

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 367

April 10, 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 10th day of April, 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 of Christina Crotwell of Masterson Advisors, LLC; Michael Willett of Touchstone District Services ("Touchstone"); Layne Yeager of Double Eagle Erosion Solutions, LLC ("Double Eagle"); Shay McGarr of Gleannloch Farms Community Association ("GFCA"); Kris Bradshaw of First Service Residential; Ralph Wissel of Costello, Inc. ("Costello"); Kathy Cruthirds 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 Holly Huston of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the March 13, 2018, regular meeting. After review and discussion, Director Jacob moved to approve the meeting minutes, as submitted. Director Lahasky the motion, which passed by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Grimes reviewed the bookkeeper's report, including the bills presented for payment. A copy of the bookkeeper's report is attached.

In response to a question from the Board, Ms. Grimes stated that the remaining budgeted construction costs for the smart meter installation project will be included in the budget for the fiscal year ending March 31, 2020.

The Board discussed the Gleannloch Forest Drive expansion project payments. Ms. Grimes reported that Harris County has placed the overpaid amount in a separate account and each year the payment will be deducted from that account. She added that

she has verified the amounts credited to the District with Harris County. Ms. Harrington noted that she is awaiting a response from the County regarding waiver of the 6% carry costs that were included in the Interlocal Agreement for the project.

Discussion ensued regarding the District's capital reserve and pending capital improvement projects. Ms. Grimes noted that approximately \$227,000 from the capital reserve will be used to fund the District's share of pending capital projects.

Following review and discussion, Director Lahasky moved to approve the bookkeeper's report and payment of the bills. Director McEnroe seconded the motion, which passed by unanimous vote.

### PARK BONDS

Ms. Crotwell reviewed the District's Debt Profile, a copy of which is attached. She stated that the Series 2015 Park Bonds are not callable until 2024, and therefore surplus park bond proceeds cannot be used to pay down the Series 2015 Park Bonds at this time. She noted, however, that surplus operating funds can be used to defease certain maturities of the District's outstanding water, sewer and drainage bonds. Discussion ensued regarding the size of the District's operating fund and reserve amount, and the Board requested that Masterson prepare and present additional information at the June meeting regarding options for using operating funds to pay down existing water, sewer and drainage bonds.

### COMMENTS FROM THE PUBLIC; DISTRICT PARK MATTERS

Mr. McGarr updated the Board on the recent meeting with residents of the Sotherloch subdivision regarding Sotherloch Lake maintenance issues and options. He stated that the GFCA has formed a committee to review options for maintaining lake levels.

Mr. McGarr reported that residents of the Lakes of Gleannloch Farms are requesting additional amenities be installed at the District's detention ponds, including a sitting area or gazebo near one of the ponds and brick fencing along portions of the perimeter of the subdivision. The Board requested that Ms. Harrington coordinate with KGA to determine which improvements can be funded using existing surplus park bond proceeds.

Mr. McGarr reported on other community matters, including proposed maintenance and signage along the Grand Parkway feeder road and the status of commercial development in the District.

### TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Cruthirds reviewed the tax assessment and collection report, a copy of which is attached, including the delinquent tax roll. She stated that 98.61% of the District's 2018

taxes had been collected as of March 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.

### GARBAGE AND RECYCLING MATTERS

The Board discussed holding a paper shredding/e-recycling event in the fall and coordinating with the Board of Directors of Harris County Municipal Utility District No. 383 ("HC MUD 383") to hold two paper shredding/e-recycling events in Gleannloch Farms each year on a going forward basis, one in the District and the other in HC MUD 383.

### OPERATION OF DISTRICT FACILITIES

Mr. Shelnett 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 96.8%.

The Board discussed commercial meter usage. Mr. Shelnett noted that Tide Cleaners and Wheelerwood Holdings have higher than normal usage, which could indicate a leak. The Board requested that MOC contact both entities regarding potential leaks at their sites.

