

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383

INFORMATION KIT

February 8, 2022

TABLE OF CONTENTS

District Overview (Fact Sheet) 1

District Bond Issuance History (Fact Sheet)..... 3

What is a Municipal Utility District or MUD?..... 4

How and when was the District created? 4

Who are our customers and what area do we serve?..... 4

What utility services does the District provide for its residents? 5

What services does the District provide other than utilities?..... 6

What emergency plans does the District have?..... 6

How does the District fund its projects? 7

Who manages the District?..... 8

District participation in the Association of Water Board Directors 8

Who assists in the operation of the District?..... 8

How can I contact the District? 10

FACT SHEET: DISTRICT OVERVIEW

District Mailing Address and Telephone Number

Harris County Municipal Utility District No. 383
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Telephone: (713) 860-6400

Public Information Officer/Media Contact

Adisa Harrington
Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Telephone: (713) 860-6494

For water and sewer emergencies contact

Scott Shelnett
Municipal Operations & Consulting, Inc.
27316 Spectrum Way
Oak Ridge North, TX 77385
(281) 367-5511

District Website

The District's website is <https://www.hcmud383.com/>.

Date of Creation

April 2, 2002

Size of District and Annexations

- Original size of District at creation: 401.7031 acres
- Annexations added: 478.657 acres
- Current size of District: 880.3601 acres
- 1,583 active residential connections and 1,731 total connections as of January, 2022
- Projected number of equivalent single-family residential connections at completion of development is 2,954.
- The District is located entirely within the extraterritorial jurisdiction of the City of Houston, Texas

Bond History

\$122,500,000 in bonds have been authorized by the voters, and as of December 31, 2021, \$51,320,000 have been issued and sold, including \$2,500,000 in park bonds. \$25,000,000 in refunding bonds have been authorized by the voters, and as of December 31, 2021, \$765,000 of the authorized amount has been utilized. For additional information, please see separate section entitled, "How does the District fund its projects?" and separate fact sheet entitled, "District Bond Issuance History."

Tax Rate

The tax rate has declined from an initial rate of \$1.20/\$100 in assessed value to \$0.655/\$100 in assessed value for 2021. For additional information, please see separate section entitled, "How does the District fund its projects?"

STRATEGIC PARTNERSHIP AGREEMENT

The District has entered into a strategic partnership agreement (the "SPA") with the City of Houston which has been filed in the Harris County real property records. Pursuant to the SPA, the City of Houston has annexed for "limited purposes" certain commercial properties in the District for the limited purpose of applying certain health, safety, planning, zoning and sales and use tax ordinances of the City to the area within the District. The SPA further provides that the City may not annex the District for "full purposes" until 30 years from the effective date of the SPA. Prior to the full purpose annexation of the District, residential property within the District is not subject to the City's ad valorem property tax and District residents are not allowed to vote in City elections for bond issues or charter amendments. When the District is annexed for full purposes, the District will be dissolved.

Current Rate Order

The District's current Rate Order is available on the District's website. <https://www.hcmud383.com/>

Subdivisions

Subdivisions in the District are Gleannloch Farms, Eastlake at Gleannloch Farms, Northlake at Gleannloch Farms, The Legends at Gleannloch Farms, The Arbors of Gleannloch, The Village at Gleannloch Farms, and The Grove at Gleannloch Farms. Gleannloch Farms includes Sections 22, 23, 30-33 and 36-40. The Arbors of Gleannloch includes Section 1. The Grove at Gleannloch Farms includes Sections 1 and 2.

Builders of homes in the District have included David Weekley Homes, Trendmaker Homes, Newmark Homes, Village Homes, Darling Homes, Hammond Homes, CalAtlantic Homes (formerly Ryland Homes), D.R. Horton Homes and Pulte Homes.

A current map of the District is attached as Exhibit “A” for your convenience.

Directors

The District’s Board of Directors consists of John R. Porea, Ron Benton, John J. Ryan, Jean M. Casagrande and Jody Chouinard. For more complete information, please see separate sections entitled “Who manages the District?” and “How can I contact the District?”

