

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 367

June 12, 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 12th day of June, 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 Jacob, thus constituting a quorum.

Also present at the meeting were Layne Yeager of Double Eagle Erosion Solutions, LLC ("Double Eagle"); Shay McGarr of Gleannloch Farms Community Association ("GFCA"); Ralph Wissel of Costello, Inc. ("Costello"); Kathy Cruthirds of Tax Tech, Inc. ("Tax Tech"); Scott Shelnutt of Municipal Operations & Consulting, Inc. ("MOC"); Stephanie Lee of KGA/DeForest Design, LLC ("KGA"); 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 May 8, 2019, and the special meeting minutes of March 27, 2019, and April 23, 2019. After review and discussion, Director Austin moved to approve the meeting minutes, as revised. Director Lahasky seconded the motion, which passed by unanimous vote.

COMMENTS FROM THE PUBLIC

Mr. McGarr updated the Board on GFCA matters. Discussion ensued regarding a bathroom installed at the tennis courts with a septic holding tank. Mr. McGarr stated that GFCA is looking into options for connecting the bathroom to the District's sanitary sewer system since septic systems are not allowed pursuant to the District's Rate Order.

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.

Ms. Grimes stated that she will hold the payment to Accurate Utility Supply ("Accurate") until Costello and MOC review the invoice and recommend payment.

Director Lahasky inquired about the District's annual contribution to GFCA of \$63,000. Ms. Harrington noted that the District can approve the contribution this month and Ms. Grimes can have the disbursement available for Board review at the next regular meeting.

Ms. Grimes stated that the District received the additional \$10,000 deposit from the PAC Dance Studio to cover annexation related expenses, including survey costs and preparation of the consent to encroachment. She noted that after current expenses have been deducted, the remaining balance is \$106. Discussion ensued regarding future expenses related to the PAC Dance Studio and the Board concurred to consider requesting an additional deposit in July.

Ms. Grimes discussed the District's Gleannloch Forest Drive expansion project payments. She stated that the District has collected \$152,907 and made payments totaling \$113,280 to Harris County.

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

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 99.06% of the District's 2018 taxes had been collected as of May 31, 2019. Ms. Cruthirds reported the District's initial taxable value is \$667,475,771. After review and discussion, Director Lahasky moved to approve the tax assessor/collector's report and payment of the tax bills. Director McEnroe seconded the motion, which passed unanimously.

AUTHORIZE DELINQUENT TAX ATTORNEY TO PROCEED WITH COLLECTION OF DELINQUENT TAXES

The Board discussed the collection of the 2018 delinquent taxes. After review and discussion, Director Lahasky moved to authorize the delinquent tax attorney to proceed with the collection of 2018 delinquent taxes on July 1, 2019. Director McEnroe 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 then presented a Technical Assistance Contract to engage KGA's services on pending and future agreed upon projects.

Ms. Lee discussed the proposed brick thinwall perimeter fencing in the Lakes at Gleannloch Farms subdivision facing Spring Cypress Road. She stated that the District's cost for the project is \$21,560. Discussion ensued regarding notification to affected residents and Mr. McGarr stated that he will reach out to residents who live adjacent to the fence.

Ms. Lee discussed the Water Plant No. 2 fence replacement. She stated that the District's share of the project is \$73,707.56 (45.49%) and park bond proceeds may be used to fund the project since the fence is located along a major thoroughfare or adjacent to green spaces that can be used for recreational purposes. Ms. Harrington stated that in order to use surplus park bond funds for this project, the Board must authorize preparation of a surplus funds application and obtain TCEQ approval because the project was not included in the park bond application. Mr. Lee requested the Board authorize preparation of a surplus funds application for the replacement of the Water Plant No. 2 fence.

Ms. Lee reviewed a design proposal for replacement of the Lift Station No. 6 fence. She asked the Board about extending the replacement fence around the left corner approximately three feet. The Board directed KGA to extend the fence replacement as discussed and include the project in the surplus funds application, if eligible.

After review and discussion, Director Austin moved to (1) approve the Technical Assistance Contract; (2) contribute funding to GFCA for the proposed brick thinwall fence facing Spring Cypress Road, subject to notification being provided to affected residents; (3) authorize KGA to move forward with the Water Plant No. 2 and Lift Station No. 2 fence replacement projects; and (4) authorize preparation of a surplus funds application for one or both projects. Director Lahasky seconded the motion, which passed by unanimous vote.

