

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 367

October 9, 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 9th day of October, 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 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 Shelnutt of Municipal Operations & Consulting, Inc. ("MOC"); Ralph Wissel of Costello Inc. ("Costello"); Shannon Waugh of Off Cinco; Cindy Grimes of Municipal Accounts & Consulting, L.P. ("MAC"); and Adisa Harrington, Lelia Pappas, Jane Miller, and Erika Smiley of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the special meeting minutes of August 14, 2019, and the regular meeting minutes of September 11, 2019. After review and discussion, Director Lahasky moved to approve the special meeting minutes of August 14, 2019, and the regular meeting minutes of September 11, 2019. Director Austin seconded the motion, which passed by unanimous vote.

PUBLIC COMMENTS

There were no comments from the public.

ACCEPT RESIGNATION OF DIRECTOR NEASON AND APPOINT NEW DIRECTOR

Ms. Harrington announced that Director Neason has submitted his resignation from the Board. Mr. Dustin Qualls introduced himself to the Board and said he would like to be appointed to fill the vacancy on the Board. Following discussion, Director Austin made a motion to accept the resignation of Director Neason and to appoint Mr.

Qualls to fill the vacancy on the Board. Director Lahasky seconded the motion, which carried unanimously.

#### APPROVE SWORN STATEMENT, OFFICIAL BOND, AND OATH OF OFFICE

Ms. Harrington stated that Director Qualls must execute a Sworn Statement, Official Bond, and Oath of Office as required by the Texas Constitution and Texas Water Code. After discussion, Director Austin moved to approve Director Qualls' Sworn Statement, Official Bond, and Oath of Office, and direct that they be filed appropriately and retained in the District's official records and that the Oath of Office be filed with the Secretary of State of the State of Texas. The motion was seconded by Director Lahasky and carried unanimously.

#### REORGANIZE THE BOARD AND AUTHORIZE EXECUTION OF DISTRICT REGISTRATION FORM

The Board then considered reorganizing the Board. After discussion, the Board concurred to reorganize the Board as follows:

Christopher Jacob	President
Daryl Austin	Vice President
Lena Lahasky	Secretary
William McEnroe	Assistant Vice President
Dustin Qualls	Assistant Secretary

Ms. Harrington stated the District Registration Form must be filed with the Texas Commission on Environmental Quality ("TCEQ") to show the new slate of officers. After discussion, Director Austin made a motion to authorize ABHR to file the District Registration Form with the TCEQ. Director Lahasky seconded the motion, which carried unanimously.

#### OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING

Ms. Harrington next distributed and reviewed a memorandum regarding Texas Open Meetings Act and Public Information Act training requirements and encouraged Director Qualls to receive his training as soon as possible and forward his certificate of completion to ABHR for inclusion in the District's permanent records.

#### CONFLICT OF INTEREST DISCLOSURE AND LIST OF LOCAL GOVERNMENT OFFICERS

Ms. Harrington reviewed with the Board legislation enacting Chapter 176 of the Texas Local Government Code, which requires directors and consultants to disclose certain conflicts of interest. She reviewed with Director Qualls the forms adopted by the

Texas Ethics Commission for making disclosures under Chapter 176 and noted that the forms are required to be filed with the records administrator for the District. She encouraged Director Qualls to contact ABHR if assistance is needed in determining whether a conflict requires disclosure or in making a required disclosure. She then stated that pursuant to Chapter 176 of the Texas Local Government Code, the District is required to maintain a List of Local Government Officers. The Board reviewed the List of Local Government Officers, which now includes Director Qualls. After review and discussion, Director Austin made a motion to approve the List of Local Government Officers and direct that the List be filed appropriately and retained in the District's official records. 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 utility commitment and annexation deposits, noting that she is tracking fees for potential annexation of 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 PAC Dance Studio has depleted its deposit and currently owes the District \$8,116.10.

Ms. Harrington reported on the Dr. Shirley/JETEC Properties, LLC ("JETEC") utility commitment. She stated that previously the District agreed to reduce the existing storm sewer easement from 35 feet to 25 feet, due to the easement not being disclosed in the title report for the tract, and give JETEC an overlaying consent to encroachment for construction of a parking lot, subject to payment of the District's related engineering and legal fees. The Board discussed applying a portion of the legal fee reimbursement to the JETEC utility commitment deposit so that JETEC does not incur District legal fees relating to the title policy error.

