

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Minutes of Meeting September 26, 2019

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 368 (the "District") met in special session, open to the public, at 5:00 p.m. on September 26, 2019, at the District meeting place located inside the District, whereupon the roll was called of the members of the Board, to-wit:

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

All members of the Board were present, thus constituting a quorum. Consultants in attendance were: Kristen Scott of Bob Leared Interests, Inc. ("Tax Assessor/Collector"); Kaye Townley of Municipal Accounts & Consulting, L.P. ("MAC" or "Bookkeeper"); Craig Rathmann of Rathmann and Associates L.P. ("Rathmann" or "Financial Advisor"); and Laura McKenery, attorney, and Mirna Croon, paralegal, of Johnson Petrov LLP ("JP" or "Attorney").

The President called the meeting to order at 5:00 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. **Financial Advisor's Report - Maximum Tax Calculation for 2019.** The President recognized Mr. Rathmann who presented to and reviewed with the Board the Tax Recommendation for 2019, a copy of which is attached hereto as Exhibit "A". Mr. Rathmann noted that the District will be levying a tax against approximately \$780 million of taxable value, which is an increase from \$715 million value assessed last year. He further stated that average home taxable values have increased from approximately \$166,147 in 2018 to approximately \$181,129 in 2019. Mr. Rathmann recommended the Board levy the total tax of \$0.68 per year comprised of \$0.53 per \$100 for debt service and \$0.15 per \$100 for maintenance and operations. The District had levied the total tax rate of \$0.70 per \$100 of assessed valuation in 2018.

Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board authorized the Tax Collector to (a) publish notice of a proposed total tax rate of \$0.68 per \$100 of assessed value; and (ii) publish notice of a public hearing on such proposed rate for October 17, 2019 at 6:30 p.m.

III. **UNLIMITED TAX BONDS, SERIES 2019 - Order Adopting Preliminary Official Statement Approving Notice of Sale, and Authorizing Distribution Thereof related to Unlimited Tax Bonds, Series 2019.** Mr. Rathmann presented to and reviewed with the Board

the draft of the Preliminary Official Statement ("POS"), a copy of which is attached hereto as Exhibit "B". Mr. Rathmann reviewed several sections of the POS noting that the interest rates are very low by the historical standards. Mr. Rathmann also discussed the process involved in obtaining a rating for the Bonds and stated that he will request a credit rating from Moody's. Mr. Rathmann pointed out that a very few districts have achieved a category A rating; however, the District is currently rated A3. The proposed bonds will be insured, which would increase the rating and lower the interest rate on the Bonds. Mr. Rathmann further explained that the District is in a good financial position with a low debt to value ratio, thus it should receive multiple bids on its bonds. He stated that the bids will be presented for the Board's review and approval at the October 17, 2019 Board meeting.

Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion and with all Directors present voting aye, the Board (i) approved the POS and authorized distribution of same; (ii) authorized publishing of the Notice of Sale; and (iii) authorized the Financial Advisor to obtain a credit rating for the Bonds.

IV. **Tax Assessor/Collector's Report.** Ms. Scott reviewed the Tax Assessor/Collector's Report for the month of August, 2019, a copy of which is attached hereto as Exhibit "C". She reported that 99.426% of the District's 2018 tax levy had been collected as of August 31, 2019. Ms. Scott also stated that the Delinquent Tax Attorney will send water termination letters to delinquent tax accounts notifying them of the October 17, 2019 Board meeting and asking them to make payment commitments or respond to the letters by that date.

Next, upon motion by Director Bishop, seconded by Director Cook, after full discussion and with all Directors present voting aye, the Board: (i) approved the Tax Assessor/Collector's Report; (ii) authorized payment of checks numbered 1430 through 1432 from the Tax Account; and (iii) set a delinquent tax hearing date for October 17, 2019.

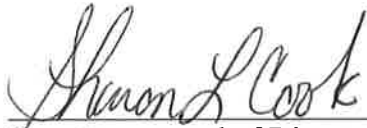
V. **Bookkeeper's Report.** Ms. Townley reviewed the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "D". She stated that some of the District's funds will be transferred into certificates of deposit yielding interest rate over 2 percent.

Next, upon motion by Director Cook, seconded by Director Lackey, after full discussion, and with all Directors present voting aye, the Board voted to: (i) approve the Bookkeeper's Report; (ii) authorize payment of Check Nos. 17396 through 17498 from the Operating Fund; and (iii) Check No. 1703 from the Capital Projects Fund.

VI. **Adjournment.** With no additional matters before the Board, the Board adjourned the meeting at 5:55 p.m.

[EXECUTION PAGE FOLLOWS]

PASSED AND APPROVED this 3rd day of October, 2019.



Secretary, Board of Directors



Exhibits:

- "A" Tax Recommendation
- "B" Draft POS
- "C" Tax Collector's Report
- "D" Bookkeeper's Report

RATHMANN & ASSOCIATES, L.P.

8584 Katy Freeway, Suite 250
Houston, Texas 77024
Phone 713-751-1890
Fax 713-751-1891

R. Craig Rathmann
Managing Partner
713-751-1888
craig@rathmannassociates.com

September 19, 2019

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

Re: 2019 Tax Rate Recommendation

Directors:

Having reviewed the debt service requirements of the District's bonded indebtedness, the status of development of the District, the District's future debt needs, if any, and the trend of the District's Assessed Valuation, it is the recommendation of the undersigned that the District levy a debt service tax for 2019 of \$0.53 per \$100 of Assessed Valuation. Such a levy, together with interest earned from the investment of monies currently being held in the District's Debt Service Fund, will enable the District to adequately cover the District's 2020 debt service requirements, including the debt service requirements of the District's \$7,050,000 Unlimited Tax Bonds, Series 2019 that are in the process of issuance. The undersigned reasonably believes that such debt service tax rate is suitable for the District from a financial perspective.

A maintenance tax of \$0.15 per \$100 of Assessed Valuation, will produce approximately \$1,160,827 in maintenance tax revenue, assuming the collection of 99% of such tax.

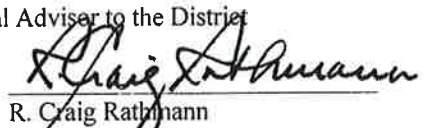
The combination of the aforementioned recommended 2019 debt service levy of \$0.53 per \$100 of Assessed Valuation plus a maintenance tax levy of \$0.15 per \$100 of Assessed Valuation is \$0.68 per \$100 of Assessed Valuation. The District levied a total rate of \$0.70 per \$100 of Assessed Valuation in 2018, including a debt service rate of \$0.55 per \$100 of Assessed Valuation and the aforementioned maintenance levy of \$0.15 per \$100 of Assessed Valuation.

Kindly contact the undersigned should you have any questions regarding this matter, or if I may be of any further service. Thank you for the opportunity to provide our services to the District since May 1, 2003, including the issuance of the outstanding bonds that have been previously issued by the District.

Very truly yours,

RATHMANN & ASSOCIATES, L.P.
Financial Adviser to the District

By:


R. Craig Rathmann
Managing Partner

cc: Kristen Scott, Bob Leared Interests
Kaye Townley, Municipal Accounts & Consulting LP

ALL COUNTIES

District name	2018 Debt	2018 M/O	2018 Contract	2018 Total	2018 Avg	2019 Avg	2018 Avg	2019 Avg	2018 Avg	2019 Avg	2019 Max	2019 Parity	2019 Max	2019 Effective
	Rate	Rate	Rate	Rate	Hmstd Value	Hmstd Value	H/S Levy	H/S Levy	H/S Levy	H/S Levy	Total Rate	Rate	M/O Rate	Rate
138 FOREST HILLS MUD	0.65000	0.39000	0.00000	1.04000	113,862	127,748	1,184.16	1,278.77	1,00100	0.92694	0.37537			1.105
137 FORT BEND CO. M.U.D. # 118	0.57000	0.11000	0.00000	0.68000	270,874	269,535	1,841.94	1,989.11	0.73797	0.68337	0.11937			0.675
169 HARRIS COUNTY M.U.D. #53	0.40000	0.20000	0.00000	0.60000	136,010	147,453	816.06	881.26	0.59765	0.55343	0.19921			0.615
142 HARRIS COUNTY M.U.D. #166	0.46000	0.33000	0.00000	0.79000	175,893	192,082	1,389.55	1,500.57	0.78121	0.72341	0.32632			0.815
104 HARRIS COUNTY M.U.D. #168	0.37000	0.13000	0.00000	0.50000	165,654	172,543	828.27	894.44	0.51838	0.48003	0.13477			0.490
111 HARRIS COUNTY M.U.D. #368	0.55000	0.15000	0.00000	0.70000	166,147	181,129	1,163.02	1,255.94	0.69339	0.64209	0.14858			0.730
138 HARRIS COUNTY M.U.D. #371	0.44000	0.42500	0.00000	0.86500	335,974	343,551	2,906.17	3,138.37	0.91350	0.84592	0.44883			0.905
138 HARRIS COUNTY MUD #439	0.00000	0.80000	0.00000	0.80000	140,037	140,403	1,120.29	1,209.80	0.86166	0.79791	0.86166			0.870
113 HARRIS COUNTY WCID #84	0.19000	0.41000	0.00000	0.60000	148,829	158,896	892.97	964.31	0.60688	0.56198	0.41469			0.725
47 MAYDE CREEK M.U.D.	0.45000	0.44000	0.00000	0.89000	162,297	172,747	1,444.44	1,559.85	0.90296	0.83615	0.44640			0.945
18 N.W. HARRIS COUNTY MUD #16	0.60000	0.52000	0.00000	1.12000	154,947	161,346	1,735.40	1,874.05	1.16151	1.07557	0.53926			1.215
164 NE HARRIS COUNTY MUD# 1	0.75000	0.70000	0.00000	1.45000	167,542	185,267	2,429.35	2,623.45	1.41603	1.31126	0.68360			1.325
11 RANKIN ROAD WEST M.U.D.	0.60000	0.38000	0.00000	0.98000	164,055	177,418	1,607.73	1,736.18	0.97858	0.90618	0.37944			1.005
91 RENN ROAD M.U.D.	0.45000	0.25000	0.00000	0.70000	143,086	151,640	1,001.60	1,081.62	0.71328	0.66051	0.25474			0.715
182 ROLLING CREEK U.D.	0.45000	0.25000	0.00000	0.70000	212,999	225,690	1,490.99	1,610.12	0.71342	0.66063	0.25478			0.715
71 SPENCER ROAD P.U.D.	0.09000	0.27000	0.00000	0.36000	237,155	233,207	853.75	921.96	0.39533	0.36609	0.29650			0.405
105 ROLLING CREEK M.U.D.														

BLI 2019 CERTIFIED VALUES

2019 Harris County

Valuation Spreadsheet

District	2018		2019		Owners		2019		FB entities do not include uncertified value	Problem Tracking System - PERSONAL PROPERTY
	Certified		Certified		Uncertified		With Uncert.	Difference		
FOREST HILLS MUD	103,109,824		96,625,949		21,017,032		117,642,981	14,533,157		Add'l Pending Value
FORT BEND CO. M.U.D.#118	455,490,025		455,904,634		2,463,607		458,368,241	414,609		
HARRIS COUNTY M.U.D. #53	829,456,140		803,465,449		78,647,878		882,113,327	52,657,187		14,212,645
HARRIS COUNTY M.U.D. #166	173,130,458		167,168,969		20,540,546		187,709,515	14,579,057		1,761,982
HARRIS COUNTY M.U.D. #168	483,762,106		493,298,991		27,698,450		520,997,441	37,235,335		11,102,870
HARRIS COUNTY M.U.D. #368	714,935,343		684,636,533		79,197,113		763,833,646	48,898,303		17,867,864
HARRIS COUNTY M.U.D. #371	293,827,384		280,259,590		12,545,893		292,805,483	(1,021,901)		7,006,987
HARRIS COUNTY M.U.D. #439	14,198,593		13,046,744		692,318		13,739,062	(459,531)		133,038
HARRIS COUNTY WCID #84	360,337,998		297,756,679		18,139,545		315,896,224	(44,441,774)		89,871,699
MAYDE CREEK M.U.D.	273,112,278		257,829,707		32,893,942		290,723,649	17,611,371		2,440,873
NE HC MUD #1	124,680,611		136,306,976		16,042,568		152,349,544	27,668,933		4,313,151
N.W. HARRIS COUNTY MUD #16	177,697,114		163,482,490		15,361,444		178,843,934	1,146,820		15,346,306
RANKIN ROAD WEST M.U.D.	105,302,674		102,345,472		13,216,320		115,561,792	10,259,118		1,100,396
RENN ROAD M.U.D. - HCAD	140,118,213		130,697,709		16,995,499		147,693,208	7,574,995		3,213,902
RENN ROAD M.U.D. - FBCAD	66,550,038		71,220,355		396,739		71,617,094	4,670,317		
RENN ROAD M.U.D.	206,668,251		201,918,064		17,392,238		219,310,302	12,245,312		
ROLLING CREEK U.D.	279,168,500		273,297,811		28,834,210		302,132,021	22,963,521		4,755,037
SPENCER ROAD P.U.D.	367,210,497		324,389,854		36,716,734		361,106,588	(6,103,909)		4,116,330
SPRING WEST M.U.D.	338,906,642		314,455,551		36,500,012		350,955,563	12,048,921		7,793,438
WEST KEEGANS BAYOU ID - HCAD	159,617,578		148,952,101		17,143,090		166,095,191	6,477,613		3,319,560
WEST KEEGANS BAYOU ID - FBCAD	1,073,393,008		1,135,764,096		2,585,855		1,138,349,951	62,371,088		
WEST KEEGANS BAYOU ID	1,233,010,586		1,284,716,197		19,728,945		1,304,445,142	68,848,701		

= \$781,701,510

HARRIS COUNTY M.U.D. #368

HISTORICAL TAX DATA

Year	Taxable Value	SR/CR	Tax Rate	Adjustments	Reserve for Uncollectibles	Adjusted Levy
2018	715,759,867	10 / 10	.700000	419,006.13		5,010,320.73
2017	691,235,145	21 / 21	.700000	306,280.49		4,838,648.01
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

2019 \$ 781,701,510 \$ 0.68
 6/1/19 \$ 791,278,522 Estimate of Valuation
 Per Head

2019 \$0.53

\$0.15

\$0.68

HARRIS COUNTY M.U.D. #368

TAX RATE COMPONENTS

Year	Debt Service Rate	Debt Service Levy	Maintenance Rate	Maintenance Levy
2018	.550000	3,936,680.65	.150000	1,073,640.08
2017	.550000	3,801,794.93	.150000	1,036,853.08
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 Appraisal District

13013 Northwest Freeway
Houston TX 77040
Telephone: (713) 812-5800

P.O. Box 920975
Houston TX 77292-0975
Information Center: (713) 957-7800



Office of Chief Appraiser

July 2, 2019

Roy P. Lackey
President
Harris County MUD 368
c/o 11111 Katy Frwy Ste. 725
Houston TX 77079

Re: ESTIMATE OF APPRAISED VALUE

Board of Directors

Pete Pape, Chairman
Ann Harris Bennett, Secretary
Tax Assessor-Collector, Ex-Officio Director
Glenn E. Peters, Assistant Secretary
Wanda Adams, Director
Al Odom, Director
Jim Robinson, Director
Mike Sullivan, Director

Chief Appraiser

Roland Altinger
Deputy Chief Appraiser
Jason Cunningham
Taxpayer Liaison Officer
Teresa S. Terry

Dear Mr. Lackey:

In response to your resolution requiring an appraisal of all property in your jurisdiction, the Harris County Appraisal District has prepared an estimate of the appraised value of the property taxable by your taxing unit as of June 1, 2019.

Pursuant to Sec. 25.18(c), Property Tax Code, I hereby certify that as of June 1, 2019, the estimated appraised value within Harris County MUD 368 is \$858,315,168 and the estimated taxable value is \$791,278,522. Supporting detail is available on request.

This estimated value is subject to change after accounts are submitted to the Harris County Appraisal District's Appraisal Review Board for review and determination of possible property owner protests. This estimate may not be used for the imposition of taxes.