FACT SHEET: DISTRICT BOND ISSUANCE HISTORY

District voters have authorized a total of \$120,000,000 of bonds for the purpose of acquiring, constructing, repairing, improving and expanding the waterworks, wastewater treatment and storm drainage in the District, plus \$2,500,000 for parks and recreational facilities. Thus far, the following bonds have been issued:

<u>Type Issued</u>	<u>Series</u>	<u>Amount</u>
Unlimited Tax Bonds	2004	\$3,520,000
Unlimited Tax Bonds	2005	\$2,810,000
Unlimited Tax Bonds	2006	\$4,820,000
Unlimited Tax Bonds	2007	\$6,360,000
Unlimited Tax Bonds	2008	\$5,560,000
Unlimited Tax Bonds	2012	\$4,400,000
Unlimited Tax Bonds	2013	\$1,500,000
Unlimited Tax Bonds	2014A	\$7,120,000
Unlimited Tax Bonds	2015	\$5,580,000
Unlimited Tax Park Bonds	2015A	\$2,500,000
Unlimited Tax Bonds	2018	\$3,900,000
Unlimited Tax Bonds	2019	\$3,250,000
	Total	\$51,320,000

District voters have also authorized a total of \$25,000,000 of refunding bonds. Thus far, the following bonds have been issued:

<u>Type Issued</u>	<u>Series</u>	<u>Amount</u>
Unlimited Tax Refunding Bonds	2013	\$5,095,000
Unlimited Tax Refunding Bonds	2014	\$4,180,000
Unlimited Tax Refunding Bonds	2016	\$4,610,000
Unlimited Tax Refunding Bonds	2016A	\$2,930,000
Unlimited Tax Refunding Bonds	2019A	\$5,455,000
Unlimited Tax Refunding Bonds	2020	\$3,025,000

WHAT IS A MUNICIPAL UTILITY DISTRICT OR MUD?

Municipal utility districts, or “MUDs,” are created to bring public water, sewer, drainage and other basic services to residents who are not served by a city. To accomplish the purposes for which they are created, MUDs are authorized by law to purchase, construct, own, operate and maintain all facilities necessary to supply water to, to collect and treat wastewater from, and to collect, store, and drain stormwater from the land within their boundaries. In addition to providing water, sewer and drainage services, MUDs may provide trash collection, fire service and supplemental security patrol services, and may generally enhance communities by building parks and recreational facilities. In connection with providing services, a MUD adopts rules and charges for the services it provides, enters into contracts for goods and services, incurs debt, and levies taxes.

MUDs are authorized by Article XVI, Section 59 of the Texas Constitution and by Chapters 49 and 54 of the Texas Water Code. MUDs (also called “Districts”) are political subdivisions of the State of Texas. They can perhaps best be described as the most fundamental form of local government because they provide municipal level services, have elected officials who either own property or live in the District, and are authorized to assess and collect taxes and sell bonds in order to pay off the debt incurred to construct facilities and to provide their services. Because it is a political subdivision, the District’s meetings and files, including the meeting minutes, are open to the public. Unless it is financially dormant or otherwise exempt, each District also has an annual standardized independent audit. The audit results are filed with the Texas Commission on Environmental Quality (“TCEQ”) and are open to the public.

HOW AND WHEN WAS THE DISTRICT CREATED?

The District was created by the TCEQ in 2002, with the idea that providing water, drainage, sewer and other services to our communities was a job best done by a group of citizens who are residents of the District and who are elected by their neighbors. Operating as a MUD also allows broader latitude to customize services, promote community benefits and respond to opportunities that benefit our customers.

WHO ARE OUR CUSTOMERS AND WHAT AREA DO WE SERVE?

The District is comprised of approximately 880.3601 acres of land. The District is located approximately 23 miles northwest of downtown Houston. The District is bounded on the south by the Gleannloch Farms Golf Course, on the east by Hooks Memorial Airport, on the west by Harris County Municipal Utility District No. 367 (“HC MUD 367”), and on the north by Boudreaux Road. The District is primarily residential in nature but has/expects to include retail and other commercial establishments sufficient to support our residents’ needs. As of December 31, 2021, the District includes the following subdivisions: Gleannloch Farms, The Arbors of Gleannloch, The Village at Gleannloch Farms, North Lake at Gleannloch Farms, East Lake at Gleannloch Farms, The Legends at Gleannloch Farms, and The Grove at Gleannloch Farms.

