

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

January 19, 2017

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 365 (the "District") met in regular session, open to the public, on the 19<sup>th</sup> day of January, 2017, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Joe Myers	President
Megan Bradley	Vice President
Alan Silverman	Secretary
Jeff McClellan	Assistant Secretary
Paul Bland	Assistant Vice President

and all of the above were present.

Also present at the meeting were Odette McMullen of Bob Leared Interests, Inc.; Mary Lutz of McLennan & Associates; Brian Bare of Si Environmental, LLC ("SI"); Erik Miller of Sander Engineering Corp. ("SEC"); Michael Murr of Murr, Inc.; and Whitney Ables, Jessica Holoubek and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

CONSENT AGENDA

Director Myers offered Board members and consultants the opportunity to remove items from the consent agenda for individual discussion. Director Silverman then moved to approve all items on the consent agenda. Director Bradley seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

PUBLIC COMMENT

There was no public comment.

ADDITIONAL BOOKKEEPING MATTERS, INCLUDING TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

Ms. Holoubek stated that McLennan & Associates has requested that Jorge Diaz replace Shirley McLennan, as the investment officer. She said that both, Jorge Diaz, as the District's investment officer, and Mary Lutz, as the District's bookkeeper, are required to execute disclosure statements that disclose any relationships with banks and

brokers who seek to sell investments to the District. She added that the disclosure statements will be filed with the Texas Ethics Commission and the District Records and updated whenever necessary.

After review and discussion, Director Silverman moved to (1) approve the bookkeeper's report and payment of the bills; (2) adopt a Resolution Changing and Appointment Investment Officer; (3) accept the disclosure statements pursuant to the District's Investment Policy and the Public Funds Investment Act; and (4) approve Amended Exhibit A to Depository Pledge Agreements with Compass Bank and Central Bank reflecting the change in the investment officer. Director Bradley seconded the motion, which passed unanimously.

#### AUDIT FOR FISCAL YEAR END AUGUST 31, 2016

There was no discussion for this agenda item.

#### ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

There was no additional discussion for this agenda item.

#### ADDITIONAL OPERATING MATTERS

Upon a motion by Director Bradley and a second by Director Bland, the Board voted unanimously to authorize a District tap for irrigation of the landscaping to be installed at the lift station on Barker Cypress.

#### HEARING ON TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS AND AUTHORIZE TERMINATION OF SERVICE

The Board then conducted a hearing on the termination of utility service to delinquent accounts. Mr. Bare reported that the persons on the termination list were mailed written notice prior to this meeting in accordance with the Rate Order, notifying them of the opportunity to appear before the Board of Directors to explain, contest, or correct the utility service bill and to show reason why utility service should not be terminated for reason of nonpayment. Director Silverman moved that, since the customers on the termination list were neither present at the meeting nor had presented any statement on the matter, utility service should be terminated in accordance with procedures set forth in the District's Rate Order. Director Bland seconded the motion, which carried unanimously.

#### ADDITIONAL ENGINEERING MATTERS

Mr. Miller first discussed the proposed water plant no. 2 expansion, and said No. 364 has authorized design of the water plant expansion at its last Board of Directors

meeting. Following discussion, Director Silverman moved to authorize design of the proposed water plant no. 2 expansion, subject to receipt of a \$50,000 deposit from No. 364 to cover engineering design expenses. The Board directed the bookkeeper to bill No. 364 for engineering design fees thereafter. Director Bradley seconded the motion.

Mr. Miller next reported that No. 364 has authorized design of a proposed expansion of the wastewater treatment plant up to 0.97 MGD of capacity. Discussion ensued regarding organic loading, influent, permitted load/volume and portion of proposed expansion currently benefiting and attributable to the District. Following discussion, the Board concurred to install two flow meters in the District and defer further discussion regarding the wastewater treatment plant expansion until the District has sufficient data from installed flow meters in both No. 364 and the District to more accurately define flows as it relates to ultimate design and capacity. Director Silverman then moved to authorize the District operator to install two flow meters, including electrical work expense, for an amount not to exceed \$10,000. Director McClellan seconded the motion, which passed unanimously.

Mr. Miller reviewed an analysis of costs to produce groundwater versus reuse water, a copy of which is attached. Following review and discussion, the Board concurred to request that the analysis be revised to include projections for construction in the District only. Discussion ensued regarding proposed system components, including possible piping routes and reuse credits offered by the North Harris County Regional Water Authority. The Board also requested that Mr. Miller include in his cost analysis estimated costs to reach high volume water users in the District.

Mr. Miller next reported investigation of rattling in water well no. 2 and said that Layne has taken the well out of service to replace the tubing around the main shaft without cost to the District. He said Layne recommended checking the bearings in the well motor while the motor is removed. Following discussion, Director Silverman moved to authorize Layne to check the bearings on the motor of water well no. 2 for a price not to exceed \$5,000 and subject to approval by Director Myers. Director McClellan seconded the motion, which passed unanimously.

Mr. Miller discussed plans to desilt the commercial ditch downstream from Dundee Court. Following discussion, upon a motion by Director Bradley and a second by Director McClellan, the Board voted unanimously to authorize SEC to solicit proposals to desilt the commercial ditch.

Mr. Miller and Mr. Murr discussed the pond footprint for the proposed dog park.

ATTORNEY REPORT

Ms. Holoubek reported on the District's compliance activities during the prior calendar year related to bond financings and stated that no action is required at this time.

Ms. Holoubek reported that pursuant to Chapter 176 of the Texas Local Government Code, the District will maintain and update annually a List of Local Government Officers. Ms. Holoubek reviewed the List of Local Government Officers. After review and discussion, Director Bland moved to approve and authorize execution of the List of Local Government Officers and direct that the List be filed appropriately and retained in the District's official records. Director Silverman seconded the motion, which passed by unanimous vote.

FEBRUARY 2017 REGULAR AND SPECIAL AGENDAS

The Board discussed meeting on the following dates in February, 2017: February 14, 2017, special meeting and February 16, 2017, regular meeting.

There being no further business brought before the Board, the meeting was adjourned.

  
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Secretary, Board of Directors

(SEAL)



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