

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

September 21, 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 21<sup>st</sup> day of September, 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, thus constituting a quorum.

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"); Chase Eastland of Masterson Advisors ("Masterson"); Tracey Scott of Myrtle Cruz, Inc.; and Adisa Harrington and Connie Rossi of Allen Boone Humphries Robinson LLP ("ABHR").

CONSENT AGENDA

Director Myers offered Board members the opportunity to remove items from the consent agenda for individual discussion. Following discussion, Director Cropper moved to remove item (1) from the consent agenda and to approve the following agenda items: (2) financial and bookkeeping matters; (3) tax assessment and collection matters; and (4) the operator's report. 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 meetings.

ITEM REMOVED FROM CONSENT AGENDA

The Board considered approving the special meeting minutes of August 7, 2023. Following review and discussion, Director Moore moved to approve the special meeting minutes of August 7, 2023, as presented. Director Coleman seconded the motion, which passed by unanimous vote.

The Board then discussed proposed revisions to the regular meeting minutes of August 17, 2023, and special meeting minutes of August 22, 2023, and considered approval of same, subject to finalization. Following review and discussion, Director Moore moved to approve the regular meeting minutes of August 17, 2023, and special

meeting minutes of August 22, 2023, subject to finalization. Director Coleman seconded the motion, which passed by unanimous vote.

### PUBLIC COMMENT

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

Director Cropper addressed the Board regarding a request from the Coles Crossing Community Association, Inc. ("CCCA") for a District contribution to the Turkey Trot event in the District on Thanksgiving Day. The Board discussed the matter under recreational and landscaping matters below.

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

### ADDITIONAL BOOKKEEPING MATTERS

There was no discussion on this agenda item.

### ADDITIONAL OPERATING MATTERS

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

Mr. White stated that North Harris County Regional Water Authority ("NHCRWA") will reduce the pumpage fees and surface water rates, effective October 1, 2023. Discussion ensued. Following discussion, the Board requested ABHR to review the terms of the District groundwater reduction plan.

Director Myers addressed the Board regarding reports received by the District regarding the fire hydrant leak in front of the Cheddars restaurant. Discussion ensued regarding Si's response time to fire hydrant leaks around the District.

Mr. White reported that Harris County Public Health (the "County") has requested the District's participation in the Harris County Public Health Wastewater-based Epidemiology Program (the "Program"). Discussion ensued. Following discussion, the Board requested ABHR to invite the County to the next regular meeting to discuss the Program with the Board.

The Board discussed signage posted by Si during the recent implementation of the District Drought Contingency Plan ("DCP"). Following discussion, the Board requested Si to replace the posted signs with updated signage that informs the public of mandatory water restrictions and the District's website.

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 Small seconded the motion, which passed by unanimous vote.

ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Newman reported that 99.9% of the 2022 taxes have been collected as of August 31, 2023.

The Board reviewed a letter from Harris Central Appraisal District ("HCAD") regarding the candidate nomination process for the Board of Directors for HCAD, a copy of which is attached. The Board considered adopting a Resolution Nominating a Candidate for a Position on the Board of Directors of HCAD. Following discussion, the Board concurred to take no action on this matter.

The Board reviewed a letter from HCAD regarding the increase of the 2024 HCAD budget reflecting an increase of 2.98% from the previous year's budget, a copy of which is attached.

DISCUSS 2023 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board considered the District's 2023 tax rate. Ms. Eastland reviewed a debt service tax rate analysis reflecting the recommendation for the District to levy a 2023 water, sewer, and drainage debt service tax rate of \$0.180 per \$100 of assessed valuation, based on the District's initial 2023 certified value of \$656,696,694, plus \$35,790,001 representing the uncertified value under protest. A copy of the debt service tax rate analysis is attached. The Board then discussed the District's operation and maintenance tax rate. Ms. Harrington discussed the two-step process for setting the District's tax rate.

Following review and discussion, Director Small moved to (1) set the public hearing date for October 25, 2023; and (2) authorize the tax assessor/collector to publish notice in the Cypress Creek Mirror of the District's meeting on October 25, 2023, to conduct a public hearing on the proposed 2023 total tax rate of \$0.3825 per \$100 of

assessed valuation, with \$0.180 allocated for debt service on water, sewer, and drainage bonds, and \$0.2025 allocated for operations and maintenance. Director Moore seconded the motion, which passed by unanimous vote.