Discussion ensued regarding notification to residential customers regarding potential leaks. Mr. Shelnett reported that 10 District residents received door tags last month notifying them of a potential leak, and that only three of the residents followed up with MOC about the door tag and potential leak. The Board requested that MOC call the remaining seven residents to follow up regarding their potential leaks. The Board also requested that MOC prepare a check list of common water leak issues found in the home, pool & yard for posting on the District's website.

Mr. Shelnett discussed pending fire hydrant repairs, stating that they will be complete by the end of the week. He stated that sandblasting and repainting of District fire hydrants will commence once the pending repairs are complete, and that a fire hydrant sandblasting video will be provided to Touchstone for website posting.

Mr. Shelnett updated the Board on the Human Machine Interface ("HMI") equipment being installed at District and regional facilities.

Ms. Harrington stated that the District's Identity Theft Prevention Program (the "Program") requires MOC to provide an annual written report evaluating the effectiveness of the Program, significant instances of identity theft detection, and any recommendations regarding changes to the Program. Mr. Shelnett reviewed the annual report on the Program and stated that MOC had no recommended changes to the District's Identity Theft Prevention Plan and that no instances of identity theft were reported in the last year.

After review and discussion, Director Lahasky moved to approve the operator's report. Director McEnroe seconded the motion, which passed 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, noting that approximately 1600 smart meters have been installed to date, additional smart meters have been back ordered, and that installation of the meters should be completed within 30 days.

The Board discussed options for notifying District residents of the new smart meters and District website, including using social media to direct residents to the District's website and posting signs in the District. Director McEnroe requested Mr. Shelnutt reformat the website address listed on District water bills. The Board authorized Director McEnroe to draft language for signs to be posted at neighborhood entrances throughout the District regarding the District's website and smart meters, and requested that Ms. Harrington review the proposed sign language before the signs are ordered. The Board requested that Touchstone prepare a message that can be posted by the GFCA on social media regarding the new smart meters and website.

#### ENGINEERING MATTERS

Mr. Wissel reviewed the engineer's report, a copy of which is attached.

Mr. Wissel updated the Board on the pending annexation of the 2-acre tract into the District, noting that he and the developer will be meeting on-site to inspect District areas where the private water and sanitary sewer lines will be installed to serve the annexation tract.

Mr. Wissel updated the Board on North Harris County Regional Water Authority ("NHCRWA") and surface water supply matters, as detailed in the engineer's report. He stated that the installation of the final WWTP effluent meter is complete and he will

update the effluent capital project costs chart once MOC provides the final pricing for installation of the WWTP effluent meter.

Mr. Wissel updated the Board on the Gleannloch Forest Drive expansion project, as detailed in the engineer's report. Mr. Wissel stated that the District's share of the project cost may shift during construction due to project demands.

Mr. Wissel updated the Board on the sanitary sewer televising project, as detailed in the engineer's report.

Mr. Wissel updated the Board on the park surplus funds application, as detailed in the engineer's report.

Mr. Wissel updated the Board on the ground storage tank recoating project, as detailed in the engineer's report.

#### ANNEXATION MATTERS

Further discussion ensued regarding the pending annexation of the 2-acre tract. Mr. Wissel reported that the plans for development of the dance studio have been approved by the County but that the consent to encroachment is still pending. He stated that Costello will continue to monitor construction of the water and sanitary sewer facilities to serve the annexation tract. The Board requested that Ms. Grimes notify the annexation tract developers that they have depleted their current deposit and request an additional deposit of \$10,000 for future expenses.

#### CHANNEL AND POND MAINTENANCE

Mr. Yeager presented a maintenance report from Double Eagle, a copy of which is attached. He stated that Double Eagle is currently seeding throughout the District.

Mr. Yeager reviewed priority repair locations, as detailed in the maintenance report. The Board requested Mr. Yeager provide costs for all Priority One items.

The Board discussed the existing wooden no-trespassing signs that are located on District facilities, and it was noted that the signs are aging and need to be replaced. The Board concurred for Costello to oversee replacement of the signs.

