

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 391

May 13, 2019

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 391 (the "District") met in regular session, open to the public, on the 13th day of May, 2019, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Alan Greenwood	President
Robert McShane	Vice President
Catherine Shook	Secretary
John Sachs	Assistant Vice President
Nathan Giannelli	Assistant Secretary

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

Also present at the meeting were Justin Wagner of R.G. Miller Engineers, Inc. ("RG Miller"); Demitra Berry of McLennan & Associates, LP; Debbie Arrellano of Bob Leared Interests; Teri Laguarta of Inframark Water & Infrastructure Services ("Inframark"); Emily Luong of KGA DeForest/Design, LLC ("KGA"); Jennifer Hanna of BKD, Inc.; Tom Engert, District resident; Greg Lentz of Masterson Advisors, LLC; and Greer Pagan, Carnell Emanuel and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

There was no public comment.

MINUTES

The Board first considered approving the minutes of the April 8, 2019, regular meeting. After review and discussion, Director Shook moved to approve the minutes. Director Giannelli seconded the motion, which passed by unanimous vote.

AUDIT FOR FISCAL YEAR END MAY 31, 2019

The Board discussed engagement of BKD for fiscal year ending May 31, 2019. Ms. Hanna requested approval of the engagement letter with an estimated fee of \$18,800 plus expenses to complete audit of the District's financial records for the fiscal year ending May 31, 2019. Upon a motion made by Director Shook and seconded by

Director Giannelli, the Board unanimously approved the fiscal year-end audit proposal from BKD.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

The Board discussed the upcoming Association of Water Board Directors summer conference.

FINANCIAL AND BOOKKEEPING MATTERS AND ADOPT BUDGET FOR FISCAL YEAR ENDING MAY 31, 2020

The Board next received the bookkeeper's report and considered payment of invoices submitted to the District. Ms. Berry reviewed with the Board an investment report, budget comparisons, an amended budget, checks written since the report was prepared and tax transfers. Copies of the bookkeeper's report and list of bills presented for payment are attached.

Ms. Berry reviewed a draft budget for the fiscal year ending May 31, 2020.

After review and discussion, Director Shook moved to (1) approve the bookkeeper's report and payment of the bills; and (2) adopt the budget for the fiscal year ending May 31, 2020. Director Giannelli seconded the motion, which passed unanimously.

REPORT REGARDING POTENTIAL REFUNDING BOND ISSUE AND DESIGNATE UNDERWRITER

Mr. Lentz reviewed a financial analysis of savings potentially created by a proposed refunding bond issuance, discussed current bond market conditions, issuance costs of the refunding bonds, and scheduling a closing date.

The Board considered designating an underwriter for the Series 2019 Refunding Bonds. Following review and discussion, Director McShane moved to designate George K. Baum as underwriter. Director Shook seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS AND COLLECTION OF DELINQUENT TAXES

The Board next received the tax assessor/collector's written report for April, 2019, including updated certified values for 2018 and considered payment of the tax

bills. Copies of the tax assessor/collector's report and list of checks presented for approval are attached.

Following review and discussion, Director McShane moved to (1) accept the tax assessor/collector's report, as amended; and (2) pay the bills described therein. Director Shook seconded the motion, which was approved by unanimous vote.

ENGINEERING MATTERS

Mr. Wagner generally reported on engineering projects within the District. A copy of the engineer's report is attached.

Mr. Wagner requested authorization to design water, sewer and drainage to serve The Villages of Cypress Lakes, Section 35.

Mr. Wagner discussed the status of design of the District's wastewater treatment expansion.

Following review and discussion, Director McShane moved to (1) approve the engineering report; and (2) authorize design of design water, sewer and drainage to serve The Villages of Cypress Lakes, Section 35. Director Shook seconded the motion, which was approved by unanimous vote.

LAKE AND TURF MANAGEMENT REPORT

Director Shook updated the Board regarding lake and fountain maintenance by LakePro, Inc.

MASTER PARKS AND FUTURE PARK DEVELOPMENT

Ms. Luong reviewed a report from KGA, and updated the Board regarding of construction of Lake 1 and Lake 2 Walk Connection Landscape Improvements.

OPERATION OF DISTRICT FACILITIES

Ms. Laguarda presented the operator's report for March, 2019, a copy of which is attached, and discussed significant repairs completed during the month. Ms. Laguarda presented a proposal in the amount of \$4,600 to clear the fence line behind Section 35, but Mr. Wagner said the easement behind Section 35 will be cleared with the construction project and the Board concurred to defer clearing.

Ms. Laguarda presented (1) an appeal from Lisa Carter on Ivy Mills Lane; and (2) an appeal from Nyla Jones on Fairmont Springs requesting a billing adjustment.

Upon a motion made by Director McShane and seconded by Director Shook, the Board voted unanimously to (1) approve the operator's report; (2) authorize the District operator to write off 1 account as uncollectable and refer 3 accounts to collection; and (3) authorize the District operator to adjust Ms. Jones water bill to \$1.25 per thousand gallons of water metered.

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

The Board next considered termination of utility service to delinquent accounts. Ms. Laguarta reported that the customers on the termination list 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. Director Giannelli moved that, since the customers on the list were neither present at the meeting nor had presented any statement on the matter, utility service should be terminated in accordance with procedures set forth in the Rate Order. Director Shook seconded the motion, which carried unanimously.

CRITICAL LOAD

Mr. Pagan next reviewed the District's Critical Load List and explained that the District is now required to file annually with Harris County and State agencies, whether or not the District has made any facility or personnel changes. Mr. Pagan said that the District engineer, operator and bookkeeper have reviewed the revised Critical Load List and verified that the information is accurate. He said ABHR will file the Critical Load List with Harris County and State agencies.

CONSUMER CONFIDENCE REPORT

Ms. Laguarta reviewed a proposed Consumer Confidence Report with the Board. Following review and discussion, Director Giannelli made and Director Shook seconded a motion to approve the Consumer Confidence Report, authorize the operator to mail the Consumer Confidence Report to District customers, and to file the Consumer Confidence Report with the TCEQ. The motion carried by unanimous vote.

ARBITRAGE REBATE REPORT FOR THE SERIES 2010 BONDS

Mr. Pagan next reviewed Omnicap, LLC's arbitrage rebate and yield restriction calculation for the District's Series 2010 Bonds and said the report concludes that no rebate is due the Internal Revenue Service.

DEVELOPMENT IN THE DISTRICT

The Board received an emailed update from the developer regarding development in the District.

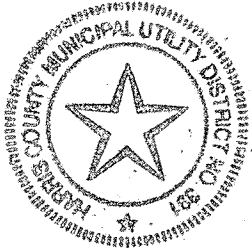
SECURITY REPORT

There was no additional discussion for this agenda item.

There being no additional business for consideration, the meeting was adjourned.



Secretary, Board of Directors



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