present except Director Daniel, thus constituting a quorum. Consultants in attendance were: Mike Plunkett of Eagle Water Management, Inc. ("Operator"); Kameron Pugh, P.E., of IDS Engineering Group ("IDS" or "Engineer"); Kristen Scott of Bob Leared Interests, Inc. ("Tax Assessor/Collector"); Mark Miller of Municipal Accounts & Consulting, L.P. ("MAC" or "Bookkeeper"); Lieutenant Walton of the Harris County Precinct 4 Constable's Office ("HCCO"); Andrew Dunn of On-Site Protection, LLC ("On-Site" or "Security Coordinator"); and Carter Dean, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("JP" or "Attorney").

The President called the meeting to order at 6:30 p.m. and in accordance with the notice posted pursuant to law, the following business was transacted:

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

II. **Security Report.** Lieutenant Walton presented to and reviewed with the Board the Security Report, a copy of which is attached hereto as Exhibit "A". Next, Mr. Dunn reviewed the internet performance report for District facilities.

III. **General Business.**

A. **District Website.** There were no matters to report.

B. **Emergency Operations and Repairs to District Facilities.** Mr. Plunkett reported that the pump at Lift Station No. 4 in the process of being repaired. A rental pump has been obtained for Lift Station No. 4.

C. **Arbitrage Rebate and Yield Restriction Compliance Report ("ACS Report").** Mr. Dean presented to and reviewed with the Board the Arbitrage Report, a copy of which is attached hereto as Exhibit "B". He stated that no payment is due to Internal Revenue Service. Upon motion by Director Bishop, seconded by

Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the ACS Report.

- D. Audit Representation Letter. Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the Audit Representation Letter, a copy of which is attached hereto as Exhibit "C".

IV. Tax Assessor/Collector's Report. Ms. Scott reviewed the Tax Assessor/Collector's Report for the month of May 2019, a copy of which is attached hereto as Exhibit "D". She reported that 99.027% of the District's 2018 tax levy had been collected as of May 31, 2019.

Next, upon motion by Director Dunn, seconded by Director Bishop, 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 1410 through 1417 from the Tax Account.

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

Next, upon motion by Director Cook, seconded by Director Bishop, after full discussion, and with all Directors present voting aye, the Board voted to: (i) approve the Bookkeeper's Report; and (ii) authorize payment of Check Nos. 17148 through 17227 from the Operating Fund.

VI. Engineer's Report. Mr. Pugh presented to and reviewed with the Board an Agreement to Perform Professional Engineering and Surveying Services for Northern Point Stormwater Pump Station Improvements (the "Agreement"), a copy of which is attached hereto as Exhibit "F".

Upon motion by Director Cook, seconded by Director Dunn, after full discussion and with all Directors present voting aye, the Board approved the Agreement.

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

VIII. Attorney's Report.

- A. Reimbursement Agreement with Northpointe Blvd., LLC. No action was taken.
- B. Water Meter Easement Agreement for Northpointe Blvd. LLC. Upon motion by Director Dunn, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board authorized the President to execute the Water Meter Easement Agreement for Northpointe Blvd. LLC, a copy of which is attached hereto as Exhibit "G".

- C. Harris County Emergency Services Department No. 16 ("ESD") Sales Tax Issue. Mr. Dean presented to and reviewed a letter to ESD requesting sales tax allocation between the District and ESD, a copy of which is attached hereto as Exhibit "H".

Upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board approved the Letter as amended; and authorized JP to send the Letter to ESD.

- D. Minutes of June 6, 2019 Board meeting. Upon motion by Director Dunn, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board approved the minutes of the June 6, 2019 Board meeting as amended.

IX. Adjournment. With no additional matters before the Board, the Board adjourned the meeting at 7:40 p.m.

[EXECUTION PAGE]

Passed and approved this 18<sup>th</sup> day of July, 2019.

  
Secretary, Board of Directors

**Exhibits:**

- "A" Security Report
- "B" ACS Report
- "C" Audit Representation Letter
- "D" Tax Collector's Report
- "E" Bookkeeper report
- "F" Engineer's Proposal
- "G" Water Meter Easement Agreement
- "H" ESD Letter



# HARRIS COUNTY CONSTABLE, PRECINCT 4

**CONSTABLE MARK HERMAN**

*"Proudly Serving the Citizens of Precinct 4"*

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

## HARRIS CO MUNICIPAL UTILITY 368

For May 2019

Monthly Contract Stats

### Categories

Burglary Habitation: 0	Burglary Vehicle: 0	Theft Habitation: 0
Theft Vehicle: 1	Theft Other: 1	Robbery: 0
Assault: 0	Sexual Assault: 0	Criminal Mischief: 1
Disturbance Family: 5	Disturbance Juvenile: 2	Disturbance Other: 18
Alarms: 32	Suspicious Vehicles: 17	Suspicious Persons: 7
Runaways: 1	Phone Harrassment: 0	Other Calls: 148

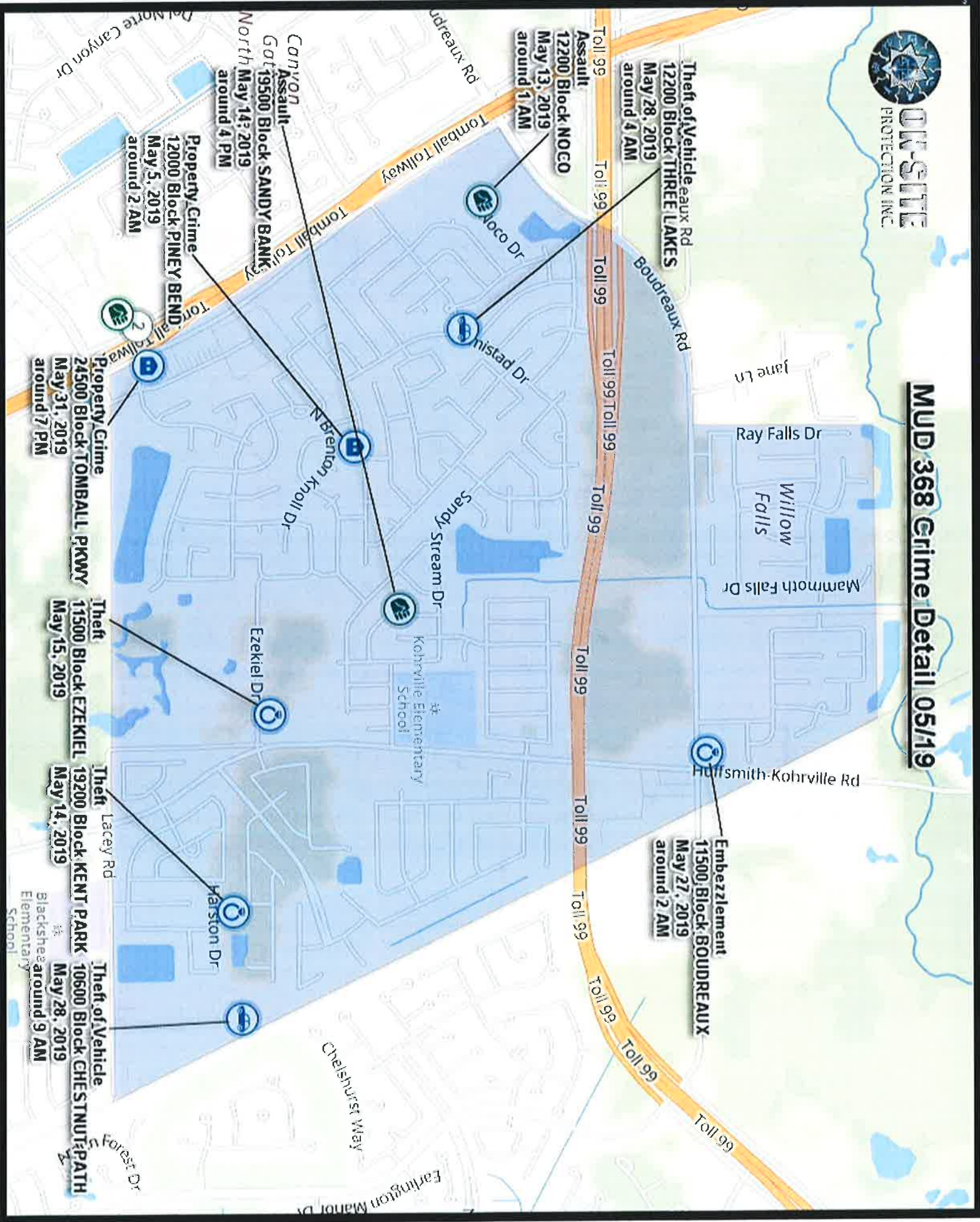
### Detailed Statistics By Deputy

Unit	Contract Calls	District Calls	Reports Taken	Felony Arrests	Misd Arrests	Tickets Issued	Recovered Property	Charges Filed	Mileage Driven	Days Worked
232	52	0	24	0	1	23	0	1	524	21
44	61	2	0	0	0	8	0	0	936	15
C70	78	2	7	0	1	55	0	2	1043	23
C71	124	0	10	0	1	35	0	1	1041	22
C72	229	1	28	0	0	77	0	1	912	20
C73	37	0	7	0	1	16	10000	1	822	13
D31	10	14	0	0	0	0	0	0	332	8
D32	6	8	3	0	1	11	0	0	445	7
<b>TOTAL</b>	<b>597</b>	<b>27</b>	<b>79</b>	<b>0</b>	<b>5</b>	<b>225</b>	<b>10000</b>	<b>6</b>	<b>6055</b>	<b>129</b>



