

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

August 15, 2019

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 15th day of August, 2019, 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 except Director Small, thus constituting a quorum.

Also present at the meeting were Pierre Delmoral, guest of Director Silverman; Sherrie Greenwood of BKD, LLP; Greg Lentz of Masterson Advisors, LLC; Sherrie Greenwood of BKD, Inc.; Odett McMullen of Bob Leared Interests, Inc.; Mary Jarmon of Myrtle Cruz, Inc.; Kyle Melgren of Si Environmental, LLC ("SI"); Erik Miller of Sander Engineering Corp. ("SEC"); and Jessica Holoubek, Whitney Higgins, and Holly Huston 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 McClellan seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

PUBLIC COMMENT

Discussion ensued regarding correspondence received via the District website regarding a broken sprinkler head at the entrance of the Park at Arbordale ("PAA") and the Board requested ABHR forward the report to the PAA Property Owners Association.

ADDITIONAL BOOKKEEPING MATTERS

The Board next considered approving additional check nos. 5321, 5323, 5324, 5325, 5326, 5327, and 5328. Following review and discussion, upon a motion made by

Director Silverman, and seconded by Director Coleman, the Board unanimously approved the additional checks.

ARBITRAGE REBATE REPORT FOR THE SERIES 2014 BONDS

The Board next reviewed an arbitrage rebate report from OmniCap for the District's Series 2014 Bonds, which stated that the District does not owe the Internal Revenue Service any arbitrage rebate payments.

ENGAGE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END AUGUST 31, 2019

Ms. Greenwood reviewed a proposal for auditing services from BKD, Inc. Ms. Greenwood stated the estimated fees are \$18,400, plus a \$900 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.

2019 TAX RATE

Mr. Lentz distributed a written tax rate analysis, a copy of which is attached. After all discussion, upon a motion made by Director Silverman and seconded by Director Coleman, the Board unanimously authorized the tax assessor to publish notice in the *Cypress Creek Mirror* of a public hearing on September 19, 2019, regarding the District's proposed adoption of a total tax rate of \$0.470 per \$100 of valuation, comprised of a \$0.28 debt service component and a \$0.19 operation and maintenance component, and authorize posting of the notice on the District website.

ADDITIONAL BOOKKEEPING MATTERS CONTINUED

The Board next reviewed a draft budget for the fiscal year ending August 31, 2020. Discussion ensued regarding line item expenses for purchased water and sewer and capacity allocations in the joint facilities and maintenance tax revenue. Following review and discussion, Director Silverman moved to approve the budget for the fiscal year end August 31, 2020, subject to incorporation of the adjusted maintenance tax revenue. Director McClellan seconded the motion, which passed unanimously. Ms. Jarmon said she would circulate a revised budget to include the revision requested and approved by the Board.

ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McMullen presented a delinquent tax report from Perdue, Brandon, Fielder, Collins & Mott, and LLP. A copy of the delinquent tax report is attached.

ADDITIONAL OPERATING MATTERS

The Board discussed correspondence received from a District resident regarding guided tours of facilities.

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. Melgren 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 Coleman seconded the motion, which carried unanimously.

SMART METER MATTERS

There was no action on this agenda item.

ADDITIONAL ENGINEERING MATTERS

Mr. Miller reported on the status of construction of Water Plant No. 2 and Water Well No. 4. He reviewed and recommended approval of Pay Estimate No. 12 and Final in the amount of \$86,623.40, payable to the contract with Schier Construction Company ("Schier") and acceptance of the facilities. Following review and discussion, Director Silverman moved to approve Pay Estimate No. 12 and Final in the amount of \$86,623.40, payable to Schier for the construction of Water Plant No. 2 and Water Well No. 4 and acceptance of the facilities, as recommended by the District's engineer. Director McClellan seconded the motion which passed by unanimous vote.

EVALUATION OF RECLAIMED WATER SYSTEM

Mr. Miller and Director McClellan updated the Board on the status of the Preliminary Engineering Report for the Reclaimed Water System. Following discussion, the Board concurred to request SEC to prepare a presentation on the implementation and benefits of the Reclaimed Water System to present to the Board at an upcoming meeting.

ADDITIONAL PARKS MATTERS

Discussion ensued regarding correspondence received related to the proposed Girl Scout project replacing bat houses on District recreational space. Following

discussion, the Board concurred to authorize Murr Incorporated to coordinate with the Girl Scouts regarding location of and installation of the bat houses.

ATTORNEY REPORT

There was no discussion on this agenda item.

POTENTIAL REFUNDING OF OUTSTANDING BONDS

Mr. Lentz presented and reviewed with the Board an opportunity for a potential refunding opportunity for the District's Series 2010 and Series 2011 Unlimited Tax Bonds, a copy of which is attached. He also discussed underwriter options for the potential refunding and recommended SAMCO. Following review and discussion, Director Coleman moved to designate SAMCO, as the underwriter. Director Silverman seconded the motion, which passed by unanimous vote.

WEBSITE MATTERS

There was no discussion on this agenda item.

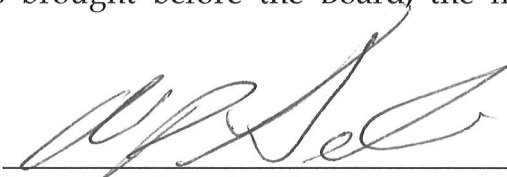
SEPTEMBER 2019 REGULAR AND SPECIAL AGENDAS

The Board discussed meeting on the following dates in September, 2019: September 19, regular meeting and September 9, special meeting at 13050 Barker Cypress Road.

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

(SEAL)





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's report	1
Tax Rate Analysis.....	2
Delinquent Tax Report	2
Sources of Uses of Funds Analysis regarding potential refunding bond issue	4