Mr. Yeager reported that herbiciding will be done during the winter.

#### WIRELESS SPRINKLER IRRIGATION CONTROLS

There was no discussion on this agenda item.

ATTORNEY'S REPORT

GROUNDWATER CREDIT MATTERS

There was no discussion on this matter.

ACTION LIST

The Board reviewed the action list.

DISTRICT WEBSITE MATTERS

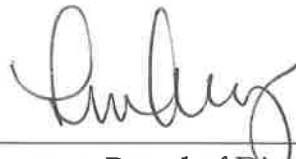
Mr. Willett distributed and reviewed a monthly report from Touchstone, a copy of which is attached. He reviewed the District's website and content. Discussion ensued regarding the NHCRWA fee post and the Frequently Asked Questions link. The Board directed Touchstone to update the NHCRWA fee post and work with Mr. Shelnett to revise the Frequently Asked Questions link. Mr. Willett reported that Touchstone is preparing the website calendar discussed at the March 27<sup>th</sup> special meeting and will email the calendar to Directors once it is complete.

The Board expressed concern regarding delays in receiving responses from Touchstone to emails and reiterated their request that Touchstone respond to emails in a timely fashion. The Board requested that Touchstone attend the May meeting but not the June meeting.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS ON DISTRICT MATTERS

There was no discussion on this agenda item.

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



Secretary, Board of Directors

## ACTION LIST

### New Items:

1. Masterson will prepare and present additional information at the June meeting regarding options for using operating funds to pay down existing water, sewer and drainage bonds.
2. ABHR will coordinate with KGA to determine which potential park projects are eligible for funding with surplus park bond proceeds.
3. The Board will coordinate with the HC MUD 383 Board to hold two paper shredding/e-recycling events in Gleannloch Farms.
4. MOC will contact Tide Cleaner, Wheelerwood Holdings and seven residential customers regarding potential leaks.
5. MOC will prepare a check list of common water leak issues found in the home, pool & yard for posting on the District's website.
6. Ms. Grimes will notify the annexation tract developers that they have depleted their current deposit and request an additional deposit of \$10,000 for future expenses.
7. Mr. Yeager will provide costs for all Priority One maintenance items.
8. Mr. Wissel will coordinate the replacement of the existing no-trespassing signs located on District facilities.
9. Touchstone will update the NHCRWA fee post and work with Mr. Shelnutt to revise the Frequently Asked Questions link on the District's website.
10. Touchstone will finish preparing the website calendar discussed at the March 27<sup>th</sup> special meeting and will email the calendar to directors.

### Pending Items:

1. Mr. Shelnutt will coordinate all HOA accounts for smart meter portal access.
2. MOC will add reflectors to District hydrants as needed.
3. Mr. Shelnutt will follow up with Accurate to make sure that smart meter training is provided by Accurate to MOC employees.
4. Touchstone will post a video regarding sand blasting of fire hydrants on the District's website.
5. Ms. Lee will research potential eligible projects for financing with the bond proceeds and report back to the Board.
6. MOC will repair the sanitary sewer line obstruction between Gleannloch Lakes Boulevard to Lochflora Drive at a cost not to exceed \$52,000 (summer 2019).
7. ABHR and Costello will finalize the Consent to Encroachment for Friedman (PAC Dance Studio), in connection with the pending annexation.

8. MOC will complete repairs identified in phase two of the sanitary sewer line televising report.
9. MOC will install HMI equipment at the District and regional facilities.
10. Double Eagle will make improvements to a back swale that is holding water by installing a channel desilt line from the swale to Champion Forest Drive.
11. After the Gleannloch Forest Drive expansion project is complete, MOC will install a gate in the gap opening of the split-rail fence adjacent to water plant no. 3.
12. After the Gleannloch Forest Drive expansion project is complete, KGA will proceed with the installation of sidewalks between Gleannloch Forest Drive and Northpointe Boulevard.



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