**DR-SITE**  
PROTECTION INC.

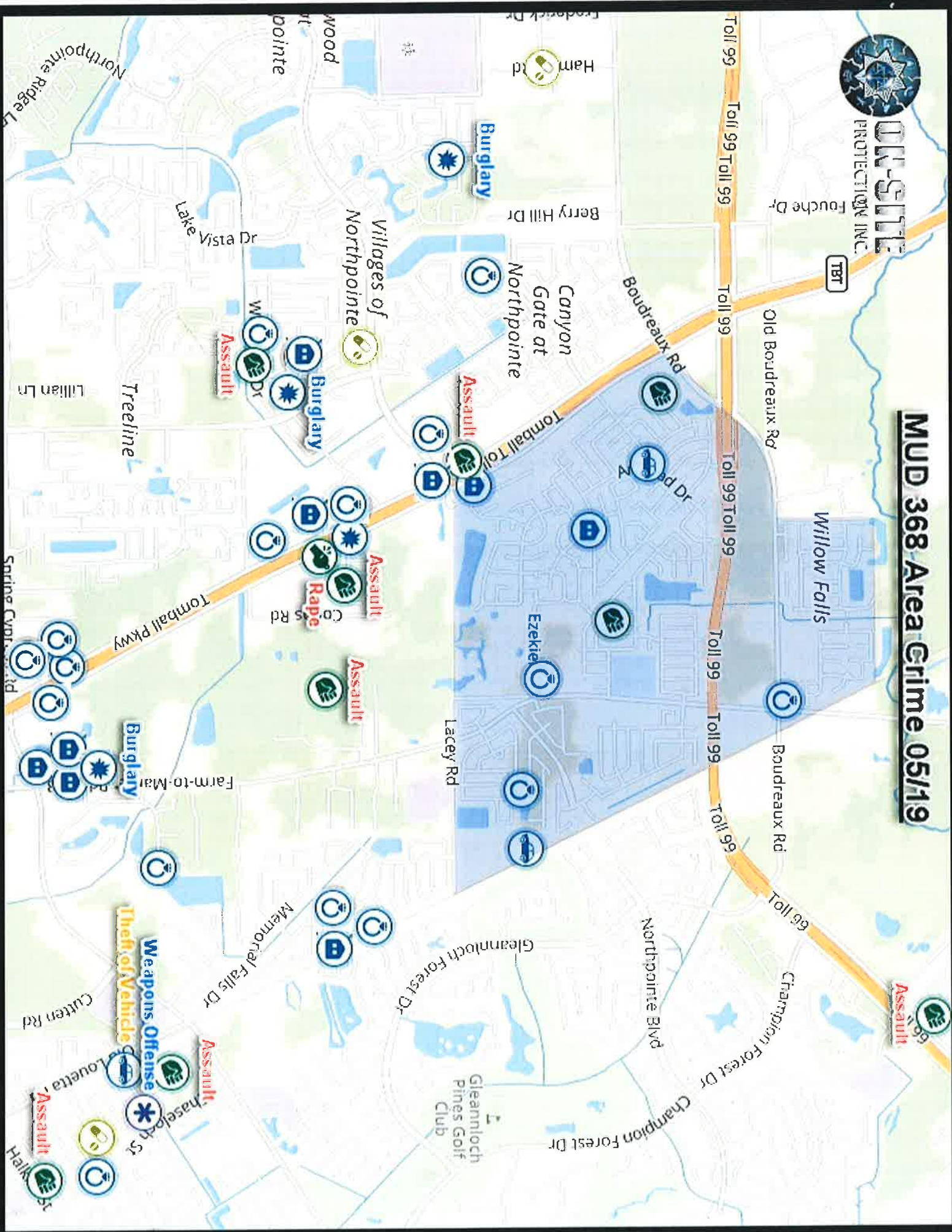
# MUD 368 Crime Detail 05/19





**ON-SITE**  
PROTECTION INC.

# MUD 368 Area Crime 05/19



Fouche Dr

TBT

Toll 99 Toll 99 Toll 99

Toll 99

Toll 99 Toll 99

Toll 99

Toll 99

Toll 99

66 Toll

Assault

Burglary

Canyon Gate at Northpointe

Villages of Northpointe

Assault

Burglary

Assault

Assault

Rape

Assault

Burglary

Weapons Offense

Theft of Vehicle

Assault

Assault

Gleanloch Pines Golf Club

Gleanloch Forest Dr

Northpointe Blvd

Champion Forest Dr

Champion Forest Dr

Memorial Falls Dr

Haseloch St

Cullen Rd

Treeline

Tomball Pkwy

Farm-to-Market Rd

Lacey Rd

Ezekiel

Willow Falls

Old Boudreaux Rd

Boudreaux Rd

Berry Hill Dr

Lake Vista Dr

Northpointe Ridge Ln



Andrew Dunn <adunn@on-siteprotection.com>

## Problems report for MUD 368 (7) (2019-05-01 00:00 - 2019-05-31 23:30)

1 message

adunn@on-siteprotection.com <adunn@on-siteprotection.com>  
 Reply-To: adunn@on-siteprotection.com  
 To: adunn@on-siteprotection.com

Thu, Jun 20, 2019 at 4:20 PM

Report period: 5/1/2019 12:00 AM - 5/31/2019 11:30 PM  
 Report notes: Custom host group  
 Path to this report: [All Agents](#) / [Local Agent](#) / [MUD 368](#)

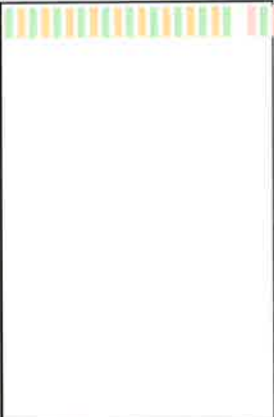


### Summary

State	Hours	% of total	Polls	% of total
Ok	2149.1	59.6	257895	59.6
Down	1451.8	40.3	174238	40.3
Warning	2.1	0.1	252	0.1

### Availability Problems

Monitor	States Graph	Down		Log	
		Hours	%	From	To
PING on 11107 Lacey Rd		720.6	100.0	5/1/2019 12:00:00 AM	5/1/2019 12:00:31 AM
				5/1/2019 12:01:52 AM	5/4/2019 4:18:04 PM
				5/4/2019 4:20:19 PM	5/13/2019 11:12:35 AM
				5/14/2019 9:59:38 AM	5/15/2019 12:00:40 AM
				5/15/2019 12:02:03 AM	5/15/2019 4:17:32 PM
				5/15/2019 4:18:55 PM	5/16/2019 4:56:01 PM
				5/16/2019 4:58:15 PM	5/31/2019 11:30:00 PM
PING on 19412 1/2 Scalet Cove Dr.		720.6	100.0	5/1/2019 12:00:00 AM	5/1/2019 12:00:31 AM
				5/1/2019 12:01:52 AM	5/4/2019 4:18:04 PM
				5/4/2019 4:20:19 PM	5/13/2019 11:12:35 AM
				5/14/2019 9:59:38 AM	5/15/2019 12:00:40 AM
				5/15/2019 12:02:03 AM	5/15/2019 4:17:32 PM
				5/15/2019 4:18:55 PM	5/16/2019 4:56:01 PM
				5/16/2019 4:58:15 PM	5/31/2019 11:30:00 PM



				PM	PM
PING on 19203 Royal Isle Dr.		5.5	0.8	5/14/2019 9:59:38 AM 5/15/2019 10:03:16 AM 5/15/2019 12:12:16 PM 5/15/2019 7:26:07 PM 5/16/2019 11:36:07 AM 5/25/2019 3:10:27 PM	5/14/2019 10:17:38 AM 5/15/2019 10:07:31 AM 5/15/2019 12:32:11 PM 5/15/2019 8:08:52 PM 5/16/2019 11:57:52 AM 5/25/2019 6:53:12 PM
PING on 19744 Logan Briar		2.6	0.4	5/7/2019 1:02:58 PM 5/7/2019 2:07:58 PM 5/14/2019 1:02:45 PM 5/14/2019 2:07:45 PM 5/21/2019 1:03:23 PM 5/21/2019 2:07:53 PM 5/23/2019 1:10:53 AM 5/28/2019 1:03:23 PM 5/28/2019 2:07:53 PM 5/31/2019 2:31:53 AM	5/7/2019 1:04:18 PM 5/7/2019 2:09:18 PM 5/14/2019 1:05:00 PM 5/14/2019 2:09:30 PM 5/21/2019 1:06:38 PM 5/21/2019 2:10:38 PM 5/23/2019 3:30:13 AM 5/28/2019 1:04:38 PM 5/28/2019 2:09:08 PM 5/31/2019 2:32:08 AM
PING on 23567 Coons Rd.		2.6	0.4	5/7/2019 12:25:02 PM 5/7/2019 12:27:31 PM 5/7/2019 1:25:01 PM 5/14/2019 12:24:19 PM 5/14/2019 12:27:19 PM 5/14/2019 1:24:49 PM 5/21/2019 12:24:27 PM 5/21/2019 12:26:57 PM 5/21/2019 1:24:27 PM 5/21/2019 1:27:27 PM <a href="#">... more ...</a>	5/7/2019 12:25:52 PM 5/7/2019 12:27:46 PM 5/7/2019 1:27:57 PM 5/14/2019 12:25:39 PM 5/14/2019 12:27:34 PM 5/14/2019 1:27:39 PM 5/21/2019 12:25:42 PM 5/21/2019 12:27:12 PM 5/21/2019 1:25:47 PM 5/21/2019 1:27:42 PM

## Performance Problems

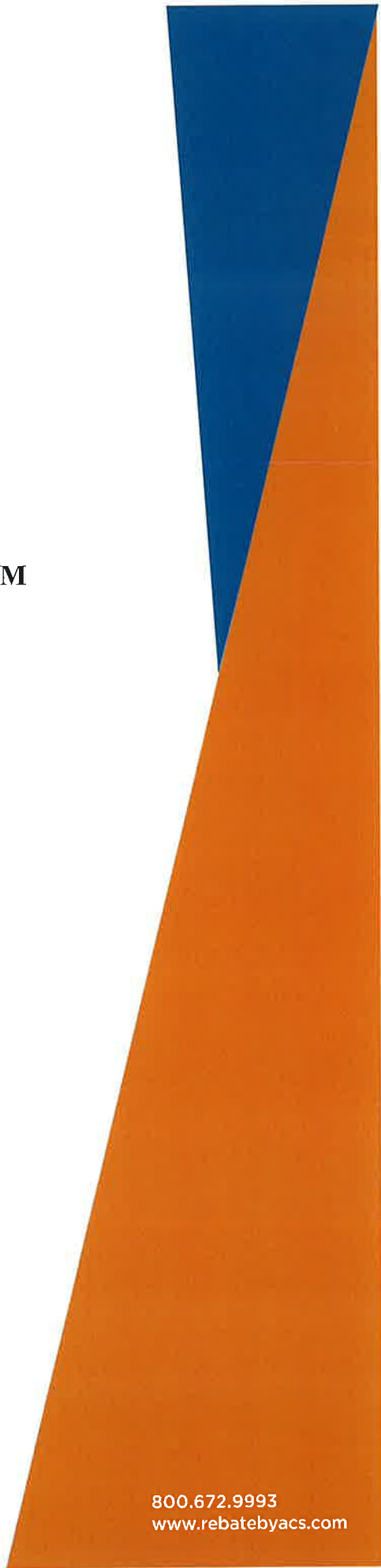
Monitor	States Graph	Warning		Log	
		Hours	%	From	To
PING on 19744 Logan Briar		0.7	0.1	5/1/2019 8:49:15 AM 5/1/2019 3:24:15 PM 5/2/2019 8:14:15 AM 5/2/2019 9:28:15 AM 5/2/2019 9:46:45 AM 5/2/2019 11:18:15 AM 5/2/2019 2:48:15 PM 5/3/2019 8:41:15 AM 5/3/2019 10:32:45 AM 5/3/2019 11:38:45 AM ... more ...	5/1/2019 8:49:45 AM 5/1/2019 3:24:45 PM 5/2/2019 8:14:45 AM 5/2/2019 9:28:45 AM 5/2/2019 9:48:45 AM 5/2/2019 11:18:45 AM 5/2/2019 2:48:45 PM 5/3/2019 8:41:45 AM 5/3/2019 10:33:15 AM 5/3/2019 11:39:15 AM
PING on 19203 Royal Isle Dr.		0.7	0.1	5/1/2019 8:49:19 AM 5/1/2019 11:25:49 AM 5/1/2019 2:48:49 PM 5/1/2019 3:22:49 PM 5/1/2019 3:24:19 PM 5/2/2019 9:47:19 AM 5/2/2019 9:48:19 AM 5/3/2019 9:14:19 AM 5/3/2019 9:16:49 AM 5/3/2019 10:37:19 AM ... more ...	5/1/2019 8:49:49 AM 5/1/2019 11:26:19 AM 5/1/2019 2:49:19 PM 5/1/2019 3:23:49 PM 5/1/2019 3:24:49 PM 5/2/2019 9:47:49 AM 5/2/2019 9:48:49 AM 5/3/2019 9:15:19 AM 5/3/2019 9:17:19 AM 5/3/2019 10:37:49 AM
PING on 23567 Coons Rd.		0.6	0.1	5/1/2019 8:49:19 AM 5/1/2019 11:25:49 AM 5/1/2019 2:48:49 PM 5/1/2019 3:22:49 PM 5/1/2019 3:24:19 PM 5/2/2019 9:47:19 AM 5/2/2019 9:48:19 AM 5/3/2019 9:14:19 AM 5/3/2019 9:16:49 AM 5/3/2019 10:37:19 AM ... more ...	5/1/2019 8:49:49 AM 5/1/2019 11:26:19 AM 5/1/2019 2:49:19 PM 5/1/2019 3:23:19 PM 5/1/2019 3:24:49 PM 5/2/2019 9:47:49 AM 5/2/2019 9:48:49 AM 5/3/2019 9:15:19 AM 5/3/2019 9:17:19 AM 5/3/2019 10:37:49 AM



The logo for Arbitrage Compliance Specialists Inc. features three overlapping triangles: a blue one on top, an orange one on the left, and a yellow one on the right. The text is positioned to the right of these triangles.

