

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

June 5, 2014

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 165 (the "District") met in regular session, open to the public, on the 5<sup>th</sup> day of June, 2014, 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:

Alan Bentson	President
David Molina	Vice President
Wayne Green	Secretary
Janet Davidson	Assistant Secretary
Keith Maddox	Assistant Vice President

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

Also present at the meeting were Lori Buckner of Myrtle Cruz, Inc.; David Keel of DAC Services, Inc. ("DAC"); Patty Rodriguez of Bob Leared Interests, Inc.; Chris Hoffman and Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Jonathan S. Unterreiner of Jones & Carter; James Henrie of Land Tejas Development Company; Stephen Eustis of RBC Capital Markets; Keith Schoonover, consultant for Beazer Homes of Texas; Blake Kridel of Storm Water Solutions, LP; and Brooks Hamilton and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

There was no public comment.

MINUTES

The Board considered approving the minutes of the May 1, 2014, regular meeting and May 22, 2014, special meeting. After review and discussion, Director Maddox moved to approve the minutes, as submitted. Director Molina seconded the motion, which passed unanimously.

SALE OF THE DISTRICT'S \$6,785,000 UNLIMITED TAX BONDS, SERIES 2014A

Mr. Eustis reviewed bids received for the sale of the District's \$6,785,000 Unlimited Tax Bonds, Series 2014A, and stated that the low bidder was First Southwest

Company, with a net effective interest rate of 3.630352%. Following review and discussion, Director Molina moved that the Board award the sale of the District's \$6,785,000 Unlimited Tax Bonds, Series 2014A to First Southwest Company. Director Maddox seconded the motion, which was passed unanimously. Mr. Eustis also confirmed a commitment for coverage from Build America Mutual.

RESOLUTION AUTHORIZING THE ISSUANCE OF THE DISTRICT'S \$6,785,000 UNLIMITED TAX BONDS, SERIES 2014A

Mr. Eustis reviewed the Resolution Authorizing the Issuance of the District's \$6,785,000 Unlimited Tax Bonds, Series 2014A. After review and discussion, Director Molina moved that the Board adopt the Resolution Authorizing the Issuance of the District's \$6,785,000 Unlimited Tax Bonds, Series 2014A. Director Maddox seconded the motion, which was approved by unanimous vote.

PAYING AGENT/REGISTRAR AGREEMENT

Mr. Eustis reviewed the Paying Agent/Registrar Agreement with the Board. After review and discussion, Director Molina moved that the Board authorize execution of the Paying Agent/Registrar Agreement with Amegy Bank of Texas, N.A. Director Maddox seconded the motion, which passed unanimously.

OFFICIAL STATEMENT

The Board next considered approving the Official Statement for the District's \$6,785,000 Unlimited Tax Bonds, Series 2014A. Mr. Eustis reported that the Preliminary Official Statement previously approved will be updated to reflect pricing information on the bonds. Following discussion, Director Molina moved that the Board approve the Official Statement. Director Maddox seconded the motion, which was approved by unanimous vote.

NECESSARY ACTION TO DELIVER BONDS TO THE PURCHASER

Mr. Eustis reviewed with the Board of Directors various documents relating to the bond sale and asked the Board to authorize the attorney and the financial advisor to take all necessary steps to deliver the bonds to the purchaser. After review and discussion, Director Molina moved that the Board authorize the Board of Directors to sign the bond documents and authorize the attorney and financial advisor to take all necessary steps to deliver the bonds to the purchaser. Director Maddox seconded the motion, which was approved by unanimous vote.

## AMENDMENT TO INFORMATION FORM

Ms. Hamilton reviewed the Amendment to the District's Information Form, reflecting the District's additional bonds sold. After review and discussion, Director Molina moved that the Amendment to the District's Information Form be approved and filed with the Texas Commission on Environmental Quality ("TCEQ") and in the Harris County Deed Records. Director Maddox seconded the motion, which passed unanimously.

## UPDATE FROM DISTRICT ENGINEER ON TEXAS COMMISSION ON ENVIRONMENTAL QUALITY INSPECTION OF FACILITIES

Mr. Keel confirmed that the TCEQ inspected the facilities.

## BOND APPLICATION NO. 14

The Board next discussed preparation of bond application no. 14 and fees for preparation of same. Upon a motion by Director Molina and a second by Director Maddox, the Board voted unanimously to authorize the District engineer to prepare bond application no. 14 for a fee not to exceed \$45,000.

## FINANCIAL AND BOOKKEEPING MATTERS

Ms. Buckner presented and reviewed the bookkeeper's report. She discussed current public fund investment markets, reviewed the District's investment report, and reviewed budget to actual revenues and expenses and variances. Copies of the bookkeeper's report, investment report, budgets, and a list of bills presented for payment, are attached.