#### RECREATIONAL AND LANDSCAPE MATTERS

Director Myers reported on a beehive located near the interactive fountain.

The Board discussed mowing and maintenance, and Director Myers stated that he will coordinate with Murr, Inc. regarding same.

The Board discussed proposed maintenance along the walking trail. Following discussion, the Board authorized Director Myers to coordinate with Murr, Inc. regarding the proposed maintenance of the walking trail.

Director Small reported on the upcoming Eagle Scout project.

The Board considered donating \$500.00 for the Turkey Trot event toward the cost of t-shirts and educating residents about the District's recreational facilities. No Board action was taken.

#### 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. Discussion ensued.

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 the upcoming construction of the surface water lines project to be undertaken by NHCRWA. He reviewed preliminary route maps for the NHCRWA surface water lines, copies of which are attached to the engineer's report. Discussion ensued.

Mr. Burke then updated the Board regarding the upcoming water plant chloramine conversion project to be undertaken by NHCRWA.

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

Mr. Burke discussed a utility service request from RSG Engineering, Inc. ("RSG") for water and wastewater service to serve a 24.4-acre office park tract located at 15535

Jarvis Road, Cypress, Texas 77429, a copy of which is attached to the engineer's report. He noted that evaluating the utility service request would require the Board to authorize Burke to perform a feasibility study. Discussion ensued, and the Board authorized Mr. Burke to follow up with RSG to obtain additional information about the request.

Mr. Burke updated the Board regarding the unauthorized outfall, noting that the outfall has been removed to the property line but restoration of the area has not been completed. Discussion ensued. Following discussion, the Board concurred to authorize Burke to include rehabilitation of the unauthorized outfall as a line item in the upcoming ditch rehabilitation project. It was noted that the cost of the restoration will be paid from the remaining annexation deposit for the tract.

Mr. Burke updated the Board regarding the emergency outfall erosion repair near the Coles Crossing Clubhouse, noting that the punch-list items have been completed.

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, noting construction of the erosion repair project will begin in February 2024.

Mr. Burke updated the Board regarding the Reclaimed Water Distribution System. He reviewed a revised layout for Phase I of the distribution system. Discussion ensued regarding the scope of work, projected alternative water credits, and estimated project costs. Following discussion, the Board requested that Mr. Burke attend the next special meeting to discuss project design, construction, funding and participation matters.

Mr. Burke updated the Board regarding the joint channel and drainage repairs project, noting that ABHR had submitted notice to Harris County Municipal Utility District No. 364 regarding the upcoming joint channel and drainage repairs.

#### WATER CONSERVATION AND DRAINAGE MATTERS

There was no discussion on this agenda item.

#### ADDITIONAL RECLAIMED WATER SYSTEM MATTERS

The Board discussed the terms of the proposed Non-Potable Water User Agreement between the District and CCCA, including costs associated with the connection fee and water use per gallon. Following discussion, the Board concurred to further discuss the terms of the Agreement at the next special meeting.

## COMMUNICATION MATTERS

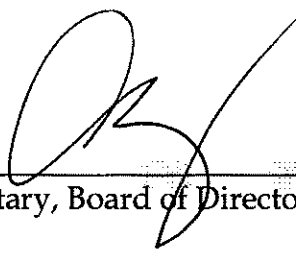
The Board discussed public communications, including updates regarding the implementation of the District's Drought Contingency Plan ("DCP"), to the District's website. The Board considered updating the District's website utilizing one of the following message options: (a) website post outlining the implementation of Stage 2 of the District's DCP (Option A); (b) website post outlining the implementation of Stage 2 of the District's DCP and penalties associated with violation of the District's DCP (Option B); and (c) align the District's DCP with that of NHCRWA (Option C). Following discussion, Director Coleman moved to update the District's website utilizing message Option A, as discussed. Director Cropper seconded the motion, which passed by a vote of 4-1, with Director Small abstaining.

## MEETING SCHEDULE

The Board concurred to hold the next special meeting on October 2, 2023, at 5:00 p.m., at the Coles Crossing Community Center, and the next regular meeting on October 25, 2023, at 10:00 a.m., at the offices of ABHR.

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



  
Asst. Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

Minutes  
Page

Bookkeeper's report.....	1
Tax assessor/collector's report and delinquent tax report.....	1
Operator's report .....	1
Letter from HCAD regarding candidate nomination process .....	3
Letter from HCAD regarding 2024 budget increase .....	3
Tax rate recommendation.....	3
Engineer's report.....	4