Sincerely,

Roland Altinger, CAE, RPA, CTA
Chief Appraiser

Harris County Municipal Utility District No. 368

Operating Fund Maintenance Tax Rate Analysis

General Fund Balance as of 7/18/19	\$ 5,096,749
Annual Expenses from Current Budget	\$5,408,392
Operating Fund Coverage	94%
Budgeted Surplus / (Deficit)	\$436,508
FY 5/31/20 Budgeted Maintenance Tax Revenue	\$ 1,070,000

No formal find
requirement,
level that
the board
feels
comfortable

2019 Projected Maintenance Tax Revenue (@99% collections)

2019 Certified Value		Maintenance Tax Rate		Net Revenue
\$781,701,510	X	\$0.150	\$1,160,827	\$527,335
\$781,701,510	X	\$0.140	\$1,083,438	\$449,946
\$781,701,510	X	\$0.120	\$928,661	\$295,169

Effect of Total Tax Rate

<u>2018 AVG Home Value</u> \$166,147	<u>2018 AVG Bill @ \$0.70</u> \$ 1,163.03			\$0.53
<u>2019 AVG Home Value</u> \$181,129	<u>2019 AVG Bill @ \$0.68</u> \$ 1,231.68	\$	68.65	0.15 \$0.68
<u>2019 AVG Home Value</u> \$181,129	<u>2019 AVG Bill @ \$0.67</u> \$ 1,213.56	\$	50.54	\$0.53 0.14 \$0.67
<u>2019 AVG Home Value</u> \$181,129	<u>2019 AVG Bill @ \$0.65</u> \$ 1,177.34	\$	14.31	\$0.53 0.12 \$0.65



Harris Co MUD 368
FY 2019-20 Draft Budget

	2019-20 Approved Budget
Income	
14100 · Water Revenue	900,500.00
14102 · Surface Water - NHCWRA	1,355,000.00
14120 · Reconnection Fee	60,000.00
14125 · Meter Rental	5,500.00
14200 · Sewer Revenue	1,900,000.00
14201 · Sewer Inspection Fee Revenue	2,000.00
14202 · Customer Service Inspection Rev	4,500.00
14203 · Final Builder Inspection	2,000.00
14320 · Maintenance Tax	1,070,000.00
14325 · SPA Revenue	180,000.00
14326 · Security Service Revenue	135,000.00
14330 · Penalties & Interest	80,000.00
14380 · Miscellaneous Income	5,000.00
14391 · Interest Earned on Temp Invest	85,000.00
14392 · Interest Earned on Checking	900.00
14600 · Tap Connections	45,000.00
15379 · Transfer Fees	14,500.00
Total Income	5,844,900.00
Expense	
16135 · Maintenance & Repairs - Water	260,000.00
16140 · Purchased Surface Water	1,100,000.00
16142 · Chemicals - Water	10,000.00
16150 · Fire Hydrant Meter Rental	5,500.00
16170 · Tap Connection Expense	21,000.00
16180 · Reconnections	55,000.00
16235 · Maintenance & Repairs - Sewer	300,000.00
16237 · Northern Point Drainage	43,500.00
16242 · Chemicals - Sewer	70,000.00
16245 · Ditch Cleanout	3,000.00
16257 · Rents & Leases	1,425.00
16260 · Sludge Removal	95,000.00
16261 · Recycling	140,000.00
16270 · Grease Trap Inspection Expense	6,700.00
16274 · Facility Pre-Inspection	1,300.00
16275 · Inspection Fee - Sewer	2,500.00
16276 · Final Builder Inspection Exp.	2,500.00
16278 · Customer Service Inspection	2,500.00
16315 · District Analysis - EVO	3,950.00
16319 · Generators	
16319A · Generators-Fuel	5,700.00
16319B · Generators-M&R	35,000.00
Total 16319 · Generators	40,700.00
16320 · Legal Fees	110,000.00
16321 · Auditor Fees	21,500.00
16322 · Engineering Fees	95,000.00
16324 · Lab Fees	6,000.00
16325 · Election Expense	15,000.00
16326 · Permit Expense	21,000.00
16330 · GIS Mapping	10,000.00
16331 · Arbitrage Compliance Expense	7,000.00
16332 · Service Account Collection Exp	240,000.00
16333 · Bookkeeping Fees	41,000.00
16334 · Security Service	

Harris Co MUD 368
FY 2019-20 Draft Budget

	2019-20 Approved Budget
16334.1 · Security-Equip Maint/Repair	1,200.00
16334.2 · Security Contract	738,887.00
16334.3 · Security Service - Overtime	75,000.00
16334.4 · Security - Consulting	10,200.00
16334.5 · Security - Outage & Change Mgmt	4,000.00
16334.6 · Monthly Alarm Monitoring Fee	420.00
16342 · Security System Maint & Repair	25,000.00
Total 16334 · Security Service	854,707.00
16335 · Maint & Repair - General	
16335.1 · Lawn Maintenance	185,000.00
16335.2 · Maint. & Repair-General	5,000.00
16335.3 · Detention Pond Maintenance	105,000.00
Total 16335 · Maint & Repair - General	295,000.00
16336 · Storm Drainage	10,000.00
16338 · Legal Notices & Other Publ.	1,000.00
16339 · SCADA	
16339-1 · Scada Maint & Repair	1,100.00
16339-2 · Scada -Internet	15,400.00
Total 16339 · SCADA	16,500.00
16340 · Printing & Office Supplies	46,000.00
16341 · Website Design / Hosting	
16341.1 · Emergency Notifications	2,500.00
16341 · Website Design / Hosting	4,000.00
Total 16341 · Website Design / Hosting	6,500.00
16350 · Postage & Delivery	27,000.00
16351 · Telephone	10,500.00
16352 · Utilities	225,000.00
16353 · Insurance & Surety Bond	37,500.00
16354 · Travel & Per Diem	17,160.00
16355 · AWBD Annual Dues	650.00
16358 · Bank Charges	12,000.00
16359 · Miscellaneous Expense	20,000.00
16361 · Sales Tax Tracking	7,000.00
16370 · TCEQ Regulatory Fee	15,000.00
16399 · Garbage Expense	580,000.00
16400 · NHCWA Assessment Fee	250,000.00
16600 · Payroll Expenses	36,000.00
17350 · Capital Expenditure - Engineer	50,000.00
17393 · WaterWise Program - Khorville	8,000.00
17630 · Capital Outlay	150,000.00
17632 · Misc Facility Modifications	
17632H · Cleaning Maint. Facility	1,800.00
Total 17632 · Misc Facility Modifications	1,800.00
Total Expense	5,408,392.00
Net Income	436,508.00

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368
Tax Rate Analysis
2019 Tax Rate

Recommendation

Year	Assessed Valuation	Tax Rate in \$'s	Tax Income @ 99.000%	I&S Fund Earnings	"Other" Income	Current Debt Service	Ending Balance	Coverage
2019	781,701,510	0.530000					3,788,504	0.9233
2020	791,278,522	0.530000	4,101,588	56,828		4,103,044	3,843,875	0.9315
2021	791,278,522	0.530000	4,151,838	57,658		4,126,631	3,926,741	0.9336
2022	791,278,522	0.530000	4,151,838	58,901		4,205,931	3,931,549	0.9370
2023	791,278,522	0.530000	4,151,838	58,973		4,195,694	3,946,667	0.9400
2024	791,278,522	0.530000	4,151,838	59,200		4,198,406	3,959,299	0.9397
2025	791,278,522	0.530000	4,151,838	59,389		4,213,181	3,957,346	0.9422
2026	791,278,522	0.530000	4,151,838	59,360		4,200,081	3,968,464	0.9418
2027	791,278,522	0.530000	4,151,838	59,527		4,213,881	3,965,948	0.9446
2028	791,278,522	0.530000	4,151,838	59,489		4,198,563	3,978,713	0.9499
2029	791,278,522	0.530000	4,151,838	59,681		4,188,350	4,001,882	0.9520
2030	791,278,522	0.530000	4,151,838	60,028		4,203,475	4,010,274	0.9334
2031	791,278,522	0.530000	4,151,838	60,154		4,296,400	3,925,866	0.9167
2032	791,278,522	0.530000	4,151,838	58,888		4,282,475	3,854,118	0.8941
2033	791,278,522	0.530000	4,151,838	57,812		4,310,425	3,753,343	0.8664
2034	791,278,522	0.530000	4,151,838	56,300		4,332,063	3,629,418	1.0174
2035	791,278,522	0.530000	4,151,838	54,441		3,567,500	4,268,198	1.1813
2036	791,278,522	0.530000	4,151,838	64,023		3,613,063	4,870,996	1.8470
2037	791,278,522	0.530000	4,151,838	73,065		2,637,225	6,458,675	2.4367
2038	791,278,522	0.530000	4,151,838	96,880		2,650,613	8,056,780	3.0061
2039	791,278,522	0.530000	4,151,838	120,852		2,680,175	9,649,295	5.1190
2040	791,278,522	0.530000	4,151,838	144,739		1,885,000	12,060,873	6.3713
2041	791,278,522	0.530000	4,151,838	180,913		1,893,000	14,500,625	7.6399
2042	791,278,522	0.530000	4,151,838	217,509		1,898,000	16,971,973	0.0000
Totals			\$95,442,033	\$1,834,612		\$84,093,176		
Average Tax Rate ...								
(a) Fund Balance at 09/02/2019 of			0.5300					
Less D/S Payment			\$3,788,504.00					
			0.00					
			\$3,788,504.00					

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

Current Debt plus New Debt

Dated Date 11/01/2019

UNLIMITED TAX BONDS

Delivery Date 11/01/2019

SERIES 2019

Year Ending 12/31	Current Debt Requirement	New Principal Due 09/01	Interest @ 4.000% Due 03/01	Interest @ 4.000% Due 09/01	Total New Interest	Total New Principal & Interest	Total Debt Service Requirement
2019	3,649,481				235,000	235,000	3,649,481
2020	3,868,044			235,000			4,103,044
2021	3,844,631		141,000	141,000	282,000	282,000	4,126,631
2022	3,823,931	100,000	141,000	141,000	282,000	382,000	4,205,931
2023	3,817,694	100,000	139,000	139,000	278,000	378,000	4,195,694
2024	3,824,406	100,000	137,000	137,000	274,000	374,000	4,198,406
2025	3,843,181	100,000	135,000	135,000	270,000	370,000	4,213,181
2026	3,834,081	100,000	133,000	133,000	266,000	366,000	4,200,081
2027	3,851,881	100,000	131,000	131,000	262,000	362,000	4,213,881
2028	3,840,563	100,000	129,000	129,000	258,000	358,000	4,198,563
2029	3,834,350	100,000	127,000	127,000	254,000	354,000	4,188,350
2030	3,853,475	100,000	125,000	125,000	250,000	350,000	4,203,475
2031	3,950,400	100,000	123,000	123,000	246,000	346,000	4,296,400
2032	3,940,475	100,000	121,000	121,000	242,000	342,000	4,282,475
2033	3,972,425	100,000	119,000	119,000	238,000	338,000	4,310,425
2034	3,998,063	100,000	117,000	117,000	234,000	334,000	4,332,063
2035	3,237,500	100,000	115,000	115,000	230,000	330,000	3,567,500
2036	3,287,063	100,000	113,000	113,000	226,000	326,000	3,613,063
2037	2,315,225	100,000	111,000	111,000	222,000	322,000	2,637,225
2038	2,332,613	100,000	109,000	109,000	218,000	318,000	2,650,613
2039	2,366,175	100,000	107,000	107,000	214,000	314,000	2,680,175
2040		1,675,000	105,000	105,000	210,000	1,885,000	1,885,000
2041		1,750,000	71,500	71,500	143,000	1,893,000	1,893,000
2042		1,825,000	36,500	36,500	73,000	1,898,000	1,898,000
Totals	\$75,285,657	\$7,050,000	\$2,586,000	\$2,821,000	\$5,407,000	\$12,457,000	\$87,742,657

NEW20191900010121 Dated Date: 11/01/2019 Principal Due Dates: 09/01/2022 - 09/01/2042 Maturing Amount: 7,050,000.00

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

(Harris County, Texas)

PRELIMINARY OFFICIAL STATEMENT

DATED: SEPTEMBER 19, 2019

\$7,050,000

**UNLIMITED TAX BONDS
SERIES 2019**

**BIDS DUE: 2:00 P.M., HOUSTON TIME
BONDS AWARDED: 6:30 P.M., HOUSTON TIME
THURSDAY, OCTOBER 17, 2019
HOUSTON, TEXAS**



This Official Notice of Sale does not alone constitute an invitation for bids, but is merely notice of sale of the bonds described herein. The invitation for such bids is being made by means of this Official Notice of Sale, the Official Bid Form and the Official Statement.

OFFICIAL NOTICE OF SALE

\$7,050,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

(A political subdivision of the State of Texas located within Harris County, Texas)

UNLIMITED TAX BONDS
SERIES 2019

BONDS OFFERED FOR SALE AT COMPETITIVE BID: The Board of Directors (the "Board") of Harris County Municipal Utility District No. 368 (the "District"), is offering for sale at competitive bid \$7,050,000 Unlimited Tax Bonds, Series 2019 (the "Bonds"). Options to submit bids on the Bonds are only the following:

- (1) Deliver bids directly to the District as is described below under the caption "Sealed Bids Delivered to the District;"
- (2) Submit bids electronically as is described below under the caption "Electronic Bidding Procedures;" or
- (3) Submit bids by telephone as is described below under the caption "Bids by Telephone."

The District will not accept bids submitted by facsimile.

PLACE AND TIME OF BID OPENING: The District will open sealed bids for the purchase of the Bonds on Thursday October 17, 2019, at 6:30 P.M., Houston Time, at Graceview Baptist Church, 25510 Tomball Parkway, Suite AB110, Tomball, Texas 77375. The bids for the Bonds will be opened and publicly read by Rathmann & Associates, L.P., the District's Financial Advisor and authorized representative of the Board. The Board will then take action to reject the bids or accept the qualified bid that produces the lowest net effective interest rate for the Bonds. The Board reserves the right to reject any or all bids and to waive any irregularities, except time of filing.

SEALED BIDS DELIVERED TO THE DISTRICT: Sealed bids, which must be submitted to the District executed by an authorized representative of the bidder on the Official Bid Form and plainly marked "Bid for Bonds," are to be addressed to "President and Board of Directors, Harris County Municipal Utility District No. 368" and delivered to the District in care of Rathmann & Associates, L.P., 8584 Katy Freeway, Suite 250, Houston, Texas 77024, prior to 2:00 P.M., Houston Time, on Thursday, October 17, 2019. Any bid received after such scheduled time for bid opening will not be accepted.

ELECTRONIC BIDDING PROCEDURES: Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY by 2:00 P.M., Houston Time, on Thursday, October 17, 2019. No bid will be accepted after the time for receiving bids specified above. Bidders must submit to R. Craig Rathmann, Rathmann & Associates, L.P., 8584 Katy Freeway, Suite 250, Houston, Texas 77024, prior to 5:00 P.M., Houston Time, on Wednesday, October 16, 2019, a signed Official Bid Form executed as described above under "Sealed Bids Delivered to the District." Subscription to i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. Neither the District nor Rathmann & Associates, L.P. will confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds under the terms expressed in this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. Neither the District nor Rathmann & Associates, L.P. shall be responsible for any malfunction or mistake made by, or as a result of, the use of the facilities of PARITY, the use of such facilities being at the sole risk of the prospective bidder.

THE BONDS

DESCRIPTION OF CERTAIN TERMS OF THE BONDS: The Bonds will be dated and accrue interest from November 1, 2019, with interest payable on September 1, 2020 (ten-month interest payment) and on each March 1 and September 1 thereafter until the earlier of maturity or prior redemption. The Bonds will be registered and delivered to Cede & Co., the nominee of The Depository Trust Company (“DTC”) in New York, New York pursuant to the Book-Entry-Only System of DTC. See “THE BONDS - Book-Entry-Only System” in the Preliminary Official Statement. No physical delivery of the Bonds will be made to the owners thereof. Principal of and semi-annual interest payments on the Bonds will be paid by the paying agent, initially, The Bank of New York Mellon Trust Company, N.A., in Houston, Texas, or any successor paying agent (hereinafter sometimes called the “Paying Agent” or “Registrar”) to DTC on each applicable payment date. DTC will be responsible for distributing the amounts so paid to the beneficial owners of the Bonds. Unless otherwise agreed between the Paying Agent and Registered Owners, interest on the Bonds will be payable by check to registered holders as shown on the records of the Registrar at the close of business on the 15th day of the calendar month next preceding each interest payment date (the “Record Date”). The Bonds will mature serially on September 1 in each of the following years and in the following amounts:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Maturity</u>	<u>Principal Amount</u>
2022*	\$100,000	2033*	\$100,000
2023*	100,000	2034*	100,000
2024*	100,000	2035*	100,000
2025*	100,000	2036*	100,000
2026*	100,000	2037*	100,000
2027*	100,000	2038*	100,000
2028*	100,000	2039*	100,000
2029*	100,000	2040*	1,675,000
2030*	100,000	2041*	1,750,000
2031*	100,000	2042*	1,825,000
2032*	100,000		

- * At the option of the Underwriter (hereinafter defined) as specified in the Official Bid Form, any or all of such serial maturities may be designated as term bonds subject to mandatory sinking fund redemption provided that the mandatory sinking fund amount in each year shall equal the amounts shown above as maturing in such year.

The Bonds maturing on and after September 1, 2025, are subject to redemption and payment, at the option of the District, in whole or, from time to time, in part, on September 1, 2024 or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all the Bonds are redeemed at any time, the District shall determine the maturity or maturities and the amounts thereof to be redeemed in integral multiples of \$5,000 in principal amount, and if fewer than all of the Bonds within a maturity are to be redeemed, the Registrar shall designate by method of random selection the Bonds within such maturity to be redeemed (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owners of any Bond (including DTC while the Bonds are in book-entry-only form), all or a portion of which has been called for redemption, shall be required to present such Bond to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of an exchange Bond in a principal amount equal to the portion of the Bond not so redeemed.

SECURITY FOR PAYMENT: The Bonds, when issued, will constitute valid and binding obligations of the District, payable as to principal and interest from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District.

and signed TEC Form 1295 which has been assigned a certificate number by the Texas Ethics Commission (the "TEC"). Pursuant to the rules prescribed by the TEC, the TEC Form 1295 must be completed online through the TEC's website, assigned a certificate number, printed, signed and provided to the District. The TEC Form 1295 may accompany the Official Bid Form or may be submitted separately, but must be provided to the District prior to the time proscribed for the award of the Bonds. The TEC Form 1295 may be provided to the District via facsimile or electronically, however, the original signed TEC Form 1295 complete with certificate number must be physically delivered to the District within two business days of the award. Following the award of the Bonds, the District will notify the TEC of the receipt of the completed TEC Form 1295 for the accepted bid. The District reserves the right to reject any bid that does not comply with the requirements proscribed herein or to waive any such requirements. For purposes of completing the TEC Form 1295, the District's name is Harris County Municipal Utility District No. 368 and the contract ID number is HCMUD368 - S2019 - B. Neither the District nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the apparent winning bid.

