

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

January 8, 2015

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 8<sup>th</sup> day of January, 2015, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, 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.

Also present at the meeting were Lori Buckner of Myrtle Cruz, Inc.; David Keel of DAC Services, Inc. ("DAC"); Robin Goin of Bob Leared Interests, Inc.; Chris and Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Bob DeForest of KGA/DeForest Design, LLC; Blake Propst of Read King Commercial Real Estate; Ben Scoggin of Jones & Carter, Inc.; Sherri Greenwood of BKD, Inc.; James Henrie of Land Tejas Development Company; Blake Kridel of Storm Water Solutions, LP; and Jessica Holoubek and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

There were no public comments.

FINANCIAL ADVISORY SERVICES AGREEMENT AND REFUNDING BOND, SERIES 2015

Ms. Holoubek discussed separation of personnel from RBC Capital Markets and move to Robert W. Baird & Co., Incorporated. Following discussion, the Board concurred to defer action on the District's financial advisory services contract and proposed refunding bond issue.

APPROVE AUDIT AND AUTHORIZE FILING WITH THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Ms. Greenwood reviewed a draft audit of the District's financial information for the fiscal year end September 30, 2014, a copy of which is attached to these minutes. Upon a motion made by Director Molina, seconded by Director Davidson, the Board

voted unanimously to (1) approve the audit and management letter subject to final review and comments; and (2) authorize ABHR to file the audit and filing affidavit with the Texas Commission on Environmental Quality.

### MINUTES

The Board considered approving the minutes of the December 4, 2014 regular meeting. After review and discussion, Director Davidson moved to approve the minutes. Director Maddox seconded the motion, which passed unanimously.

### 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 Davidson seconded the motion, which passed unanimously.

### ANNUAL DISCLOSURE STATEMENTS FOR INVESTMENT OFFICER AND BOOKKEEPER

Ms. Holoubek stated that, in accordance with the District's Investment Policy, Lori Buckner as the bookkeeper and Alan Bentson as the Investment Officer are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. She added that the disclosure statement will be filed with the Texas Ethics Commission and the District Records and updated whenever necessary. After review and discussion, Director Davidson moved that the Board accept the disclosure statements pursuant to the District's Investment Policy and the Public Funds Investment Act. Director Molina seconded the motion, which passed unanimously.

### TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Goin presented the tax assessor/collector's report, a copy of which is attached, reviewed the checks presented for payment from the tax account, and reported regarding taxes collected from the 2014 tax levy to date and delinquent taxes.

After review and discussion, upon a motion by Director Molina and a second by Director Davidson, 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 37 new residential and 1 new commercial taps during the month of December, 2014 and reviewed routine maintenance and repairs within the District completed and ongoing during the month of December, 2014.

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

Mr. Hoffman next discussed a customer request from Connie Quinn-Reese.

Following review and discussion, Director Molina moved to approve the District operator's report. 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. Hoffman 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. Propst and Mr. Henrie reported residential and commercial 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 discussed taking proposals for maintenance.

Mr. DeForest reported the progress of improvements at River Pines Park and requested the Board approve Pay Estimate No. 3 in the amount of \$135,594.68, payable to Stone Castle Constructors.

Following review and discussion, Director Molina moved to approve the pay estimate listed above. The motion, which was seconded by Director Davidson, 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. Keel discussed with the Board plans for construction of water, sewer and drainage to serve Pine Creek at Canyon Lakes West, Section 12, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, Lischka Company, Inc. in the amount of \$326,000. After review and discussion, and because it would result in the best and most economical completion of the project, Director Molina moved to approve the award of the contract to Lischka Company, Inc., subject to verification of payment and performance bonds and insurance. Director Davidson seconded the motion which passed unanimously.

Mr. Keel discussed with the Board plans for construction of water, sewer and drainage to serve Pine Creek at Canyon Lakes West, Section 13, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, Lischka Company, Inc. in the amount of \$533,000. After review and discussion, and because it would result in the best and most economical completion of the project, Director Molina moved to approve the award of the contract to Lischka Company, Inc., subject to verification of payment and performance bonds and insurance. Director Davidson seconded the motion which passed unanimously.

Mr. Keel discussed with the Board plans for construction of Langham Creek Improvements, Phase 2 and fill site for Mirabella Towne Center, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, Lonnie Lischka Company, in the amount of \$2,342,979.31. After review and discussion, and because it would result in the best and most economical completion of the project, Director Molina moved to approve the award of the contract to Lischka Company, Inc., subject to verification of payment and performance bonds and insurance. Director Davidson seconded the motion which passed unanimously.

Mr. Scoggin presented for the Board's approval Submerged Storm Sewer Agreements for Miramesa, Sections 6 and 7.

Mr. Keel 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. Mirabella lift station, Pay Estimate No. 7 in the amount of \$49,845;
2. Mirabella, Section 4, Pay Estimate No. 4 in the amount of \$47,693.49;

3. Mirabella, Section 6, Pay Estimate No. 3 in the amount of \$44,450;
4. trunk force main to serve Mirabella, Pay Estimate no. 2 in the amount of \$327,431.94, Change Order No. 1 in the amount of \$18,889.62 and Change Order No. 2 in the amount of \$27,010.80; and
5. Towne Lake Greene, Section 3, Pay Estimate 2 in the amount of \$31,776.33 and Change Order No. 1 in the amount of \$3,000.

Following review and discussion, Director Molina moved to (1) approve the engineering report; (2) approve Submerged Storm Sewer Agreements for Miramesa, Sections 6 and 7; and (3) approve pay estimates and change orders listed and recommended for approval above. Director Davidson seconded the motion, which passed unanimously.

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

The Board next considered accepting the following conveyances to the District:

1. 64 acre Drainage Easement, including Partial Abandonment of Amended and Restated Drainage Easement and Abandonment of Utility Easement; and
2. Release of Utility Easements.

Upon a motion by Director Davidson 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 the following permit renewal applications for the Board's approval:

1. Tealbrook, Section 3;
2. College Park West;
3. Canyon Lakes West, Section 3;
4. Villas at Canyon Lakes West;
5. Gates at Canyon Lakes West;
6. Water plant no. 3;
7. Temporary wastewater treatment plant; and
8. College Park West, Sections 3 and 4.

Mr. Kridel also reviewed a proposal in the amount of \$2,200 to re-grade a swale on the Fry Road drainage channel behind residential fencing.

Following review and discussion, Director Davidson moved to approve the proposal in the amount of \$2,200 and renewal of the permits listed above. The motion, which was seconded by Director Molina passed unanimously.

SECURITY REPORT

The Board discussed calls and patrol during December 2014.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

Mr. Hoffman discussed the status of notification from the West Harris County Regional Water Authority ("WHCRWA") regarding an increase in fees and implementation dates. Following review and discussion, the Board concurred to authorize posting of notice regarding the increase in utility bills and on the District website.

Ms. Holoubek next reported that the District is required to submit to the West Harris County Regional Water Authority ("WHCRWA") by March 1 annually the total amount of groundwater produced by each well or aggregate system during the preceding calendar year, the purpose for which the groundwater was used and any alternative water supply used.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Holoubek reported that the District's current insurance policies expire in April, 2015 and asked if the Board would like to request multiple proposals for renewal. Following discussion, the Board concurred to request a proposal from the District's current provider only.

There being no additional business to consider, the meeting was adjourned.

  
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Secretary, Board of Directors

(SEAL)



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