**ARBITRAGE  
COMPLIANCE  
SPECIALISTS** | INC.  
BOND COMPLIANCE SERVICES

**ARBITRAGE REBATE  
AND  
YIELD RESTRICTION  
COMPLIANCE SERVICE PROGRAM  
FOR  
HARRIS COUNTY MUNICIPAL  
UTILITY DISTRICT NO. 368  
MAY 30, 2019**

A large decorative graphic on the right side of the page, consisting of a blue triangle at the top and an orange triangle below it, both pointing downwards.

800.672.9993  
[www.rebatebyacs.com](http://www.rebatebyacs.com)



May 30, 2019

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** 5<sup>th</sup> 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.

## 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**

#### **\$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 5<sup>th</sup> 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. 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 8/26/10 – 4/30/19 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 5<sup>th</sup> year date of 3/29/17. The next report filing date is the 10<sup>th</sup> 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 – 4/30/19 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 5<sup>th</sup> year arbitrage rebate report through 8/15/17. The next report filing date is the 10<sup>th</sup> 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 – 4/30/19, the capital project funds rate of return has not exceeded the materially higher yield of 4.20798% (4.08298% + 0.125%). As of 4/30/19 the project fund balance was \$148,672.11.

**Debt Service Yield Restriction:**

- ACS tested the period 8/15/12 – 4/30/19 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. ACS has completed the 5<sup>th</sup> year arbitrage rebate report through 5/29/18. The next report filing date is the 10<sup>th</sup> year arbitrage rebate report due within 60 days of 5/29/23.

**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 – 4/30/19 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. ACS has completed the 5<sup>th</sup> year arbitrage rebate report through 12/19/18. The next report filing date is the 10<sup>th</sup> year arbitrage rebate report due within 60 days of 12/19/23.

**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 – 4/30/19 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 – 4/30/19 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 5<sup>th</sup> year arbitrage rebate report due within 60 days of 3/10/20. 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 3/10/15 – 4/30/19 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 5<sup>th</sup> 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 – 5/16/18 when the capital projects funds were fully spent, the capital project funds rate of return has not exceeded the materially higher yield of 3.6011% (3.4761% + 0.125%). No further reports are required.

#### **Debt Service Yield Restriction:**

- ACS tested the period 5/11/15 – 4/30/19 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 5<sup>th</sup> 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 – 4/30/19 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 4/30/19, the project fund balance was \$96,347.08.

**Debt Service Yield Restriction:**

- ACS tested the period 9/14/17 – 4/30/19 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,



Doug Pahnke, CPA, Managing Director

## **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.

**\$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.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368**  
**HARRIS COUNTY, TEXAS**  
**JUNE 6, 2019**

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
13100 Wortham Center Drive, Suite 235  
Houston, Texas 77065-5610

Ladies and Gentlemen:

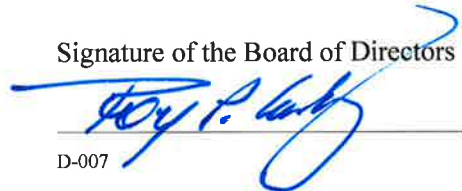
In connection with your audit of the financial statements of Harris County Municipal Utility District No. 368, (the "District"), which comprise the respective financial position of the governmental activities and each major fund as of May 31, 2018, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), you were previously provided with a representation letter under date of September 20, 2018. No information has come to our attention that would cause us to believe that any of those previous representations should be modified.

**To the best of our knowledge and belief** we make the following representations to you:

- 1) No information has come to management's attention that would cause management to believe that any of the representations made in the previously provided letter dated September 20, 2018 should be modified.
- 2) No events have occurred subsequent to the date of the auditor's report that would require adjustment to, or disclosure in, the aforementioned financial statements.
- 3) We have provided or caused to be provided minutes of the District's meetings since September 20, 2018.
- 4) We have provided or caused to be provided communications, if any, from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices since September 20, 2018.

**HARRIS COUNTY MUNICIPAL  
UTILITY DISTRICT NO. 368**

Signature of the Board of Directors



D-007

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

5/31/2019

Taxes Receivable: 8/31/2018	\$	65,361.26	
Reserve for Uncollectables	(	14,437.06)	
Adjustments		<u>427.14</u>	\$ <u>51,351.34</u>
Original 2018 Tax Levy	\$	4,591,314.60	
Adjustments		<u>422,578.55</u>	<u>5,013,893.15</u>
<b>Total Taxes Receivable</b>			<b>\$ 5,065,244.49</b>
Prior Years Taxes Collected	\$	18,670.28	
2018 Taxes Collected ( 99.0%)		<u>4,965,089.20</u>	<u>4,983,759.48</u>
<b>Taxes Receivable at: 5/31/2019</b>			<b>\$ <u>81,485.01</u></b>

2018 Receivables:		
Debt Service		38,345.96
Maintenance		10,457.99

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*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 5/2019	Fiscal to Date 6/01/2018 - 5/31/2019.
Beginning Cash Balance	\$ 181,057.76	114,573.07
<b>Receipts:</b>		
Current & Prior Years Taxes	19,363.92	5,002,203.01
Penalty & Interest	2,646.09	18,846.20
Additional Collection Penalty	667.30	8,732.06
Stale Dated Checks		345.48
Checking Account Interest	29.16	544.97
Overpayments		9,512.65
NSF Fee Collected		30.00
Void Checks		115.30
Special Inventory Tax/OPymt	14,193.13	30,763.61
Erroneous Payment		17,281.96
Refund - due to adjustments	130.70	24,798.22
Returned Checks (NSF)		2,255.61
Unpaid Account		112.54
Rendition Penalty		261.89
Refund Rendition Penalty		104.47
<b>TOTAL RECEIPTS</b>	<b>\$ 37,030.30</b>	<b>5,115,907.97</b>
<b>Disbursements:</b>		
Atty's Fees, Delq. collection	207.75	8,073.64
CAD Quarterly Assessment		36,242.00
Publications, Legal Notice		850.90
Refund - due to adjustments	9,792.85	32,431.24
Refund - due to overpayments	10.01	9,524.53
Refund - erroneous payments	17,281.96	17,281.96
Transfer to Debt Service Fund	55,000.00	3,870,000.00
Transfer to General Fund	6,153.89	1,070,486.03
Stale Checks that Cleared		42.60
Tax Assessor/Collector Fee	4,290.00	51,627.00
Return Check (NSF)		2,255.61
Rendition Penalty Refund		104.47
Credit Card Correction		112.54
Rendition Penalty CAD Portion		9.09
Postage		1,603.91
Supplies	22.28	1,703.40
Audit Preparation		200.00
NSF Fee to BLI		30.00
Additional Services - BLI		325.00
Records Maintenance		120.00
Copies	274.05	1,079.67
Envelopes - Original Stmts		411.90
Duplicate Statements		70.80
Mileage Expense	31.32	341.10
Envelopes - Feb Delinq Stmts	65.40	65.40
Envelopes - May Del Stmts		31.50
Tax Lien Transfers	75.00	175.00
Check Cost		88.20
Delinquent Report Assistance		310.00
Exemption Assistance	150.00	150.00
<b>TOTAL DISBURSEMENTS</b>	<b>(\$ 93,354.51)</b>	<b>( 5,105,747.49)</b>
<b>CASH BALANCE AT: 5/31/2019</b>	<b>\$ 124,733.55</b>	<b>124,733.55</b>

HARRIS COUNTY M.U.D. #368

Disbursements for month of June, 2019

Check #	Payee	Description	Amount
	W/T to General Fund 6/12/19	Transfer to General Fund	\$ 4,149.41
	W/T to Debt Service 6/12/19	Transfer to Debt Service Fund	20,000.00
1410	Perdue Brandon	Atty's Fees, Delq. collection	139.87
1411	HCAD	CAD Quarterly Assessment	9,218.00
1412	Cook Gordon R & Sharon	Refund - due to adjustments	35.00
1413	Fontanilla Carlos & Evelyn	Refund - due to adjustments	21.00
1414	Ortiz Franklin	Refund - due to adjustments	21.00
1415	Pardo Aaron	Refund - due to adjustments	52.50
1416	HCAD	Rendition Penalty CAD Portion	13.09
1417	Bob Leared	Tax Assessor/Collector Fee	4,410.80
TOTAL DISBURSEMENTS			\$ 38,060.67
Remaining Cash Balance			\$ <u>86,672.88</u>

Wells Fargo Bank, N.A.

HARRIS COUNTY M.U.D. #368

HISTORICAL COLLECTIONS DATA

Year	Collections Month Of 5/2019	Adjustments To Collections 5/2019	Total Tax Collections at 5/31/2019	Total Taxes Receivable at 5/31/2019	Collection Percentage
2018	16,867.99	129.50-	4,965,089.20		
2017	2,626.63	1.20-	4,830,595.13	48,803.95	99.027
2016			4,694,834.91	8,073.88	99.833
2015			4,632,165.06	6,080.45	99.871
2014			4,465,403.74	4,786.54	99.897
2013			4,427,614.62	4,227.02	99.905
2012			4,113,991.71	3,452.11	99.922
2011			3,999,885.13	2,979.96	99.928
2010			3,978,230.77	1,374.09	99.966
2009			4,134,761.50	781.61	99.980
2008			4,197,842.44	925.40	99.978
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 98.868 )

HARRIS COUNTY M.U.D. #368

HISTORICAL TAX DATA

Year	Taxable Value	SR/CR	Tax Rate	Adjustments	Reserve for Uncollectibles	Adjusted Levy
2018	716,270,214	09 / 09	.700000	422,578.55		5,013,893.15
2017	691,238,145	20 / 20	.700000	306,301.49		4,838,669.01
2016	652,904,906	31 / 31	.720000	435,016.83		4,700,915.36
2015	586,955,869	38 / 38	.790000	498,890.36		4,636,951.60
2014	513,750,620	45 / 45	.870000	519,996.79		4,469,630.76
2013	445,333,252	55 / 55	.995000	369,304.75		4,431,066.73
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	444,740,108	01 / 00	.930000	422,442.02	396.04	4,135,686.90
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
2018	.550000	3,939,487.55	.150000	1,074,405.60
2017	.550000	3,801,811.43	.150000	1,036,857.58
2016	.580000	3,786,848.69	.140000	914,066.67
2015	.640000	3,756,517.83	.150000	880,433.77
2014	.720000	3,699,004.74	.150000	770,626.02
2013	.840000	3,740,800.03	.155000	690,266.70
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	3,513,110.52	.140000	622,576.38
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:

2014	Agriculture Deferment	7,404.69
2015	Agriculture Deferment	6,723.81
2016	Agriculture Deferment	7,536.27
2017	Agriculture Deferment	7,326.86
2018	Agriculture Deferment	7,029.84
	Total --->	36,021.47

\$ 130.70 - REPORTED AS TAXES COLLECTED ON PRIOR REPORTS. TRANSFERRED TO  
REFUND ADJUSTMENTS 5/19 DUE TO CAD ADJUSTMENTS.  
2018 TAXES \$ 129.50 VARIOUS ACCOUNTS  
2017 TAXES \$ 1.20 VARIOUS ACCOUNTS

\$ 1.20 - REFUND ADJUSTMENTS TO BE ISSUED UPON REQUEST

HARRIS COUNTY M.U.D. #368

<b>Tax Exemptions:</b>	2018	2017	2016
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		

<b>Adjustment Summary:</b>	2018	
10/2018	/ CORR 002	372,471.87
11/2018	/ CORR 003	56,210.23
12/2018	/ CORR 004	1,211.50
1/2019	/ CORR 005	495.60
2/2019	/ CORR 006	1,290.68
3/2019	/ CORR 007	81.38
4/2019	/ CORR 008	9,100.14-
5/2019	/ CORR 009	82.57-
<b>TOTAL</b>		<b>422,578.55</b>



MUNICIPAL ACCOUNTS  
& CONSULTING, L.P.