COMPLIANCE WITH LAWS PROHIBITING CONTRACTS WITH COMPANIES THAT BOYCOTTING ISRAEL AND CERTAIN COMPANIES ENGAGED IN BUSINESS WITH IRAN, SUDAN, OR FOREIGN TERRORIST ORGANIZATIONS: The District will not award the Bonds to a bidder unless the bidder verifies on behalf of itself and each syndicate member listed on the Official Bid Form that, to the extent the Official Bid Form represents a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, solely for purposes of Chapter 2270 of the Texas Government Code, and except to the extent otherwise required by applicable law, at the time of execution and delivery of its bid and through the delivery date of the Bonds, neither the bidder nor a syndicate member listed on the Official Bid Form is a Company¹ that boycotts or will boycott Israel. The term "boycotts Israel" and "boycott Israel" as used in this paragraph have the meanings assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended. Additionally, the District will not award the Bonds to a bidder unless the bidder certifies that, to the extent the Official Bid Form represents a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of Chapter 2252 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, at the time of execution and delivery of its bid, neither the bidder nor a syndicate member listed on the Official Bid Form is a Company² (i) that engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapter 2270 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) listed by the Texas Comptroller of Public Accounts under Section 2270.0201 or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" as used in this paragraph has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

GOOD FAITH DEPOSIT: Each bid must be accompanied by a bank cashier's check payable to the order of "Harris County Municipal Utility District No. 368" in the amount of \$141,000, which is 2% of the principal amount of the Bonds (the "Good Faith Deposit"). The check of the Initial Purchaser will be considered as the Good Faith Deposit and will be retained uncashed by the District pending the Initial Purchaser's compliance with the terms of the bid. In the event the Initial Purchaser should fail or refuse to take up and pay for the Bonds in accordance with such terms, then the Good Faith Deposit will be cashed and the proceeds accepted by the District as full and complete liquidated damages. The Good Faith Deposit may accompany the bid or it may be submitted separately; if submitted separately, it shall be made available to the District prior to the opening of the bids and shall be accompanied by instructions from the bank on which

¹ "Company" means a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit.

² "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association whose securities are publicly traded, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit.

CERTIFICATION REGARDING OFFERING PRICE OF BONDS: In order to provide the District with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion of interest on the Bonds from gross income for federal income tax purposes, the Initial Purchaser will be required to complete, execute and deliver to the District (on or before the Date of Delivery of the Bonds) a certification regarding the "issue price" of the Bonds substantially in the form accompanying this Official Notice of Sale. In the event the Initial Purchaser will not reoffer the Bonds for sale or is unable to sell a substantial amount of the Bonds of any maturity by the Date of Delivery, such certificate may be modified in a manner acceptable to the District. Each bidder, by submitting its bid, agrees to complete, execute and deliver such a certificate by the Date of Delivery of the Bonds, if its bid is accepted by the District. It will be the responsibility of the Initial Purchaser to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

LEGAL OPINIONS: The District will furnish without cost to the Initial Purchaser a transcript of certain certified proceedings held incident to the authorization and issuance of the Bonds, including a certified copy of the unqualified approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are validly issued under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, and, based upon an examination of such transcript of proceedings, the approving legal opinion of Johnson Petrov LLP Houston, Texas, Bond Counsel, to a like effect and to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes under existing law and that the Bonds are not private activity bonds.

NO-LITIGATION CERTIFICATE: With the delivery of the Bonds, the President and Secretary of the Board will, on behalf of the District, execute and furnish to the Initial Purchaser a certificate to the effect that no litigation of any nature has been filed or is then pending against the District, of which the District has notice, to restrain the issuance or delivery of the Bonds, or which would affect the provisions made for their payment or security, or in any manner questioning the validity of the Bonds.

NO MATERIAL ADVERSE CHANGE: The obligations of the Initial Purchaser to take up and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale. As is stated in this Official Notice of Sale under the caption "MUNICIPAL BOND INSURANCE AND RATINGS," if the Initial Purchaser elects to purchase municipal bond insurance on the Bonds, the rating of the insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Initial Purchaser of its obligations to take up and pay for the Bonds.

OFFICIAL STATEMENT

To assist the Initial Purchaser in complying with Rule 15c2-12 of the United States Securities and Exchange Commission ("SEC"), the District and the Initial Purchaser contract and agree, by the submission and acceptance of the winning bid, as follows.

FINAL OFFICIAL STATEMENT: The District has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but does not presently intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the District intends the Preliminary Official Statement to be final as of its date, within the meaning of SEC Rule 15c2-12(b)(1), except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Initial Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Initial Purchaser shall be responsible for promptly informing the District of the initial offering yields of the Bonds. Thereafter, the District will complete and authorize distribution of the Official Statement identifying the Initial Purchaser and containing such omitted information. The District does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By

SECURITIES REGISTRATION AND QUALIFICATION: No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws or regulations of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws or regulations of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdictions.

By submission of a bid, the Initial Purchaser represents that the sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or qualification or, where necessary, the Initial Purchaser will register or qualify the Bonds in accordance with the securities laws or regulations of any jurisdiction which so requires. The District agrees to cooperate, at the Initial Purchaser's written request and expense, in registering or qualifying the Bonds, or in obtaining an exemption from registration or qualification, in any jurisdiction where such action is necessary, provided that the District shall not be required to file a general consent to service of process in any jurisdiction.

CONTINUING DISCLOSURE AGREEMENT: The District will agree in the Bond Order to provide certain periodic information and notices of material events in accordance with SEC Rule 15c2-12, as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Initial Purchaser's obligation to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser or its agent of a certified copy of the Bond Order containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS: The District's filing due on November 30, 2014, was timely filed but omitted certain required information. The District made supplemental filing on April 25, 2019, and filed the appropriate notice of non-compliance. The District's filings due on November 30 in each of the years 2015 through 2018 were complete and timely made.

ADDITIONAL COPIES: Additional copies of the Official Notice of Sale, the Official Bid Form and the Preliminary Official Statement may be obtained from Rathmann & Associates, L.P., 8584 Katy Freeway, Suite 250, Houston, Texas 77024.

Roy P. Lackey
President, Board of Directors
Harris County Municipal Utility District No. 368

September 19, 2019

EXECUTED AND DELIVERED this _____ day of _____, 2019.

(Name of Underwriter or Manager)

By _____

Title _____

5. The Underwriter [has] [has not] purchased bond insurance for the Bonds. The bond insurance has been purchased from _____ (the "Insurer") for a fee of \$_____ (net of any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arms-length charge for the transfer of credit risk. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that had not been earned.
6. The term "public" means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an underwriter or a related party to an underwriter. A related party generally means two or more persons with greater than 50 percent common ownership, directly or indirectly.
7. Sale date means the first date on which there is a binding contract in writing for the sale of the Bonds. The sale date of the Bonds is October 17, 2019.
8. Offering Period means, with respect to an Unsold Maturity, the period beginning on the Sale Date and ending on the earlier of (a) the close of the fifth business day after the Sale Date or (b) the date on which the Underwriter has sold at least 10 percent of such Unsold Maturity to the public at a price that is no higher than the initial offering price for such Unsold Maturity.
9. The undersigned understands that the statements made herein will be relied upon by the District and Johnson Petrov in complying with the conditions imposed by the Internal Revenue Code of 1986, as amended, on the exclusion of interest on the Bonds from the gross income of their owners for federal income tax purposes.

EXECUTED AND DELIVERED this _____ day of _____, 2019.

(Name of Underwriter or Manager)

By _____

Title _____

- (i) Of such principal maturities set forth above, we have created term bonds as indicated in the following table (which may include multiple term bonds, one term bond, or no term bonds if none is indicated). For those years which have been combined into a term bond, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years. The term bonds created are as follows:

<u>Term Bonds Maturity Date (September 1)</u>	<u>First Year of Mandatory Redemption</u>	<u>Principal Amount of Term Bonds</u>	<u>Interest Rate</u>
		\$ _____	_____ %
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

- (ii) Subject to optional redemption beginning September 1, 2024, at a price equal to the principal amount thereof plus accrued interest.

The Bonds (are) (are not) being insured by _____ at a premium of \$_____, said premium to be paid by the Underwriter as outlined in the Official Notice of Sale, the rating fees of Moody's Investors Service will be paid by the District; any other rating fees associated with the insurance or an additional underlying rating of the District will be the responsibility of the Underwriter.

The Initial Bond shall be registered in the name of _____ (syndicate manager). We will advise the corporate trust office of The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas, (the "Registrar"), on forms to be provided by the Registrar, of our registration instructions at least five (5) business days prior to the date set for the Date of Delivery. We understand that the Registrar will not be required to accept any further registration instructions after the five-day period.

We will require _____ copies of the final Official Statement for dissemination to potential purchasers of the Bonds. By our submission of this bid, we agree to provide such copies of the final Official Statement and of any amendments or supplements thereto in accordance with the Official Notice of Sale, and to undertake the obligations of the Underwriter described therein, as contemplated by Rule 15c2-12 of the Securities and Exchange Commission.

Cashier's Check No. _____, issued by _____ Bank, _____, Texas, and payable to your order in the amount of \$141,000 (is attached hereto) (has been made available to you prior to the opening of this bid) as a Good Faith Deposit for disposition in accordance with the terms and conditions set forth in the Official Notice of Sale. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions stated in the Official Notice of Sale, this check shall be cashed and the proceeds retained as complete liquidated damages against us. The Good Faith Deposit will be returned to the Underwriter uncashed upon the delivery of the Bonds.

We agree to accept delivery of and make payment for the Initial Bond in immediately available funds at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas, not later than 10:00 A.M., Houston Time, on November 14, 2019, or thereafter on the date the Bonds are tendered for delivery pursuant to the terms set forth in the Official Notice of Sale.

The undersigned agrees to complete, execute and deliver to the District, by the date of delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to Bond Counsel. In addition, in the event all of the Bonds are not sold to ultimate customers prior to the date of delivery of the Bonds, we will so notify the District on such date.

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by Harris County Municipal Utility District No. 368, this 17th day of October, 2019.

ATTEST:

Secretary, Board of Directors

President, Board of Directors

Return of \$141,000 Good Faith Deposit is hereby acknowledged:

Firm: _____

By: _____

Date: _____

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APPENDIX A - LOCATION MAP

APPENDIX B - ANNUAL FINANCIAL REPORT

Price and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. Otherwise, the District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

The District has no control over the reoffering yields or prices of the Bonds or over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked prices of the Bonds may be greater than the difference between the bid and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

Municipal Bond Insurance and Ratings

Applications have been made to Assured Guaranty Municipal Corp ("AGM"), Build America Mutual Assurance Company ("BAM") and Municipal Assurance Corp. ("MAC") to issue a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies other than Moody's Investors Service, Inc. ("Moody's"), will be at the option and expense of the Underwriter. The Underwriter understands, by submission of its bid, that the Underwriter is solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond insurance policy, and the payment of fees in connection with such ratings except the Moody's rating fees as described below. Moody's has assigned an underlying rating of "A3" to the Bonds. If the Underwriter chooses to purchase municipal bond insurance on the Bonds, separate rating(s), including a rating by Moody's, may at the election of the Underwriter be assigned the Bonds based upon the understanding that upon delivery of the Bonds an insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer. The District will pay the cost of both the underlying rating of Moody's and the Moody's rating associated with the insurance policy issued relating to the Bonds, if the latter is elected to be used by the Underwriter. As is stated in this Preliminary Official Statement under the caption "LEGAL MATTERS - No Material Adverse Change," if the Underwriter elects to purchase municipal guaranty insurance on the Bonds, the rating of the insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

The Issuer	Harris County Municipal Utility District No. 368 (the "District"), a political subdivision of the State of Texas, is located in Harris County, Texas. See "THE DISTRICT."
The Issue	Harris County Municipal Utility District No. 368 Unlimited Tax Bonds, Series 2019, in the aggregate principal amount of \$7,050,000. Interest accrues from November 1, 2019, and is payable on September 1, 2020 (ten-month interest payment), and on each March 1 and September 1 thereafter until the earlier of stated maturity or redemption. The Bonds maturing on and after September 1, 2025, are subject to optional redemption, in whole or from time to time in part, on September 1, 2024, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS - General."
Book-Entry Only	The Bonds will be issued only in fully registered form in any integral multiple of \$5,000 of principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent (defined herein) to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations of the District, and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any entity other than the District. See "THE BONDS - Source of Payment."
Principal Use of Proceeds	Proceeds of the sale of the Bonds will be used to, among other items, (i) finance the District's cost of the acquisition or construction of water distribution, wastewater collection, and storm drainage facilities to serve the 44 fully developed single-family residential lots located in Ashford Grove East, Section 2; wastewater treatment plant improvements; drainage improvements to serve Northern Point subdivision; Water Plant Nos. 1 and 2 improvements; detention facilities improvements; facilities radio communication; and land acquisition costs; (ii) pay engineering costs associated with the design and construction of such facilities; (iii) pay for contingencies arising during the construction period; (iv) pay interest on funds advanced on the District's behalf by a developer of land located within the District (as defined below under the caption "Developer and Builder"); and (v) pay issuance costs, legal fees, fiscal agent's fees, fees to the Texas

System to serve all of the undeveloped portions of the District. See "THE BONDS - Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

Municipal Bond Insurance and Ratings . . .

Applications have been made to Assured Guaranty Municipal Corp ("AGM"), Build America Mutual Assurance Company ("BAM") and Municipal Assurance Corp. ("MAC") to issue a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies other than Moody's Investors Service, Inc. ("Moody's"), will be at the option and expense of the Underwriter. The Underwriter understands, by submission of its bid, that the Underwriter is solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond insurance policy, and the payment of fees in connection with such ratings except the Moody's rating fees as described below. Moody's has assigned an underlying rating of "A3" to the Bonds. If the Underwriter chooses to purchase municipal bond insurance on the Bonds, separate rating(s), including a rating by Moody's, may at the election of the Underwriter be assigned the Bonds based upon the understanding that upon delivery of the Bonds an insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer. The District will pay the cost of both the underlying rating of Moody's and the Moody's rating associated with the insurance policy issued relating to the Bonds, if the latter is elected to be used by the Underwriter. As is stated in this Preliminary Official Statement under the caption "LEGAL MATTERS - No Material Adverse Change," if the Underwriter elects to purchase municipal guaranty insurance on the Bonds, the rating of the insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

Not Qualified Tax-Exempt Obligations . . .

The Bonds are not "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended.

Legal and Tax Opinions

Johnson Petrov LLP, Houston, Texas, Bond Counsel. See "LEGAL MATTERS."

Consulting Engineer

IDS Engineering Group, Houston, Texas.

Financial Advisor

Rathmann & Associates, L.P., Houston, Texas.

Registrar

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.

located within the District; and the Northpointe business park is currently under construction on approximately 4.0 acres located within the District, with completion expected in approximately December, 2019.

The aforementioned development includes the completion of the development of 3,844 single-family residential lots on approximately 839.55 acres located within the District. Such fully developed lots have been platted as Three Lakes, Section 1, Three Lakes East, Sections 1 through 4, Pinecrest Forest, Sections 1 through 12, Northpointe East, Sections 1 through 4, Willow Falls, Sections 1 through 5, Stonepine, Sections 1 and 2, Northern Point, Sections 1 through 5, Ashford Place, Sections 1 through 4, Ashford Grove, Sections 1 through 4, and Ashford Grove East, Sections 1 and 2. Such development is enumerated in the chart that appears in this Official Statement under the caption "DEVELOPMENT OF THE DISTRICT." The District financed the cost of acquiring and constructing components of the System to serve Pinecrest Forest, Sections 1 through 12, Three Lakes, Section 1, Three Lakes East, Sections 1 through 4, Northpointe East, Sections 1 through 4, Willow Falls, Sections 1 through 5, Stonepine, Sections 1 and 2, Northern Point, Sections 1 through 5, Ashford Place, Sections 1 through 4, Ashford Grove, Sections 1 through 4, Ashford Grove East, Section 1, and the Dungrove Tract, plus approximately 29.07 of the aforementioned approximately 43.28 acres of reserves, and other facilities, with the proceeds of the sale of the Prior Bonds. The District is financing the cost of acquiring and constructing components of the System to serve Ashford Grove East, Section 2, and other facilities, with the proceeds of the sale of the Bonds. In addition to the components of the System and other facilities that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with the sale of the Bonds, the District anticipates financing additional components of the System, and other facilities, with proceeds of the sale of additional bonds, if any, in the future. See "THE BONDS - Authority for Issuance," - "Source of Payment," and - "Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM - Description."

There are approximately 32.83 currently undeveloped acres of land located within the District which are available for future development that are expected to be developed predominantly for future commercial usage. Such approximately 32.83 acres of currently undeveloped land are owned by multiple parties, none of which has reported any definitive development plan to the District covering any of such acres. Therefore, since no owner of any of the currently undeveloped land located within the District is under any obligation to the District to develop any of such land for any particular purpose, according to any timetable, or at all, the District cannot represent that development of any of such acres will be undertaken.