GARBAGE AND RECYCLING MATTERS

The Board discussed the recent CPI increase for garbage and recycling services and concurred that Best Trash need not attend the next meeting.

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 99.4%.

The Board discussed commercial meter usage. Director Lahasky noted the Havenwood Pool House usage increase from April to May. Mr. Shelnutt reported that the increase is normal for this time of year due to pool use.

Mr. Shelnutt reviewed a "How to read a water meter?" notice for posting on the District's website. After discussion, Director Lahasky and McEnroe stated they will review and revise the notice before posting.

Mr. Shelnutt reviewed the content of MOC's leak door tag notice. Director McEnroe stated that he will compare the leak list with Eye on Water application signups. Director McEnroe also reported that he will attend GFCA's July 4th event and promote Eye on Water application signups. Discussion ensued regarding methods for promoting application signups, and the Board authorized Director McEnroe to purchase signs and other promotional materials for the event at an approximate cost of \$400.

Mr. Shelnutt reported that reflectors for fire hydrants are on backorder and should arrive within two weeks.

After 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 all meters are now installed.

Discussion ensued regarding smart meter functions and the Board requested that MOC identify any issues with newly installed smart meters in a timely manner and determine if the issues are covered by the warranty. The Board discussed the labor and product warranty provided by Accurate. Mr. Shelnutt stated MOC will bill all work related to smart meters to a separate account and back charge Accurate for any warranty covered items. The Board directed the bookkeeper, under advisement of the District engineer and operator, to withhold sufficient contract retainage to cover any warranty issues.

Mr. Wissel presented and recommended approval of Pay Estimate No. 4 to Accurate for the installation of 835 smart meters in the amount of \$263,821.50, subject to final review by Costello and MOC.

Following review and discussion, Director Lahasky moved to approve Pay Estimate No. 4 to Accurate for the replacement of 835 meters in the amount of \$263,821.50, based upon the recommendation of the engineer, subject to review by Costello and MOC. Director Neason seconded the motion, which passed by unanimous vote.

ENGINEERING MATTERS

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

Mr. Wissel updated the Board on the PAC Dance Studio annexation into the District. He reported that the developer is requesting a letter stating that the District will provide utility service for the property. Mr. Wissel noted that this commitment letter is required by Harris County in order to record the plat. Ms. Harrington stated that she has prepared a letter agreement, for board consideration under the annexation agenda item below, indicating that the District will provide service to the property as an out-of-District customer if the tract is not annexed. Mr. Wissel stated that with this letter agreement, the developer should be able to have their plat recorded.

Mr. Wissel reported that the PAC Dance Studio developer was successful in getting a portion of an old pipeline easement from Spring Cypress to Boudreaux Road abandoned for their property. Discussion ensued regarding getting the entire easement abandoned. The Board concurred to review the matter next month and directed Mr. Wissel to discuss options for abandoning additional segments of the pipeline easement with the developer.

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 installation of the final WWTP effluent meter is complete and the final the costs for the effluent meter at the wastewater plant have been provided to ABHR.

Mr. Wissel updated the Board on the Gleannloch Forest Drive expansion project, as detailed in the engineer's report. He stated that Costello will attend the preconstruction meeting and emphasize the importance of protecting trees in the area.

Mr. Wissel updated the Board on the sanitary sewer televising project, as detailed in the engineer's report. Mr. Shelnutt reported that the smoke testing is complete and seven manholes were identified. Mr. Wissel requested that MOC send the identified manholes to Costello so that the District GIS can be updated.

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. He presented and recommended approval of Pay Estimate No. 1 to A&H Coating Services in the amount of \$48,105.00.

Mr. Wissel recommended the Board authorize payment of \$1,050 to SignTex, representing one-half of the total cost to replace the District's three no-trespassing signs, so that SignTex can move forward with fabricating and installing the signs.

Mr. Wissel reviewed a proposal from AAAC Wildlife Removal for nutria trapping at the Gleannloch Golf Course/West Ditch for a cost of \$950.00. He stated that Mr. Yeager reported seeing additional nutria on the East Channel. Mr. Wissel requested the Board authorize additional funding for nutria trapping on the East Channel. Discussion ensued.

Following review and discussion, and based on the engineer's recommendation, Director Neason moved to (1) approve the engineer's report; (2) approve Pay Estimate No. 1 to A&H Coating Services in the amount of \$48,105 for the ground storage tank recoating project; (3) authorize payment of \$1,050 to SignTex for fabrication and installation of the signs; (4) approve the proposal from AAAC Wildlife Removal for nutria trapping at the Gleannloch Golf Course/West Ditch for a cost of \$950; and (5) authorize additional funding in an amount not to exceed \$950 for nutria trapping on the East Channel. Director McEnroe 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 stated that the back slope swales were regraded in May.

