

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

April 19, 2018

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 19th day of April, 2018, 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
Angela Small	Assistant Vice President

and all of the above were present, except Director Small, thus constituting a quorum.

Also present at the meeting were Odette McMullen of Bob Leared Interests, Inc.; Diane Bailey and Pam Redden of McLennan & Associates; Nick Kryah; Carol North; Brian Bare of Si Environmental, LLC ("SI"); Greg Lentz of Masterson Advisors LLC; Erik Miller of Sander Engineering Corp. ("SEC"); Greg Coleman and ~~W.M.~~ Riggins, District residents; Mary DuBois of Acclaim Energy Advisors; and Jessica Carr, Whitney Higgins 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

Mr. Lentz discussed his recent move from Hilltop Securities, Inc. to Masterson Advisors, LLC and requested that the Board consider engaging Masterson Advisors, LLC as the District's financial advisor. Following discussion, the Board concurred to authorize ABHR to include an agenda item on the May, 2018 regular meeting agenda to consider engaging Masterson Advisors, LLC.

Mr. Riggins reported higher than usual water use at his home. Mr. Bare provided the Board with account information and history. Following discussion,

Director Myers requested that Mr. Riggins fill out and submit a leak adjustment request.

PRICING PROPOSAL FROM ACCLAIM ENERGY ADVISORS

Ms. DuBois reported regarding current energy markets and presented pricing proposals for electricity. Following review and discussion, Director Silverman moved to approve a contract for electricity through Direct Energy for a 48 month terms to begin following the expiration of the District's current contract for electricity. The motion was seconded by Director Bradley and passed unanimously.

ADDITIONAL BOOKKEEPING MATTERS

The Board considered approving additional check no. 2360 in the amount of \$4,800, payable to Murr, Inc. Following review and discussion, upon a motion by Director Silverman and a second by Director McClellan, the Board approved the additional check unanimously.

ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

The Board discussed post Hurricane Harvey valuation of properties.

ADDITIONAL OPERATING MATTERS

Mr. Bare distributed and reviewed an annual report on the District's Identity Theft Prevention Program ("Program"). He noted that SI is required to prepare an annual report as Program Administrator. Mr. Bare stated the annual report indicates no significant incidents of Identity Theft detection and recommends no changes to the Program at this time.

Mr. Bare provided a draft Consumer Confidence Report ("CCR") to the Board and said the CCR must be mailed to District customers by July 1.

Following review and discussion, Director Silverman moved to approve the CCR and authorize SI to mail it to District customers by July 1, 2018. The motion was seconded by Director Small and passed unanimously.

The Board then discussed sectional flushing to alleviate issues with brown water when dormant irrigation lines become active in the spring. Mr. Bare estimated flushing costs at \$7,500. Following review and discussion, Director McClellan moved to authorize Si to flush District lines for a cost not to exceed \$7,500 and to coordinate notice to residents with the operator for Harris County Municipal Utility District No. 364 ("No. 364"). Director Bradley seconded the motion, which passed unanimously.

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 provided to the Board 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 Bradley seconded the motion, which carried unanimously.

ADDITIONAL ENGINEERING MATTERS

Mr. Miller reviewed an engineering report from Sanders Engineering Corporation ("SEC"), a copy of which is attached.

Mr. Miller first discussed the status of design of the expansion of water plant no. 2 and said SEC will advertise the project tomorrow.

Mr. Miller reported that No. 364 requested that the ditch at Cole's Village (Stillwater) be included in the evaluation of drainage ditches/channels at No. 364's cost for that particular segment. The Board concurred to approve inclusion of the Stillwater ditch at No. 364's sole expense for that portion of the evaluation/report.

Mr. Miller next reviewed updated capacities associated with proposed expansion of the wastewater treatment plant. The Board also discussed possible development of a water reuse system and identifying potential reuse customers.

Discussion ensued regarding ongoing investigation of drainage in The Park at Arbordale and possible options to improve drainage on Twisting Ivy Lane. Following review and discussion, Director Silverman moved to request a proposal from SEC for a hydraulic analysis of Twisting Ivy Lane. Director Bradley seconded the motion, which passed unanimously.

Director McClellan discussed possible development of a water reuse system, including estimated costs to construct the proposed reuse system, return on investment, and potential reuse customers. Following discussion, the Board concurred to request a proposal from SEC at the April, 2018 regular Board meeting to prepare a preliminary engineering report.

ADDITIONAL PARKS MATTERS

Director Bradley updated the Board regarding coordination with the Cole's Crossing Community Association, Inc. ("CCCAI") regarding sidewalk construction, maintenance and conveyance of property for District facilities.


ATTORNEY REPORT

The Board took no action regarding additional meeting places.

MAY 2018 REGULAR AND SPECIAL AGENDAS

The Board discussed meeting on the following dates in May, 2018: May, regular meeting and May 15, special meeting at 16314 Madewood Street and potential future community events.

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



Secretary, Board of Directors

(SEAL)



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