The balance of the land that is located within the District is contained within outfall drainage channel or certain road rights-of-way, detention pond or District water plant or wastewater treatment plant sites, or is otherwise not available for future development, including

**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2019 Assessed Valuation	\$781,701,510(a)
(As of January 1, 2019)	
See "TAX DATA" and "TAXING PROCEDURES."	
Estimated Valuation at June 1, 2019	\$791,278,522(b)
(As of June 1, 2019)	
See "TAX DATA" and "TAXING PROCEDURES"	
Direct Debt:	
Outstanding Bonds	\$ 51,090,000
The Bonds	<u>7,050,000</u>
Total	\$ 58,140,000(c)
Estimated Overlapping Debt	<u>\$ 46,441,170</u>
Total Direct and Estimated Overlapping Debt	<u>\$ 104,581,170(c)</u>
Direct Debt Ratios:	
: as a percentage of 2019 Assessed Valuation	7.44%
: as a percentage of Estimated Valuation at June 1, 2019	7.35%
Direct and Estimated Overlapping Debt Ratios	
: as a percentage of 2019 Assessed Valuation	13.38%
: as a percentage of Estimated Valuation at June 1, 2019	13.22%
Debt Service Fund Balance As of August 15, 2019	\$ 3,845,247(d)
General Fund Balance As of August 15, 2019	\$ 5,076,628
2018 Tax Rate per \$100 of Assessed Valuation	
Debt Service Tax	\$0.55
Maintenance Tax	<u>0.15</u>
Total	\$0.70(e)
Anticipated 2019 Tax Rate per \$100 of Assessed Valuation	
Debt Service Tax	\$
Maintenance Tax	<u> </u>
Total	\$ (e)
Average Percentage of Total Tax Collections (2008-2017 Levies)	99.93%
As of August 31, 2019.	
Percentage of Tax Collections 2018 Levy as of August 31, 2019	
In process of collection.	99.43%
Average Annual Debt Service Requirements of the Bonds and the Outstanding Bonds (2020-2034)	\$ 4,250,165
Maximum Annual Debt Service Requirement of the Bonds and the Outstanding Bonds (2034)	\$ 4,361,313

- (c) See "DISTRICT DEBT." In addition to the components of the System and other facilities that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with the sale of the Bonds, the District anticipates financing additional components of the System, and other facilities, with proceeds of the sale of additional bonds, if any, in the future. See "THE BONDS - Authority for Issuance," - "Source of Payment," - "Issuance of Additional Debt," and - "Use and Distribution of Bond Proceeds," "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM - Description."
- (d) Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Debt Service Fund. Such balance gives effect to the timely payment by the District of the entirety of its debt service requirements on the Outstanding Bonds that were due for 2019. The District's initial debt service payment on the Bonds, which consists of a ten-month interest payment thereon, is due on September 1, 2020.
- (e) The District levied a total tax of \$0.70 per \$100 of Assessed Valuation for 2018, consisting of debt service and maintenance tax components of \$0.55 and \$0.15 per \$100 of Assessed Valuation, respectively, and anticipates levying a total tax of \$_____ per \$100 of Assessed Valuation for 2019, consisting of debt service and maintenance tax components of \$_____ and \$_____ per \$100 of Assessed Valuation, respectively. As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2018 tax levies of all units of government which levy taxes against the property located within the District and the District's 2018 tax levy is \$2.95878 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate of the tax levies of some municipal utility districts located within the Houston metropolitan area, although such aggregate levy is within the range of the aggregate of the tax rates affecting municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. One must consider the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and thus the District can give no assurance that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, will be competitive with the tax rates of competing projects. To the extent that the District's composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption Provisions

The Bonds maturing on and after September 1, 2025, are subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2024, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given by the Registrar at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If fewer than all of the Bonds are optionally redeemed at any time, the particular Bonds to be redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity. If fewer than all of the Bonds within one maturity are to be redeemed, the Registrar shall select the Bonds to be redeemed by lot or other method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond (including DTC, if the Bonds are in book-entry-only form), all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Replacement of Registrar

Provision is made in the Bond Order for replacement of the Registrar. If the Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Registrar. In order to act as Registrar for the Bonds, any paying agent/registrar selected by the District shall be a national or state banking institution, organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority.

Authority for Issuance

At elections held within the District on April 7, 1979, September 8, 2001, and February 1, 2003, voters of the District authorized the issuance of a total of \$95,000,000 in unlimited tax bonds. The Bonds are issued pursuant to the authority of the Bond Order; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and by Order of the TCEQ. See "Issuance of Additional Debt" below.

Outstanding Bonds and Payment Record

The Bonds constitute the twenty-fourth series of unlimited tax bonds issued by the District for the purpose of financing the acquisition and construction of a water supply and distribution, wastewater collection and treatment and storm drainage system (the "System") to serve the District and for refunding such bonds. The District has previously issued Unlimited Tax Bonds, Series 1982 (the "Series 1982 Bonds"); Unlimited Tax Bonds, Series 1986 (the "Series 1986 Bonds"), Unlimited Tax Bonds, Series 2000 (the "Series 2000 Bonds"), Unlimited Tax Bonds, Series 2001 (the "Series 2001 Bonds"), Unlimited Tax Bonds, Series 2002 (the "Series 2002 Bonds"), Unlimited Tax Bonds, Series 2003 (the "Series 2003 Bonds"), Unlimited Tax Bonds, Series 2004 (the "Series 2004 Bonds"), Unlimited Tax Bonds, Series 2005 (the "Series 2005 Bonds"), Unlimited Tax Bonds, Series 2007 (the "Series 2007 Bonds"), Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"), Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"), Unlimited Tax Bonds, Series 2012 (the "Series 2012 Bonds"), Unlimited Tax Bonds, Series 2014 (the "Series 2014 Bonds") and Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds") to finance the acquisition and construction of components of the District's System; and Unlimited Tax Refunding Bonds, Series 1997 (the "Series 1997 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2006 (the "Series 2006 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2012 (the "Series 2012 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2013 (the "Series 2013 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2013A (the "Series 2013A Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2015A (the "Series 2015A Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2019 (the "Series 2019 Refunding Bonds"), the proceeds of which were used to refund certain then outstanding bonds of the District. Collective reference is made in this Official Statement to all of such bonds that have been issued by the District as the "Prior Bonds." The District has

No Arbitrage

The District certifies that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be “arbitrage bonds” under the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations prescribed thereunder. Furthermore, all officers, employees and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and payment is made. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become “arbitrage bonds” under the Code and the regulations prescribed from time to time thereunder.

Annexation and Consolidation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston consent ordinance. Generally, the District may be annexed by the City of Houston without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District; however, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. See “Strategic Partnership Agreement - Limited Purpose Annexation by City of Houston,” below for a description of potential terms of a Strategic Partnership Agreement between the City and the District.

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (such as cash and the utility system), and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

In certain circumstances, the District may alter its boundaries to exclude land subject to taxation within the District that is not served by District facilities if the District simultaneously annexes land of equal acreage and value that may be practicably served by District facilities. No representation is made concerning the likelihood that the District would effect such a substitution of land.

If the District is annexed, the City of Houston will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and therefore, the District makes no representation that the City of Houston will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur.

Strategic Partnership Agreement - Limited Purpose Annexation by City of Houston

The District and the City of Houston (the “City”) have entered into a Strategic Partnership Agreement (the “SPA”) pursuant to Chapter 43 of the Texas Local Government Code. The SPA provides for a “limited purpose annexation” for that portion of the District which is developed for retail and commercial purposes in order to apply certain City fire ordinances within the District. Areas of residential development within the District are not subject to the limited purpose annexation. The SPA also provides that, without the agreement of the District, the City will not annex the District for “full purposes” for at least thirty (30) years from the SPA's effective date.

The District may not be placed into bankruptcy involuntarily.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is quoted from Section 49.186 of the Texas Water Code, and is applicable to the District:

“(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.”

“(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.”

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds.

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Defeasance

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the defeasance securities. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings

5. Detention Facilities Improvements	382,050
6. Facilities Radio Communications	154,000
7. Contingencies	595,500
8. Engineering Costs	685,000
9. Land Acquisition Costs - Ashford Grove East Detention Basin	291,054
10. Land Acquisition Costs - Ashford Grove East Lift Station	16,673
11. Land Acquisition Costs - Dungrove	<u>499,866</u>
Total District Items	\$6,057,143
TOTAL CONSTRUCTION COSTS	\$6,377,613

II. Non-Construction Costs

1. Legal Fees	\$ 176,250
2. Fiscal Agent Fees	141,000
3. Developer Interest (b)	44,757
4. Bond Discount	211,500
5. Bond Issuance Expenses	29,205
6. Bond Application Report Costs	45,000
7. Attorney General Fee	7,050
8. TCEQ Bond Issuance Fee	17,625
9. Contingency (c)	<u>0</u>
TOTAL NON-CONSTRUCTION COSTS	<u>\$ 672,387</u>
TOTAL BOND ISSUE REQUIREMENT	<u>\$7,050,000</u>

- (a) The rules of the TCEQ require in certain instances that developers within a district subject to the jurisdiction of the TCEQ contribute to the construction program of such district an amount of money equal to thirty percent (30%) of the construction costs of certain water, sewer and drainage facilities in that district. The District requested and received from the TCEQ a waiver of such 30% developer contribution requirement and has been authorized by the TCEQ to finance one hundred percent (100%) of the cost of the facilities being financed with the proceeds of the sale of the Bonds.
- (b) Represents interest owed to the Developer (see "DEVELOPER AND BUILDER") on advances of construction costs and engineering fees made on the District's behalf by such party. The actual amount of interest owed will be calculated at the lesser of (i) the net effective interest rate borne by the Bonds, or (ii) the interest rate at which such party has borrowed funds.
- (c) Represents funds which may be expended by the District subject to the rules of the TCEQ.

The District does not have a general manager but has contracted for services as follows:

Bookkeeper - The District's bookkeeper is Municipal Accounts & Consulting, Inc., which serves as bookkeeper for approximately 400 utility districts.

Tax Assessor/Collector - The District has engaged Bob Leared Interests as the District's Tax Assessor/Collector. According to Bob Leared Interests, it presently serves 150 taxing units as tax assessor/collector. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Harris County Appraisal District and bills and collects such levy.

Consulting Engineers - The District has engaged IDS Engineering Group, Houston, Texas, as Consulting Engineer to provide engineering services to the District. IDS Engineering Group is currently district engineer for approximately 60 utility districts.

Auditor - As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District has employed McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, to audit its financial statements for the year ending May 31, 2018. A copy of the District's audit for the Fiscal Year ended May 31, 2018, is included as "APPENDIX B" to this Official Statement.

Counsel - The District has engaged Johnson Petrov LLP, Houston, Texas, as general counsel and as Bond Counsel in connection with the issuance of the Bonds. Payment to Bond Counsel by the District is contingent on the issuance, sale and delivery of the Bonds. See "LEGAL MATTERS."

Financial Advisor - The District has engaged Rathmann & Associates, L.P., as financial advisor (the "Financial Advisor") to the District. The fees paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds. Rathmann & Associates, L.P. is an independent municipal advisor registered with the United States Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"). Rathmann & Associates, L.P.'s SEC registration number is 867-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.'s SEC registration Forms MA and MA-1's, which constitute Rathmann & Associates, L.P.'s registration filings, may be accessed through <http://www.sec.gov/edgar/searchedgar/companysearch.html>.

DEVELOPMENT OF THE DISTRICT

As of September 15, 2019, the District contained (i) 3,842 homes that have been constructed on the 3,844 single-family residential lots that have been developed within the District, all of which homes have been sold to home purchasers, and (ii) approximately 43.28 acres of reserves. Above-ground improvements have been constructed on approximately 26.39 acres of such reserves as follows: a Houston Garden Center facility (3.49 acres), a shopping center (1.66 acres), a gasoline/convenience store (0.37 acres), the Graceview Baptist Church (15.28 acres), the Three Lakes Subdivision Community Center (2.18 acres), the Three Lakes East Community Center (1.58 acres) and the Northpointe East Community Center (1.83 acres). In addition, (i) a Walgreens Drug Store, a child care center and a Adriatic Café Italian Grill restaurant have been constructed on an approximately 4.11 acre tract of land located within the District; (ii) Parkway Chevrolet has constructed an automobile dealership on approximately 15.8 acres of an approximately 29.8 acre tract located within the District, on an additional 3.8 acre portion of which a retail shopping center has been constructed; (iii) a 19-screen movie theatre, a Bahama Bucks, a Texas Roadhouse restaurant and a Bombshells restaurant have been constructed on approximately 17.0 acres of an approximately 24 acre tract of land located within the District; (iv) the Fred Haas Nissan automobile dealership has been constructed on approximately 15 acres of an approximately 33 acre tract located within the District; (v) a Valero corner store has been constructed on approximately 3.0 acres located within the District; and (vi) a Texaco Tomball corner store has been constructed on approximately 1.0 acre located within the District; and the Northpointe business park is currently under construction on approximately 4.0 acres located within the District, with completion expected in approximately December, 2019.

As of September 15, 2019, the status of residential lot development and home construction in the District was as follows:

Residential Units		Lots		Homes						
	Fully		Under		Under		Completed			
Subdivision	Developed	Acres	Development	Acres	Sold*	Unsold	Sold*	Unsold	Models	Totals
Three Lakes										
Section 1	319	70.20			0	0	319	0	0	319
Three Lakes East										
Section 1	146	22.42			0	0	146	0	0	146
Section 2	83	13.83			0	0	83	0	0	83
Section 3	83	11.58			0	0	83	0	0	83
Section 4	244	49.00			0	0	244	0	0	244
Pinecrest Forest										
Section 1	28	6.22			0	0	28	0	0	28
Section 2	42	10.42			0	0	42	0	0	42
Section 3	54	15.22			0	0	54	0	0	54
Section 4	50	14.55			0	0	50	0	0	50
Section 5	27	7.93			0	0	27	0	0	27
Section 6	60	13.05			0	0	60	0	0	60
Section 7	87	19.74			0	0	87	0	0	87
Section 8	4	0.77			0	0	4	0	0	4
Section 9	73	17.30			0	0	73	0	0	73
Section 10	93	17.60			0	0	93	0	0	93
Section 11	58	12.45			0	0	58	0	0	58
Section 12	73	12.62			0	0	73	0	0	73
Northpointe East										
Section 1	206	51.47			0	0	206	0	0	206
Section 2	155	30.03			0	0	155	0	0	155
Section 3	110	29.66			0	0	110	0	0	110
Section 4	13	3.00			0	0	13	0	0	13
Willow Falls										
Section 1	123	43.14			0	0	123	0	0	123
Section 2	83	15.06			0	0	83	0	0	83
Section 3	112	20.90			0	0	112	0	0	112
Section 4	39	7.93			0	0	39	0	0	39
Section 5	64	10.28			0	0	64	0	0	64
Stonepine										
Section 1	117	21.44			0	0	117	0	0	117
Section 2	118	35.06			0	0	118	0	0	118
Northern Point										
Section 1	152	26.38			0	0	152	0	0	152
Section 2	127	17.53			0	0	127	0	0	127
Section 3	107	26.51			0	0	107	0	0	107
Section 4	68	16.59			0	0	68	0	0	68
Section 5	65	14.00			0	0	65	0	0	65
Ashford Place										
Section 1	83**	21.72			0	0	81	0	0	81
Section 2	97	24.34			0	0	97	0	0	97
Section 3	62	14.26			0	0	62	0	0	62
Section 4	100	17.56			0	0	100	0	0	100
Ashford Grove										
Section 1	58	12.31			0	0	58	0	0	58
Section 2	60	15.33			0	0	60	0	0	60
Section 3	59	20.70			0	0	59	0	0	59
Section 4	42	6.46			0	0	42	0	0	42
Ashford Grove East										
Section 1	56	13.85			0	0	56	0	0	56
Section 2	44	9.15			0	0	44	0	0	44
TOTALS	3,844	839.55	0	0	0	0	3,842	0	0	3,842

* Includes homes sold and contracted for sale. Homes under contract for sale are, in some instances, subject to conditions of appraisal, loan application, approval, and inspection.

** Two of such lots have been converted into a park.

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken June 2019)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken June 2019)

Bonded Indebtedness

2019 Assessed Valuation	\$781,701,510(a)
(As of January 1, 2019)	
See "TAX DATA" and "TAXING PROCEDURES."	
Estimated Valuation at June 1, 2019	\$791,278,522(b)
(As of June 1, 2019)	
See "TAX DATA" and "TAXING PROCEDURES"	
Direct Debt:	
Outstanding Bonds	\$ 51,090,000
The Bonds	<u>7,050,000</u>
Total	\$ 58,140,000(c)
Estimated Overlapping Debt	<u>\$ 46,441,170</u>
Total Direct and Estimated Overlapping Debt	<u>\$ 104,581,170(c)</u>
Direct Debt Ratios:	
: as a percentage of 2019 Assessed Valuation	7.44%
: as a percentage of Estimated Valuation at June 1, 2019	7.35%
Direct and Estimated Overlapping Debt Ratios	
: as a percentage of 2019 Assessed Valuation	13.38%
: as a percentage of Estimated Valuation at June 1, 2019	13.22%
Debt Service Fund Balance As of August 15, 2019	\$ 3,845,247(d)
General Fund Balance As of August 15, 2019	\$ 5,076,628
2018 Tax Rate per \$100 of Assessed Valuation	
Debt Service Tax	\$0.55
Maintenance Tax	<u>0.15</u>
Total	\$0.70(e)
Anticipated 2019 Tax Rate per \$100 of Assessed Valuation	
Debt Service Tax	\$
Maintenance Tax	<u> </u>
Total	\$ (e)

- (a) As of January 1, 2019. All property located in the District is valued on the tax rolls by the Harris County Appraisal District (the "Appraisal District") at 100% of taxable valuation as of January 1 of each year. The District's tax roll is certified by the Harris County Appraisal Review Board (the "Appraisal Review Board"). Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such properties is \$79,197,113, which total is included in the amount of \$781,701,510. The Appraisal District has proposed the valuation of such protested properties to be \$81,763,430. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is \$17,867,864, which total is also included in the amount of \$781,701,510. The District is unable to predict the amount of the District's final 2019 Assessed Valuation. Such final 2019 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2019. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in "Texas Municipal Reports," published by the Municipal Advisory Council of Texas, or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

<u>Taxing Jurisdiction</u>	<u>Outstanding Debt As of September 1, 2019</u>	<u>Overlapping</u>	
		<u>Percent</u>	<u>Amount</u>
Harris County (i)	\$2,050,758,022	0.17347%	\$ 3,557,389
Harris County Department of Education	6,320,000	0.17347	10,963
Harris County Flood Control District	83,075,000	0.17347	144,108
Port of Houston Authority	593,754,397	0.17347	1,029,968
Lone Star College System	609,845,000	0.39975	2,437,833
Klein Independent School District	1,072,345,000	3.65195	39,161,512
Harris County Hospital District	57,300,000	0.17347	99,397
TOTAL ESTIMATED OVERLAPPING DEBT			\$46,441,170
TOTAL DIRECT DEBT			<u>58,140,000</u>
TOTAL DIRECT AND ESTIMATED OVERLAPPING DEBT			\$104,581,170

(i) Harris County Toll Road Bonds are considered to be self-supporting, and are not included in this schedule.

