

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 367

February 13, 2019

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 367 (the "District") met in regular session, open to the public, on the 13th day of February, 2019, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, Houston, Texas 77027, outside the boundaries of the District, and the roll was called of the members of the Board:

Christopher Jacob	President
Daryl Austin	Vice President
Lena Lahasky	Secretary
William McEnroe	Assistant Vice President
Eric Neason	Assistant Secretary

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

Also present at the meeting were Michael Willett of Touchstone District Services ("Touchstone"); Layne Yeager of Double Eagle Erosion Solutions, LLC ("Double Eagle"); Stephanie Lee of KGA/DeForest Design, L.L.C. ("KGA"); Ralph Wissel and Jeff Ebersole of Costello, Inc. ("Costello"); Christie Leighton of Best Trash, LLC; Kristy Hebert of Tax Tech, Inc. ("Tax Tech"); Scott Shelnett of Municipal Operations & Consulting, Inc. ("MOC"); Cindy Grimes of Municipal Accounts & Consulting, L.P. ("MAC"); and Adisa Harrington and Erika Smiley of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the January 8, 2018, regular meeting. After review and discussion, Director Lahasky moved to approve the meeting minutes, as submitted. Director McEnroe seconded the motion, which passed by unanimous vote.

COMMENTS FROM THE PUBLIC

The Board did not receive any comments from the public.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Grimes reviewed the bookkeeper's report, including the bills presented for payment, and quarterly investment report. Copies of the bookkeeper's report and quarterly investment report are attached.

Discussion ensued regarding the remaining Series 2015 bond proceeds and the Board requested that Ms. Lee research potential eligible projects for financing with the bond proceeds and report back to the Board.

The Board then considered authorizing attendance at the AWBD summer conference.

Following review and discussion, Director Lahasky moved to (1) approve the bookkeeper's report, quarterly investment report, and payment of the bills; and (2) authorize all interested directors to attend the AWBD summer conference. Director McEnroe seconded the motion, which passed by unanimous vote.

Discussion ensued regarding the District's annual payments to Harris County for the Gleannloch Forest Drive expansion project. Ms. Harrington reported that the first payment in the amount of \$35,116.80 is due March 27, 2019, and the District may only use Strategic Partnership Agreement ("SPA") revenue to pay for the project. She noted that installment payments are subject to a 6% interest rate, but the District is permitted to prepay any amounts owed with no prepayment penalty. Ms. Grimes reported that the District has collected nearly \$140,000 in SPA revenue to date. Discussion ensued and the Board concurred to use existing SPA revenue to pay the District's total estimated costs for the project of \$113,280 at the March meeting.

TAX ASSESSMENT AND COLLECTION MATTERS; RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Herbert reviewed the tax assessment and collection report, a copy of which is attached, including the delinquent tax roll. She stated that 79.3% of the District's 2018 taxes had been collected as of January 31, 2019. After review and discussion, Director Lahasky moved to approve the tax assessor/collector's report and payment of the tax bills. Director Austin seconded the motion, which passed unanimously.

The Board reviewed a proposed Resolution Concerning Exemptions from Taxation for the 2018 tax year. Following review and discussion, Director Lahasky moved to approve the tax assessor/collector's report and adopt the Resolution Concerning Exemptions from Taxation reflecting that the Board (i) grants a general homestead exemption of 20%, but not less than \$5,000; and (ii) grants an additional \$30,000 homestead exemption for persons who are over 65 years of age and/or disabled and direct that the Resolution be filed appropriately and retained in the District's official records. Director Austin seconded the motion, which passed unanimously.

DISTRICT PARK MATTERS

Ms. Lee presented and reviewed the landscape architect's report, a copy of which is attached.

Ms. Lee updated the Board on the construction of the parking lot adjacent to lift station no. 3 stating that, DL Meacham is completing punch list items. She then presented and recommended approval of Pay Application No. 6 in the amount of \$3,685.50.

Following review and discussion, and based upon the recommendation of the landscape architect, Director McEnroe moved to approve Pay Application No. 6 in the amount of \$3,685.50 to D.L. Meacham for the construction of the parking lot adjacent to lift station no. 3. Director Lahasky seconded the motion, which carried by unanimous vote.

GARBAGE AND RECYCLING MATTERS

Ms. Leighton reported on garbage and recycling matters. Discussion ensued and the Board concurred to schedule a tour of the recycling facility that processes recyclables collected in the District.

OPERATION OF DISTRICT FACILITIES

Mr. Shelnutt reviewed the operator's report, a copy of which is attached, and reported on maintenance of the District's facilities. He reported that the water accountability for the past month was 95.9 %.

The Board discussed informing residents on smart meter installation. Director Lahasky stated she would draft a message to be included on District water bills directing residents to the District's website for smart meter information. Discussion ensued regarding billing for the transition month from old meters to smart meters, and Mr. Shelnutt confirmed that customers will receive one consolidated bill for the transition month with combined usage from the old and new meter.

The Board requested that Mr. Shelnutt update the delinquent list and provide the most current list at Board meetings in a going forward basis.

Following review and discussion, Director Lahasky moved to approve the operator's report. Director McEnroe seconded the motion, which carried by unanimous vote.

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

Mr. Shelnutt presented a list of delinquent customers and reported the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility services should not be terminated for reason of non-payment. Following review and discussion, Director Lahasky moved to authorize

termination of delinquent accounts, in accordance with the District's Rate Order and direct that the delinquent customer list be filed appropriately and retained in the District's official records. The motion was seconded by Director McEnroe and passed by unanimous vote.