Following review and discussion, Director Molina moved to accept the bookkeeper's report and pay the bills described therein. Director Maddox seconded the motion, which passed unanimously.

## COLLECTION OF DELINQUENT TAXES

The Board considered authorizing Perdue, Brandon, Fielder, Collins & Mott, L.L.P. to proceed with the collection of delinquent 2013 taxes. Upon a motion made by Director Molina and seconded by Director Maddox, the Board unanimously authorized Perdue, Brandon, Fielder, Collins & Mott, L.L.P. to proceed with the delinquent tax collection.

## TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Rodriguez presented the tax assessor/collector's report, a copy of which is attached, reviewed the checks presented for payment from the tax account, reported regarding taxes collected from the 2013 tax levy to date and delinquent taxes. Ms. Rodriguez also reported businesses added to and deleted from the District's business listings under the District's Strategic Partnership Agreement with the City of Houston and 2014 preliminary values.

After review and discussion, upon a motion by Director Maddox and a second by Director Molina, the Board voted unanimously to (1) accept the tax assessor/collector's report; and (2) approve payment of the bills.

## OPERATION OF DISTRICT FACILITIES

Mr. Hoffman distributed and reviewed a management and operations report, a copy of which is attached.

Mr. Hoffman reported 73 new residential taps during the month of May, 2014 reviewed routine maintenance and repairs within the District completed and ongoing during the month of May, 2014.

The Board discussed the District's water accountability for the month of May, 2014, capacity and monitoring of flows at the wastewater treatment plant.

Mr. Hoffman updated the Board on an overflow on Sycamore Valley and recommended making repairs to the sanitary sewer line during the next round of rehabilitation.

Mr. Hoffman discussed with the Board taking the hydro-pneumatic tanks at water plant no. 1 out of service for inspection requested by the TCEQ at a cost of \$2,500 per tank.

Mr. Hoffman also reported that the 12" valve at Fry Road and West Road needs to be replaced for an estimated cost of \$4,000.

Mr. Hoffman next discussed customer appeals from Leticia Williams at 19622 Winston Hill Drive and Diane Addarich at 19114 Yaupon Ranch Drive and review account histories for each. Following review and discussion, the Board concurred to authorize the District operator to offer payment plans to the customers.

Director Molina requested H2O check and correct accessibility of the fire hydrant at Haven Creek and FM 529.

Mr. Hoffman next discussed and recommended commercial meter testing and calibration, as needed, for an estimated cost of \$6,200.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; (2) authorize taking the hydro-pneumatic tanks at water plant no. 1 out of service for inspection at a cost of \$2,500 per tank; (3) authorize replacement of a 12" valve at Fry Road and West Road for an estimated cost of \$4,000; and (4) authorize commercial meter testing and calibration, as needed, for an estimated cost of \$6,200. The motion, which was seconded by Director Maddox, passed unanimously.

The Board then conducted a hearing on the termination of water service to delinquent utility accounts. Mr. Board reported that the residents on the termination list were mailed written notice prior to the meeting in accordance with the Rate Order, notifying them of the opportunity to appear before the Board to explain, contest, or correct the service bill and to show reason why water service should not be terminated for reason of nonpayment. Director Molina moved that since the residents on the attached list were neither present at the meeting nor had presented any statement on the matter, water service should be terminated in accordance with the procedures set forth in the Rate Order. Director Maddox seconded the motion, which carried unanimously.

#### REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Schoonover and Mr. Henrie reported homes sales and development in the District.

#### MASTER PARKS PLAN AND PARK MAINTENANCE

The Board reviewed park maintenance and inspection schedule submitted by Lancaster Community Association, Inc. ("LCAI") and reviewed a report from KGA DeForest regarding the status of plans and specifications for the proposed River Pines Park.

The Board next considered a Maintenance Agreement with the Lancaster Community Association, Inc. for maintenance of River Pines Park. Following review and discussion, Director Molina moved to approve a Maintenance Agreement with the Lancaster Community Association, Inc. for maintenance of River Pines Park. Director Maddox seconded the motion, which passed unanimously.

#### ENGINEERING MATTERS

Mr. Keel presented the engineer's report, a copy of which is attached, and reviewed the status of construction projects in the District.

Mr. Unterreiner updated the Board regarding bids for the construction of Mirabella, Section 4 and reported the lowest qualified bidder was Clearwater Utilities, Inc.

