

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 365

July 18, 2024

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 18th day of July, 2024, 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:

Greg Coleman	President
Cathy Cropper	Vice President
Ann Nguyen Moore	Secretary
Cassandra Cronin	Assistant Secretary
Michael Crafton	Assistant Vice President

and all of the above were present, except Director Moore, thus constituting a quorum.

Also present at the meeting were Nathan White and Jarryd Mayfield of Si Environmental LLC ("Si"); Odett Newman of Bob Leared Interests, Inc. ("Leared"); and Adisa Harrington and Connie Rossi of Allen Boone Humphries Robinson LLP ("ABHR").

Also attending via audioconference was Mary Jarmon of Myrtle Cruz, Inc.; and Katrina Thornhill of McDonald & Wessendorff.

CONSENT AGENDA

Director Coleman offered Board members 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 Cronin seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached, excluding the minutes and the recycling report from the previous meeting.

PUBLIC COMMENT

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

Director Coleman noted that registration for the Association of Water Board Directors winter conference is now open.

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

RENEWAL OF THE DISTRICT'S INTERLOCAL AGREEMENT FOR LAW ENFORCEMENT SERVICES WITH HARRIS COUNTY SHERIFF'S DEPARTMENT

The Board considered renewal of the District's Interlocal Agreement for Law Enforcement Services through the Harris County Sheriff's Department. Discussion ensued. Following discussion, Director Crafton moved to authorize renewal and execution of an Interlocal Agreement for Law Enforcement Services. Director Cronin seconded the motion, which passed by unanimous vote.

ADDITIONAL BOOKKEEPING MATTERS

There were no additional per diem requests.

Ms. Jarmon presented check no. 1835 in the amount of \$42,233.38, payable to Murr, Inc., for storm debris removal and tree trimming (the "Additional Check").

Ms. Jarmon reported that the draft budget for the fiscal year ending August 31, 2025 has been submitted to District consultants for comment and the final draft will be presented at the next regular meeting for Board consideration.

Ms. Jarmon next reviewed a Joint Facilities draft budget for the fiscal year ending August 31, 2025 and requested authorization to submit the budget to Harris County Municipal Utility District No. 364 ("MUD 364"), in accordance with the Joint Facilities Agreement.

The Board considered authorizing interested Directors to complete cybersecurity training. It was noted that such training is optional, not mandatory. Discussion ensued regarding the cybersecurity training received by District consultants.

Following review and discussion, Director Cropper moved to (1) approve the Additional Check; (2) authorize MCI to submit the Joint Facilities draft budget to MUD 364; and (3) authorize interested Directors to complete cybersecurity training. Director Crafton seconded the motion, which passed by unanimous vote.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Thornhill presented and reviewed three options for cyber liability insurance coverage, noting that the final pricing will depend upon the information provided by the District in the cybersecurity application that is required to be submitted.

Ms. Thornhill then presented and reviewed the crime bond insurance coverage, providing a \$10,000 limit of insurance, with an annual premium of \$124. Discussion ensued.

Following review and discussion, Director Cropper moved to (1) approve the cyber liability insurance coverage, option no. 3, subject to finalization; and (2) request McDonald to present a proposal for crime bond insurance coverage providing a \$250,000 limit of insurance for Board consideration at the next regular meeting. Director Crafton seconded the motion, which passed by unanimous vote.

The Board reviewed the insurance a renewal proposal received from McDonald & Wessendorff Insurance ("McDonald") that includes property insurance, boiler and machinery insurance, general liability insurance, pollution liability insurance, directors and officers liability insurance, excess liability insurance, public employee blanket bond, director's bond, business travel accident insurance, and peace officers bond (the "Renewal Proposal"). Following review and discussion, Director Cropper moved to approve the Renewal Proposal. Director Cronin seconded the motion, which passed by unanimous vote.

ADDITIONAL OPERATING MATTERS

Mr. Mayfield updated the Board regarding District operating matters.

Mr. Mayfield stated there are no uncollectible accounts to be written off or sent to collections this month.

The Board requested the District's operator coordinate with ABHR to schedule a facilities tour for interested District Directors. Following discussion, Director Coleman moved to authorize the District's operator to coordinate with ABHR to schedule a facilities tour for interested District Directors, and authorize payment of a per diem to Directors who participate in the tour. Director Cropper seconded the motion, which passed by unanimous vote.

The Board discussed the fee charged to residents for review and inspection of proposed swimming pools. Following discussion, the Board concurred to defer action on this agenda item pending receipt of additional information from the District engineer and operator.

Ms. Harrington updated the Board regarding the proposed Amended and Restated Drought Contingency Plan. Following discussion, the Board concurred to defer action and requested that the matter be included on the agenda for the July 24, 2024 joint special meeting for discussion with MUD 364.

