

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 367

September 11, 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 11th day of September, 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, thus constituting a quorum.

Also present at the meeting were Dustin Qualls, a resident of the District; Layne Yeager of Double Eagle Erosion Solutions, LLC ("Double Eagle"); Stephanie Lee of KGA/DeForest Design, L.L.C. ("KGA"); Kathy Cruthirds of Tax Tech, Inc. ("Tax Tech"); Scott Shelnuitt of Municipal Operations & Consulting, Inc. ("MOC"); Jeff Ebersole of Costello Inc. ("Costello"); Mary DuBois of Acclaim Energy; Christine Crotwell of Masterson Advisors LLC; 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 regular meeting minutes of August 14, 2019. Discussion ensued regarding the status of nutria removal and payment for same. Following discussion, the Board deferred approval of the August 14, 2019, minutes and requested that Costello confirm the status of nutria removal and ABHR revise the draft minutes accordingly.

PUBLIC COMMENTS

Mr. Qualls introduced himself to the Board.

RECEIVE PRESENTATION REGARDING POTENTIAL DEFEASANCE OF BONDS AND TAKE APPROPRIATE ACTION

Ms. Crotwell discussed a potential cash defeasance of certain outstanding District bonds. She distributed and reviewed a Cash Defeasance Analysis, a copy of which is

attached. Ms. Crotwell stated that the District's Series 2012 and 2013 Bonds are callable but recommended the Board defer defeasing any bonds until the new tax rate legislation has been fully implemented. After discussion, the Board concurred not to take any action at this time.

#### REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS ON DISTRICT MATTERS

Director Jacob reported on recent discussions between the Gleannloch Farms Community Association ("GFCA") and homeowners regarding Sotherloch Lake.

#### DISCUSS 2019 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Ms. Crotwell distributed and reviewed a Tax Rate Analysis from Masterson, a copy of which is attached. She recommended the Board consider levying a \$0.40 debt service tax. The Board then discussed setting a maintenance and operations tax. After review and discussion, Director Jacob moved to set the public hearing for adoption of the tax rate for October 9, 2019, and authorize the tax assessor/collector to publish notice of the public hearing regarding adoption of a \$0.58 total tax rate, consisting of a \$0.40 debt service tax rate and a \$0.18 maintenance and operations tax rate. Director Lahasky seconded the motion, which passed unanimously.

#### FINANCIAL AND BOOKKEEPING MATTERS

Ms. Grimes presented the bookkeeper's report, a copy of which is attached, and reviewed the District's bills.

Ms. Grimes reported on the District reserve fund, stating that approximately \$136,000 was transferred from the District's capital reserve to the operating fund to reimburse the operating fund for completed capital projects paid from the operating fund.

Ms. Grimes reported on utility commitment and annexation deposits, noting that she is tracking fees for a potential annexation request for a tract located on Spring Cypress Road near Valka Road. She then reported on the PAC Dance Studio's annexation related expenses, including survey costs and preparation of the consent to encroachment. She noted that the PAC Dance Studio has depleted their deposit and currently owes the District \$5,590.11.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted its annual review of the District's Investment Policy. Ms. Harrington reported that there are no recommended changes to the Investment Policy.

ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Ms. Harrington noted that the District's bookkeeper has submitted an updated list of authorized depository institutions and qualified broker/dealers, which includes all banks where the District maintains authorized depository accounts.

Following review and discussion, Director Austin moved to (1) approve the bookkeeper's report and payment of the bills; (2) adopt a Resolution Regarding Annual Review of Investment Policy and direct that the Resolution be filed appropriately and retained in the District's official records; and (3) adopt a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions and direct that the Resolution be filed appropriately and retained in the District's official records. Director McEnroe seconded the motion, which passed by unanimous vote.