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

**Bookkeeper's Report**

June 20, 2019



Harris County Municipal Utility District No. 368

Account Balances

As of June 20, 2019

Financial Institution (Acct Number)	Issue Date	Maturity Date	Interest Rate	Account Balance	Notes
<b>Fund: Operating</b>					
<b>Certificates of Deposit</b>					
SPIRIT OF TEXAS BANK (XXXXX5618)	11/28/2018	11/28/2019	2.45 %	240,000.00	
TEXAS CAPITAL BANK (XXXXX0254)	11/28/2018	11/28/2019	2.42 %	240,000.00	
BANCORPSOUTH (XXXXX2990)	01/05/2019	01/05/2020	2.75 %	240,000.00	
GREEN BANK (XXXXX0407)	03/08/2019	03/06/2020	2.60 %	240,000.00	
PLAINS STATE BANK (XXXXX0627)	05/27/2019	05/27/2020	2.65 %	240,000.00	
<b>Money Market Funds</b>					
TEXAS CLASS (XXXXX0001)	07/17/2018		2.55 %	3,850,427.31	
<b>Checking Account(s)</b>					
BBVA USA-CHECKING (XXXXX4015)			0.25 %	129,511.55	Checking Account
<b>Totals for Operating Fund:</b>				<b>\$5,179,938.86</b>	
<b>Fund: Capital Projects</b>					
<b>Money Market Funds</b>					
TEXPOOL (XXXXX0007)	08/03/2012		2.40 %	129,543.58	SERIES 2012
TEXPOOL (XXXXX0010)	09/20/2017		2.40 %	96,543.50	Series 2017
<b>Checking Account(s)</b>					
BBVA USA-CHECKING (XXXXX7091)			0.15 %	315.46	Checking Account
<b>Totals for Capital Projects Fund:</b>				<b>\$226,402.54</b>	
<b>Fund: Debt Service</b>					
<b>Certificates of Deposit</b>					
UNITED TEXAS BANK-DEBT (XXXXX6068)	08/14/2018	08/14/2019	2.45 %	240,000.00	
TEXAS CAPITAL BANK-DEBT (XXXXX0105)	08/15/2018	08/15/2019	2.40 %	240,000.00	
GREEN BANK - DEBT (XXXXX3888)	08/16/2018	08/16/2019	2.40 %	240,000.00	
FRONTIER BANK - DEBT (XXXXX2217)	02/08/2019	02/08/2020	2.65 %	240,000.00	
THIRD COAST BANK-DEBT (XXXXX2225)	02/08/2019	02/08/2020	2.60 %	240,000.00	
SPIRIT OF TX BANK - DEBT (XXXXX3234)	02/09/2019	02/09/2020	2.60 %	240,000.00	
INDEPENDENT BANK-DEBT (XXXXX5351)	02/11/2019	02/11/2020	2.70 %	240,000.00	
PIONEER BANK-DEBT (XXXXX1950)	02/11/2019	02/11/2020	2.71 %	240,000.00	
BUSINESS BANK OF TX- DEBT (XXXXX320)	02/13/2019	02/13/2020	2.75 %	240,000.00	
<b>Money Market Funds</b>					
BBVA USA-DEBT (XXXXX7084)	04/11/2013		0.25 %	157,994.19	
TEXAS CLASS (XXXXX0002)	03/12/2019		2.55 %	4,313,384.57	
<b>Totals for Debt Service Fund:</b>				<b>\$6,631,378.76</b>	
<b>Grand total for Harris County Municipal Utility District No. 368:</b>				<b>\$12,037,720.16</b>	

**Harris Co MUD 368 GOF**  
**Cash Flow Report - Checking Account**  
**As of June 20, 2019**

Num	Name	Memo	Amount	Balance
<b>BALANCE AS OF 05/17/2019</b>				<b>\$233,838.04</b>
<b>Receipts</b>				
	Reimbursement of Winter 2019 AWBD Advance		1,200.00	
	Water/Sewer Revenue		333,096.58	
	Water/Sewer Revenue O/S		65,020.97	
	Misc. Income from A/R		77.21	
	Interest Earned		107.60	
	Bank Correction		0.55	
	SPA Revenue		9,953.94	
<b>Total Receipts</b>				<b>409,456.85</b>
<b>Disbursements</b>				
16079a	Comcast	SCADA Internet / Telephone	(195.91)	
16782	Tamarah S Davis	VOID: Deposit Refund (\$64.27)	0.00	
16880	Saul Ivan Perez	VOID: Deposit Refund (\$39.20)	0.00	
16939	Comcast	SCADA Internet / Telephone	(218.01)	
17079	Lupe Tortilla	Meal check	(319.78)	
17080	Lupe Tortilla	Meal check	(337.63)	
17148	Best Trash	Curbside Cart Trash Pick up - March	(49,573.14)	
17149	CenterPoint Energy	Natural Gas	(164.88)	
17156	Arthur J. Gallagher & Co.	Insurance	(37,598.00)	
17157	Attorney General of Texas	2019 Series Bond Issuance Expense	(9,500.00)	
17158	Allison V Dunn	Summer AWBD Advance	(1,200.00)	
17159	Sharon Cook	Summer AWBD Advance	(1,185.00)	
17160	Tiffani Bishop	Summer AWBD Advance	(1,200.00)	
17161	Roy Lackey	Summer AWBD Advance	(1,200.00)	
17162	Allison V Dunn	Fees of Office - 06.20.2019	(138.53)	
17163	Eric J. Daniel	Fees of Office - 06.20.2019	(138.52)	
17164	Roy Lackey	Fees of Office - 06.20.2019	(121.15)	
17165	Sharon Cook	Fees of Office - 06.20.2019	(123.52)	
17166	Tiffani Bishop	Fees of Office - 06.20.2019	(138.52)	
17167	Allison V Dunn	Fees of Office - 06.06.2019	(138.52)	
17168	Eric J. Daniel	Fees of Office - 06.06.2019	(138.53)	
17169	Roy Lackey	Fees of Office - 06.06.2019	(123.86)	
17170	Sharon Cook	Fees of Office - 06.06.2019	(123.53)	
17171	Tiffani Bishop	Fees of Office - 06.06.2019	(138.53)	
17172	Roy Lackey	Fees of Office - Ops Meeting - 05.30.2019	(121.15)	
17173	Sharon Cook	Fees of Office - Ops Meeting - 05.30.2019	(123.52)	
17174	Comptroller of Public Accounts	Unclaimed Property - March 2017 to March 2018	(3,081.06)	
17175	Aim Realty	Deposit Refund	(63.78)	
17176	Alissha Renea Jones	Deposit Refund	(44.34)	
17177	Anna McMillen	Deposit Refund	(59.17)	
17178	Christoper P Mueller	Deposit Refund	(123.93)	
17179	Courtney L Loosier	Deposit Refund	(30.68)	
17180	Derrick L Muldrow	Deposit Refund	(64.74)	
17181	Erik Engebretson	Deposit Refund	(19.90)	
17182	Gary Dennis Booker	Deposit Refund	(63.78)	
17183	GLP Properties, LLC	Deposit Refund	(63.78)	
17184	jacqueline Brewer Giese	Deposit Refund	(125.00)	
17185	Jennifer Faherty	Deposit Refund	(54.56)	
17186	Jennifer Ramirez	Deposit Refund	(368.74)	
17187	John W Layman	Deposit Refund	(39.98)	

**Harris Co MUD 368 GOF**  
**Cash Flow Report - Checking Account**  
**As of June 20, 2019**

Num	Name	Memo	Amount	Balance
<b>Disbursements</b>				
17188	Jurn Chung Kwan	Deposit Refund	(63.78)	
17189	Karim Lakhani	Deposit Refund	(38.98)	
17190	Keith Alan Schnieder	Deposit Refund	(59.17)	
17191	Lawrence Verdi	Deposit Refund	(124.95)	
17192	Lonnie Wayne Franklin	Deposit Refund	(35.21)	
17193	Lorenzo Donte Nunn	Deposit Refund	(59.17)	
17194	Luisa M Vogel	Deposit Refund	(245.04)	
17195	Minerva Munoz Gillis	Deposit Refund	(125.00)	
17196	NRT Property Management Texas	Deposit Refund	(3.05)	
17197	Richard William Hopp II	Deposit Refund	(45.67)	
17198	Sara Hunsaker	Deposit Refund	(63.78)	
17199	Saul Ivan Perez	Deposit Refund	(39.20)	
17200	Shatara Shamek Sanders White	Deposit Refund	(50.37)	
17201	Syed Z Khalid	Deposit Refund	(37.87)	
17202	Tamarah S Davis	Deposit Refund	(64.27)	
17203	Unas M Sajid	Deposit Refund	(45.34)	
17204	Xterra Group LLC	Deposit Refund	(188.78)	
17205	Arbitrage Compliance Specialists, Inc.	Arbitrage Fees - Unlimited Tax Bonds	(1,800.00)	
17206	Best Trash	Curbside Cart Trash Pick up - May	(49,599.02)	
17207	Comcast	Telephone / Internet	(1,430.06)	
17208	Eagle Water Management, Inc.	Operations	(63,027.58)	
17209	Electrical Field Services, Inc.	Maintenance & Repairs	(28,761.13)	
17210	Harris County Treasurer	Security	(60,829.00)	
17211	Hudson Energy	Electricity	(17,921.30)	
17212	IDS Engineering Group	Engineering Fees	(21,643.40)	
17213	Johnson Petrov LLP	Legal Fees	(11,442.35)	
17214	King Fab, LLC.	A/C Repair	(546.00)	
17215	Lawns & More	Lawn Maintenance 05/19	(1,365.00)	
17216	Municipal Accounts & Consulting, LP	Bookkeeping Fee	(3,723.97)	
17217	North Harris Cty Regional Water Authority	Surface Water Fee	(111,621.61)	
17218	Off Cinco	Website	(526.00)	
17219	On-Site Protection LLC	Security	(9,125.20)	
17220	Phillips Cleaning Services, LLC	Janitorial Services	(280.00)	
17221	PWC Solutions, Inc.	Chemicals	(4,279.50)	
17222	Sales Revenue, Inc.	Sales Tax Tracking	(1,166.00)	
17223	Texas Pride Disposal	Recycling	(11,681.50)	
17224	Comcast	Telephone / Internet	0.00	
17225	Comcast	Telephone / Internet	0.00	
17226	CenterPoint Energy	Natural Gas	0.00	
17227	Sharon Cook	AWBD Reimbursement	(1,741.03)	
BNK CHG	Compass Bank	Bank Service Charges	(18.00)	
Bnk Chg	Compass Bank	ACH Debit Per Item Fee	(194.00)	
Bnk Chg	Compass Bank	Return Item Charge Back	(1,307.36)	
Bnk Chg	Compass Bank	Bank Correction	(1.03)	
<b>Total Disbursements</b>			(513,783.34)	(513,783.34)
<b>BALANCE AS OF 06/20/2019</b>				<b>\$129,511.55</b>