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

The Board conducted a hearing on the termination of utility service to delinquent accounts. Mr. Mayfield 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.

The Board then considered deferring termination due to the recent hurricane.

Following review and discussion, Director Cropper moved to authorize deferment of termination of delinquent accounts in accordance with the District's Rate Order for one month, and direct that the delinquent customer list be filed appropriately and retained in the District's official records. Director Cronin seconded the motion, which passed by unanimous vote.

ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Newman updated the Board on 2023 tax collections.

Ms. Harrington discussed the "truth-in-taxation" property tax calculations and tax levy process for water districts and stated that Chapter 49 of the Texas Water Code establishes three main categories for water districts, based on a district's development status and/or tax rate. She reviewed the definitions for each of the three categories and said the Board must annually determine the District's category for that tax year and follow the associated notice and levy provisions in the Texas Water Code.

Discussion ensued regarding the District's development status. After fully considering relevant data, information, and statutory definitions, the Board determined that the District is a Developed District for the 2024 tax year.

Following review and discussion, Director Crafton moved to adopt a Resolution Regarding Development Status for 2024 Tax Year establishing the District as a Developed District for the 2024 tax year, pursuant to Section 49.23602, Texas Water Code, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Cronin seconded the motion, which passed by unanimous vote.

UPDATE ON HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 364 TRAIL MODIFICATIONS PROJECT AND APPROVE RELATED MAINTENANCE AGREEMENT

The Board discussed MUD 364's trail modifications project and considered approving the related Maintenance and Access Agreement. Following review and discussion, Director Cronin moved to approve the Maintenance and Access Agreement, as presented. Director Cropper seconded the motion. Directors Coleman, Cronin, and Cropper voted in favor of the motion, Director Crafton voted against the motion, and the motion passed by majority vote.

RECREATIONAL AND LANDSCAPE FACILITIES

The Board reviewed a landscape maintenance report prepared by Murr, Inc., a copy of which is attached.

The Board discussed the removal of the Puzzle Library.

PARK MATTERS

The Board discussed District park matters.

ENGINEERING MATTERS

The Board reviewed the engineer's report, a copy of which is attached.

The Board discussed the pending installation of the electronic water metering system ("smart meter project") and the schedule for the smart meter project.

The Board reviewed the storm water management program report, a copy of which is attached.

Following review and discussion, Director Coleman moved to approve the engineer's report. Director Cropper seconded the motion, which passed by unanimous vote.

WATER CONSERVATION AND DRAINAGE MATTERS

The Board considered establishing a Drainage Project Subcommittee to collaborate with committee members from MUD 364, the Coles Crossing Association, Inc., Harris County, and the Environmental Protection Agency, as needed, regarding the proposed Coles Crossing Stormwater Detention and Water Quality Improvement Project. Following discussion, Director Cropper moved to designate Directors

Coleman and Crafton to serve on the Drainage Project Subcommittee. Director Cronin seconded the motion, which passed by unanimous vote.

UPDATE ON SAMPSON ELEMENTARY SCHOOL PLAYGROUND IMPROVEMENTS

Ms. Harrington updated the Board regarding the donation payment to Sampson Elementary School for playground equipment and the related Interlocal Agreement with Cy-Fair Independent School District ("CFISD") and MUD 364.

COMMUNICATION MATTERS

The Board discussed a request from a resident for a videoconference option for Board meetings. Following discussion, the Board concurred to take no action on the request.

The Board concurred not to amend the District's Communications Policy at this time.

REVIEW DISTRICT COMMITTEE ASSIGNMENTS AND TAKE APPROPRIATE ACTION

The Board considered District committee assignments for the Communications Committee. Discussion ensued. Following discussion, Director Crafton moved to designate Directors Moore and Cronin to serve on the Communications Committee. Director Coleman seconded the motions, which passed by unanimous vote.

ENGINEERING MATTERS (CONTINUED)

The Board discussed the proposed construction of a sidewalk along Jarvis Road requested by CFISD in connection with its new transportation policy.

Ms. Harrington reported that the attorney for CFISD had requested a discussion with the District Directors regarding CFISD transportation matters. Discussion ensued. Following discussion, the Board requested ABHR to inform CFISD that their representatives may address the Board at the next regular meeting.

MEETING SCHEDULE

The Board concurred to hold the next special meeting on August 5, 2024, at 6:00 p.m., at the Coles Crossing Community Center and the next regular meeting on August 15, 2024, at 12:00 p.m., at the offices of ABHR.

It was noted that the next quarterly joint special meeting with MUD 364 is scheduled for July 24, 2024.

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





Secretary, Board of Directors

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