APPROVE ANNUAL REPORT AND AUTHORIZE FILING OF SAME IN ACCORDANCE WITH THE DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT AND AS REQUIRED BY SEC RULE 15C2-12

Ms. Harrington stated as part of the District's continuing disclosure obligations, the District is required to file an annual report containing the District's audit on an annual basis with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System ("EMMA") pursuant to SEC Rule 15c2-12. Following review and discussion, Director Lahasky moved to authorize ABHR to file the annual report through EMMA and direct that the report be filed appropriately and retained in the District's official records. Director Jacob seconded the motion, which passed by unanimous vote.

ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the District's procedures for continuing disclosure compliance. Ms. Harrington stated that no changes are required at this time.

DISCUSS RENEWAL OF TEXAS GENERAL LAND OFFICE MASTER INTERLOCAL AGREEMENT, CONSIDER ELECTRICITY CONTRACT OPTIONS, AND AUTHORIZE ANY NECESSARY ACTION

Ms. Dubois discussed energy market futures and reviewed an opportunity to extend the District's current energy contract through 2029. She stated that the District's current rate is \$0.04297 per kilowatt and the proposed rate is \$0.03875, a discount of 9.8%. Following review and discussion, Director Neason moved to (1) authorize a contract for a price not to exceed \$0.03875 per kilowatt for a 60-month term ending April 2029; (2) authorize MAC to sign a Binding Letter Agreement through November 30, 2019, subject to review by ABHR; and (3) appoint Director Austin as the authorized designee to execute the Energy Confirmation/Sales Agreement from Acclaim, subject to review by ABHR. Director Lahasky seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS, INCLUDING DELINQUENT TAX COLLECTIONS, INSTALLMENT AGREEMENTS, AND PAYMENT OF TAX BILLS

Ms. Cruthirds reviewed the tax assessment and collection report, a copy of which is attached, including the delinquent tax roll. She stated that 99.64% of the District's 2018 taxes had been collected as of August 31, 2019.

After review and discussion, Director Austin moved to approve the tax assessor/collector's report and payment of the tax bills. Director Lahasky seconded the motion, which passed unanimously.

DISTRICT PARK MATTERS

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

Ms. Lee discussed the proposed brick thin wall perimeter fencing in the Lakes at Gleannloch Farms subdivision facing Spring Cypress Road. She stated that the plans are currently being designed and Mr. Shay McGarr has contacted the residents who live adjacent to the fence.

Ms. Lee reported on the Gleannloch Forest Sidewalk Improvements. She reviewed a design proposal for construction of sidewalks on both sides of Gleannloch Forest Drive. She stated that the District's share of landscaping fees and construction costs totals approximately \$93,000. She noted that Harris County Municipal Utility District No. 383 ("HCMUD 383") has decided to move forward with construction of its portion of the project at an estimated cost of \$70,500. She requested the Board authorize advertisement of the project. She stated that KGA will review and coordinate with GFCA regarding the sidewalk design to maximize the space between the sidewalk and the street curb while at the same time ensuring that the sidewalk is installed in the right-of-way.

Ms. Lee stated that bids were received for construction of the Water Plant No. 2 fence. She reported that HCMUD 383 awarded the contract to Fencecrete America, Inc. ("Fencecrete"), in the amount of \$143,300, based upon the landscape architect's recommendation. Ms. Lee stated that the District's share of the project is \$65,187.17, and HCMUD 383's share is \$78,112.83.

Following review and discussion, based upon the landscape architect's recommendation, Director Austin moved to (1) approve the landscape architect's report; (2) approve the design proposal for the Gleannloch Forest Sidewalk Improvements; (3) authorize KGA to advertise the Gleannloch Forest Sidewalk Improvements project; and (4) concur with HCMUD 383's award of the Water Plant No. 2 fence project to Fencecrete. Director McEnroe seconded the motion, which passed by unanimous vote.

#### GARBAGE AND RECYCLING MATTERS

Director Lahasky stated that the District will hold an e-recycling event on October 19.

#### OPERATION OF DISTRICT FACILITIES

Mr. Shelnuttt reviewed the operator's report, a copy of which is attached. He reported that the water accountability for the previous month was 96.4%.