**Harris Co MUD 368 GOF**  
**Actual vs. Budget Comparison**  
**May 2019**

	May 2019			June 2018 - May 2019			Annual Budget	
	Actual	Budget	Over/(Under)	Actual	Budget	Over/(Under)		
<b>Revenues</b>								
14100	Water Revenue	72,422	72,000	422	891,579	895,000	(3,421)	895,000
14102	Surface Water - NHCWRA	110,221	105,000	5,221	1,254,498	1,220,000	34,498	1,220,000
14120	Reconnection Fee	5,235	3,750	1,485	63,381	45,000	18,381	45,000
14125	Meter Rental	0	375	(375)	2,300	4,500	(2,200)	4,500
14200	Sewer Revenue	160,754	170,000	(9,246)	1,925,515	1,800,000	125,515	1,800,000
14201	Sewer Inspection Fee Revenue	0	165	(165)	0	2,000	(2,000)	2,000
14202	Customer Service Inspection Rev	0	375	(375)	0	4,500	(4,500)	4,500
14203	Final Builder Inspection	0	165	(165)	0	2,000	(2,000)	2,000
14320	Maintenance Tax	6,154	10,000	(3,846)	1,070,486	1,010,000	60,486	1,010,000
14325	SPA Revenue	9,954	11,667	(1,713)	166,048	140,000	26,048	140,000
14326	Security Service Revenue	17,630	9,000	8,630	154,360	130,000	24,360	130,000
14330	Penalties & Interest	7,312	5,665	1,647	86,771	68,000	18,771	68,000
14380	Miscellaneous Income	2,173	100	2,073	23,374	1,100	22,274	1,100
14391	Interest Earned on Temp Invest	13,361	2,500	10,861	99,419	30,000	69,419	30,000
14392	Interest Earned on Checking	108	65	43	919	800	119	800
14600	Tap Connections	0	3,750	(3,750)	43,530	45,000	(1,470)	45,000
15379	Transfer Fees	1,175	1,350	(175)	13,950	16,000	(2,050)	16,000
<b>Total Revenues</b>		406,499	395,927	10,572	5,796,129	5,413,900	382,229	5,413,900
<b>Expenditures</b>								
16135	Maintenance & Repairs - Water	11,181	16,500	(5,319)	256,266	200,000	56,266	200,000
16140	Purchased Surface Water	92,188	90,000	2,188	974,935	1,070,000	(95,065)	1,070,000
16142	Chemicals - Water	878	750	128	11,849	9,000	2,849	9,000
16150	Fire Hydrant Meter Rental	500	200	300	5,500	4,400	1,100	4,400
16170	Tap Connection Expense	0	1,750	(1,750)	9,350	21,000	(11,650)	21,000
16180	Reconnections	3,995	4,200	(205)	53,340	50,050	3,290	50,050
16235	Maintenance & Repairs - Sewer	14,740	20,300	(5,560)	348,815	250,000	98,815	250,000
16237	Northern Point Drainage	48	215,500	(215,452)	148,147	270,000	(121,853)	270,000
16242	Chemicals - Sewer	5,245	4,170	1,075	71,035	50,000	21,035	50,000
16245	Ditch Cleanout	0	2,500	(2,500)	0	30,000	(30,000)	30,000
16257	Rents & Leases	100	125	(25)	1,150	1,425	(275)	1,425
16260	Sludge Removal	0	0	0	57,965	95,000	(37,035)	95,000
16261	Recycling	11,682	10,665	1,017	140,582	128,000	12,582	128,000
16270	Grease Trap Inspection Expense	385	270	115	3,330	3,240	90	3,240
16274	Facility Pre-Inspection	0	100	(100)	0	1,440	(1,440)	1,440
16275	Inspection Fee - Sewer	0	200	(200)	385	2,500	(2,115)	2,500
16276	Final Builder Inspection Exp.	0	230	(230)	280	2,880	(2,600)	2,880
16278	Customer Service Inspection	0	230	(230)	1,585	2,880	(1,295)	2,880
16315	District Analysis - EVO	0	0	0	5,700	0	5,700	0
16319A	Generators-Fuel	0	0	0	4,645	9,500	(4,855)	9,500
16319B	Generators-M&R	0	2,900	(2,900)	31,785	35,500	(3,715)	35,500
16320	Legal Fees	9,244	9,500	(256)	112,536	110,000	2,536	110,000
16321	Auditor Fees	0	0	0	21,000	20,800	200	20,800
16322	Engineering Fees	12,836	7,500	5,336	168,495	90,000	78,495	90,000
16324	Lab Fees	173	2,500	(2,328)	6,018	30,000	(23,982)	30,000
16325	Election Expense	0	0	0	42	0	42	0
16326	Permit Expense	0	0	0	13,308	21,000	(7,692)	21,000
16330	GIS Mapping	0	900	(900)	2,115	10,000	(7,885)	10,000
16331	Arbitrage Compliance Expense	1,800	0	1,800	8,300	5,200	3,100	5,200
16332	Service Account Collection Exp	19,998	20,000	(2)	241,808	240,000	1,808	240,000
16333	Bookkeeping Fees	3,417	3,000	417	40,200	37,000	3,200	37,000
16334.1	Security-Equip Maint/Repair	46	40	6	1,506	500	1,006	500

**Harris Co MUD 368 GOF**  
**Actual vs. Budget Comparison**  
**May 2019**

	May 2019			June 2018 - May 2019			Annual
	Actual	Budget	Over/(Under)	Actual	Budget	Over/(Under)	Budget
<b>Expenditures</b>							
16334.2 Security Contract	60,829	58,705	2,124	720,100	704,460	15,640	704,460
16334.3 Security Service - Overtime	13,520	6,500	7,020	84,398	78,000	6,398	78,000
16334.4 Security - Consulting	1,700	900	800	11,050	10,500	550	10,500
16334.5 Security - Outage & Change Mgmt	1,665	340	1,325	5,637	4,000	1,637	4,000
16334.6 Monthly Alarm Monitoring Fee	70	0	70	455	0	455	0
16335.1 Lawn Maintenance	53,347	13,330	40,017	187,880	160,000	27,880	160,000
16335.2 Maint. & Repair-General-Other	0	450	(450)	1,346	5,000	(3,654)	5,000
16335.3 Detention Pond Maintenance	8,896	9,500	(604)	104,623	114,000	(9,377)	114,000
16336 Storm Drainage	0	0	0	7,250	5,000	2,250	5,000
16338 Legal Notices & Other Publ.	1	175	(174)	40	2,100	(2,060)	2,100
16339-1 Scada Maint & Repair	0	90	(90)	0	1,100	(1,100)	1,100
16339-2 Scada -Internet	818	1,190	(372)	18,027	14,300	3,727	14,300
16340 Printing & Office Supplies	3,897	2,900	997	44,100	35,000	9,100	35,000
16341 Website Design / Hosting	1,026	300	726	6,537	4,000	2,537	4,000
16341.1 Emergency Notifications	0	209	(209)	0	2,500	(2,500)	2,500
16342 Security System Maint & Repair	2,970	750	2,220	27,166	9,000	18,166	9,000
16350 Postage & Delivery	2,381	2,090	291	27,084	25,000	2,084	25,000
16351 Telephone	600	800	(200)	10,979	9,500	1,479	9,500
16352 Utilities	18,086	16,662	1,424	220,362	199,999	20,363	199,999
16353 Insurance & Surety Bond	0	0	0	37,503	35,035	2,468	35,035
16354 Travel & Per Diem	1,427	500	927	11,007	17,160	(6,153)	17,160
16355 AWBD Annual Dues	0	0	0	650	650	0	650
16358 Bank Charges	938	525	413	11,856	6,300	5,556	6,300
16359 Miscellaneous Expense	671	400	271	11,400	5,000	6,400	5,000
16361 Sales Tax Tracking	583	500	83	6,996	6,500	496	6,500
16370 TCEQ Regulatory Fee	0	0	0	8,277	15,000	(6,723)	15,000
16399 Garbage Expense	49,599	46,500	3,099	585,973	559,000	26,973	559,000
16400 NHCWA Assessment Fee	19,434	0	19,434	195,846	27,500	168,346	27,500
16600 Payroll Expenses	2,422	2,500	(78)	26,828	36,000	(9,172)	36,000
17350 Capital Expenditure - Engineer	0	4,000	(4,000)	16,755	50,000	(33,245)	50,000
17393 WaterWise Program - Khorville	0	0	0	0	8,000	(8,000)	8,000
17630 Capital Outlay	4,730	2,000	2,730	253,475	25,000	228,475	25,000
17632H Cleaning at Maint. Facility	140	128	12	1,750	1,558	192	1,558
<b>Total Expenditures</b>	<b>438,205</b>	<b>585,974</b>	<b>(147,769)</b>	<b>5,387,320</b>	<b>4,977,477</b>	<b>409,843</b>	<b>4,977,477</b>
<b>Excess Revenues (Expenditures)</b>	<b>(\$31,706)</b>	<b>(\$190,047)</b>	<b>\$158,341</b>	<b>\$408,810</b>	<b>\$436,423</b>	<b>(\$27,613)</b>	<b>\$436,423</b>

Harris Co MUD 368 Capital Project  
**Cash Flow Report - Checking Account**  
 As of June 20, 2019

Num	Name	Memo	Amount	Balance
<b>BALANCE AS OF 05/17/2019</b>				<b>\$315.46</b>
<b>Receipts</b>				
	Interest Earned on Checking		0.04	
<b>Total Receipts</b>				0.04
<b>Disbursements</b>				
BNK CHG	Compass Bank	Bank Charges	(0.04)	
<b>Total Disbursements</b>				(0.04)
<b>BALANCE AS OF 06/20/2019</b>				<b>\$315.46</b>

# HARRIS COUNTY MUD NO. 368

## Capital Projects Fund Breakdown

June 20, 2019

### 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	32,686.59
Series 2012 - Bond Proceeds	4,710,000.00
Series 2012 - Interest Earnings	\$14,560.91
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	\$3,063.20
<b>Total Receipts</b>	<b>17,067,876.72</b>

#### Disbursements

Series 2009 Bond Issue Costs	7,990,188.60
Series 2012 Bond Issue Costs	4,595,755.86
Series 2014 Bond Issue Costs	2,520,010.02
Series 2017 Bond Issue Costs	1,776,564.70
<b>Total Disbursements</b>	<b>16,882,519.18</b>