Mr. Yeager reviewed a cost estimate for Priority One channel repairs. Discussion ensued and the Board requested that Mr. Yeager forward the cost estimate to Director Jacob for review.

After review and discussion, Director McEnroe moved to authorize Double Eagle to complete the projects with bid item pricing at a cost of \$12,875. Director Lahasky seconded the motion, which passed by unanimous vote. The Board concurred to defer approval of the non-bid-price projects until the next regular meeting.

ANNEXATION MATTERS

Ms. Harrington reviewed a letter agreement notifying the PAC Dance Studio developer that in the event the annexation fails the District will provide service to the property as an out-of-District customer, subject to execution of a service agreement. After review and discussion, Director McEnroe moved to approve the letter agreement with PAC Dance Studio. Director Lahasky seconded the motion, which passed by unanimous vote.

WIRELESS SPRINKLER IRRIGATION CONTROLS

There was no discussion on this agenda item.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Harrington discussed renewal of the District's insurance policies with the Board. After inquiry from Ms. Harrington, the Board declined to add property coverage to the District's insurance policies for District amenities such as brick thinwall fencing, sidewalks, landscaping and irrigation, but to consider adding liability coverage at the next meeting.

ATTORNEY'S REPORT

AUTHORIZE EXECUTION OF LETTER AGREEMENT WITH GLEANNLOCH FARMS COMMUNITY ASSOCIATION FOR DISTRICT CONTRIBUTION TOWARDS ELIGIBLE PROJECTS/COSTS

Ms. Harrington presented two Letter Agreements between the District and GFCA for the annual contribution of \$63,000 and for the proposed brick thinwall fencing facing Spring Cypress Road at a cost of \$21,560.

After review and discussion, Director Lahasky moved to authorize execution of Letter Agreements between the District and GFCA regarding the annual contribution of \$63,000 and for the proposed brick thinwall fencing facing Spring Cypress Road at a cost of \$21,560. Director McEnroe seconded the motion, which passed by unanimous vote.

GROUNDWATER CREDIT MATTERS

There was no discussion on this matter.

ACTION LIST

The Board reviewed the action list.

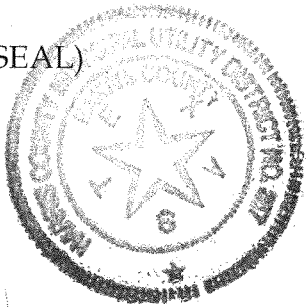
DISTRICT WEBSITE MATTERS

The Board reviewed a monthly report from Touchstone, a copy of which is attached.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS ON DISTRICT MATTERS

There was no discussion on this matter.

(SEAL)



A handwritten signature in cursive script, appearing to read "Rafael", is written over a horizontal line.

Secretary, Board of Directors

ACTION LIST

New Items:

1. ABHR will finalize the letter agreements with the GFCFA.
2. ABHR will follow up with the insurance consultant regarding liability coverage.
3. ABHR will coordinate with NHCRWA regarding the effluent meter costs.
4. Costello, KGA and ABHR will coordinate on preparation of a surplus funds application.
5. Costello will follow up with PAC Dance Studio regarding old pipeline easement and potential abandonment.
6. Costello will coordinate nutria removal.
7. MOC and Costello will review the pending smart meter pay estimate.
8. MOC will separately track smart meter charges that are potentially covered under warranty.
9. Directors Lahasky and McEnroe will review and finalize operator related website postings.
10. Director McEnroe will compare the leak list to Eye on Water application signups.

Pending Items:

1. MOC will implement a process to identify issues with any new smart meters in a timely manner.
2. Masterson will prepare and present additional information at the July meeting regarding options for using operating funds to pay down existing water, sewer and drainage bonds.
3. Director Lahasky will prepare a check list of common water leak issues found in the home, pool & yard for posting on the District's website.
4. MOC will add reflectors to District hydrants as needed.
5. Mr. Shelnutt will coordinate all HOA accounts for smart meter portal access.
6. Mr. Shelnutt will follow up with Accurate to make sure that smart meter training is provided by Accurate to MOC employees.
7. Mr. Wissel will coordinate the replacement of the existing no-trespassing signs located on District facilities.
8. 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).
9. MOC will install HMI equipment at the District and regional facilities.
10. 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.

11. 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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