

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 359

September 20, 2017

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 359 (the "District") met in regular session, open to the public, on the 20th day of September, 2017, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, outside the boundaries of the District, and the roll was called of the members of the Board:

Marilyn Keys	President
Janice Lavin	Vice President
Susan Rathgeber	Secretary/Records Management Officer
Rusk Elatassi	Assistant Vice President
David Keller	Assistant Secretary

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

Also present at the meeting were Debbie Shelton of FirstSouthwest, a Division of Hilltop Securities; Glenn Woodson of Storm Maintenance and Monitoring; Kathy Kaufman of Shadowlake Homeowners Association ("Shadowlake HOA"); Matt Carpenter of IDS Engineering Group ("IDS"); Ray Arce of Wheeler & Associates, Inc.; Darrell Hawthorne of Municipal Accounts & Consulting, L.P.; Maurice Brown and Jessica Brown, residents of the District; and Tim Austin and Alyssa Ollwerther of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

There were no public comments.

PRESIDENT'S COMMENTS

Director Keys discussed some the impacts of Hurricane Harvey on the District.

APPROVAL OF THE MINUTES

The Board considered approving the minutes of the August 2, 2017, regular meeting. Upon a motion made by Director Keller and seconded by Director Rathgeber, the Board voted unanimously to approve the minutes as presented.

ENGINEERING MATTERS

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

Mr. Carpenter updated the Board on the status of the berm repair. He reviewed and recommended approval of Pay Estimate No. 1, in the amount of \$30,944.70, payable to Storm Maintenance.

After review and discussion, Director Elatassi moved to (1) approve the engineer's report; and (2) approve Pay Estimate No. 1, in the amount of \$30,944.70, for the berm repair, pending utility construction. Director Lavin seconded the motion, which carried unanimously.

REVIEW CONTRACT FOR INSTALLATION OF FENCE ALONG SHADOWLAKE AND AUTHORIZE APPROPRIATE ACTION

Director Elatassi updated the Board on the status of fence construction along Shadowlake. No action was taken.

The Board discussed the construction of the fence across the lake portion of the project. After discussion, Director Elatassi moved to authorize IDS to prepare a proposal for the engineer and design related to the additional fence construction and present the proposal at the next Board meeting. Director Lavin seconded the motion, which carried unanimously.

REVIEW STATUS OF DETENTION POND MAINTENANCE AND MOWING

Mr. Woodson reviewed a report on the detention pond maintenance and mowing, a copy of which is attached.

UPDATE ON COMMUNICATIONS WITH THE CITY OF HOUSTON (THE "CITY") REGARDING THE UTILITY AND FUNCTIONS AND SERVICES ALLOCATION AGREEMENT

Mr. Austin updated the Board on the status of the Second Amendment to Utility and Functions and Services Allocation Agreement (the "Agreement") between the City and the District and stated that the Agreement had been sent to the City for signature.

REQUEST FROM SHADOWLAKE HOMEOWNER'S ASSOCIATION ("SHADOWLAKE HOA")

Ms. Kaufman discussed requests from the Shadowlake HOA for financial assistance towards the garbage collection and SEAL security in the District. Discussion ensued.

After discussion, Director Elatassi moved to make a one-time payment to the Shadowlake HOA for (i) the collection of garbage, and (ii) additional security in the District provided by SEAL. Director Lavin seconded the motion, which carried with four votes in favor and Director Keller voted against the motion. The Board requested

that there be an agenda item to approve a Letter Agreement with the Shadowlake HOA for the Board's review at the next meeting.

FINANCIAL AND BOOKKEEPING MATTERS, INCLUDING PAYMENT OF THE BILLS AND REVIEW OF INVESTMENTS

Mr. Hawthorne reviewed the bookkeeper's report, including a list of checks presented for payment and the quarterly investment report, copies of which are attached. After review and discussion, Director Keller moved to approve the bookkeeper's report, investment report, and payment of the bills listed in the report. Director Rathgeber seconded the motion, which passed by unanimous vote.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Arce presented and reviewed the District's monthly tax report and delinquent tax roll, a copy of which is attached, reflecting that 98.67% of the District's 2016 taxes were collected as of the end of August, 2017. After review and discussion, Director Lavin moved to approve the tax report and payment of the invoices. The motion was seconded by Director Rathgeber and carried unanimously.

DISCUSS 2017 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board discussed the District's 2017 tax rate. Ms. Shelton reviewed a tax rate analysis, a copy of which is attached. She recommended the Board consider levying \$0.11 per \$100 of assessed valuation for debt service. The Board discussed setting a \$0.06 maintenance and operations levy. After review and discussion, and upon a motion made by Director Lavin and seconded by Director Rathgeber, the Board moved to set a public hearing for adoption of a total tax rate of \$0.17 per \$100 of assessed valuation on October 19, 2017, at the Church at the Cross, 3835 S. Dairy Ashford Street, Houston, Texas, 77082, and to authorize the tax assessor/collector to publish notice of the hearing regarding adoption of the \$0.17 total tax rate, consisting of a \$0.11 debt service tax rate and a \$0.06 operation and maintenance tax rate. The motion carried with three votes. Directors Keller and Elatassi voted against the motion.

UPDATE ON BRAYS BAYOU TRAIL

Director Keys updated the Board on the status of the Brays Bayou Trail.

STATUS OF PREPARATION OF A PARK MASTER PLAN BY TALLEY LANDSCAPE ARCHITECTS, INC.

The Board discussed scheduling a special meeting with Merrie Talley.

MEETING SCHEDULE AND ITEMS FOR THE NEXT BOARD MEETING

The Board discussed items for the next Board meeting and concurred to have its regular meeting on October 19, 2017, at the Church at the Cross, 3835 S. Dairy Ashford Street, Houston, Texas, 77082.

There being no further business to come before the Board, the meeting adjourned.



Paul King
Ast. Secretary, Board of Directors

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