**Total Cash Balance** 226,402.54

### Balances by Account

Compass - XXXX7091	\$315.46
Texpool xx006- Series 2009	-
Texpool xx007- Series 2012	129,543.58
Texpool xx008- Series 2014	-
Texpool xx010- Series 2017	96,543.50
<b>Total Cash Balance</b>	<b>\$226,402.54</b>

### Balances by Bond Series

Series 2009	53.94
Series 2012	128,805.10
Series 2014	(0.00)
Series 2017	96,543.50
<b>Total Cash Balance</b>	<b>226,402.54</b>

### Remaining Costs/Surplus By Bond Series

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

Series 2009 - Interest	\$32,686.59
Series 2009 - Surplus	(\$32,632.65)
Series 2012 - Surplus & Interest	128,805.10
Series 2014 - Surplus & Interest	\$ (0.00)
Series 2017 - Surplus & Interest	\$96,543.50
<b>Total Surplus &amp; Interest Balance</b>	<b>225,402.54</b>

**Total Remaining Costs/Surplus** 226,402.54

Harris Co MUD 368 GOF

Balance Sheet

As of May 31, 2019

May 31, 19

**ASSETS**

Current Assets

Checking/Savings

11100 · Cash in Bank

591,130

Total Checking/Savings

591,130

Other Current Assets

11179 · Due from COH

44,570

11300 · Time Deposits

5,046,278

11500 · Service Accounts Receivable

347,975

11520 · Maintenance Tax Receivable

16,810

11550 · Builder Damage Receivable

3,939

11580 · Accrued Interest

11,976

11740 · Due From Construction

58,020

11750 · Due From Tax Account

(2,734)

Total Other Current Assets

5,526,834

Total Current Assets

6,117,964

Other Assets

11739 · Due From Director

(2,400)

Total Other Assets

(2,400)

**TOTAL ASSETS**

6,115,564

**LIABILITIES & EQUITY**

Liabilities

Current Liabilities

Accounts Payable

12000 · Accounts Payable

252,373

Total Accounts Payable

252,373

Other Current Liabilities

12100 · Payroll Liabilities

979

12138 · Due to Debt Service

2,190

12140 · Retainage Payable

26,630

12160 · Builder Meter Rental Deposits

11,841

12161 · Customer Meter Deposits

552,866

12162 · Builder Deposits

20,000

12163 · Unclaimed Property Due to State

3,460

12181 · Feas. Study- Little WoodrowsLLC

(4,613)

12182 · Feas. Study - Vaquero Strategy

7,500

12183 · Feasibility Study-Pulte Group

7,163

12740 · Deferred Inflows

16,810

Total Other Current Liabilities

644,827

Total Current Liabilities

897,200

Total Liabilities

897,200

Equity

13010 · Unassigned Fund Balance

4,809,554

Net Income

408,810

Total Equity

5,218,364

**TOTAL LIABILITIES & EQUITY**

6,115,564



Harris County Municipal Utility District No. 368

**District Debt Service Payments**

06/01/2019 - 06/01/2020

<b>Paying Agent</b>	<b>Series</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Due</b>
<b>Debt Service Payment Due 09/01/2019</b>						
Wells Fargo Bank, NA	2010R	09/01/2019		410,000.00	8,200.00	418,200.00
Wells Fargo Bank, NA	2012	09/01/2019		50,000.00	92,025.00	142,025.00
Wells Fargo Bank, NA	2012R	09/01/2019		420,000.00	166,362.50	586,362.50
Wells Fargo Bank, NA	2013A	09/01/2019		580,000.00	64,925.00	644,925.00
Wells Fargo Bank, NA	2013R	09/01/2019		15,000.00	132,112.50	147,112.50
Wells Fargo Bank, NA	2014	09/01/2019		25,000.00	57,468.75	82,468.75
Wells Fargo Bank, NA	2015B	09/01/2019		145,000.00	141,890.63	286,890.63
Wells Fargo Bank, NA	2015R	09/01/2019		225,000.00	139,550.00	364,550.00
Bank of New York	2017	09/01/2019		0.00	29,606.25	29,606.25
Wells Fargo Bank, NA	2017R	09/01/2019		0.00	169,625.00	169,625.00
<b>Total Due 09/01/2019</b>				<b>1,870,000.00</b>	<b>1,001,765.63</b>	<b>2,871,765.63</b>
<b>Debt Service Payment Due 03/01/2020</b>						
Wells Fargo Bank, NA	2012	03/01/2020		0.00	91,400.00	91,400.00
Wells Fargo Bank, NA	2012R	03/01/2020		0.00	157,962.50	157,962.50
Wells Fargo Bank, NA	2013A	03/01/2020		0.00	56,225.00	56,225.00
Wells Fargo Bank, NA	2013R	03/01/2020		0.00	131,887.50	131,887.50
Wells Fargo Bank, NA	2014	03/01/2020		0.00	56,718.75	56,718.75
Wells Fargo Bank, NA	2015B	03/01/2020		0.00	140,440.63	140,440.63
Wells Fargo Bank, NA	2015R	03/01/2020		0.00	136,175.00	136,175.00
Bank of New York	2017	03/01/2020		0.00	29,606.25	29,606.25
Wells Fargo Bank, NA	2017R	03/01/2020		0.00	169,625.00	169,625.00
<b>Total Due 03/01/2020</b>				<b>0.00</b>	<b>970,040.63</b>	<b>970,040.63</b>
<b>District Total</b>				<b>\$1,870,000.00</b>	<b>\$1,971,806.26</b>	<b>\$3,841,806.26</b>

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

2019 Annual Conference  
June 13-16, 2019  
Fort Worth, TX

Name	DIRECTOR		ANNUAL		REIMBURSEMENT	
	Attending	Online	Online	Paid	Paid	
Roy Lackey	Yes			Yes		No
Tiffani Bishop	Yes			Yes		Yes
Sharon L. Cook	Yes			Yes		Yes
Allison Dunn	Yes			Yes		No
Eric Daniel	N/A			N/A		N/A

- \*\*This confirms registration for the conference only. This does not confirm any lodging reservations.
- \*\*All lodging reservations are the sole responsibility of each attendee.
- \*\*AWBD now requests that you register on-line, at: [www.awbd-tx.org](http://www.awbd-tx.org)  
(For log in assistance, contact: [tcavnar@awbd-tx.org](mailto: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:



June 19, 2019

Board of Directors  
Harris County Municipal Utility District No. 368  
c/o Johnson Petrov, L.L.P.  
2929 Allen Parkway, Suite 3150  
Houston, Texas 77019

Reference: Proposal to Perform Professional Engineering and Surveying Services for Northern Point Stormwater Pump Station Improvements to serve Harris County Municipal Utility District No. 368, Harris County, Texas; IDS Project No. 0456-153-00, Contract No. 3

Members of the Board:

This represents our proposed agreement to perform professional engineering services for Harris County Municipal Utility District No. 368 ("District") in connection with the Northern Point Stormwater Pump Station Improvements ("Project").

The proposed Project will include upsizing stormwater pump station, a second force main, related site improvements, and appurtenances.

#### **SCOPE OF SERVICES**

Design, bidding, and construction of the Project will be performed in accordance with Texas Commission on Environmental Quality ("TCEQ") rules.

Our scope of services is defined as follows:

1. Prepare one line layout of the Project for review by the District.
2. Prepare construction plans and technical specifications for the Project. Prepare a construction cost estimate based on the design drawings.
3. Submit construction plans and technical specifications for reviews and approvals by Harris County Flood Control District, Harris County Engineering Department, private utility companies, the District, and TCEQ (if required).
4. Prepare bid documents and obtain bids through a public bid process for the Project. Review bids, prepare bid tabulation, and recommend award to District and District. Prepare contract documents for review and execution.
5. Provide construction contract administration services including preconstruction meeting, coordination of construction observation, review of contractor's materials and shop drawing submittals, review of contractor pay estimates, coordination of required laboratory testing, preparation of change orders, coordination of agency inspections, and communications between District and contractor.

6. Provide the services of a construction observer for part-time on-site observation of the Project.
7. Prepare record drawings of the Project.

Specifically excluded from these services is any review of the contractor's means and methods of construction or safety procedures, which shall remain the sole responsibility of the contractor.

#### COMPENSATION AND PAYMENT

We propose to provide the above described services, except for Item 6, for the lump sum fees itemized below to be invoiced monthly based on the percent of services complete. We propose to perform Item 6 on a reimbursable basis for an estimated fee itemized below, which will be invoiced monthly based on actual salary costs of our employees times a 2.3 multiplier. Factors beyond our control which would affect this estimated fee include weather delays or construction problems which delay completion or require more attention in the field. Payment of our invoices will be made by the District within thirty (30) days of invoice date.

Plans and Technical Specifications (Items 1-3)	\$89,400
Bid and Construction Contract Administration Services (Items 4-5 and 7)	16,500
<u>On-site Construction Observation (Item 6) <i>Estimated Fee</i></u>	<u>16,000</u>
<b>Total Proposed Professional Fees</b>	<b>\$121,900</b>

Certain out-of-pocket expenses, including reproduction, deliveries, and bidding advertisement charges, will be invoiced monthly at our direct cost in addition to the professional fees described. We have estimated these expenses to be \$6,500.

Pursuant to Texas Government Code §2252.908, we have attached a printed, signed and notarized copy of a completed disclosure of interested parties form (Form 1295) along with the related Certification of Filing.

By signing and entering into this Agreement, IDS verifies, pursuant to the Government Code Section 2270.001, it does not boycott Israel and will not boycott Israel during the term of this Agreement.

IDS hereby represents and warrants that at the time of this Agreement neither Contractor, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of Contractor: (i) engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code; or (ii) is a company listed by the Texas Comptroller under Sections 806.051, 807.051, or 2252.13 of the Texas Government Code. The term "foreign terrorist organization" has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

Board of Directors  
Harris County Municipal Utility District No. 368  
June 19, 2019  
Page 3

If this proposal is acceptable to you, please indicate by signing in the space provided and return to this office. If you have any questions, please contact us. We appreciate the opportunity to submit this proposal and look forward to being of service.