As of January, 2022, the District had 1,583 active single family residences and 1,731 commercial enterprises within its boundaries. The 2021 original certified valuation for all residential and commercial properties in the District was \$624,327,954. For complete and updated information regarding the number of active residential or commercial connections, you may consult the monthly operator's report attached to the District's monthly meeting minutes, which are available on the District's website. <https://www.hcmud383.com/>

WHAT UTILITY SERVICES DOES THE DISTRICT PROVIDE FOR ITS RESIDENTS?

The District is located entirely within the extraterritorial jurisdiction of the City of Houston. Therefore, its utility systems have been designed and constructed to meet the standards of the City of Houston as well as all applicable standards of the State of Texas.

WATER

The District water plant facilities currently have the capacity to supply 6.3 million gallons per day of potable water to its residents. In the event of a power failure, the District has generators that are equipped to run the District's water plant facilities for 72 hours based on full demand. The District and HC MUD 367 jointly own all water supply facilities. The District contracts with an independent company, Municipal Operations & Consulting, Inc., for the operation of such facilities.

The District is located within the boundaries of the Harris-Galveston Subsidence District ("Subsidence District"), which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring the reduction of groundwater withdrawals through a conversion to an alternate water source, such as surface water. The Texas legislature created the North Harris County Regional Water Authority (the "Authority") in 1999 to reduce groundwater usage and provide surface water to the northern portion of Harris County. The Authority has developed a ground water reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The District is included within the Authority's GRP, and has entered into a water supply agreement with the Authority whereby the majority of the District's water is now supplied by the Authority using surface water purchased by the Authority from the City of Houston. The Authority charges the District for surface water supplied by the Authority as well as for any groundwater pumped by the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

The District and HC MUD 367 have an emergency water interconnect system with Harris County Water Control and Improvement District No. 119.

The District tests its water supply on a monthly basis and issues a monthly Water Quality Report. A copy of the most recent report may be found at Municipal Operations &

Consulting, Inc., 27316 Spectrum Way, Oak Ridge North, TX 77385. The District also annually publishes a consolidated water quality report, the Consumer Confidence Report. A copy of the entire report may be found at Municipal Operations & Consulting, Inc., 27316 Spectrum Way, Oak Ridge North, TX 77385.

In 2019, the District replaced customer water meters with smart water meters.

WASTEWATER/SEWER

The District and HC MUD 367 jointly own a wastewater treatment plant. The joint plant treats and processes approximately 0.820 million gallons of wastewater every day. Although jointly owned by the District and HC MUD 367, the wastewater treatment system is operated by Municipal Operations & Consulting, Inc.

DRAINAGE

The District and HC MUD 367 jointly own and maintain approximately 186.6 acres of detention channels and ponds of which approximately 106.4 acres are within or the responsibility of the District and approximately 80.2 acres are within or the responsibility of HC MUD 367.

WHAT SERVICES DOES THE DISTRICT PROVIDE OTHER THAN UTILITIES?

TRASH COLLECTION

State law authorizes MUDs to provide solid waste collection and removal services. The District has contracted with Residential Recycling and Refuse of Texas to provide trash collection and recycling services to the District's residents.

WHAT EMERGENCY PLANS DOES THE DISTRICT HAVE?

DROUGHT CONTINGENCY PLAN

The State of Texas requires all MUDs to have a Drought Contingency Plan that sets forth the procedures to be used during various drought conditions. The District's plan is available by contacting Allen Boone Humphries Robinson LLP, (713) 860-6400.

POWER OUTAGES

The District is equipped with generators to provide water pressure and wastewater treatment during emergency situations where power is not available from traditional sources.

VULNERABILITY ASSESSMENT

Pursuant to the Bioterrorism Preparedness and Response Act of 2002, the District performed a Vulnerability Assessment on June 17, 2004 and prepared an Emergency Response Plan filed with the U.S. Environmental Protection Agency on June 17, 2004.