Mr. Keel and Mr. Unterreiner next reported the status of construction of the following projects and recommended payment of associated estimates and invoices and approval of change orders listed:

1. Town Lake Greene, Section 2, Pay Estimate No. 4 and Final in the amount of \$27,977.84, payable to SMG Concrete Pavers, Inc.;
2. West Road and Mirabella Drive, water sewer and drainage, Pay Estimate no. 2 in the amount of \$424,075.22, payable to Clearwater Utilities, Inc.;
3. Mirabella Section 1, Pay Estimate No. 1 in the amount of \$132,079.85, payable to Clearwater Utilities, Inc.;
4. Detention West Road and Mirabella Drive, Pay Estimate No. 3 in the amount of \$146,598.32, payable to Environmental Industrial Services Group, Inc.;
5. Mirabella Drainage Improvements, Phase 1, Pay Estimate No. 3 in the amount of \$296,416.82, payable to Lonnie Lischka, LP;
6. Mirabella Drainage Improvements, Phase 2, Pay Estimate No. 1 in the amount of \$131,232.11, payable to 5758 Construction, LP and Change Order No. 1 in the amount of \$19,410;
7. Mirabella Drive Extension, Pay Estimate No. 1 in the amount of \$790,127.73, payable to Clearwater Utilities, Inc.;
8. Mirabella Lift Station, Pay Estimate No. 2 in the amount of \$125,685, payable to Liftwater Construction, Inc.; and
9. Sanitary Sewer televising and cleaning in Yaupon Place, Sections 1 and 2, Yaupon Ranch, Sections 3 and 4 and Cypress Springs, Section 5, Pay Estimate No. 1 in the amount of \$22,347.86, payable to Crux Tec, Inc.;

Following review and discussion, Director Molina moved to (1) approve the engineering report; (2) authorize payment of estimate and invoices discussed and recommended above; and (3) approve change orders, as listed and recommended above. Director Maddox seconded the motion, which passed unanimously.

#### DEEDS, EASEMENTS, ENCROACHMENTS AND OTHER RIGHT-OF-WAY CROSSINGS

The Board considered the following conveyances:

1. various utility easements to serve Mirabella, Section 6; and
2. a Special Warranty Deed from the District to Harris County Flood Control for the U-132 drainage channel.

Upon a motion by Director Molina and a second by Director Maddox, the Board voted unanimously to accept the conveyances listed above.

#### STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

Mr. Kridel presented maintenance schedules for underground storm sewers in College Park West, Sections 3 and 4 and Towne Lake Greene, Section 1.

Following review and discussion, Director Molina moved to approve maintenance schedules for underground storm sewers in College Park West, Sections 3 and 4 and Towne Lake Greene, Section 1 to be added as exhibits to the District's Master Services Agreement with Storm Water Solutions, LP. The motion was seconded by Director Maddox and passed unanimously.

#### LETTER ANNEXATION AGREEMENT

The Board next reviewed a letter annexation agreement with Dr. Jaswant Pandher for annexation of a 2.7 acre tract of land. Following review and discussion, Director Molina moved to approve the letter annexation agreement with Dr. Jaswant Pandher. The motion, which was seconded by Director Maddox, passed unanimously.

#### SECURITY REPORT

The Board discussed calls and patrol during May 2014.

#### WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

There was no additional discussion for this agenda item.

#### CERTIFICATE OF ELECTION

The Board considered approving a Certificate of Election, reflecting the election of David Molina, Keith Maddox and Wayne Green to the Board of Directors of the District each for a four-year term. After review and discussion, Director Maddox moved to approve the Certificate of Election and the distribution of same to Directors Molina, Maddox and Green, and direct that the Certificate of Election be filed appropriately and retained in the District's official records. Director Molina seconded the motion, which passed by unanimous vote.

#### DIRECTORS' SWORN STATEMENTS AND OATHS OF OFFICE

Ms. Hamilton reviewed the Sworn Statements and Oaths of Office for Directors Molina, Maddox and Green.

After review and discussion, Director Molina moved that the Board approve the Sworn Statements and Oaths of Office and direct that the documents be filed in the official records of the District, and that the Oaths of Office be filed with the Secretary of State, as required by law. Director Maddox seconded the motion, which passed by unanimous vote.

REORGANIZE THE BOARD

The Board considered reorganizing the Board of Directors and concurred to make no changes.

DISTRICT REGISTRATION FORM

The Board then considered authorizing filing of an updated District Registration Form with the TCEQ, reflecting the terms of the newly elected directors and the reorganization of the Board. Following review and discussion, Director Maddox made a motion to authorize filing of the updated District Registration Form with the TCEQ and direct that the District Registration Form be filed appropriately and retained in the District's official records. Director Molina seconded the motion, which passed by unanimous vote.

Ms. Hamilton updated the Board regarding SWWC Services, Inc. counter offer and the status of the approved settlement agreement between the District and SWWC Services, Inc.

There being no additional business to consider, the meeting was adjourned at 7:02 p.m.

  
Secretary, Board of Directors





LIST OF ATTACHMENTS TO MINUTES

Minutes  
Page

bookkeeper's report, investment report, budgets, and a list of bills presented for payment.....	3
tax assessor/collector's report .....	4
termination list .....	5
engineer's report .....	5