Mr. Shelnuttt requested Board authorization to write off 3 delinquent account in the amount of \$175.87 and send them to a collection agency.

The Board reviewed and discussed the golf course's monthly usage of treated effluent from the regional wastewater treatment plant.

Following 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. Shelnuttt 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 Austin 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 reported that he met with Accurate Meter regarding smart meter communications. He stated that more features, such as billing and water meter reading collaboration, are available when using a cloud-based data system. Director McEnroe stated that MOC currently uses a server-based data system. Discussion ensued regarding systems and available features. The Board authorized Directors McEnroe and Lahasky to meet with MOC and AVR, the billing company used by MOC, regarding converting to a cloud-based data system.

Mr. Ebersole reported that Pay Estimate No. 5 and Final and the remaining retaining on the smart meter contract are ready to be released to Accurate. Mr. Shelnutt stated that there are some meters that have not synced or registered in the past few days but that this is covered under the meter warranty. He reported that MOC has completed the final inspection. Mr. Ebersole and Mr. Shelnutt recommended releasing final payment to Accurate.

After review and discussion, and based upon the engineer's and operator's recommendation, Director McEnroe moved to authorize payment of Pay Estimate No. 5 and Final in the amount of \$15,285.66 and retainage in the amount of \$92,329.16 to Accurate. Director Neason seconded the motion, which passed by unanimous vote.

### ENGINEER'S REPORT

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

### DEEDS, EASEMENTS, EXECUTION OF PLATS, CONSENTS TO ENCROACHMENTS, REQUESTS FOR SERVICE, ANNEXATIONS, UTILITY COMMITMENT LETTERS, AND WASTEWATER SERVICES CONTRACTS

Mr. Ebersole reported that the PAC Dance Studio is working to complete the water and sanitary sewer services lines, as detailed in the engineer's report. He reported that their water meter is being installed and a water meter easement will need to be granted. He stated that Mr. Kyle Friedman is working to have the pipeline easement located on the District's detention pond site in the Lakes at Gleannloch Farms abandoned.

Mr. Ebersole reported that the District received an inquiry from Quest Engineering regarding potential annexation of an 8.6-acre tract on Spring Cypress Road near Valka Road. Mr. Ebersole stated that the private lines constructed for the PAC Dance Studio tract are not adequately sized to also serve the 8.6-acre tract. He stated that the District has excess wastewater capacity but would need to

construct a lift station and force main to serve the 8.6-acre tract. He stated that the current water system may not be capable of maintaining water pressure during peak hours if the District were to serve the 8.6-acre tract. He added that Costello would need to prepare a water pressure model to confirm whether a looped water line or additional storage tank capacity is needed, at an estimated cost of \$4,000 to \$5,000. Discussion ensued and the Board concurred to investigate potential annexation of the tract, subject to receipt of a \$25,000 annexation deposit.

NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY, INCLUDING UPDATE ON SURFACE WATER SUPPLY AND PARTICIPATION IN REUSE WATER CREDIT PROGRAM

Mr. Ebersole reported on the North Harris County Regional Water Authority ("NHCRWA"), as detailed in the engineer's report. Ms. Harrington updated the Board on HCMUD 383's pending request to participate in the NHCRWA effluent reuse program. She stated that the attorney for the NHCRWA is reviewing the draft agreement and related capital cost summary, and that she is awaiting a response. Ms. Harrington reported that John Porea and John Ryan, Directors of HCMUD 383, are scheduling a meeting with the NHCRWA.

UPDATE ON GLEANNLOCH FOREST DRIVE EXPANSION PROJECT AND APPROVE RELATED DOCUMENTS AS NEEDED

Mr. Ebersole updated the Board on the Gleannloch Forest Drive expansion project, as detailed in the engineer's report. He reported that notice to proceed was issued June 17, with a 60-day construction target completion date of August 15. Mr. Ebersole reported on areas of the new road that have cracked due to the saw cut control joints not being cut to the proper depth. He stated that the contractor replaced the concrete panels at issue and the contractor is addressing punch list items.

