

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

August 16, 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 16th day of August, 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
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"); Sherrie Greenwood of BKD, Inc.; and Holly Huston, Christina Miller, 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.

ADDITIONAL BOOKKEEPING MATTERS

The Board considered approving additional check nos. 4298, 4299, and 4300. Following review and discussion, upon a motion made by Director Silverman and a second by Director Small, the Board approved the additional checks unanimously.

## BUDGET FOR FISCAL YEAR END AUGUST 31, 2019

The Board next reviewed a draft budget for the fiscal year ending August 31, 2019. Discussion ensued regarding line item expenses for purchased water and sewer and capacity allocations in the joint facilities. Following review and discussion, Director Silverman moved to approve the budget for the fiscal year end August 31, 2019, subject to verification that the line items for purchased water and purchased sewer are corrected to reflect actual amounts expended during the previous budget year, that budget projections for the new fiscal year are based upon those corrected amounts and correction of the joint facilities budget to remove incorrectly allocated construction projects. Director McClellan seconded the motion, which passed unanimously. Ms. Bailey said she would circulate a revised budget to include the revision requested and approved by the Board.

## ENGAGE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END AUGUST 31, 2018

Ms. Greenwood reviewed a proposal for auditing services from BKD, Inc. Ms. Greenwood stated the estimated fees are \$17,900, plus a \$700 administrative fee and an estimated \$2,300 to audit each joint facility account. After discussion, Director Silverman moved to approve the audit proposals from BKD, LLP. The motion was seconded by Director McClellan and passed unanimously.

## ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McMullen reported that Harris County Appraisal District is expected to certify property values for 2018 next week, and presented a delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, and LLP. A copy of the delinquent tax report is attached.

The Board concurred to authorize agenda items regarding the levy of 2018 taxes on the in-District and regular Board meeting agendas during the months of September and October, 2018.

## ADDITIONAL OPERATING MATTERS

Discussion ensued regarding a request from Harris County MUD No. 364 ("MUD 364") to co-sponsor the Water Wise Program for Sampson Elementary for the 2018-2019 school year. Following discussion the Board concurred to authorize ABHR to contact the Harris-Galveston Subsidence District and request a revised Interlocal Agreement including MUD 364 as a co-sponsor of the Water Wise Program at Sampson Elementary.

Mr. Bare next presented a customer appeal from Kathryn Vaughn requesting a leak adjustment. After review of the information provided by the customer and the

District operator, Director Silverman moved to authorize adjustment of the customer's utility bill pursuant to the District's Leak Adjustment Policy. The motion was seconded by Director McClellan and passed unanimously. A copy of which is attached.

Mr. Bare reported regarding recent testing at Water Well. No. 1 and discussed plans to pull and inspect the well assembly following peak water use season.

#### 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 Small 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 Silverman seconded the motion, which carried unanimously.

#### ADDITIONAL ENGINEERING MATTERS

Mr. Miller reported on the status of construction of Water Plant No. 2, Water Well No. 4. He reviewed and recommended approval of Change Order No. 1 to the Contract with Schier Construction Company ("Schier") to decrease the contract in the amount of \$37,680.00. The Board determined that Change Order No. 1 is beneficial to the District. After review and discussion, Director Silverman moved to approve Change Order No. 1 in the amount of \$37,680.00 as a decrease to the contract with Schier, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director McClellan seconded the motion, which passed by unanimous vote.

Mr. Miller updated the Board regarding the proposed water reuse system and investigation regarding effluent testing. Discussion ensued regarding (1) coordinating with the homeowner's associations' within the District and potential commercial customers to identify potential reuse customers; (2) information and promotional materials available through regional water authorities; (3) financial assistance programs offered by the Texas Water Development Board; and (4) coordinating notification to the North Harris County Regional Water Authority ("NHCRWA") of the District's intent to construct a water reuse system and make application for any credit/reimbursement offered by the NHCRWA.

Mr. Miller reported on the status of the rehabilitation of the commercial ditch and recommended approval of Pay Estimate No. 1 and Final in the amount \$82,297.35, payable to Storm Water Solutions, LLC ("SWS"). Following discussion, the Director Silverman moved to approve Pay Estimate No. 1 and Final to SWS. Director McClellan seconded the motion, which passed by unanimous vote.

Mr. Miller presented and reviewed a proposal from Lupher, LLC, to survey the Commercial Ditch Outfall located near Cypress Bend Drive, in the amount of \$4,672.21. Following discussion, the Board concurred to request that Mr. Miller bring an alternate estimate for total replacement of the Commercial Ditch Outfall to the next meeting.

Mr. Miller stated that the proposals were received for the construction of Lift Station No. 1 improvements and recommended that the Board award the contract to C3 Constructions ("C3") in the amount of \$27,500.00. The Board concurred that in its judgement C3 was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. Following review and discussion, Director Small moved to award the contract for construction of List Station No. 1 improvements to C3 in the amount of \$27,500, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the Contractor. Director Coleman seconded the motion, which passed by unanimous vote.

#### ADDITIONAL PARKS MATTERS

Director McClellan reported that he would attend the next meeting of the Coles Crossing Community Association, Inc., ("CCCAI") to follow up with the CCCAI Board regarding a pending proposed licensing agreement between the District and the CCCAI for sidewalk construction and maintenance and conveyance of a lift station location on Barker Cypress.

#### ATTORNEY REPORT

Ms. Miller confirmed that ABHR sent correspondence to Harris County Flood Control District ("HCFCD"), as instructed by the Board, notifying HCFCD that the District both owns and maintains a bridge constructed over the District's drainage channel and that HCFCD is required by public easement to maintain the drainage easements for flood control purposes. She also confirmed that ABHR sent correspondence to HCFCD requesting information regarding planned maintenance within the District and requesting advance notification of any work HCFCD intends to perform within the District.

Discussion ensued regarding proposed HCFCD maintenance within the District, and Director Myers noted that the areas tagged for maintenance in the drainage

channels are not consistent with the plans for proposed maintenance provided by HCFCO.

WEBSITE MATTERS

Director McClellan updated the Board regarding development of the new District website.

Discussion ensued concerning preparation and distribution of a message to District residents to advise residents that recycling collection will now occur curbside instead of at the back door. Following discussion, the Board concurred to authorize distribution of a notification to customers regarding revised recycling collection procedures and posting of the same information on the District website.

RECYCLING SERVICES

The Board discussed a proposed recycling collection agreement with (the "Agreement") with RRT. Following discussion, Director Silverman moved to approve the Agreement with RRT. Director McClellan seconded the motion, which passed by unanimous vote.

BOARD REORGANIZATION

There was no discussion for this agenda item.

SEPTEMBER 2018 REGULAR AND SPECIAL AGENDAS

The Board discussed meeting on the following dates in September, 2018: September 20, regular meeting and September 20, special meeting at 13050 Barker Cypress Road.

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



  
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Bookkeeper's report .....	1
Engineer's report .....	1
Operator's report.....	1
Tax assessor/collector report .....	1
Delinquent Tax Report .....	2
Customer Appeal .....	3