Debt Ratios

	<u>% of 2019 Assessed Valuation</u>	<u>% of Estimated Valuation at June 1, 2019</u>
Direct Debt	7.44%	7.35%
Direct and Estimated Overlapping Debt	13.38%	14.15%

Historical Values and Tax Collection History

The following statement of tax collections sets forth in condensed form the historical assessed valuation and tax collections of the District. Such summary has been prepared for inclusion herein based upon information obtained from District records. Reference is made to such records, including the District's annual audited financial statements, for more complete information. See "APPENDIX B."

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate(a)</u>	<u>Adjusted Levy</u>	<u>% Collections</u>	
				<u>Current & Prior Years(b)</u>	<u>Year Ending 9/30</u>
2008	\$451,411,165	\$0.930	\$4,197,842	100.00%	2009
2009	444,740,108	0.930	4,135,687	99.98	2010
2010	427,881,644	0.930	3,979,012	99.98	2011
2011	423,472,450	0.945	4,001,259	99.97	2012
2012	413,765,920	0.995	4,116,972	99.93	2013
2013	445,333,252	0.995	4,431,067	99.92	2014
2014	513,750,620	0.870	4,469,631	99.91	2015
2015	586,955,869	0.790	4,636,952	99.90	2016
2016	652,904,906	0.720	4,700,915	99.87	2017
2017	691,235,145	0.700	4,838,532	99.84	2018
2018	714,935,343	0.700	5,013,891	99.43(c)	2019
2019	781,701,510(d)	(e)	(e)	(e)	2020

- (a) Per \$100 of Assessed Valuation.
- (b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through August 31, 2019.
- (c) As of August 31, 2019. In process of collection.
- (d) Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such properties is \$79,197,113, which total is included in the amount of \$781,701,510. The Appraisal District has proposed the valuation of such protested properties to be \$81,763,430. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is \$17,867,864, which total is also included in the amount of \$781,701,510. The District is unable to predict the amount of the District's final 2019 Assessed Valuation. Such final 2019 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2019.
- (e) The District anticipates levying a total tax of \$_____ per \$100 of Assessed Valuation for 2019, consisting of debt service and maintenance tax components of \$_____ and \$_____ per \$100 of Assessed Valuation, respectively.

Principal 2019 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2019.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Assessed Valuation 2019 Tax Roll</u>	<u>% of 2019 Tax Roll</u>
JR 25500 LP	Land and Improvements	\$ 11,574,520	1.48%
30 West Pershing LLC	Land and Improvements	9,704,223	1.24
Fehn Properties, Ltd.	Land and Improvements	9,150,000	1.17
Parkway Chevrolet Inc.	Personal Property	8,167,344	1.04
RCI Holdings Inc.	Land and Improvements	6,867,779	0.88
Fred Haas Nissan	Personal Property	6,509,984	0.83
HMT Inc.	Land and Improvements	4,854,790	0.62
24922 Tomball, Ltd.	Land and Improvements	3,847,800	0.49
JR 27909 LLC	Land and Improvements	2,926,442	0.37
Centerpoint Energy	Personal Property	<u>2,876,420</u>	<u>0.37</u>
		\$66,479,302	8.50%

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District's tax base occurs beyond the 2019 Assessed Valuation or the Estimated Valuation at June 1, 2019. The calculations assume collection of 95% of taxes levied, no use of other legally available District funds on hand, and the sale of no additional bonds by the District except the Bonds and the Prior Bonds.

Average Annual Debt Service Requirements (2020-2034)	\$4,250,165
Tax Rate of \$0.58 on the 2019 Assessed Valuation (\$781,701,510) produces	\$4,307,175
Tax Rate of \$0.57 on the Estimated Valuation at June 1, 2019 (\$791,278,522) produces	\$4,284,773
Maximum Annual Debt Service Requirement (2034)	\$4,361,313
Tax Rate of \$0.59 on the 2019 Assessed Valuation (\$781,701,510) produces	\$4,381,437
Tax Rate of \$0.59 on the Estimated Valuation at June 1, 2019 (791,278,522) produces	\$4,435,116

The District levied a tax for 2018 of \$0.70 per \$100 of Assessed Valuation, consisting of debt service and maintenance tax components of \$0.55 and \$0.15 per \$100 of Assessed Valuation, respectively, and anticipates levying a total tax of \$_____ per \$100 of Assessed Valuation for 2019, consisting of debt service and maintenance tax components of \$_____ and \$_____ per \$100 of Assessed Valuation, respectively. As the above table indicates, the 2019 debt service tax rate will not be sufficient to pay the debt service requirements on the Bonds and the Outstanding Bonds unless taxable values in the District increase above the level of the 2019 Assessed Valuation or the Estimated Valuation at June 1, 2019. However, as is illustrated above under the caption "Historical Values and Tax Collection History," the District has collected an average of 99.93% of its 2008 through 2017 tax levies as of August 31, 2019, and its 2018 tax levy was 99.43% collected as of such date. Moreover, the District's Debt Service Fund balance is \$3,845,247 as of August 15, 2019. Although neither Texas law nor the Bond Order requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see "APPENDIX B - ANNUAL FINANCIAL REPORT"). The District anticipates that, given the foregoing factors, and as a consequence of the construction of homes on the lots that have been developed by developers, the District will be able to meet the debt service requirements on the Bonds and the

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate and amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds and the Remaining Outstanding Bonds and any additional bonds payable from taxes which the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully above under the caption "THE BONDS - Source of Payment." The Board is also authorized to levy and collect annual ad valorem taxes for the administration and maintenance of the District and the System and for the payment of certain contractual obligations if such taxes are authorized by vote of the District's electors at an election. The District's electors have authorized the levy of such a maintenance tax in the maximum amount of \$1.00 per \$100 of Assessed Valuation. See "TAX DATA - Maintenance Tax." The District levied a maintenance tax, including such tax in the amount of \$0.15 per \$100 of Assessed Valuation for 2018. See "TAX DATA - Tax Rate Distribution."

Reappraisal of Property After Disaster

The Texas Property Tax Code (the "Property Tax Code") provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are pro-rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property.

Exempt Property

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of \$5,000 to \$12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran's residence homestead to which the disabled veterans' exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifth percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of (i) a member of the armed forces or, (ii) a first responder as defined under the Texas law, who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred

county of the State an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing values established by the appraisal district. The Harris County Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within Harris County, including the District. Such appraisal values will be subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

Under current Texas law, the District is responsible for the levy and collection of its taxes and will continue to be so responsible unless the Board of Directors of the District, or the qualified voters of the District or of Harris County at an election held for such purpose, determines to transfer such functions to the HCAD or another taxing unit.

Assessment and Levy

Generally, all taxable property in the District (other than any qualifying agricultural and timberland) must be appraised at 100% of market value as of January 1 of each tax year, subject to review and approval by the Appraisal Review Board. Under the Property Tax Code, however, houses held for sale by a developer or builder which remain unoccupied, are not leased or rented and produce no income, are required to be assessed at the price for which they would sell as a unit to a purchaser who would continue the owner's business. See "TAX DATA - Principal 2018 Taxpayers" above. The Property Tax Code requires each appraisal district to implement a plan providing for reappraisal of all real property in the appraisal district at least once every three years. It is not known what frequency of reappraisal will be utilized by the HCAD or whether reappraisals will be conducted on a zone or county-wide basis.

The Property Tax Code permits land designated for agricultural use or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use designation must apply for the designation, and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including for three years for agricultural use and for five years for agricultural land and timberland, prior to the loss of the designation.

The chief appraiser must give written notice on May 15, or as soon thereafter as practicable to each owner if the appraised value of his property is greater than it was in the preceding year, if the appraised value of the property is greater than the value rendered by the property owner, or if the property was not on the appraisal roll in the preceding year. In addition, the chief appraiser must give written notice to each property owner whose property was reappraised in the current year or if ownership of the property changed during the preceding year. The appraisal review board has the ultimate responsibility for determining the value of all taxable property within the District; however, any owner who has timely filed notice with the appraisal review board may appeal the final determination by the appraisal review board by filing suit in Texas district court. Prior to such appeal and prior to the delinquency date, however, the owner must pay the tax due on the amount of value of the property involved that is not in dispute or the amount of tax paid in the prior year, whichever is greater, or the amount of tax due under the order from which the appeal is taken. In the event of such suit, the value of the property is determined by the court, or a jury if requested by any party. Additionally, the District is entitled to challenge certain matters before the appraisal review board, including the level of appraisals of a certain category of property, the exclusion of property from the appraisal records, or the grant in whole or in part of a partial exemption. The District may not, however, protest a valuation of individual property.

After the date the District receives the certified roll, the rate of taxation must be set by the Board based upon the assessed valuation of property within the District as of the preceding January 1 and the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in Texas state district court within forty-five (45) days after notice is received that

Rollback of Operation and Maintenance Tax Rate

Under current law, the qualified voters of the District have the right to petition for a rollback of the District's operation and maintenance tax rate only if the total tax bill on the average residence homestead increases by more than eight percent. If a rollback election is called and passes, the rollback tax rate is the current year's debt service and contract tax rates plus 1.08 times the previous year's operation and maintenance tax rate. Thus, debt service and contract tax rates cannot be changed by a rollback election.

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below.

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts

Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court. See "INVESTMENT CONSIDERATIONS - Principal Land Owners' Obligations to the District."

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any political subdivision other than the District, are secured by an annual ad valorem tax, without legal limitation as to rate or amount, levied on all taxable property located within the District. See "THE BONDS - Source of Payment." The ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: A substantial percentage of the assessed valuation of the property located within the District is attributable to the current market value of (i) single-family residences that have been constructed within the District, and (ii) commercial buildings that have been constructed within the District. The market value of such homes is related to general economic conditions affecting the demand for residences. Demand for the construction of commercial buildings can be significantly affected by factors such as interest rates, credit availability, construction costs, energy costs and availability and the prosperity and demographic characteristics of the urban area toward which the marketing of homes and commercial enterprises is directed. Significant vacancy rates of commercial buildings located within the District would restrict the growth of property values in the District. Further declines in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the value of existing homes. Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the value of existing homes. Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Similarly, if larger-scale commercial improvements were vacated, such improvements may make it difficult to re-lease or re-purpose which could adversely affect the values not only of such improvements, but also other commercial improvements. Although the District currently contains (i) a total of 3,844 fully developed single-family residential lots on which 3,842 single-family homes have been constructed, and (ii) reserves and other property that have been developed for commercial usage on which above-ground taxable improvements have been constructed and are under construction as is described in the sections of this Official Statement entitled "DEVELOPMENT OF THE DISTRICT" and "THE SYSTEM," the District cannot predict the pace or magnitude of any future residential or commercial development or home construction or the construction of future commercial buildings in the District other than that which has occurred to date. Moreover, the District makes no representation as to the occupancy levels of any commercial properties that have been or might be constructed within the District.

National Economy: There has been a downturn in new housing construction in the United States in recent years, resulting in a decline in national housing market values. Although the District currently contains (i) a total of 3,844 fully developed single-family residential lots on which 3,842 single-family homes have been constructed, and (ii) reserves and other property that have been developed for commercial usage on which above-ground taxable improvements have been constructed and are under construction as is described in the sections of this Official Statement entitled "DEVELOPMENT OF THE DISTRICT" and "THE SYSTEM," the District cannot predict the pace or magnitude of any future residential or commercial development or home construction or the construction of future commercial buildings in the District other than that which has occurred to date. Moreover, the District

Maximum Impact on District Tax Rates

Assuming no further construction of homes, commercial buildings and other taxable improvements within the District other than those which have heretofore been constructed, and no additional development in the District other than the development which has occurred to date, the value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. The 2019 Assessed Valuation of property located within the District supplied by the Appraisal District is \$781,701,510. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds will be \$4,361,313 (2034), and the Average Annual Debt Service Requirements will be \$4,250,165 (2020 through 2034, inclusive). Assuming no increase to nor decrease from the 2019 Assessed Valuation, no use of other legally available District funds, and the issuance of no additional bonds by the District other than the Bonds and the Prior Bonds, tax rates of \$0.59 and \$0.58 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively, on the Bonds and the Outstanding Bonds. The Estimated Valuation at June 1, 2019, of property located within the District supplied by the Appraisal District is \$791,278,522. Assuming no increase to nor decrease from the Estimated Valuation at June 1, 2019, no use of other legally available District funds, and the issuance of no additional bonds by the District other than the Bonds and the Prior Bonds, tax rates of \$0.59 and \$0.57 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively, on the Bonds and the Outstanding Bonds. The District levied a tax for 2018 of \$0.70 per \$100 of Assessed Valuation, consisting of debt service and maintenance tax components of \$0.55 and \$0.15 per \$100 of Assessed Valuation, respectively. As the foregoing calculations indicate, the 2018 debt service tax rate will not be sufficient to pay the debt service requirements on the Bonds and the Outstanding Bonds unless taxable values in the District increase above the level of the 2019 Assessed Valuation or the Estimated Valuation at June 1, 2019. However, as is illustrated above under the caption "Historical Values and Tax Collection History," the District has collected an average of 99.93% of its 2008 through 2017 tax levies as of August 31, 2019, and its 2018 tax levy was 99.43% collected as of such date. Moreover, the District's Debt Service Fund balance is \$3,845,247 as of August 15, 2019. Although neither Texas law nor the Bond Order requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see "APPENDIX B - ANNUAL FINANCIAL REPORT"). The District anticipates that, given the foregoing factors, and as a consequence of the construction of homes on the lots that have been developed by developers, the District will be able to meet the debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2018 - \$0.55 per \$100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "TAX DATA - Tax Rate Calculations. In addition to the components of the System and other facilities that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with the sale of the Bonds, the District anticipates financing additional components of the System, and other facilities, with proceeds of the sale of additional bonds, if any, in the future. See "THE BONDS - Authority for Issuance," - "Source of Payment," - "Issuance of Additional Debt," and - "Use and Distribution of Bond Proceeds," "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM - Description."

Increases in the District's tax rate to levels higher than the combined rate of \$0.70 per \$100 of Assessed Valuation which the District levied for 2018, consisting of debt service and maintenance tax components of \$0.55 and \$0.15 per \$100 of Assessed Valuation, respectively, may have an adverse impact upon future development within the District, the future construction of homes and other taxable improvements within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District. In addition, the collection by the District of delinquent taxes owed to it and the enforcement by a Registered Owner of the District's obligations to collect sufficient taxes may be costly and lengthy processes. See "TAXING PROCEDURES - District's Rights in the Event of Tax Delinquencies."

As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2018 tax levies of all units of government which levy taxes against the property located within the District and the District's 2018 tax levy is \$2.95878 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate of the tax levies of some municipal utility districts located within the Houston metropolitan area, although such aggregate levy is within the range of the aggregate of the tax rates of municipal utility districts in the Houston metropolitan area

within the District or sell property of the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS - Bankruptcy Limitation to Registered Owners' Rights." The District may not be placed into bankruptcy involuntarily.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriters regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. There is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

The District has reserved in the Bond Order the right to issue the remaining \$18,660,000 bonds authorized but unissued for waterworks, wastewater and drainage facilities, and refunding bonds in an amount not to exceed one and one-half (1.5) times the amount of bonds outstanding at any given time, and such additional bonds as may hereafter be approved by both the Board of Directors and voters of the District. The District also has reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order. All of the remaining bonds authorized for waterworks, sanitary sewer and drainage facilities, and for refunding purposes, which have heretofore been authorized by voters of the District may be issued by the District from time to time as needed. The issuance of the aforementioned \$18,660,000 bonds for waterworks, wastewater and drainage facilities is also subject to TCEQ approval. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds and the Outstanding Bonds. According to the District's Engineer, the \$18,660,000 authorized but unissued bonds for waterworks, wastewater and drainage facilities will be sufficient to finance the extension of the System to serve all of the undeveloped portions of the District. In addition to the components of the System and other facilities that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with the sale of the Bonds, the District anticipates financing additional components of the System, and other facilities, with proceeds of the sale of additional bonds, if any, in the future. See "THE BONDS - Authority for Issuance," - "Source of Payment," - "Issuance of Additional Debt," and - "Use and Distribution of Bond Proceeds," and "THE SYSTEM - Description."