SMOKE TESTING AND TELEVISIONING OF DISTRICT SANITARY SEWER LINES, APPROVAL OF RECOMMENDED REPAIRS, AND UPDATES TO GIS-BASED EXHIBIT OF WATER, SANITARY SEWER, AND DRAINAGE FACILITIES

Mr. Ebersole reported on televising of sanitary sewer lines, as detailed in the engineer's report.

UPDATE ON PARK SURPLUS FUNDS APPLICATION AND RE-ADOPT RESOLUTION AUTHORIZING EXPEDITED APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR USE OF SURPLUS FUNDS

Mr. Ebersole updated the Board on the surplus funds application, as detailed in the engineer's report. The Board then considered re-adopting a

Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval for Use of Surplus Funds to include the District's share of the proposed Water Plant No. 2 fence and Gleannloch Forest Sidewalk Improvements projects.

#### 48-INCH OUTFALL PIPE AT REGIONAL WASTEWATER TREATMENT PLANT

Mr. Ebersole stated that bids were received for replacement of 40 feet of the 48-inch outfall at the WWTP and HCMUD 383 awarded the contract to South Central Texas Excavation, LLC ("South Central"), in the amount of \$26,730.

Mr. Ebersole reported that nutria removal by AAAC Wildlife is ongoing.

Following review and discussion, and based on the engineer's recommendation, Director Austin moved to (1) approve the engineer's report; (2) authorize Costello to request a \$25,000 annexation deposit from Quest Engineering for the 8.6-acre tract; (3) re-adopt the Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval for Use of Surplus Funds; and (4) concur with HCMUD 383's award of the contract for replacement of 40 feet of the 48-inch outfall pipe at the WWTP to South Central. Director Lahasky seconded the motion, which passed by unanimous vote.

#### ANNEXATION MATTERS

Ms. Harrington reviewed correspondence from Mr. Friedman requesting that the District absorb all remaining and future costs related to the PAC Dance Studio annexation including related landscape restoration. After discussion, the Board declined the request from Mr. Friedman.

#### CHANNEL AND POND MAINTENANCE, PROPOSALS FOR WORK, AND PROJECT PRIORITY CHART

Mr. Yeager presented a maintenance report from Double Eagle, a copy of which is attached.

Mr. Yeager reported that desilting of the pilot channels is complete and mowing has been reduced to once a month.

Mr. Yeager reported on the repair work that Harris County Flood Control District has undertaken on portions of the District's channel, stating that the project is still ongoing.

#### WIRELESS SPRINKLER IRRIGATION CONTROLS

There was no discussion on this item.



ATTORNEY'S REPORT, INCLUDING REVIEW ACTION LIST

Ms. Harrington reviewed the action list.

DISTRICT WEBSITE MATTERS

The Board discussed ongoing issues with Touchstone and considered a website proposal from Off Cinco. Following review and discussion, Director Lahasky moved to approve the proposal from Off Cinco to include a fixed layout at a cost of \$1,500.00, and unlimited updates for a total monthly cost of \$150.00, subject to review by ABHR and 30 days' notice of termination of website services being provided to Touchstone. Director Austin seconded the motion, which was approved by unanimous vote. The Board concurred to authorize sending the 30-day notice of termination of website services to Touchstone at the October meeting.

BOOKKEEPING MATTERS (CONTINUED)

Ms. Grimes inquired about inactive utility commitment, including the Kiss Family and Gleannloch Town Nubani commitments. Mr. Ebersole stated that Costello will follow up on the outstanding utility commitments to confirm their status.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS ON DISTRICT MATTERS (CONTINUED)

Director Neason announced his resignation from the Board.

The Board discussed scheduling a joint meeting with the HCMUD 383 Board in early December.

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



Secretary, Board of Directors