HURRICANE PROTECTION AND EVACUATION

The District has an Emergency Preparedness Manual. The Emergency Preparedness Manual provides the responsibilities and procedures for the medical emergency plan, fire emergency plan, fire prevention plan, natural disaster plan and hazardous material plan along with an implementation sheet containing emergency contact information and maps of evacuation routes. The Emergency Preparedness Manual is available in the Operations Manual located at the District's water plant and at Municipal Operations & Consulting, Inc., 27316 Spectrum Way, Oak Ridge North, TX 77385.

HOW DOES THE DISTRICT FUND ITS PROJECTS?

TAXES

The Texas Constitution allows the District, if authorized by its voters, to levy *ad valorem* taxes. Taxes are used to maintain and improve the District's systems and to pay off any bond debt. The District's tax rate is set annually by its Board of Directors after consultation with its independent financial advisor, and the rate is the same for all properties within the District. The District's 2021 tax rate is \$0.655 per \$100 in assessed value (debt service tax is \$0.45 and the maintenance and operations tax is \$0.205). The tax rate is set annually in September or October. The District also exempts from *ad valorem* taxation \$75,000 of the appraised value of the residence homesteads of individuals who are disabled or 65 years of age or older. For complete and updated information regarding the District's tax rate (current and historical), you may consult the District's monthly meeting minutes, which are available on the District's website. <https://www.hcmud383.com/>

BONDS

The laws creating the District allow it to finance, subject to voter authorization, various acquisition, construction, maintenance and capital improvement projects by issuing and selling bonds. If voted, the District may also issue park bonds and fire protection bonds. The District repays the principal and interest on its bonds through *ad valorem* taxes and/or net operating revenues.

In the typical situation, the developer advances the money necessary to design and construct the District's initial water, sewer and drainage infrastructure. This advance is conditioned on the District's promise to repay the developer a portion of the expense to the extent approved by the TCEQ if and when property value increases to an amount

sufficient to allow the District to sell bonds. In addition to selling bonds to repay the developer for the initial design and installation of the infrastructure system, a District may sell bonds (1) to install its own initial system; (2) to repair, upgrade, maintain or enhance existing systems; (3) to refund existing bonds in order to lower debt service costs; and/or (4) to fund fire service, parks and roads.

At an election, voters within the District must authorize the issuance of bonds prior to the District being able to issue bonds. Also, the TCEQ (except for refunding bonds) must review and approve the projects to be funded with bond proceeds and the Texas Attorney General must approve the District's authority to sell the bonds and levy the taxes to repay them. Thus, a District cannot and does not incur debt without both voter approval and proper governmental safeguards. Moreover, no bond funds are paid to a developer until there has been a reimbursement audit by an independent auditor.

The District's Board of Directors works to balance the need to minimize taxes with the need to provide consistent, quality services. As of December 31, 2021, the voters in the District have authorized the issuance of \$122,500,000 in bonds, including park bonds, and the District has issued \$51,320,000.

WHO MANAGES THE DISTRICT?

The District is administered by a Board of Directors with five members who all either own property or are residents within the District. The District's Board has financial and operational authority for the District, but retains consultants and contractors who, among other things, operate, maintain, improve and repair the water, sewer and drainage systems and plants, bill and collect for water, sewer and trash collection services the District provides, and provide the District with financial and legal advice.

Board members are elected for four year staggered terms, with elections held every two years.

The current directors of the District are listed on Exhibit "B."

DISTRICT PARTICIPATION IN THE ASSOCIATION OF WATER BOARD DIRECTORS

The District is a member of the Association of Water Board Directors ("AWBD"). The AWBD is dedicated to the betterment of Texas water district operation and management through education.

WHO ASSISTS IN THE OPERATION OF THE DISTRICT?

Auditor

The District has engaged McCall Gibson Swedlund Barfoot PLLC as its auditor. The auditor conducts an independent annual audit that is filed with the TCEQ.

Bookkeeper

The District has engaged Municipal Accounts & Consulting, L.P. as its bookkeeper. The bookkeeper maintains the general ledger, reconciles bank and other financial statements, invests funds in accordance with the Texas Public Funds Investment Act and with the District's Investment Policy, and prepares monthly activity and budget reports.

Engineer

The District has engaged Costello, Inc., as its engineer. The engineer oversees the design, construction and installation of the water, sewer and drainage systems.