SMART METER MATTERS

Director McEnroe updated the Board regarding installation of smart meters. He stated that approximately 900 have been installed throughout the District including all commercial meters at a rate of approximately 75 meters per day, and that installation should be complete by the end of March.

Ms. Harrington then reported on issues with two of the trial meters in Harris County Municipal Utility District No. 383 ("HCMUD 383"), noting that the HCMUD 383 Board of Directors will be scheduling a special meeting regarding the matter. Mr. Shelnett stated that MOC is working with Accurate Meter & Supply ("Accurate") to ensure that all smart meters are working properly.

Discussion ensued regarding training to be provided by Accurate to MOC employees regarding the new smart meters. Director McEnroe noted that the District is paying for the training pursuant to the construction contract with Accurate and requested that Mr. Shelnett follow up with Accurate to make sure the training is provided.

Mr. Wissel then presented and recommended approval of Pay Estimate No. 1 to Accurate for the replacement of 643 meters, in the amount of \$303,685.50. Mr. Shelnett concurred with Mr. Wissel's recommendation. The Board discussed invoicing from Accurate and withholding 10% retainage from District payments to Accurate pending completion of the installation project, as with other District construction projects.

Following review and discussion, Director Lahasky moved to (1) approve Pay Estimate No. 1 in the amount of \$303,685.50 to Accurate for installation of smart meters but have MAC hold the check until Accurate submits an affidavit of bills paid; (2) withhold 10% retainage on the total contract amount for the smart meters, to be retroactively applied to Pay Estimate No. 2 and to be withheld from future pay estimates for the project; (3) have all installation invoices from Accurate sent to Costello and MOC for review and recommendation; and (4) have all non-installation invoices from Accurate sent to MAC. The motion was seconded by Director McEnroe and passed by unanimous vote.

ENGINEERING MATTERS

The Board reviewed the engineer's report, a copy of which is attached.

Mr. Wissel reported that KF Enterprises is proceeding with plans for the proposed PAC dance studio, as set forth in the engineer's report. He stated he will follow up with

KF Enterprises regarding the pending consent to encroachment and third-party easement. Ms. Harrington noted that she is still awaiting receipt of the executed annexation letter agreement.

Mr. Wissel updated the Board on NHCRWA and surface water supply matters, as detailed in the engineer's report.

Ms. Harrington reviewed correspondence from the NHCRWA regarding their rate order and updated pricing policy notice, a copy of which is attached. She stated that the NHCRWA pumpage fee will increase to \$3.85 per 1,000 gallons and the surface water fee will increase to \$4.30 per 1,000 gallons, effective April 1. Discussion ensued, and the Board concurred to consider holding a special meeting in May to provide residents with additional information regarding the NHCRWA fees, smart meters and water conservation matters.

Mr. Wissel updated the Board on the Gleannloch Forest Drive expansion project, as detailed in the engineer's report. He noted that the construction cost estimates for the project will be updated to reflect actual construction costs once the construction contract is awarded.

Mr. Wissel updated the Board on the re-coating of ground storage tank no. 1, as detailed in the engineer's report.

Following review and discussion, Director Austin moved to approve the engineers report. Director Lahasky seconded the motion, which passed by unanimous vote.

CHANNEL AND POND MAINTENANCE

Mr. Yeager presented a maintenance report from Double Eagle, a copy of which is attached. He reviewed a Channel Assessment Report prepared by Double Eagle, containing maintenance and repair recommendations for Segments A through F. After discussion, the Board requested that Mr. Yeager email a Google Earth link to the Board identifying the District's drainage and detention facilities and provide a priority list and cost proposal for maintenance and repair recommendations. The Board further requested that Costello update the District's GIS to include District drainage and detention facilities.

WIRELESS SPRINKLER IRRIGATION CONTROLS

There was no discussion on this agenda item.

ATTORNEY'S REPORT

DISTRICT INFORMATION KIT

Ms. Harrington reviewed the District's 2019 Information Kit. After review and discussion, Director Lahasky moved to approve the 2019 District Information Kit, subject to final revisions. Director Austin seconded the motion, which passed unanimously.

GROUNDWATER CREDIT MATTERS

There was no discussion on this matter.

ACTION LIST

The Board reviewed the action list.

OPERATION OF DISTRICT FACILITIES (CONTINUED)

The Board considered repair options for the sanitary sewer line obstruction between Gleannloch Lakes Boulevard to Lochflora Drive. Following review and discussion, Director Jacob moved to authorize MOC to repair the sanitary sewer line obstruction between Gleannloch Lakes Boulevard to Lochflora Drive repairs in an amount not to exceed \$52,000 and direct that the repair work be scheduled during Spring Break to minimize disruption to residents. Director Austin seconded the motion, which passed unanimously.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS ON DISTRICT MATTERS

There was no discussion on this agenda item.

DISTRICT WEBSITE MATTERS

Mr. Willett distributed and reviewed a monthly report from Touchstone, a copy of which is attached. He reviewed the District's website and content. Discussion ensued regarding formatting and content changes needed to the website. Director Lahasky noted that Touchstone's invoice for January included a \$150 monthly website maintenance fee that should not have been billed to the District since the website is still under design. She requested that Touchstone credit the \$150 back to the District on its next invoice.

The Board reviewed a proposed Resolution Adopting Website Posting Policy. Following review and discussion, Director Lahasky moved to (1) approve the Resolution Adopting Website Posting Policy, subject to final review; (2) appoint Directors Lahasky and McEnroe as the District's website liaisons; and (3) authorize Touchstone to activate

the District's website, subject to final review and approval by Directors Lahasky and McEnroe. Director Austin seconded the motion, which passed unanimously.

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



Secretary, Board of Directors