Competitive Nature of Houston Residential Housing and Commercial Development and Construction Markets

The single-family residential housing and commercial development industries in the Houston area are very competitive, and the District can give no assurance that any single-family residential lot development or homebuilding programs will be initiated in the District in addition to the single-family residential lot development and homebuilding programs that have been undertaken in the District to date, or that any commercial development or construction of future above-ground commercial improvements will be undertaken in the District in addition to the commercial development projects and construction of above-ground commercial improvements that have been undertaken in the District to date as are described in this Official Statement under the caption "DEVELOPMENT OF THE DISTRICT." The respective competitive positions of any developer(s), or home builder(s) which might attempt future single-family residential lot development or homebuilding programs in the District in the sale of developed single-family residential lots or in the construction and sale of single-family residential units and of any commercial developer which might undertake future commercial development projects or the construction of new or above-ground commercial improvements are affected by most of the factors discussed in this section, and such single-family residential lot development and/or commercial development projects and the construction of single-family residential units and/or commercial above-ground improvements are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

publication of a proposed HGB Area redesignation request under the 1997 Ozone Standards on September 5, 2018.

The HGB Area is currently designated as a "moderate" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2018. If the EPA ultimately determines that the HGB Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB Area is currently designated as a "marginal" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2021. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the HGB Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the HGB Area to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the HGB Area's economic growth and development.

Water Supply & Discharge Issues

Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

Certain governmental entities regulate groundwater usage in the HGB Area. A municipal utility district or other type of special purpose district that (i) is located within the boundaries of such an entity that regulates groundwater usage, and (ii) relies on local groundwater as a source of water supply, may be subject to requirements and restrictions on the drilling of water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

The District is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the

Due to the pending rulemaking activity and rule challenge litigation, there is significant uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including permitting requirements.

Future and Proposed Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Tropical Weather Events; Hurricane Harvey

The Houston area, including the District, is subject to occasional severe tropical weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected.

The greater Houston area, including the District, has experienced three storms exceeding a 0.2% probability (i.e. "500 year flood" events) since 2015. The most recent event was Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. However, according to District officials, the District's System did not sustain any material damage and there was no interruption of water or sewer service. Further, according to District officials, after investigation, the District experienced street flooding, and water penetration ranging from approximately one inch to less than eighteen inches in approximately 200 homes located in the Northern Point subdivision. Such approximately 200 homes located in the Northern Point subdivision represent slightly more than 5% of the total of 3,842 homes located in the District as of June 1, 2019. Hurricane Harvey could have a material impact on the Houston region's economy. The District cannot predict what impact, if any, Hurricane Harvey will have on the assessed value of homes within the District.

If a future weather event significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

Ponding, or pluvial, flooding occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can exceed the drainage capacity of a drainage system, which may result in water within the drainage system becoming trapped and diverted onto streets and nearby property until it is able to reach a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee or reservoir.

Water Plant No. 1 has three ground storage tanks with a combined capacity of 800,000 gallons, two hydropneumatic tanks with a combined capacity of 30,000 gallons, five booster pumps with a combined capacity of 5,150 gpm, disinfection equipment, and an emergency generator. Water Plant No. 2 has two ground storage tanks with a combined capacity of 1,600,000 gallons, two hydropneumatic tanks with a combined capacity of 30,000 gallons, five booster pumps with a combined capacity of 5,700 gpm, disinfection equipment, and an emergency generator. The combined water supply facilities are capable of serving approximately 5,000 ESFCs.

- Additional Source of Water -

The North Harris County Regional Water Authority (the "Authority") is currently delivering surface water to the District. See "Subsidence and Conversion to Surface Water Supply" below. On May 19, 2009, the District and the Authority entered into a First Amendment Groundwater Transfer Agreement to reduce the minimum purchase to 150,000 gallons per day from the Authority and up to a maximum usage of 276,000 gallons per day.

- Ongoing Well Water Quality Monitoring -

The District samples Water Well Nos. 2, 3, 4, 5 and 6 every month and tests for benzene, ethylbenzene, toluene, and xylenes. In addition, the TCEQ periodically samples the water wells and analyzes for approximately 65 compounds, including benzene. Since November 5, 1992, all samples have met USEPA and TCEQ safe drinking water standards. The District intends to continue its monthly well water quality testing program.

On July 11, 2005, the District was awarded the Texas Superior Water Rating by the TCEQ for superior water quality and service.

- Subsidence and Conversion to Surface Water Supply -

The Authority obtains an aggregated annual permit on behalf of the District from the Harris Galveston Subsidence District ("HGCSA") to withdraw groundwater. The purpose of the HGCSA is to reduce groundwater withdrawals in Harris and Galveston Counties so as to limit future ground subsidence to acceptable levels. The current HGCSA Regulatory Plan requires a phased conversion to surface water by all groundwater permittees or groups of permittees within the area. The District is located in Area 3 of the HGCSA Regulatory Plan, and has, therefore, been required to have either a certified groundwater reduction plan ("GRP") on file with the HGCSA or to be part of a regional GRP; otherwise, the District risked being assessed a penalty of \$9.00 per 1,000 gallons of water pumped. Additionally, all Area 3 permittees were required to begin construction of the infrastructure identified in the GRP by 2005, to reduce their groundwater withdrawals to 70% of their total annual water demand by 2010, to reduce their groundwater withdrawals to no more than 40% of their total annual water demand by 2025, and to reduce their groundwater withdrawals to no more than 20% of their total annual water demand by 2035. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority currently is subject to a \$9.00 per 1,000 gallons disincentive fee penalty ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand within the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely seek monetary or other penalties against the District.

The Authority was created in furtherance of the HGCSA's mandate to reduce groundwater pumpage and to convert to surface water. The Authority was granted the responsibility of developing a regional GRP for the groundwater permittees within its boundaries, including the District (the "Authority Permittees"). The Authority has also been charged with locating a source of surface water for the Authority Permittees and with developing and constructing the infrastructure needed to deliver the surface water to the Authority Permittees. The Authority has contracted to purchase surface water with the City of Houston and commenced construction of the infrastructure. In an effort to comply with these responsibilities, the Authority has incurred fees and expenses, which are passed on to each of the Authority Permittees through the assessment of a groundwater pumpage fee. The current fee is \$3.85 per 1,000 gallons of water pumped; however, such fee will increase as more infrastructure is constructed and the District is required to pay its share of the capital costs to construct the infrastructure and to deliver surface water to the Authority Permittees as well as to pay for the costs of maintaining and operating the District's own water supply system. The Authority has to date issued

Ashford Place subdivision drainage discharges from an onsite detention basin into an enclosed storm sewer and is conveyed south out of the District, through the adjoining Memorial Springs subdivision (Harris County Water Control and Improvement District No. 119) and into Pillot Gully.

Stormwater Detention

After the initial development of the District, the HCFCD imposed a requirement for stormwater detention facilities to be provided with new development in most watersheds in Harris County, including Willow Creek and Cypress Creek. By letter dated August 22, 1997, HCFCD confirmed that previous drainage improvements constructed with a portion of the proceeds of the Prior Bonds provided a stormwater detention credit of 21.7 acres. This credit was utilized for the development of Pinecrest Forest, Sections 1 and 2. The construction of onsite stormwater detention facilities is necessary to serve all remaining land within the District. The construction of the Pinecrest Forest Detention Basin, Phases 1 and 2, the Three Lakes East Detention Basin, the Three Lakes East, Section 4 Detention Basin, the Northpointe East Retention Basin, Phases 1 and 2, the Willow Falls, Stonepine, Ashford Place, Northern Point, Phase I and NewQuest Detention Basins was financed by the District with a portion of the proceeds of the sale of the Prior Bonds. The cost of detention facilities and drainage improvements to serve Northern Point is being financed with a portion of the proceeds of the sale of the Bonds.

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District secured by the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property in the District and, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the legal opinion of Bond Counsel to the effect that (1) the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, (2) the Bonds are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law and (3) interest on the Bonds is excludable from gross income for federal income tax purposes under existing law assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See "TAX EXEMPTION" below. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

In its capacity as Bond Counsel, Johnson Petrov LLP has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS" (except "Book-Entry-Only System"), "THE DISTRICT - Authority," - "Management of the District - Counsel," "TAXING PROCEDURES," "LEGAL MATTERS - Legal Opinions," "TAX EXEMPTION," "TAX TREATMENT OF ORIGINAL ISSUE DISCOUNT AND PREMIUM BONDS," "QUALIFIED TAX-EXEMPT OBLIGATIONS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information fairly summarizes the law and documents referred to therein. Bond Counsel has not independently verified factual information contained in this Official Statement, nor has such firm conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

In addition to serving as Bond Counsel, Johnson Petrov LLP also acts as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of Bonds actually issued, sold and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of interest on or acquisitions or disposition of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures the Service is likely to treat the District as the "taxpayer," and the owners of the Bonds may have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Under the Code, taxpayers are required to provide information on their returns regarding the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. Such prospective purchasers should consult their tax advisors as to the consequences of investing in the Bonds.

TAX TREATMENT OF ORIGINAL ISSUE DISCOUNT AND PREMIUM BONDS

Discount Bonds

Some of the Bonds may be offered at an initial offering price which is less than the stated redemption price payable at maturity of such Bonds. If a substantial amount of any maturity of the Bonds is sold to members of the public (which for this purpose excludes bond houses, brokers and similar persons or entities acting in the capacity of wholesalers or underwriters) at such initial offering price, an initial owner who purchases the Bonds of that maturity (the "Discount Bonds") will be considered to have "original issue discount" for federal income tax purposes equal to the difference between (a) the stated redemption price payable at the maturity of such Discount Bond and (b) the initial offering price to the public of such Discount Bond. Under existing law, such original issue discount will be treated for federal income tax purposes as additional interest on a Bond and such initial owner will be entitled to exclude from gross income for federal income tax purposes that portion of such original issue discount deemed to be earned (as discussed below) during the period while such Discount Bond continues to be owned by such initial owner. Except as otherwise provided herein, the discussion regarding interest on the Bonds under the caption "TAX EXEMPTION" generally applies to original issue discount deemed to be earned on a Discount Bond while held by an owner who has purchased such Bond at the initial offering price in the initial public offering of the Bond and that discussion should be considered in connection with this portion of the Official Statement.

In the event of a redemption, sale, or other taxable disposition of a Discount Bond prior to its stated maturity, however, any amount realized by such initial owner in excess of the basis of such Discount Bond in the hands of such owner (increased to reflect the portion of the original issue discount deemed to have been earned while such Discount Bond continues to be held by such initial owner) will be includable in gross income for federal income tax purposes.

Because original issue discount on a Discount Bond will be treated for federal income tax purposes as interest on a Bond, such original issue discount must be taken into account for certain federal income tax purposes as it is deemed to be earned even though there will not be a corresponding cash payment. Other owners of a Discount Bond may be required

The District's audited financial statements for the year ended May 31, 2018, were prepared by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, and have been included herein as "APPENDIX B." McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, has consented to the publication of such financial statements in this Official Statement.

Experts

The information contained in this Official Statement relating to engineering and to the description of the System, and, in particular, that engineering information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by IDS Engineering Group

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by Bob Leared Interests and the Appraisal District. Such information has been included herein in reliance upon Bob Leared Interests's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of tax assessing.

Certification as to Official Statement

The District, acting by and through its Board of Directors in its official capacity and in reliance upon the persons listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements, and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions, and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

If, subsequent to the date of the Official Statement, to and including the date the Underwriters are no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), the District learns, or is notified by the Underwriters, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriters elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriters an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriters; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate upon the earlier of (i) 90 days after the "end of the underwriting period" as defined in SEC Rule 15c2-12 or (ii) the date the Official Statement is filed with the MSRB (hereinafter defined), but in no case less than 25 days after the "end of the underwriting period."

Official Statement "Deemed Final"

For purposes of compliance with SEC Rule 15c2-12, this document, as the same may be supplemented or corrected by the District from time to time, may be treated as an Official Statement with respect to the Bonds described herein "deemed final" by the District as of the date hereof (or of any such supplement or correction) except for the omission of certain information referred to in the succeeding paragraph.

This document, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a "final official statement" of the District with respect to the Bonds, as that term is defined in SEC Rule 15c2-12.

the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB through its EMMA system at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or Beneficial Owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the SEC Rule 15c2-12, taking into account any amendments or interpretations of such Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of such Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

The District's filing due on November 30, 2014, was timely filed but did not contain all required information. The District made a supplemental filing on April 25, 2017, and filed the appropriate notice of non-compliance. The District's filings due on November 30 in each of the years 2015 through 2018 were complete and timely made, except that notice of the downgrade and subsequent withdrawal of the insured S&P rating on the District's Series 2017 Refunding Bonds, which are insured by National Public Finance Guaranty Corporation, was not timely filed. Notice of such downgrade and withdrawal has now been filed with the MSRB.

APPENDIX B

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 368

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2018

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

8/31/2019

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>413,234.46</u>	<u>5,004,549.06</u>
Total Taxes Receivable			\$ 5,055,900.40
Prior Years Taxes Collected	\$	18,974.73	
2018 Taxes Collected (99.4%)		<u>4,975,833.74</u>	<u>4,994,808.47</u>
Taxes Receivable at: 8/31/2019			\$ <u>61,091.93</u>

2018 Receivables:	
Debt Service	22,562.04
Maintenance	6,153.28

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 8/2019	Fiscal to Date 6/01/2019 - 8/31/2019
Beginning Cash Balance	\$ 77,389.97	124,733.55
Receipts:		
Current & Prior Years Taxes	3,873.54	11,027.99
Penalty & Interest	744.27	3,047.40
Additional Collection Penalty	855.00	2,477.97
Checking Account Interest	15.29	59.30
Overpayments		17.30
Refund - due to adjustments		9,473.59
Rendition Penalty		.65
Refund Rendition Penalty		2.16
TOTAL RECEIPTS	\$ 5,488.10	26,106.36
Disbursements:		
Atty's Fees, Delq. collection	93.61	900.78
CAD Quarterly Assessment		9,218.00
Refund - due to adjustments	5,859.17	9,605.25
Refund - due to overpayments	16.20	16.20
Transfer to Debt Service Fund	15,000.00	55,000.00
Transfer to General Fund	765.39	5,682.50
Tax Assessor/Collector Fee	4,500.00	13,080.00
Rendition Penalty CAD Portion		13.09
Postage	10.73	81.76
Supplies		440.32
Records Maintenance		30.00
Copies	245.53	245.53
Mileage Expense	31.32	93.96
Envelopes - May Del Stmts		26.40
Delinquent Data Transfer File	50.00	100.00
TOTAL DISBURSEMENTS	(\$ 26,571.95)	(94,533.79)
CASH BALANCE AT: 8/31/2019	\$ 56,306.12	56,306.12

HARRIS COUNTY M.U.D. #368

Disbursements for month of September, 2019

Check #	Payee	Description	Amount
	W/T to General Fund 9/11/19	Transfer to General Fund	\$ 830.04
1430	HCAD	CAD Quarterly Assessment	9,336.00
1431	HCAD	CAD Cost, Estimate of value	291.33
1432	Bob Leared	Tax Assessor/Collector Fee	4,828.55
TOTAL DISBURSEMENTS			\$ 15,285.92
Remaining Cash Balance			\$ <u>41,020.20</u>

Wells Fargo Bank, N.A.

HARRIS COUNTY M.U.D. #368

HISTORICAL COLLECTIONS DATA

Year	Collections Month Of 8/2019	Adjustments To Collections 8/2019	Total Tax Collections at 8/31/2019	Total Taxes Receivable at 8/31/2019	Collection Percentage
2018	3,873.54		4,975,833.74	28,715.32	99.426
2017			4,830,878.58	7,769.43	99.839
2016			4,694,834.91	6,080.45	99.871
2015			4,632,165.06	4,786.54	99.897
2014			4,465,403.74	4,227.02	99.905
2013			4,427,614.62	3,452.11	99.922
2012			4,113,991.71	2,979.96	99.928
2011			3,999,885.13	1,374.09	99.966
2010			3,978,230.77	781.61	99.980
2009			4,134,761.50	925.40	99.978
2008			4,197,842.44		100.000
2007			3,980,340.19		100.000
2006			3,756,258.77		100.000
2005			3,611,815.76		100.000
2004			2,772,538.51		100.000
2003			2,155,147.68		100.000
2002			1,423,495.12		100.000
2001			1,017,839.62		100.000
2000			795,991.91		100.000
1999			549,996.48		100.000
1998			353,610.10		100.000
1997			335,522.40		100.000
1996			299,066.25		100.000
1995			557,545.88		100.000
1994			539,134.94		100.000
1993			485,953.09		100.000
1992			446,920.13		100.000
1991			445,171.72		100.000
1990			444,047.27		100.000
1989			503,531.71		100.000
1988			538,692.54		100.000
1987			594,187.85		100.000
1986			504,848.06		100.000
1985			491,169.45		100.000
1984			441,038.67		100.000
1983			267,404.55		100.000
1982			139,274.57		100.000
1981			105,337.87		100.000

(Percentage of collections same period last year 99.470)

HARRIS COUNTY M.U.D. #368

HISTORICAL TAX DATA

Year	Taxable Value	SR/CR	Tax Rate	Adjustments	Reserve for Uncollectibles	Adjusted Levy
2018	714,935,343	11 / 11	.700000	413,234.46		5,004,549.06
2017	691,235,145	22 / 22	.700000	306,280.49		4,838,648.01
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	3,932,145.76	.150000	1,072,403.30
2017	.550000	3,801,794.93	.150000	1,036,853.08
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:

2016	Agriculture Deferment	7,536.27
2017	Agriculture Deferment	7,326.86
2018	Agriculture Deferment	7,029.84
	Total --->	21,892.97

HARRIS COUNTY M.U.D. #368

Tax Exemptions:	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		

Adjustment Summary:	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-
6/2019	/ CORR 010	3,572.42-
7/2019	/ CORR 011	5,771.67-
TOTAL		413,234.46

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

<u>Account no.</u>	<u>Tax</u> <u>Year</u>	<u>Last</u> <u>Payment</u> <u>Amount</u>	<u>Last</u> <u>Payment</u> <u>Date</u>	<u>Balance</u> <u>Due</u>
(I) 0293-004-0012	2018	.00	None	1,495.27
(I) 0303-003-0160	2018	.00	None	1,632.62
(I) 0701-002-0010	2018	171.41	09/04/19	664.20

*Total Count 3

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

Standard Payment Plans

<u>Account no.</u>	<u>Tax</u> <u>Year</u>	<u>Last</u> <u>Payment</u> <u>Amount</u>	<u>Last</u> <u>Payment</u> <u>Date</u>	<u>Balance</u> <u>Due</u>
*Total	Count 0			



MUNICIPAL ACCOUNTS
& CONSULTING, L.P.