Ms. Harrington noted that the annual energy cost and usage report included in the bookkeeper's report is required to be posted on the District's website.

After 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, 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 99.70% of the District's 2018 taxes had been collected as of September 30, 2019.

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

#### PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ORDER LEVYING TAXES AND AMENDMENT TO INFORMATION FORM

Ms. Cruthirds reported that Tax Tech published a Notice of Public Hearing stating the District will consider levying a 2019 tax rate of \$0.58 at this meeting.

The Board then opened the public hearing. No members of the public came forward to make comments. The Board then closed the public hearing.

The Board considered adopting an Order Levying Taxes for 2019 reflecting a total \$0.58 tax rate comprised of \$0.40 for debt service and \$0.18 for operations and maintenance. The Board then reviewed an Amendment to Information Form reflecting the 2019 tax rate. After review and discussion, Director Lahasky moved to adopt the Order Levying Taxes as presented, approve and authorize execution of the Amendment to Information Form, and direct that the Order Levying Taxes and Amendment to Information Form 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 report, a copy of which is attached.

Ms. Lee reported on the Gleannloch Forest Sidewalk Improvements, as detailed in the landscape architect report.

Ms. Lee reported on the construction of sidewalks on both sides of Gleannloch Forest Drive, as detailed in the landscape architect report.

Ms. Lee reported on the Water Plant No. 2 fence project, as detailed in the landscape architect report.

#### GARBAGE AND RECYCLING MATTERS

Director Lahasky reported that the District will hold an e-recycling event on October 19. She stated that flyers will be distributed at the event promoting and encouraging residents to sign up for the EyeOnWater smart meter application.

## OPERATION OF DISTRICT FACILITIES

Mr. Shelnutt reviewed the operator's report, a copy of which is attached. He reported that the water accountability for the previous month was 99.3%.

Mr. Shelnutt reported that delinquent accounts were not turned off last month due to collapse of the roof of the main post office during Tropical Storm Imelda, which caused mail delays.

Mr. Shelnutt requested Board authorization to write off two delinquent accounts in the amount of \$97.32 and send them to a collection agency. Discussion ensued regarding the delinquent list and methods to notify residential customers regarding potential leaks. Director McEnroe stated that he will review the leak notification process and coordinate with MOC.

The Board reviewed and discussed the golf course's monthly usage of treated effluent from the regional wastewater treatment plant. Ms. Harrington reported that she requested MOC provide ABHR with the golf course's annual effluent usage so that she can estimate the amount of the annual credit to be received. She stated that all effluent credits received from the NHCRWA will be shared by the District and Harris County Municipal Utility District No. 383 ("HCMUD 383") since the effluent treatment system is a regional project that both districts funded.

Mr. Shelnutt reported on the status of operator items on the action list from last month's meeting.

Mr. Shelnutt reviewed a request from the customer at 3 Lillington Manor for a water bill adjustment and related water meter readings showing high usage. Discussion ensued and the Board concurred to authorize MOC to bill the resident at 3 Lillington Manor at the lowest tier in the District's Rate Order plus the surface water fee.

After inquiry from Director Austin, Mr. Shelnutt explained MOC's work order invoice billing process. The Board directed MOC to investigate options for expediting billing for completed work and provide a summary of completed projects on a going forward basis, including the recent fire hydrant sandblasting/painting project. Mr. Shelnutt reported that a fire hydrant at the intersection of Northpointe Boulevard and Gleannloch Forest Drive was damaged due to a hit and run car accident and the repair work was billed to the District in increments.

After review and discussion, Director McEnroe moved to (1) approve the operator's report; (2) authorize MOC to write off two delinquent accounts in the amount of \$97.32 and send them to the collection agency; and (3) bill the resident at 3 Lillington Manor at the lowest tier in the District's Rate Order plus the surface water fee. Director Lahasky 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 Austin and passed by unanimous vote.

## SMART METER MATTERS

Mr. Shelnutt stated installation of smart meters is complete. After inquiry from Director McEnroe, Mr. Shelnutt stated that every installed smart meter has communicated to AVR but that a few have lost connection. He stated that meters that have lost connection will be repaired or replaced by Accurate per the smart meter warranty.

Director McEnroe stated that AVR is coordinating with MOC to determine how data can be extracted from the smart meters by AVR for billing purposes.