Financial advisor

The District has engaged Masterson Advisors LLC., as its financial advisor. The financial advisor advises the District on issuing bonds and on adopting the annual tax rate.

General counsel

The District has engaged Allen Boone Humphries Robinson LLP as its general counsel. The District retains attorneys to act as general counsel, advising the Board of Directors on any legal matters that are presented. The firm selected by the Board is principally engaged in representing municipal utility districts in all aspects of their operations.

Bond counsel

The District has engaged Allen Boone Humphries Robinson LLP as its bond counsel. The District retains attorneys to act as bond counsel, who assist in the District's issuance of bonds by providing a legal opinion that the bonds are valid and binding obligations of the District payable from a continuing *ad valorem* tax and that interest income on the bonds is tax-exempt to the bondholders, subject to certain conditions, under existing provisions of the federal Internal Revenue Code. The firm selected by the District is nationally recognized in this area.

Investment officers

The District has appointed Ghia Lewis and Mark Burton of Municipal Accounts & Consulting, L.P., the District's bookkeeper, as its co-investment officers. The District appoints investment officers to oversee the District's investments pursuant to the District's Investment Policy and in accordance with the Texas Public Funds Investment Act. The investment officers and bookkeeper are required to attend training sessions and receive the numbers of hours of instruction as required by the Texas Public Funds Investment Act.

Operator

The District has engaged Municipal Operations & Consulting, Inc., as its operator. The operator is the everyday “face” of the District and is responsible for overseeing the supply and delivery of water, the collection and treatment of wastewater, ongoing inspection and maintenance of the various delivery and treatment systems (such as pipes and plants), maintaining water quality, billing, customer inquiries and issues, and service initiation and termination.

Tax assessor/collector

The District has engaged Tax Tech, Inc., as its 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.

HOW CAN I CONTACT THE DISTRICT?

The District’s Board of Directors meets every first Wednesday of the month at 12:00 p.m. at Allen Boone Humphries Robinson LLP, located at 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027. Agendas for each meeting are posted at the Recreation Center, 19828 Gleannbury Pointe Drive, Spring, Texas 77379 at least 72 hours before every meeting, and the Board of Directors invites all members of the public to attend its meetings.

The District’s consultants are listed on Exhibit “B.”