Respectfully,

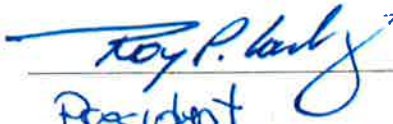


Matthew Carpenter, P.E.  
Vice President

X:\0400\045615300 Northern Point Drainage\PM\00 Proposal\20190619 PROP SWPS.doc

Accepted By:

Harris County Municipal Utility District No. 368

By:   
Title: President  
Board of Directors  
Date: June 20, 2019

# CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.  
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

## OFFICE USE ONLY CERTIFICATION OF FILING

Certificate Number:  
2019-507846

Date Filed:  
06/20/2019

Date Acknowledged:

6/29/19

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

IDS Engineering Group, Inc.  
Houston, TX United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

Harris County Municipal Utility District No. 368

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

0456-153-00  
Stormwater Pump Station Improvements

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
	Buscha, Timothy	Houston, TX United States	X	
	Abram, Chad	Houston, TX United States	X	
	Johnson, Eric	Houston, TX United States	X	
	Hajduk, Jason	Houston, TX United States	X	
	Sellers, Travis	Houston, TX United States	X	
	Harris, Teague	Houston, TX United States	X	
	Carpenter, Matt	Houston, TX United States	X	

5 Check only if there is NO Interested Party.

### 6 UNSWORN DECLARATION

My name is Teague Harris, and my date of birth is \_\_\_\_\_

My address is 13430 Northwest Freeway, Suite 700, Houston, TX, 77040, USA.  
(street) (city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Harris County, State of Texas, on the 20 day of June, 2019.  
(month) (year)



Signature of authorized agent of contracting business entity  
(Declarant)

**WATER METER EASEMENT AGREEMENT  
(NORTHPOINTE BLVD 17, LLC – 0.0090 of an Acre)**

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

THE STATE OF TEXAS                   §  
  §       KNOW EVERYONE BY THESE PRESENTS:  
COUNTY OF HARRIS                   §

That **NORTHPOINTE BLVD 17, LLC**, a Texas limited liability company ("**Grantor**"), whose address is 12238 Queenston Suite B, Houston, Texas 77095, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) cash to Grantor in hand paid by **HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368**, a conservation and reclamation district and a body politic and corporate and governmental agency of the State of Texas ("**Grantee**"), whose address is c/o Johnson Petrov LLP, 2929 Allen Parkway, Suite 3150, Houston, Texas 77019, the receipt and sufficiency of which is hereby acknowledged, has GRANTED, SOLD, AND CONVEYED and by these presents does GRANT, SELL, AND CONVEY unto Grantee, its successors and assigns, an unobstructed, exclusive, permanent and perpetual easement and right-of-way (the "**Easement**") for access to and construction, installation, placement, maintenance, repair, protection, relocation, replacement, alteration, substitution, enlargement, reduction, removal, inspection, and operation of a water meter and all related appurtenances, including, without limitation, pipes, valves, flushing valves, and all communication and/or security equipment related to the operation of Grantee's utility systems (the "**Facilities**") across, along, above, over, under, within, through and upon that certain tract of land consisting of 0.0090 of an acre, more or less (the "**Property**"), being more particularly described and depicted on Exhibit "A," attached to this Water Meter Easement Agreement (this "**Agreement**") and made a part hereof for all purposes.

Grantee may construct, install, place, maintain, repair, protect, relocate, replace, alter, substitute, enlarge, reduce, remove, inspect and operate the Facilities across, along, above, over, under, within, through and upon the Property and may enter upon the Property to engage in all activities as may be necessary, requisite, convenient, or appropriate in connection therewith. Grantee's rights shall include, without limitation, the right to clear and remove trees, growth, shrubbery, and other improvements from within the Property and the right to bring and operate such equipment thereupon as may be necessary or appropriate to effectuate the purposes for which the Easement is granted. Grantee will, at all times after doing any work in connection with the Easement hereby conveyed, restore the Property as nearly as possible to its condition prior to the undertaking of such work; provided, however, that Grantee shall not be required to replace trees, growth, shrubbery, or other vegetation thereon.

Grantor expressly reserves the right to the use and enjoyment of the surface of the Property for any and all purposes, except construction of houses, buildings and structures,

provided that such use will not prevent Grantee from constructing, installing, placing, maintaining, repairing, protecting, relocating, replacing, altering, substituting, enlarging, reducing, removing, inspecting or operating the Facilities thereon.

Grantor reserves all oil, gas, and other minerals in, on, or under the Property which Grantor may own, but waives all rights of ingress and egress for the purpose of exploring, developing, mining, or drilling for the same; provided, however, that nothing in these grants shall prohibit or in any manner restrict the right of Grantor to develop the Property for oil, gas, and other minerals by directional drilling from a nearby site.

This conveyance is further made subject to any and all restrictions, covenants, easements, rights-of-way, encumbrances and mineral or royalty reservations or interests affecting the Property and appearing of record in the Real Property Records of Harris County, to the extent that said items and matters are in effect and validly enforceable against the Easement granted herein; provided, however, Grantor, to the extent that it has the ability to enforce any of said items or matters, agrees that it will not enforce said items and matters in a manner which would unreasonably prejudice or interfere with Grantee's rights in the Easement.

This Easement may be enforced by restraining orders and injunctions (temporary or permanent) prohibiting interference and commanding compliance. Restraining orders and injunctions will be obtainable on proof of inadequacy of legal remedies or irreparable harm, and will be obtainable only by the parties to or those benefited by this Agreement; provided, however, that the act of obtaining an injunction or restraining order will not be deemed to be an election of remedies or a waiver of any other rights or remedies available at law or in equity.

If either party retains an attorney to enforce this Agreement, the party prevailing in litigation is entitled to recover reasonable attorney's fees and court and other costs.

This Agreement binds and inures to the benefit of the parties and their respective heirs, successors, and permitted assigns.

This Agreement will be construed under the laws of the state of Texas, without regard to choice-of-law rules of any jurisdiction. Venue is in the county or counties in which the Property is located.

This Agreement may be executed in any number of counterparts with the same effect as if all signatory parties had signed the same document. All counterparts will be construed together and will constitute one and the same instrument.

It is not a waiver of or consent to default if the nondefaulting party fails to declare immediately a default or delays in taking any action. Pursuit of any remedies set forth in this Agreement does not preclude pursuit of other remedies in this Agreement or provided by law.

Each signatory party agrees to execute and deliver any additional documents and instruments and to perform any additional acts necessary or appropriate to perform the terms, provisions, and conditions of this Agreement and all transactions contemplated by this Agreement.



To the extent allowed by law, each party agrees to indemnify, defend, and hold harmless the other party from any loss, attorney's fees, expenses, or claims attributable to breach or default of any provision of this Agreement by the indemnifying party.

This Agreement and any exhibits are the entire agreement of the parties concerning the Property and the grant of the Easement by Grantor to Grantee. There are no representations, agreements, warranties, or promises, and neither party is relying on any statements or representations of any agent of the other party, that are not expressly set forth in this Agreement and any exhibits.

If any provision in this Agreement is for any reason unenforceable, to the extent the unenforceability does not destroy the basis of the bargain among the parties, the unenforceability will not affect any other provision hereof, and this Agreement will be construed as if the unenforceable provision had never been a part of the agreement. Whenever context requires, the singular will include the plural and neuter include the masculine or feminine gender, and vice versa. Article and section headings in this Agreement are for reference only and are not intended to restrict or define the text of any section. This Agreement will not be construed more or less favorably between the parties by reason of authorship or origin of language.

Any notice required or permitted under this Agreement must be in writing. Any notice required by this Agreement will be deemed to be delivered (whether actually received or not) when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the intended recipient at the address shown in this Agreement. Notice may be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein.

Any recitals in this Agreement are represented by the parties to be accurate, and constitute a part of the substantive agreement.

Time is of the essence. Unless otherwise specified, all references to "days" mean calendar days. Business days exclude Saturdays, Sundays, and legal public holidays. If the date for performance of any obligation falls on a Saturday, Sunday, or legal public holiday, the date for performance will be the next following regular business day.

TO HAVE AND TO HOLD, subject to the matters set forth herein, the above-described Easement, together with all and singular the rights and appurtenances thereto in anywise belonging, including all necessary rights to ingress, egress, and regress, unto Grantee, its successors and assigns, forever. Grantor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND, all and singular the Easement and right-of-way and other rights described herein unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

**[Signature, Acknowledgement and Consent Pages Follow]**

IN WITNESS WHEREOF, this instrument is executed the 8<sup>th</sup> day of May, 2019.

**NORTHPOINTE BLVD 17, LLC,**  
a Texas limited liability company

By: [Signature]  
Name: Michael Evenson  
Title: Manager

THE STATE OF TEXAS           §  
  §  
COUNTY OF Harris           §

Before me on this day, personally appeared Michael Evenson, proved to me to be the person and the Manager whose name is subscribed to the foregoing instrument and acknowledged to me that the instrument was the act of **NORTHPOINTE BLVD 17, LLC**, a Texas limited liability company, and that he executed the instrument as the act of said company for the purposes and consideration expressed therein, by proper authority, and in the capacity stated in the instrument.

Given under my hand and seal of office this 8<sup>th</sup> day of May, 2019.

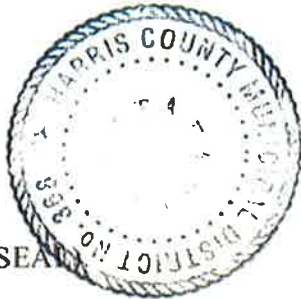


[Signature]  
Notary Public in and for the State of Texas

After recording return to:  
Harris County Municipal Utility District No. 368  
c/o Johnson Petrov, LLP  
2929 Allen Parkway, Suite 3150  
Houston, Texas 77019  
Attention: Carter Dean  
713-489-8977

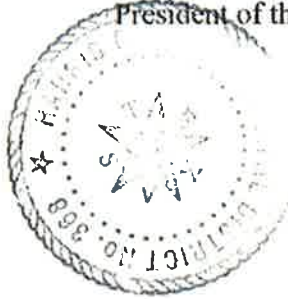
2019. **ACKNOWLEDGED AND ACCEPTED**, as of the 20<sup>th</sup> day of June, 2019.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368**,  
a conservation and reclamation district and a body politic and corporate and governmental agency of the State of Texas



(DISTRICT SEAL)

By: Roy P. Lackey  
Roy Lackey,  
President of the Board of Directors



THE STATE OF TEXAS      §  
   §  
COUNTY OF HARRIS      §

Before me on this day, personally appeared Roy Lackey, proved to me to be the person and the President of the Board of Directors whose name is subscribed to the foregoing instrument and acknowledged to me that the instrument was the act of **HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368**, a conservation and reclamation district and a body politic and corporate and governmental agency of the State of Texas, and that he executed the instrument as the act of said corporation for the purposes and consideration expressed therein, by proper authority, and in the capacity stated in the instrument.

Given under my hand and seal of office this 20<sup>th</sup> day of June, 2019.

\_\_\_\_\_  
Notary Public in and for the State of Texas

After recording return to:  
Harris County Municipal Utility District No. 368  
c/o Johnson Petrov, LLP  
2929 Allen Parkway, Suite 3150  
Houston, Texas 77019  
Attention: Carter Dean  
713-489-8977



**CONSENT OF LIENHOLDER**

**ALLEGIANCE BANK**, a Texas state financial institution, the owner and holder and/or the duly authorized agent of the beneficiaries and/or assignees of a promissory note secured by a deed of trust recorded under Clerk's File No. \_\_\_\_\_ in the Real Property Records of Harris County, Texas, and other liens, if any, on certain property affected by the foregoing Easement, executes this instrument to evidence its consent to the foregoing Easement attached hereto, and hereby subordinates said liens and any and all other liens owned by it or its assignees to such Easement.

**ALLEGIANCE BANK**,  
a Texas state financial institution

By:   
Name: Timothy Rau  
Title: Sr Vice President

THE STATE OF TEXAS                   §  
   §  
COUNTY OF WALLER                   §

Before me on this day, personally appeared Timothy Rau, proved to me to be the person and the Sr Vice Pres. whose name is subscribed to the foregoing instrument and acknowledged to me that the instrument was the act of **ALLEGIANCE BANK**, a Texas state financial institution, and that (s)he executed the instrument as the act of said company for the purposes and consideration expressed therein, by proper authority, and in the capacity stated in the instrument.

Given under my hand and seal of office this 6 day of May, 2019.