## ENGINEER'S REPORT

Mr. Wissel 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. Wissel reported on the inquiry from Quest Engineering regarding potential annexation of an 8.6-acre tract on Spring Cypress Road near Valka Road, as detailed in the engineer's report. He stated that the developer is considering whether to submit the required \$25,000 annexation deposit and formally request annexation.

Ms. Harrington reported on matters relating to development of the property sold by the District to JETEC. She stated that the Amended and Restated Storm Sewer Easement (reducing the existing easement from 35 feet to 25 feet) and related Consent to Encroachment previously approved by the Board are now finalized and ready for execution.



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

Ms. Harrington stated that the Alternative Water Use Agreement is scheduled to be approved at the NHCRWA's November meeting. She stated that the District and HCMUD 383 will receive a 10% reimbursement payment towards the \$2,803,484 in effluent system capital costs after the Agreement is executed, as well as a monthly credit equal to 50% of the groundwater pumpage fee for treated effluent that is used by the golf course for irrigation during the 20-year term of the Agreement.

GLEANNLOCH FOREST DRIVE EXPANSION PROJECT AND APPROVE  
RELATED DOCUMENTS AS NEEDED

Mr. Wissel updated the Board on the Gleannloch Forest Drive expansion project, as detailed in the engineer's report. He stated that the contractor has not submitted a final pay estimate.

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

48-INCH OUTFALL PIPE AT REGIONAL WASTEWATER TREATMENT PLANT

Mr. Wissel 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.

UPDATE ON PARK SURPLUS FUNDS APPLICATION

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

ABANDONMENT OF EXXON MOBILE PIPELINE EASEMENT

Mr. Wissel updated the Board on abandonment of the Exxon Mobile pipeline, as detailed in the engineering report.

### OTHER ENGINEERING MATTERS

Mr. Wissel reviewed new National Oceanic and Atmospheric Administration standards ("Atlas 14"). He stated that new developments will have to comply with updated drainage requirements based on the new Atlas 14 criteria. Discussion ensued.

Following review and discussion, and based on the engineer's recommendation, Director Austin moved to (1) approve the engineer's report; and (2) authorize execution of the previously approved Amended and Restated Storm Sewer Easement and related Consent to Encroachment, authorize ABHR to record the documents subject to reimbursement of the District's related legal fees, and direct that the documents be filed appropriately and retained in the District's official records. Director Lahasky seconded the motion, which passed by unanimous vote.

### ANNEXATION MATTERS

There was no discussion on this item.

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

Mr. Wissel reported that a beaver in Dry Gully was trapped at a cost of \$750, and nutria removal by AAAC Wildlife is complete.

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

Mr. Yeager presented and reviewed a proposal in the amount of \$925 for installation of two 8x8 foot gates on the north side of Gleannloch Forest Drive.

Mr. Yeager reported there is an outfall holding water and sediment in the golf course, as well as a sinkhole near the golf cart path. He added that he is coordinating with Costello to inspect the outfall and sinkhole.

After review and discussion, Director McEnroe moved to (1) approve the maintenance report; (2) approve payment of \$750 to AAAC Wildlife for beaver removal; and (3) approve the proposal in the amount of \$925 for installation of two 8x8 foot gates on the north side of the Gleannloch Forest Drive. Director Austin seconded the motion, which passed by unanimous vote.

### WIRELESS SPRINKLER IRRIGATION CONTROLS

There was no discussion on this item.



## ATTORNEY'S REPORT

Ms. Harrington reviewed the action list.

## DISTRICT WEBSITE MATTERS

The Board discussed District website matters and transitioning website services from Touchstone District Services ("Touchstone") to Off Cinco. Ms. Waugh review a preview of the new District website. Discussion ensued regarding website layout and content.

After review and discussion, Director Lahasky moved to ratify approval of the proposal from Off Cinco for website design and management services to include a fixed layout at a cost of \$1,500, and unlimited updates for a total monthly cost of \$150, subject to review by ABHR and 30 days' notice of termination of website services being provided to Touchstone. Director Austin seconded the motion, which passed by unanimous vote.

The Board requested that Costello coordinate with Off Cinco to update the District map on the website to include the PAC Dance Studio tract.

## REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS ON DISTRICT MATTERS

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.

(SEAL)



Secretary, Board of Directors