

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

August 17, 2023

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 365 (the "District") met in regular session, open to the public, on the 17th day of August, 2023, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Joe Myers	President
Greg Coleman	Vice President
Cathy Cropper	Secretary
Ann Nguyen Moore	Assistant Secretary
Angela Small	Assistant Vice President

and all of the above were present, except Director Small, thus constituting a quorum. Director Small called into the meeting by audioconference but did not participate in deliberations or voting, pursuant to the Texas Open Meetings Act.,

Also present at the meeting were Nathan White of Si Environmental LLC ("Si"); Chris Burke of Burke Engineering, LLC ("Burke"); Odett Newman of Bob Leared Interests, Inc. ("Leared"); Sherri Greenwood of FORVIS, LLP ("FORVIS"); Chris Herrin of Infrastructure Construction Services; and Adisa Harrington and Connie Rossi of Allen Boone Humphries Robinson LLP ("ABHR").

Also attending via audioconference was Mary Jarmon of Myrtle Cruz, Inc.

CONSENT AGENDA

Director Myers offered Board members and consultants the opportunity to remove items from the consent agenda for individual discussion. Following discussion, Director Cropper moved to approve all items on the consent agenda. Director Moore seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached, excluding the minutes from the previous meeting.

PUBLIC COMMENT

Director Myers offered any members of the public attending the meeting the opportunity to make public comment.

Mr. Herrin introduced himself to the Board.

Director Coleman addressed the Board regarding his attendance at an event hosted by Commissioner Ramsey of Harris County, Precinct 3 and District security matters.

There being no additional public comments, Director Myers moved to the next agenda item.

ENGAGE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END AUGUST 31, 2023

Ms. Greenwood reviewed a proposal for auditing services from FORVIS. She stated the estimated fees are \$21,000 for the District audit and \$2,600 to audit each joint facility account, plus expenses. Following discussion, Director Coleman moved to approve the audit proposal from FORVIS. Director Moore seconded the motion, which passed by unanimous vote.

ADDITIONAL BOOKKEEPING MATTERS

The Board reviewed a draft budget for the fiscal year ending August 31, 2024.

The Board discussed director fees of office and related bookkeeping matters.

Following review and discussion, Director Moore moved to approve the budget for the fiscal year ending August 31, 2024, as discussed. Director Cropper seconded the motion, which passed by unanimous vote.

ADDITIONAL OPERATING MATTERS

Mr. White reviewed the District's water accountability, as reflected in the operator's report. Discussion ensued.

Mr. White requested authorization to send two uncollectable accounts totaling \$133.69 to a collection agency. Following discussion, Director Coleman moved to authorize the operator to send two uncollectable accounts totaling \$133.69 to a collection agency. Director Cropper seconded the motion, which passed by unanimous vote.

The Board discussed the e-mail Mr. Richards received from a third-party billing company. Mr. White noted that the billing company handles customer auto-payments for Si. Following discussion, requested that Si provide this information to Mr. Richards.

The Board discussed signage posted by Si when making repairs in the District.

Mr. White updated the Board regarding the Smart Water application.

Mr. White stated that the North Harris County Regional Water Authority ("NHCRWA") is implementing Stage 1 of its drought contingency plan. Discussion

ensued regarding the District's drought contingency plan and the NHCRWA notice. Following discussion, the Board authorized Si to (1) post signs promoting voluntary water conservation; and (2) coordinate with the Communications Committee to post notice on the District's website regarding voluntary water conservation.

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

The Board then conducted a hearing on the termination of utility service to delinquent accounts. Mr. White reported that the persons on the termination list provided to the Board were mailed written notice prior to this meeting in accordance with the Rate Order, notifying them of the opportunity to appear before the Board of Directors to explain, contest, or correct the utility service bill and to show reason why utility service should not be terminated for reason of nonpayment. Following review and discussion, Director Cropper 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. Director Coleman seconded the motion, which passed by unanimous vote.

ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Newman reported to the Board that Leared cannot receive tax payments through PayPal at this time. Following discussion, the Board requested that Leared investigate whether PayPal can be made available as a payment option in the future.

The Board then reviewed the delinquent tax report prepared by Perdue, Brandon, Fielder, Collins & Mott, LLP, a copy of which is attached.

RECREATIONAL AND LANDSCAPE MATTERS

The Board discussed the replacement of dog waste stations.

ENGINEERING MATTERS

Mr. Burke presented and reviewed the engineer's report, a copy of which is attached.

Mr. Burke reviewed the monthly well pumpage and run time charts, copies of which are attached to the engineer's report.

Mr. Burke updated the Board regarding remote monitoring options for the District water plants using SCADA (Supervisory Control and Data Acquisition).

Mr. Burke updated the Board regarding production tests performed on Well Nos. 1, 2, 3, and 4.