  
Notary Public in and for the State of Texas

After recording return to:  
Harris County Municipal Utility District No. 368  
c/o Johnson Petrov, LLP  
2929 Allen Parkway, Suite 3150  
Houston, Texas 77019  
Attention: Carter Dean  
713-489-8977

EXHIBIT "A"

**WATER METER EASEMENT**

BEGINNING AT THE MOST NORTHERLY NORTHEAST CORNER OF RESERVE "C" OF SEAPINES COMMERCIAL ADDITION SECTION 1 AS RECORDED IN FILM CODE NUMBER 544059 OF THE HARRIS COUNTY MAP RECORDS AND BEING ON THE SOUTHERLY RIGHT-OF-WAY LINE OF NORTHPOINT BOULEVARD AND THE MOST NORTHERLY NORTHWEST CORNER OF THE 4.2268 ACRES;

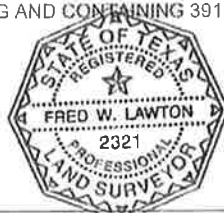
THENCE ALONG THE SOUTH LINE OF THE PROPOSED NORTHPOINT BOULEVARD AND ALONG THE NORTH LINE OF THE 4.2268 ACRES ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 1,950.00 FEET, A CENTRAL ANGLE OF 00 DEGREES 26 MINUTES 42 SECONDS, AN ARC DISTANCE OF 15.14 FEET TO A POINT FOR THE NORTHEAST CORNER;

THENCE ACROSS THE 4.2268 ACRES, THE FOLLOWING TWO CALLS:

- o SOUTH 27 DEGREES 48 MINUTES 58 SECONDS EAST A DISTANCE OF 25.00 FEET TO A POINT FOR THE SOUTHEAST CORNER;
- o SOUTH 62 DEGREES 11 MINUTES 02 SECONDS WEST A DISTANCE OF 15.00 FEET TO A POINT FOR THE SOUTHWEST CORNER ON THE WEST LINE OF THE 4.2268 ACRES BEING ON THE EAST LINE OF SAID RESERVE "C" OF SEAPINES COMMERCIAL ADDITION;

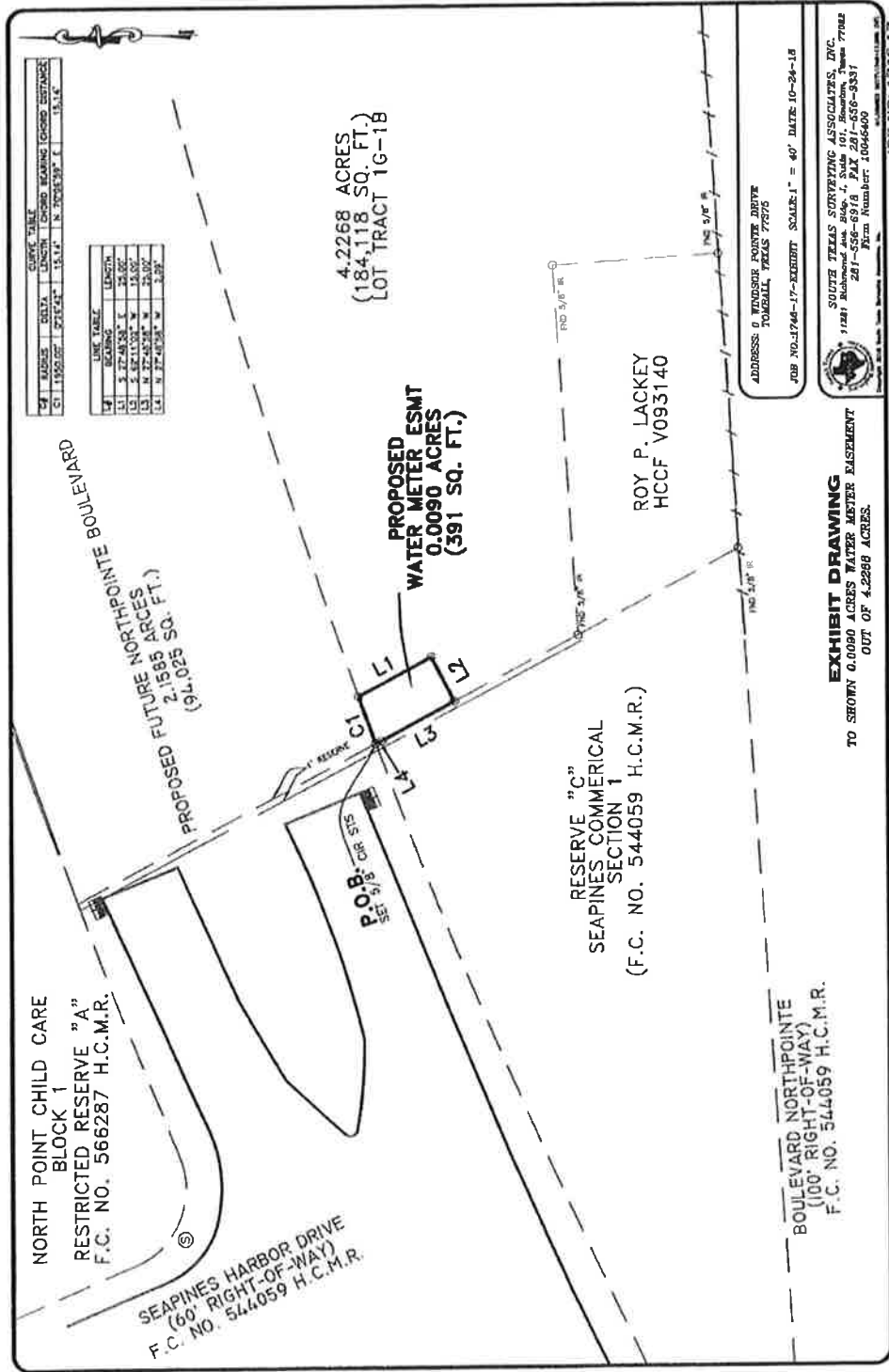
THENCE ALONG THE WEST LINE OF THE 4.2268 ACRES AND THE EAST LINE OF SAID RESERVE "C" OF SEAPINES COMMERCIAL ADDITION THE FOLLOWING TWO CALLS:

- o NORTH 27 DEGREES 48 MINUTES 58 SECONDS WEST A DISTANCE OF 25.00 FEET TO A POINT ALONG WEST LINE OF SAID 4.2268 ACRES;
- o NORTH 27 DEGREES 48 MINUTES 58 SECONDS WEST A DISTANCE OF 2.09 FEET TO THE POINT OF BEGINNING AND CONTAINING 391 SQUARE FEET OF LAND, MORE OR LESS.



FRED W. LAWTON, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 2321  
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EXHIBIT "A"



# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

c/o JOHNSON PETROV LLP

2929 ALLEN PARKWAY, SUITE 3150 | HOUSTON, TX 77019 | (713) 489-8977

June 2019

## Via Email

Board of Commissioners  
Harris County ESD No. 16  
c/o Coveler & Peeler, P.C.  
820 Gessner, Suite 1710  
Houston, Texas 77024-8261

Re: Proposal requesting sales tax allocation agreement between Harris County Emergency Services District No. 16 (“ESD 16”) and Harris County Municipal Utility District No. 368 (“MUD 368”)

Dear Board of Commissioners:

I write to you on behalf of the Board of Directors of MUD 368 requesting ESD 16’s consideration regarding entering into a sales tax allocation agreement with MUD 368. On May 8, 2019, I met with your President, Rich Jones, and the districts’ attorneys to discuss whether ESD 16 may be open to entering into an agreement with MUD 368, allocating a portion of sales tax revenue levied by ESD 16 within MUD 368’s boundaries to MUD 368. After discussion on the matter, ESD 16’s attorney suggested that MUD 368 submit a proposal regarding same, which the ESD 16 Board of Directors could consider at an upcoming meeting.

To provide some background, MUD 368 has historically collected sales taxes from each taxable development within its boundaries through a special purpose annexation agreement (the “SPA”) with the City of Houston. The SPA allows the City of Houston to annex portions of the land within MUD 368 for the sole purpose of levying a sales tax in those areas, which it would not be able to do otherwise, since Houston cannot under normal circumstances levy a sales tax in its ETJ. Each year Houston specially annexes any additional land within MUD 368 that is potentially subject to a sales tax. Houston allocates 50% of the sales tax revenue collected within MUD 368 to the MUD. Houston does this because if it weren’t for MUD 368 entering into the SPA, Houston couldn’t levy a sales tax in the area at all.

Collecting sales tax by virtue of the SPA, MUD 368 has been able to provide its more than 13,000 residents and businesses with not only the usual essential services provided by a MUD, but also with a police force. MUD 368’s sales tax revenues are used in part to pay the salaries of 7 law enforcement officers who spend 100% of their working hours patrolling MUD 368. Additionally, as MUD 368 grows, annexing more land and providing services allowing that land to develop, sales tax that comes along with such growth supports the necessarily greater financial obligations of the MUD. In other words, as the MUD grows, it requires additional sales tax revenue to continue to provide the same level of services to its constituents, old and new.

In 2015 the Texas Legislature passed a bill into law authorizing ESDs to levy a sales tax within their boundaries. This made ESDs one of a handful of types of local government entities

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with the authority to levy a sales tax (cities, counties, certain special purpose districts, and transit authorities). The state government levies a statewide sales tax rate of 6.25%, while the other entities with sales tax powers may also impose a sales tax up to 2% for a total maximum combined rate of 8.25%. The 2% that may be used by certain types of local government entities is levied on a first-come-first-served basis, meaning that, for instance, if a county levied a 1% sales tax rate, and an ESD levied a 1% rate over the same area, the sales tax rate in the area would be maxed out. No other entity could legally levy a sales tax over that area.

Within the boundaries of MUD 368, the maximum 8.25% sales tax has been reached, as well as the areas currently being annexed into MUD 368 for the purpose of providing its services, and the areas which are anticipated to be annexed into MUD 368 in the future. This is due to ESD 16's levy of a 1% sales tax following the 2015 change in law, covering the entirety of the MUD and the adjacent areas. What this means for MUD 368 is that any newly annexed areas, or areas already included within its boundaries but not previously specially annexed under the SPA, are not taxable by Houston. This means that MUD 368 does not receive the 50% cut from Houston that it signed up to receive. Currently, MUD 368 is in the process of annexing a tract of land on which a bar called Little Woodrow's is to be built. This annexation allows the bar to be served with the utility services that it will need to function, as well as the additional services of the MUD. But as things currently stand, ESD 16 will collect sales tax from this establishment, while MUD 368 will receive none. Sales taxes have become an indispensable part of the MUD's budget; this loss of additional funds was not planned for. The more the MUD grows, the more pronounced this issue will become.

The special districts of the greater Houston area are essential to its communities. I believe that these communities are benefited by the cooperation of the special districts, since districts are often reliant on their neighboring districts. Our respective districts are no exception: MUD 368 is wholly encompassed by ESD 16, which provides MUD 368 with fire protection and emergency medical services, while MUD 368 provides water, sanitary sewer, storm drainage and flood control, and a police force to a significant portion of ESD 16. Because of this relationship, and due to the fact that MUD 368 will become financially handicapped otherwise as it further develops, MUD 368 respectfully requests that ESD 16 consider entering into an agreement with it, allocating to MUD 368 50% of the sales taxes levied by ESD 16 within the boundaries of MUD 368. This amount would place the MUD in the position that it was in prior to the ESD levying a sales tax, with the distinction that the other 50% would belong to the ESD, rather than Houston.

MUD 368 greatly appreciates ESD 16's consideration of this proposal. Please contact me at (281) 642-2563 if you have any questions or would like further information. We look forward to working with you.

Sincerely,

Roy P. Lackey  
President, Board of Directors