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

Bookkeeper's Report

September 26, 2019

Harris County Municipal Utility District No. 368

Account Balances

As of September 26, 2019

Financial Institution (Acct Number)	Issue Date	Maturity Date	Interest Rate	Account Balance	Notes
Fund: Operating					
Certificates of Deposit					
SPIRIT OF TEXAS BANK (XXXX5618)	11/28/2018	11/28/2019	2.45 %	240,000.00	
TEXAS CAPITAL BANK (XXXX0254)	11/28/2018	11/28/2019	2.42 %	240,000.00	
BANCORPSOUTH (XXXX2990)	01/05/2019	01/05/2020	2.75 %	240,000.00	
VERITEX COMMUNITY BANK (XXXX0407)	03/08/2019	03/06/2020	2.60 %	240,000.00	
PLAINS STATE BANK (XXXX0627)	05/27/2019	05/27/2020	2.65 %	240,000.00	
Money Market Funds					
TEXAS CLASS (XXXX0001)	07/17/2018		2.27 %	3,711,139.41	
Checking Account(s)					
BBVA USA-CHECKING (XXXX4015)			0.25 %	3,981.70	Checking Account
Totals for Operating Fund:				\$4,915,121.11	
Fund: Capital Projects					
Money Market Funds					
TEXPOOL (XXXX0007)	08/03/2012		2.17 %	130,300.19	SERIES 2012
TEXPOOL (XXXX0010)	09/20/2017		2.17 %	97,107.32	Series 2017
Checking Account(s)					
BBVA USA-CHECKING (XXXX7091)			0.15 %	214.26	Checking Account
Totals for Capital Projects Fund:				\$227,621.77	
Fund: Debt Service					
Certificates of Deposit					
FRONTIER BANK - DEBT (XXXX2217)	02/08/2019	02/08/2020	2.65 %	240,000.00	
THIRD COAST BANK-DEBT (XXXX2225)	02/08/2019	02/08/2020	2.60 %	240,000.00	
SPIRIT OF TX BANK - DEBT (XXXX3234)	02/09/2019	02/09/2020	2.60 %	240,000.00	
INDEPENDENT BANK-DEBT (XXXX5351)	02/11/2019	02/11/2020	2.70 %	240,000.00	
PIONEER BANK-DEBT (XXXX1950)	02/11/2019	02/11/2020	2.71 %	240,000.00	
BUSINESS BANK OF TX- DEBT (XXXX320)	02/13/2019	02/13/2020	2.75 %	240,000.00	
UNITED TEXAS BANK-DEBT (XXXX6068)	08/14/2019	08/14/2020	2.00 %	240,000.00	
PLAINS STATE BANK - DEBT (XXXX0774)	08/15/2019	08/14/2020	2.35 %	240,000.00	
BANCORPSOUTH - DEBT (XXXX6220)	08/16/2019	08/15/2020	2.75 %	240,000.00	
Money Market Funds					
BBVA USA-DEBT (XXXX7084)	04/11/2013		0.25 %	158,039.76	
TEXAS CLASS (XXXX0002)	03/12/2019		2.27 %	1,545,877.76	
Totals for Debt Service Fund:				\$3,863,917.52	
Grand total for Harris County Municipal Utility District No. 368:				\$9,006,660.40	

Harris Co MUD 368 GOF
Cash Flow Report - Checking Account
As of September 26, 2019

Num	Name	Memo	Amount	Balance
BALANCE AS OF 08/16/2019				\$8,849.50
Receipts				
	SPA Revenue		15,807.07	
	Interest Earned on Checking		145.07	
	Water/Sewer Revenue		360,019.26	
	Water/Sewer Revenue O/S		32,134.14	
	Bank Correction		7.00	
	Meter Rental		500.00	
	Transfer from Texas Class		150,000.00	
	Unclaimed Property		1,546.03	
	Transfer from Texas Class		15,000.00	
Total Receipts				575,158.57
Disbursements				
17179	Courtney L Loosier	VOID: Deposit Refund (\$30.68)	0.00	
17224	Comcast	Telephone / Internet	(1,003.58)	
17312	Lupe Tortilla	Meal Expense	(319.78)	
17313	Lupe Tortilla	Meal Expense	(337.63)	
17395	Camino Services	Extreme Event Drainage Swales - Pay App # 8 Fin	(21,917.95)	
17396	Allison V Dunn	Fee of Office - 09.26.2019	(138.52)	
17397	Eric J. Daniel	Fee of Office - 09.26.2019	(138.53)	
17398	Roy Lackey	Fee of Office - 09.26.2019	(121.16)	
17399	Sharon Cook	Fee of Office - 09.26.2019	(123.52)	
17400	Tiffani Bishop	Fee of Office - 09.26.2019	(138.52)	
17401	Allison V Dunn	Fees of Office - 09.05.2019	(138.53)	
17402	Eric J. Daniel	Fees of Office - 09.05.2019	(138.52)	
17403	Roy Lackey	Fees of Office - 09.05.2019	(121.16)	
17404	Sharon Cook	Fees of Office - 09.05.2019	(132.23)	
17405	Tiffani Bishop	Fees of Office - 09.05.2019	(138.53)	
17406	Roy Lackey	Fees of Office - Ops Meeting - 08.20.2019	(121.16)	
17407	Sharon Cook	Fees of Office - Ops Meeting - 08.20.2019	(123.52)	
17408	Alexandria M Hafstienn	Deposit Refund	(49.95)	
17409	Amanda D Guthrie	Deposit Refund	(125.00)	
17410	Amber nicole Gonzalez	Deposit Refund	(63.78)	
17411	Anbec Realty Inc	Deposit Refund	(125.00)	
17412	Ashan Somali Anthony	Deposit Refund	(125.00)	
17413	Ashley Conley	Deposit Refund	(54.56)	
17414	Brad Dickson	Deposit Refund	(12.54)	
17415	Colby Allen LeBlanc	Deposit Refund	(59.17)	
17416	Dennis James Jenkins	Deposit Refund	(221.87)	
17417	Derrick Vito Perez	Deposit Refund	(45.34)	
17418	Edward John Maciejko	Deposit Refund	(108.10)	
17419	Ella Ranjel	Deposit Refund	(38.98)	
17420	Esteban Hernandez	Deposit Refund	(76.58)	
17421	First Class Reality LLC	Deposit Refund	(63.78)	
17422	First Class Reality.	Deposit Refund	(63.78)	
17423	Green Water Group LLC	Deposit Refund	(125.00)	
17424	Gulf Tex Management	Deposit Refund	(125.00)	
17425	Haley L Pipes	Deposit Refund	(56.56)	
17426	Henry Lee Phipps Jr	Deposit Refund	(12.05)	
17427	James L Wise Jr	Deposit Refund	(68.39)	
17428	Jiang Zheng	Deposit Refund	(63.78)	

Harris Co MUD 368 GOF
Cash Flow Report - Checking Account
As of September 26, 2019

Num	Name	Memo	Amount	Balance
Disbursements				
17429	Jose / Mandy Garza	Deposit Refund	(50.83)	
17430	Jose R Bonilla	Deposit Refund	(63.78)	
17431	Justi Riley	Deposit Refund	(49.95)	
17432	Katherine Homs	Deposit Refund	(137.57)	
17433	Leroy Ben Rathkamp	Deposit Refund	(59.17)	
17434	Marian Palazzolo	Deposit Refund	(188.78)	
17435	Nicasio Ervey Benavides	Deposit Refund	(32.81)	
17436	Opendoor Labs Inc	Deposit Refund	(54.56)	
17437	Paulo Garcia	Deposit Refund	(50.16)	
17438	Phillip Charles Ingram	Deposit Refund	(13.54)	
17439	Rasheed Abdoul Williams	Deposit Refund	(54.12)	
17440	Rels P Patterson	Deposit Refund	(125.00)	
17441	Ricarda Castillo Hairell	Deposit Refund	(125.00)	
17442	Ricky P Anderson Jr.	Deposit Refund	(49.95)	
17443	Scott Reid	Deposit Refund	(59.17)	
17444	Shankita Ashley Mearis	Deposit Refund	(114.68)	
17445	SPH Property One LLC	Deposit Refund	(63.78)	
17446	Srinivasan Dindigul	Deposit Refund	(63.78)	
17447	Subash Kumarasingh	Deposit Refund	(135.00)	
17448	Susan Annette Barron	Deposit Refund	(108.48)	
17449	Taha Imran Nathani	Deposit Refund	(62.27)	
17450	Tony Hoang	Deposit Refund	(63.78)	
17451	Travis Weaver	Deposit Refund	(119.12)	
17452	Virginia Williams	Deposit Refund	(44.34)	
17453	Accurate Utility Supply, LLC	E25 Poly Beacon	(2,120.00)	
17454	Best Trash	Curbside Cart Trash Pick up - August	(49,611.96)	
17455	CenterPoint Energy	Natural Gas	(152.29)	
17456	Comcast	Telephone / Internet	(1,132.48)	
17457	Eagle Water Management, Inc.	Operations	(93,835.71)	
17458	Electrical Field Services, Inc.	Maintenance & Repairs	(1,852.00)	
17459	Graceview Baptist Church	Rent - Meeting Facility September 2019	(100.00)	
17460	Harris County Treasurer	Security	(60,829.00)	
17461	Hudson Energy	Electricity	(15,853.01)	
17462	IDS Engineering Group	Engineering Fees	(34,662.81)	
17463	Johnson Petrov LLP	Legal Fees	(23,977.55)	
17464	King Fab, LLC.	Blower Motor	(1,089.00)	
17465	Lawns & More	Lawn Maintenance	(1,365.00)	
17466	Municipal Accounts & Consulting, LP	Bookkeeping Fee	(5,872.92)	
17467	Neil Technical Services, Corp.	Maintenance & Repair - Lift Station # 4	(5,652.00)	
17468	North Harris Cty Regional Water Authority	Surface Water Fee	(140,467.06)	
17469	Off Cinco	Website	(1,162.50)	
17470	On-Site Protection LLC	Security	(11,654.05)	
17471	Phillips Cleaning Services, LLC	Janitorial Services - August 2019	(140.00)	
17472	PWC Solutions, Inc.	Chemicals	(6,284.25)	
17473	Sales Revenue, Inc.	Sales Tracking September 2019	(583.00)	
17474	Source Point Solutions, LLC.	Vector Service - WWTP	(24,675.00)	
17475	Texas Pride Disposal	Recycling	(11,690.65)	
17476	Thomas Lee Ewing	Deposit Refund	(125.00)	
17477	Trinity Wastewater Solutions Company	Mobile Dewatering 08/2019	(11,576.45)	
17478	CenterPoint Energy	Natural Gas	0.00	
17479	Comcast	Telephone / Internet	0.00	
17480	Verizon	Telephone / Internet	0.00	

Harris Co MUD 368 GOF
Cash Flow Report - Checking Account
As of September 26, 2019

Num	Name	Memo	Amount	Balance
Disbursements				
17481	.	Meal Expense	0.00	
17482	.	Meal Expense	0.00	
17483	Electrical Field Services, Inc.	Maintenance & Repairs	(19,798.25)	
17484	On-Site Protection LLC	Security Maintenance & Repair	(300.00)	
17485	Allison V Dunn	Fee of Office 09/17/19 - Meeting with County Co	(147.22)	
17486	Roy Lackey	Fee of Office 09/17/19 - Meeting with County Co	(108.68)	
17487	Roy Lackey	Fees of Office - Ops Meeting - 09.24.19	(121.16)	
17488	Sharon Cook	Fees of Office - Ops Meeting - 09.24.19	(123.53)	
17489	Electrical Field Services, Inc.	Maintenance & Repairs - WWTP Lift Station 4, 5	(3,633.70)	
17490	Sipes Instrument & Electric Service	SCADA - Materials & Labor Touchscreens	(5,300.00)	
17491	Sipes Instrument & Electric Service	SCADA - Materials & Labor - Contract Completio	(6,730.00)	
17492	Association of Water Board Directors	2020 AWBD Mid-Winter - R Lackey	(360.00)	
17493	Comcast	Telephone / Internet	(392.51)	
17494	Courtney L Loosier	Deposit Refund	(30.68)	
17495	Cypress Hill MUD 1	Refund of Incorrect Payment Location (HC MUD	(91.69)	
17496	Electrical Field Services, Inc.	Maintenance & Repairs	(791.70)	
17497	Sales Revenue, Inc.	Sales Tracking October 2019	(583.00)	
17498	Verizon	Telephone / Internet Expense	(143.09)	
BNK CHG	Compass Bank	Bank Service Charge	(18.00)	
BNK CHG	Returned Items	Returned Items	(2,789.33)	
Bnk Chg	Compass Bank	Bank Correction	(0.82)	
JE	Deposit Correction	To clear deposit error per Operator	(3,372.65)	
Total Disbursements				(580,026.37)
BALANCE AS OF 09/26/2019				\$3,981.70

Harris Co MUD 368 GOF
Actual vs. Budget Comparison
August 2019

		August 2019			June 2019 - August 2019			Annual
		Actual	Budget	Over/(Under)	Actual	Budget	Over/(Under)	Budget
Revenues								
14100	Water Revenue	83,381	75,042	8,339	245,313	225,125	20,188	900,500
14102	Surface Water - NHCWRA	144,694	142,000	2,694	415,404	392,000	23,404	1,355,000
14120	Reconnection Fee	6,380	5,000	1,380	16,351	15,000	1,351	60,000
14125	Meter Rental	500	450	50	2,837	1,350	1,487	5,500
14200	Sewer Revenue	160,467	159,000	1,467	484,822	477,000	7,822	1,900,000
14201	Sewer Inspection Fee Revenue	0	165	(165)	0	495	(495)	2,000
14202	Customer Service Inspection Rev	0	375	(375)	0	1,125	(1,125)	4,500
14203	Final Builder Inspection	0	165	(165)	0	495	(495)	2,000
14320	Maintenance Tax	765	3,000	(2,235)	5,683	7,000	(1,318)	1,070,000
14325	SPA Revenue	15,807	13,500	2,307	48,728	44,500	4,228	180,000
14326	Security Service Revenue	14,380	11,250	3,130	49,090	33,750	15,340	135,000
14330	Penalties & Interest	6,859	6,500	359	20,242	19,500	742	80,000
14380	Miscellaneous Income	0	415	(415)	166	1,245	(1,079)	5,000
14391	Interest Earned on Temp Invest	7,500	7,000	500	23,349	21,000	2,349	85,000
14392	Interest Earned on Checking	145	75	70	421	225	196	900
14600	Tap Connections	0	3,750	(3,750)	0	11,250	(11,250)	45,000
15379	Transfer Fees	1,550	1,200	350	4,075	3,600	475	14,500
Total Revenues		442,429	428,887	13,543	1,316,479	1,254,660	61,819	5,844,900
Expenditures								
16135	Maintenance & Repairs - Water	12,947	21,700	(8,753)	64,243	65,100	(857)	260,000
16140	Purchased Surface Water	129,761	91,500	38,261	344,860	274,500	70,360	1,100,000
16142	Chemicals - Water	0	833	(833)	2,267	2,500	(234)	10,000
16150	Fire Hydrant Meter Rental	500	450	50	1,800	1,350	450	5,500
16170	Tap Connection Expense	0	1,750	(1,750)	0	5,250	(5,250)	21,000
16180	Reconnections	4,310	4,600	(290)	13,505	13,800	(295)	55,000
16235	Maintenance & Repairs - Sewer	46,187	25,000	21,187	126,560	75,000	51,560	300,000
16237	Northern Point Drainage	9,354	3,625	5,729	46,059	10,875	35,184	43,500
16242	Chemicals - Sewer	2,673	5,800	(3,127)	13,860	17,400	(3,540)	70,000
16245	Ditch Cleanout	0	250	(250)	0	750	(750)	3,000
16257	Rents & Leases	100	120	(20)	100	360	(260)	1,425
16260	Sludge Removal	11,576	8,000	3,576	20,990	24,000	(3,010)	95,000
16261	Recycling	11,691	11,500	191	35,072	34,500	572	140,000
16270	Grease Trap Inspection Expense	385	560	(175)	1,155	1,680	(525)	6,700
16274	Facility Pre-Inspection	0	105	(105)	0	315	(315)	1,300
16275	Inspection Fee - Sewer	50	205	(155)	50	615	(565)	2,500
16276	Final Builder Inspection Exp.	0	205	(205)	0	615	(615)	2,500
16278	Customer Service Inspection	0	205	(205)	0	615	(615)	2,500
16315	District Analysis - EVO	0	0	0	0	0	0	3,950
16319A	Generators-Fuel	0	2,500	(2,500)	0	2,500	(2,500)	5,700
16319B	Generators-M&R	21,860	3,000	18,860	29,614	9,000	20,614	35,000
16320	Legal Fees	16,739	9,200	7,539	33,586	27,600	5,986	110,000
16321	Auditor Fees	14,000	14,000	0	14,000	14,000	0	21,500
16322	Engineering Fees	12,288	8,000	4,288	26,485	24,000	2,485	95,000
16324	Lab Fees	173	500	(328)	518	1,500	(983)	6,000
16325	Election Expense	0	0	0	0	0	0	15,000
16326	Permit Expense	0	0	0	0	0	0	21,000
16330	GIS Mapping	0	0	0	0	0	0	10,000
16331	Arbitrage Compliance Expense	0	0	0	0	3,500	(3,500)	7,000
16332	Service Account Collection Exp	20,422	20,000	422	65,281	60,000	5,281	240,000
16333	Bookkeeping Fees	5,467	3,500	1,967	12,092	9,500	2,592	41,000
16334.1	Security-Equip Maint/Repair	0	100	(100)	0	300	(300)	1,200