EXHIBIT A

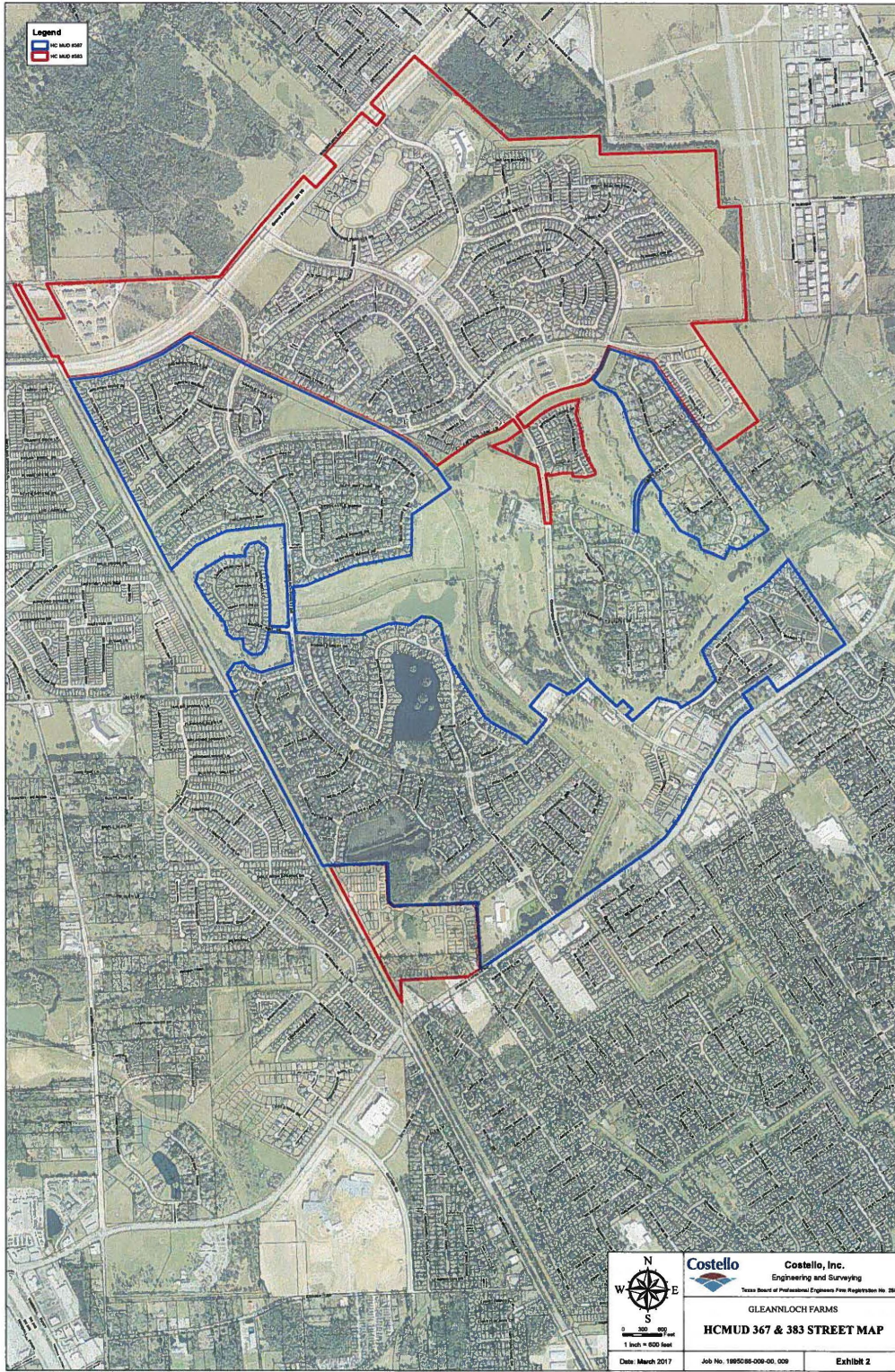


EXHIBIT B

DIRECTORS

<u>Name</u>	<u>Title</u>
John R. Porea	President
John J. Ryan	Vice President
Ron Benton	Secretary
Jody Chouinard	Assistant Vice President
Jean M. Casagrande	Assistant Secretary

CONSULTANTS

Attorney	Adisa Harrington Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027	(713) 860-6494
Legal Assistant	Lelia Pappas Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027	(713) 800-8681
Auditor	Chris Swedlund McCall Gibson Swedlund Barfoot PLLC 13100 Wortham Center Drive, Suite 235 Houston, TX 77065-5610	(713) 462-0341
Bookkeeper	Cindy Grimes Municipal Accounts & Consulting, LP 1281 Brittmoore Road Houston, TX 77043	(713) 366-3055
Investment Officers	Mark Burton Ghia Lewis Municipal Accounts & Consulting, LP 1281 Brittmoore Road Houston, TX 77043	(713) 623-4539 (713) 366-3034

Delinquent Tax Attorney	Donald Roseman Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 North Loop West, Suite 600 Houston, TX 77008	(713) 862-1860
Collections Attorney	Mary Elizabeth Duff Mitchell & Duff, LLC 210 Main Street Richmond, TX 77469	(281) 341-1718
Engineer	Ralph Wissel James Parker Costello, Inc. 9990 Richmond, Suite 450N Houston, TX 77042	(713) 783-7788
Financial Advisor	Julie Peak Masterson Advisors LLC 3 Greenway Plaza, Ste. 1100 Houston, TX 77046	(713) 814-0560
Garbage/ Recycling Collector	Russell Wolff Residential Recycling & Refuse of Texas, Inc. 26603 FM 2978 Magnolia, Texas 77354	(866) 516-9805
Operator	Scott Shelnutt Municipal Operations & Consulting, Inc. 27316 Spectrum Way Oak Ridge North, TX 77385	(281) 367-5511
Tax Assessor/ Collector	Esther Flores Kathy Cruthirds Tax Tech, Inc. 12841 Capricorn Street Stafford, TX 77477	(281) 499-1223
Website Provider	Michael Willett Touchstone District Services 1251 Pin Oak Road Katy, TX 77494	832-558-5714