Mr. Burke updated the Board regarding a utility service request from Broadstone Coles Crossing Apartments for additional units.

Mr. Burke updated the Board regarding a utility service request from Dundee Court for a medical office building.

Mr. Burke then updated the Board regarding the Reclaimed Water Distribution System. He recalled the discussion from the July Board meeting in which he recommended the District secure users before proceeding with construction of either the Reclaimed Water Plant or the Reclaimed Water Distribution System. Director Myers stated that he believed the District needed to construct the Reclaimed Water Plant and that design of Phase 1 of the Distribution System needed to proceed, pending possible revisions to be discussed at a coordination meeting with Directors Myers, Director Coleman and Mr. Burke. Director Myers reminded the Board of the terms of the Alternate Water Use Incentive Agreement with the NHCRWA, which were not discussed at the July meeting, including: (i) the 10% initial reimbursement payment to be received from the NHCRWA towards approved costs of the reuse system once the system is complete and operating, and (ii) the 50% credit (currently \$2.05 per 1,000 gallons) to be received by the District for reclaimed water that is used by the District and/or other customers. Following discussion, the Board directed Burke to instruct Costello to bid the Reclaimed Water Plant as soon as possible, and to include provisions to omit 1 filter, 1 ground storage tank and foundation, 1 transfer pump, piping, etc. as to construct only the first phase of the Plant. Mr. Burke requested the Board authorize Costello to advertise for such bids on completion of revisions to plans and specifications to allow for phasing of construction. Following additional discussion, Director Moore made a motion to authorize Costello to advertise for bids for the Reclaimed Water Plant. Director Cropper seconded the motion, which passed by unanimous vote.

Mr. Burke updated the Board regarding the unauthorized outfall. He noted that the outfall has been removed to the property line but restoration of the area has not been completed.

Mr. Burke stated that nine bids were received for construction of the joint channel and drainage repairs project. He recommended that the Board award the contract to the second lowest bidder, Rally Construction, Inc. ("Rally") in the amount of \$161,100.00, including a correction in the quantity of sod, noting that Rally will use smaller equipment to reduce the risk of damage to the District's trail. The Board concurred that, in its judgment, Rally was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. The Board considered authorizing ABHR to issue notice of the project to Harris County Municipal Utility District No. 364 ("MUD 364"). Following discussion, Director Coleman moved to (1) award the contract for construction of the joint channel and drainage repairs project to Rally in the amount of \$161,100.00, based upon the engineer's recommendation and receipt of the payment and performance bonds and the certificate(s) of insurance and

endorsements, if any, provided by the contractor; (2) authorize ABHR to issue notice of the joint channel and drainage repairs project to MUD 364; and (3) authorize the engineer to advertise for bids for the smart meter project within the next 30 days. Director Cropper seconded the motion, which passed by unanimous vote.

Mr. Burke updated the Board regarding the emergency outfall erosion repair near the Coles Crossing Clubhouse, noting that there are punch-list items that have not been corrected. Following discussion, the Board requested Burke coordinate with Storm Water Solutions to address the punch-list items.

Mr. Burke updated the Board regarding submittal of Bond Application No. 5. Discussion ensued regarding an estimated project timeline and cash flow for certain project. Following discussion, the Board requested that ABHR coordinate with the District's financial advisor for a revised bond sale timeline.

Mr. Burke updated the Board regarding the proposed smart meter project.

Mr. Burke updated the Board regarding the upcoming Cypress Creek erosion repair project to be undertaken by Harris County.

The Board discussed matters relating to the proposed Detention Basin project.

WATER CONSERVATION AND DRAINAGE MATTERS

The Board discussed water conservation and drainage matters under the engineer's report.

ADDITIONAL RECLAIMED WATER SYSTEM MATTERS

The Board discussed additional reclaimed water system matters. Following discussion, the Board requested that ABHR follow-up with the Coles Crossing Community Association, Inc. regarding the draft nonpotable water agreement.

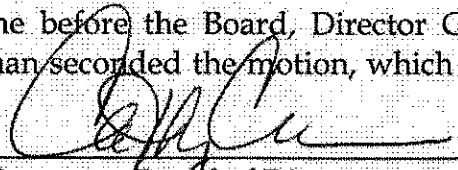
COMMUNICATION MATTERS

The Board discussed public communications, including preparation of a Board mission statement for posting on the District website. Discussion ensued. Following discussion, the Board authorized Director Coleman to coordinate with ABHR to revise the mission statement.

MEETING SCHEDULE

The Board concurred to hold the next special meeting on September 11, 2023, and the next regular meeting on September 21, 2023.

There being no further business to come before the Board, Director Cropper moved to adjourn the meeting. Director Coleman seconded the motion, which passed by unanimous vote.


Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

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