Harris Co MUD 368 GOF
Actual vs. Budget Comparison
August 2019

	August 2019			June 2019 - August 2019			Annual
	Actual	Budget	Over/(Under)	Actual	Budget	Over/(Under)	Budget
Expenditures							
16334.2 Security Contract	68,396	61,500	6,896	190,054	184,500	5,554	738,887
16334.3 Security Service - Overtime	0	6,250	(6,250)	7,474	18,750	(11,276)	75,000
16334.4 Security - Consulting	850	850	0	1,700	2,550	(850)	10,200
16334.5 Security - Outage & Change Mgmt	0	330	(330)	0	990	(990)	4,000
16334.6 Monthly Alarm Monitoring Fee	35	35	0	70	105	(35)	420
16335.1 Lawn Maintenance	18,134	15,500	2,634	34,499	46,500	(12,002)	185,000
16335.2 Maint. & Repair-General-Other	1,089	420	669	1,421	1,260	161	5,000
16335.3 Detention Pond Maintenance	8,986	8,750	236	26,689	26,250	439	105,000
16336 Storm Drainage	0	835	(835)	0	2,505	(2,505)	10,000
16338 Legal Notices & Other Publ.	0	80	(80)	0	240	(240)	1,000
16339-1 Scada Maint & Repair	0	92	(92)	0	276	(276)	1,100
16339-2 Scada -Internet	8,817	1,280	7,537	11,246	3,840	7,406	15,400
16340 Printing & Office Supplies	3,066	3,800	(735)	9,937	11,400	(1,463)	46,000
16341 Website Design / Hosting	550	330	220	1,116	990	126	4,000
16341.1 Emergency Notifications	0	205	(205)	0	615	(615)	2,500
16342 Security System Maint & Repair	2,620	2,080	540	2,935	6,240	(3,305)	25,000
16350 Postage & Delivery	2,535	2,250	285	7,304	6,750	554	27,000
16351 Telephone	797	875	(78)	2,126	2,625	(499)	10,500
16352 Utilities	16,005	18,750	(2,745)	50,636	56,250	(5,614)	225,000
16353 Insurance & Surety Bond	0	0	0	37,598	37,500	98	37,500
16354 Travel & Per Diem	291	300	(9)	7,734	4,650	3,084	17,160
16355 AWBD Annual Dues	0	0	0	0	0	0	650
16358 Bank Charges	621	1,000	(379)	2,486	3,000	(514)	12,000
16359 Miscellaneous Expense	1,020	1,700	(680)	1,498	5,100	(3,602)	20,000
16361 Sales Tax Tracking	583	580	3	1,749	1,740	9	7,000
16370 TCEQ Regulatory Fee	0	0	0	0	0	0	15,000
16399 Garbage Expense	49,612	48,500	1,112	148,810	145,500	3,310	580,000
16400 NHCWA Assessment Fee	10,706	20,850	(10,144)	36,388	62,550	(26,162)	250,000
16600 Payroll Expenses	1,938	3,000	(1,062)	8,235	9,000	(765)	36,000
17350 Capital Expenditure - Engineer	0	4,200	(4,200)	26,040	12,600	13,440	50,000
17393 WaterWise Program - Khorville	0	0	0	0	0	0	8,000
17630 Capital Outlay	0	12,500	(12,500)	7,680	37,500	(29,820)	150,000
17632 Misc Facility Modifications - Other	0	0	0	687	0	687	0
17632H Cleaning at Maint. Facility	140	200	(60)	280	500	(220)	1,800
Total Expenditures	517,273	454,250	63,023	1,478,486	1,373,401	105,085	5,408,392
Excess Revenues (Expenditures)	(\$74,844)	(\$25,364)	(\$49,480)	(\$162,006)	(\$118,741)	(\$43,265)	\$436,508

Harris Co MUD 368 Capital Project
Cash Flow Report - Checking Account
As of September 26, 2019

Num	Name	Memo	Amount	Balance
BALANCE AS OF 08/16/2019				\$315.46
Receipts				
	Interest Earned on Checking		0.04	
Total Receipts				0.04
Disbursements				
1703	Municipal Accounts & Consulting, LP	Update CPF Analysis	(101.20)	
BNK CHG	Compass Bank	Bank Charges	(0.04)	
Total Disbursements				(101.24)
BALANCE AS OF 09/26/2019				\$214.26

HARRIS COUNTY MUD NO. 368

Capital Projects Fund Breakdown

September 26, 2019

Net Proceeds for All Bond Issues

Receipts

Series 2012 - Bond Proceeds	4,710,000.00
Series 2012 - Interest Earnings	\$15,317.52
Series 2017 - Bond Proceeds	1,830,000.00
Series 2017- Interest Earnings	\$3,627.02

Total Receipts	17,069,335.30
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Disbursements

Series 2012 Bond Issue Costs	4,594,803.07
Series 2017 Bond Issue Costs	1,736,519.70

Total Disbursements	16,841,713.53
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Total Cash Balance	227,621.77
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Balances by Account

Compass - XXXX7091	\$214.26
Texpool xx007- Series 2012	130,300.19
Texpool xx010- Series 2017	97,107.32

Total Cash Balance	\$227,621.77
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Balances by Bond Series

Series 2012	130,514.45
Series 2017	97,107.32

Total Cash Balance	227,621.77
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Remaining Costs/Surplus By Bond Series

Series 2009 - Remaining Costs	-
Series 2012	-
Series 2014	(0.00)
Total Amount in Remaining Costs	(\$0.00)

Series 2012 - Surplus & Interest	130,514.45
Series 2017 - Surplus & Interest	\$97,107.32
Total Surplus & Interest Balance	227,621.77

Total Remaining Costs/Surplus	227,621.77
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Balance Sheet

As of August 31, 2019

Aug 31, 19**ASSETS**

Current Assets

Checking/Savings

11100 · Cash in Bank

387,702

Total Checking/Savings

387,702

Other Current Assets

11179 · Due from COH

50,920

11300 · Time Deposits

5,075,309

11500 · Service Accounts Receivable

411,450

11520 · Maintenance Tax Receivable

16,492

11550 · Builder Damage Receivable

3,939

11580 · Accrued Interest

10,038

11740 · Due From Construction

40,660

Total Other Current Assets

5,608,808

Total Current Assets

5,996,511

TOTAL ASSETS

5,996,511

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

12000 · Accounts Payable

372,621

Total Accounts Payable

372,621

Other Current Liabilities

12100 · Payroll Liabilities

818

12137 · Due to TCEQ

5,715

12138 · Due to Debt Service

12,047

12141 · Due to Tax

1,517

12160 · Builder Meter Rental Deposits

11,841

12161 · Customer Meter Deposits

553,191

12162 · Builder Deposits

20,000

12163 · Unclaimed Property Due to State

379

12181 · Feas. Study- Little WoodrowsLLC

(25)

12182 · Feas. Study - Vaquero Strategy

7,500

12183 · Feasibility Study - Pulte Group

7,500

12184 · Annexation - RSC Riverside

1,787

12185 · John Mitchell Survey Agreement

12,703

12740 · Deferred Inflows

16,492

Total Other Current Liabilities

651,467

Total Current Liabilities

1,024,088

Total Liabilities

1,024,088

Equity

13010 · Unassigned Fund Balance

5,134,429

Net Income

(162,006)

Total Equity

4,972,423

TOTAL LIABILITIES & EQUITY

5,996,511

Harris County MUD No. 368
Utility Usage & Expense

Fund Type	Address	Category	2018				2019				Total				
			September	October	November	December	January	February	March	April		May	June	July	August
Operating 100337651	Hudson Energy 19002 1/2 Windsor Pointe Tomball, TX 77375	Usage	3,034	3,521	4,012	4,089	2,525	2,812	1,679	3,788	2,926	1,509	2,733	677	33,305
		Amount	365.45	403.08	525.15	545.57	327.39	347.53	282.75	440.76	355.58	277.71	340.68	218.3	4,429.95
100337653	19203 1/2 Royal Isle Dr Tomball, TX 77375	Usage	1,577	1,650	2,944	1,901	1,679	1,569	1,798	1,845	1,695	1,706	1,495	1,382	21,241
		Amount	256.67	317.49	513.06	376.84	327.33	268.93	341.09	347.54	323.97	330.38	250.95	296.8	3,951.05
100337557	12043 1/2 Sandy Stream Tomball, TX 77375	Usage	1,970	1,901	2,399	2,426	1,211	1,051	2,279	2,211	950.4	1,440	2,304	1,536	30,232
		Amount	654.45	645.52	676.15	687.86	410.93	372.44	657.35	650.92	1,057.45	609.08	659.12	610	7,591.27
100337559	11107 Lacey Road Tomball, TX 77375	Usage	40,158	28,786	30,002	30,012	28,994	18,151	38,132	33,454	20,544	30,144	23,808	30,144	352,329
		Amount	4775.18	3893.95	3745.65	3957.03	3467.73	2993.29	4562.68	4309.85	3,235.20	3762.02	3499.08	3994.19	46,195.85
100337655	11750 Boudreaux Rd Tomball, TX 77375	Usage	1,824	2,001	2,977	2,711	2,707	1,544	1,605	2,798	2,245	2,832	1,802	1,774	26,820
		Amount	280.31	290.64	395.75	352.18	341.8	313.66	320.94	349.87	371.01	355.43	384.64	279.23	340.49
100337561	19734 1/2 Bold River Tomball, TX 77375	Usage	4,768	6,983	9,311	8,185	6,477	5,911	6,042	9,431	4,992	2,784	5,280	2,304	72,468
		Amount	701.22	894.28	1,011.04	922.52	831.46	693.72	810.72	1,019.7	726.19	599.60	728.85	572.11	9,511.41
100337563	18930 Ayston Dr Tomball, TX 77375	Usage	2,177	2,719	1,678	2,678	2,897	2,279	2,387	2,531	2,222	2,256	2,001	1,845	27,670
		Amount	375.36	527.09	335.14	522.63	569.96	388.8	447.35	491.59	436.62	384.64	391.63	404.65	5,275.46
100337657	19412 1/2 Scarlet Cove Tomball, TX 77375	Usage	25,864	19,988	20,004	31,589	10,156	8,654	15,846	12,864	3,2544	1,9872	2,4480	2,0640	242,501
		Amount	2273.96	2038.44	2,076.93	2608.09	935.41	709.09	1472.05	1289.78	2,644.48	1,959.59	2193.55	1856.1	22,057.47
100337659	19744 1/2 Logan Briar Tomball, TX 77375	Usage	107,120	103,230	102,990	108,560	104,930	102,100	105,120	105,680	102,720	103,296	98,880	91,200	1,235,826
		Amount	7,984.37	7245.25	7194.14	8813.98	7213	6704.83	7326.05	7382.8	7,091.09	6931.1	6549.65	5902.71	86,338.97
100337565	18026 1/2 Solomon Rd Ext Tomball, TX 77375	Usage	2,998.00	2,611	3,001	2,987	2,015	1,911	2,388	3,054	2,688	2,880	2,688	2,496	31,717
		Amount	1,509.94	1,484.28	1,521.74	1,502.1	962.28	869.77	1,165.42	1,520.28	1,389.76	1,400.07	1,373.77	1,377.99	16,177.40
100319044	23567 1/2 Coons Rd Tomball, TX 77375	Usage	2,323	2,299	3,542	4,014	4,203	3,608	3,587	3,927	2,093	2,081	2,127	1,837	35,641
		Amount	289.43	280.23	313.55	351.64	386.74	331.15	330.17	346.41	253.79	252.88	255.21	233.29	3,624.49
100466476	10798 Chestnut Pathway Tomball, TX 77375	Usage	505	490	526	597	808	528	497	687	348	434	441	485	6,346
		Amount	48.38	46.06	49.21	53.62	68.91	49.75	46.64	58.74	36.16	43.43	43.39	46.38	590.67
Total Usage			194,318	176,179	183,386	199,749	168,602	150,118	181,360	187,270	184,521	171,234	168,039	156,320	2,116,096
Total Amount			\$ 19,514.72	\$ 18,066.31	\$ 18,357.51	\$ 20,694.06	\$ 15,842.94	\$ 14,042.96	\$ 17,863.21	\$ 18,208.24	\$ 17,921.30	\$ 16,905.93	\$ 16,565.11	\$ 15,853.01	\$ 209,835.30

Harris County Municipal Utility District No. 368

District Debt Service Payments

09/01/2019 - 09/01/2020

Paying Agent	Series	Date Due	Date Paid	Principal	Interest	Total Due
Debt Service Payment Due 09/01/2019						
Wells Fargo Bank, NA	2010R	09/01/2019	08/30/2019	410,000.00	8,200.00	418,200.00
Wells Fargo Bank, NA	2012	09/01/2019	08/30/2019	50,000.00	2,875.00	52,875.00
Wells Fargo Bank, NA	2012R	09/01/2019	08/30/2019	420,000.00	31,462.50	451,462.50
Wells Fargo Bank, NA	2013A	09/01/2019	08/30/2019	580,000.00	64,925.00	644,925.00
Wells Fargo Bank, NA	2013R	09/01/2019	08/30/2019	15,000.00	132,112.50	147,112.50
Wells Fargo Bank, NA	2014	09/01/2019	08/30/2019	25,000.00	57,468.75	82,468.75
Wells Fargo Bank, NA	2015B	09/01/2019	08/30/2019	145,000.00	141,890.63	286,890.63
Wells Fargo Bank, NA	2015R	09/01/2019	08/30/2019	225,000.00	139,550.00	364,550.00
Bank of New York	2017	09/01/2019	08/30/2019	0.00	29,606.25	29,606.25
Wells Fargo Bank, NA	2017R	09/01/2019	08/30/2019	0.00	169,625.00	169,625.00
Total Due 09/01/2019				1,870,000.00	777,715.63	2,647,715.63
Debt Service Payment Due 03/01/2020						
Wells Fargo Bank, NA	2012	03/01/2020		0.00	2,250.00	2,250.00
Wells Fargo Bank, NA	2012R	03/01/2020		0.00	23,062.50	23,062.50
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
Bank of New York	2019R	03/01/2020		0.00	205,187.50	205,187.50
Total Due 03/01/2020				0.00	951,178.13	951,178.13
Debt Service Payment Due 09/01/2020						
Wells Fargo Bank, NA	2012	09/01/2020		50,000.00	2,250.00	52,250.00
Wells Fargo Bank, NA	2012R	09/01/2020		430,000.00	23,062.58	453,062.58
Wells Fargo Bank, NA	2013A	09/01/2020		590,000.00	56,225.00	646,225.00
Wells Fargo Bank, NA	2013R	09/01/2020		20,000.00	131,887.50	151,887.50
Wells Fargo Bank, NA	2014	09/01/2020		25,000.00	56,718.75	81,718.75
Wells Fargo Bank, NA	2015B	09/01/2020		140,000.00	140,440.63	280,440.63
Wells Fargo Bank, NA	2015R	09/01/2020		235,000.00	136,175.00	371,175.00
Bank of New York	2017	09/01/2020		30,000.00	29,606.25	59,606.25
Wells Fargo Bank, NA	2017R	09/01/2020		425,000.00	169,625.00	594,625.00
Bank of New York	2019R	09/01/2020		50,000.00	175,875.00	225,875.00
Total Due 09/01/2020				1,995,000.00	921,865.71	2,916,865.71
District Total				\$3,865,000.00	\$2,650,759.47	\$6,515,759.47

HARRIS COUNT MUD NO. 368
AWBD Conference

2020 Mid Winter Conference
Dallas, Texas
January 17 - January 19

DIRECTOR		Conference Registration		Prior Conference Reimbursement	
Name	Attending	Online	Paid		Paid
Roy Lackey	Yes	Yes	Yes		Yes
Tiffani Bishop	Yes	Yes	Yes		Yes
Sharon L Cook	Yes	Yes	Yes		Yes
Allison Dunn					Yes
Eric Daniel					N/A

**This confirms registration for the conference only. This does not confirm any lodging reservations.

**All lodging reservations are the sole responsibility of each attendee.

**AWBD now requests that you register on-line, at: www.awbd-tx.org

(For log in assistance, contact: tcavnar@awbd-tx.org)

**Please select the option "Yes, bill Company/District" so the invoice is sent to the bookkeeper.

**All requests for an advance of funds are asked to be sent by email to the bookkeeper within 30 days of conference.

REGISTRATION DATES: OPENS July 17, 2019

Early Bird: ends

Regular: ends

Beginning

