

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

July 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 July, 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:

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| Joe Myers | President |
| Greg Coleman | Vice President |
| Alan Silverman | Secretary |
| Jeff McClellan | Assistant Secretary |
| Angela Small | Assistant Vice President |

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

Also present at the meeting were Odette McMullen of Bob Leared Interests, Inc.; Diane Bailey of McLennan & Associates ("McLennan"); Brian Bare of Si Environmental, LLC ("SI"); Erik Miller of Sander Engineering Corp. ("SEC"); Shannon Waugh of Off Cinco, Inc.; and Holly Huston, Whitney Higgins, 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 Small 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.

WEBSITE MATTERS

Ms. Waugh presented a proposal for a District website, a copy of which is attached. She reviewed two proposed website layout options, including: (1) a basic fixed layout with a one-time fee setup of \$1,600; and (2) a custom layout with a one-time fee setup of \$3,200. Ms. Waugh also offered three hosting options, including: (1) \$50 per month for basic hosting and website information; (2) \$150 per month which includes basic services and unlimited updates; and (3) \$250 per month which includes

basic services, unlimited updates, and proactive website monitoring. Following review and discussion, Director Silverman moved to approve the custom layout option and the unlimited update option for website hosting. Director Coleman seconded the motion, which passed unanimously.

ADDITIONAL BOOKKEEPING MATTERS

The Board discussed attendance at the Association of Water Board Directors ("AWBD") winter conference. After discussion, Director McClellan moved to authorize all interested directors to attend the AWBD winter conference. Director Small seconded the motion, which passed by unanimous vote.

BUDGET FOR FISCAL YEAR END AUGUST 31, 2019

The Board next reviewed a draft budget for the fiscal year ending August 31, 2019, including the joint facilities budget. Following review and discussion, Director McClellan moved to approve the joint facilities budget and authorize McLennan to submit to Harris County Municipal Utility District No. 364 for review. Director Small seconded the motion, which passed unanimously. The Board concurred to defer approval of the District's draft budget for the fiscal year ending August 31, 2019.

ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

The Board discussed the District's current tax rate, preliminary taxable values for 2018 and the status of certified values for 2018.

INSURANCE POLICY RENEWAL

The Board next reviewed an insurance renewal proposal submitted by McDonald & Wessendorff Insurance. Following review and discussion, upon a motion by Director Silverman and a second by Director McClellan, the Board voted unanimously to approve the proposal.

RECYCLING SERVICES

The Board next reviewed and discussed a proposed recycling collection agreement with (the "Agreement") with Residential Recycling of Texas, Inc. ("RRT"). Director Coleman said the last collection date for the current Agreement with RRT is August 17, 2018. Following discussion, Director Coleman moved to (1) approve the Agreement with RRT, subject to amendment of the notice to terminate provision, as discussed; and (2) authorize execution of the Agreement, subject to confirmation from the Cole's Crossing Community Association, Inc. ("CCCAI") that curbside collection for recycling is acceptable. Director Silverman seconded the motion, which passed unanimously.

RESIDENTIAL IRRIGATION ANALYSIS

Ms. Higgins updated the Board regarding the W.I.S.E. Guys Irrigation Evaluation program. She stated that the contract with Vepo, LLC ("Vepo") requires a guarantee of 100 evaluations at a cost of \$85 per household before or by December 1, 2018. Following discussion Director McClellan moved to approve the residential irrigation evaluation program contract with Vepo, subject to amendment of the completion date to March 1, 2019 and ABHR review. Director Small seconded the motion, which carried unanimously.

ADDITIONAL OPERATING MATTERS

Discussion ensued regarding options for displaying customer average water use in comparison to water use averages across the District on utility bills.

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 Small seconded the motion, which carried unanimously.

ADDITIONAL ENGINEERING MATTERS

Mr. Miller reported that the preconstruction meeting for the construction of Water Plant No. 2, Water Well No. 4 is tentatively scheduled for July 24, 2018.

Mr. Miller updated the Board regarding the proposed water reuse system. He requested Board authorization to test effluent for pharmaceutical residuals at the Wastewater Treatment Plant for an amount not to exceed \$2,000. Discussion ensued regarding coordinating with the Homeowners Association's within the District to identify potential reuse customers.

Director Silverman commented regarding use of District funds to mitigate flooding within the District.

Mr. Miller discussed proposed improvements for Lift Station 1 and requested authorization to advertise the project for bids.

Mr. Miller updated the Board regarding investigation of drainage on Twisting Ivy Lane in The Park at Arbordale.

Following review and discussion, Director Myers moved to (1) approve effluent testing at the Wastewater Treatment Plant, for an amount not to exceed \$2,000; and (2) authorize advertisements for bids for Lift Station 1 improvements. Director Coleman seconded the motion, which passed unanimously.

ADDITIONAL PARKS MATTERS

Ms. Carr updated the Board regarding coordination with the CCCAI regarding sidewalk construction, maintenance and conveyance of property for District facilities.

ATTORNEY REPORT

Ms. Carr discussed a proposed bridge maintenance agreement received from Harris County Flood Control District ("HCFCD") for a District owned bridge constructed over District owned drainage channels. Following discussion, Director Silverman moved to authorize ABHR to prepare a letter to HCFCD, subject to review and approval by Director Myers, notifying HCFCD that the District both owns and maintains the bridge already and that HCFCD is required by public easement to maintain the drainage easements for flood control purposes. Director Small seconded the motion, which passed unanimously.

Discussion ensued regarding proposed HCFCD maintenance within the District. Following discussion, Director Silverman moved to authorize ABHR to prepare a letter to HCFCD requesting information regarding planned maintenance within the District and requesting advance notification of any work HCFCD intends to perform within the District. Director Small seconded the motion, which passed unanimously. Additional discussion ensued regarding possible development of a regional detention facility within the District's detention basin for regional storage during a high frequency rain event.

AUGUST 2018 REGULAR AND SPECIAL AGENDAS

The Board discussed meeting on the following dates in August, 2018: August 14, regular meeting and August 16, special meeting at 13050 Barker Cypress Road.

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


Secretary, Board of Directors

(SEAL)



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