

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

May 7, 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 7<sup>th</sup> day of May, 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, thus constituting a quorum.

Also present at the meeting were Lori Buckner of Myrtle Cruz, Inc.; Hugo Salinas of DAC Services, Inc. ("DAC"); Patty Rodriguez of Bob Leared Interests, Inc.; Chris and Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Bob DeForest of KGA/DeForest Design, LLC; Ben Scogin of Jones & Carter, Inc. (J&C); Sherrie Knoepful and Kendall Purgatorio of Mike Stone Associates, Inc. ("MSA"); Erik Haaland of Riverway Properties; James Henrie of Land Tejas Development Company; Shawn L. Pachlhofer of Brown & Gay Engineers, Inc. ("B&G"); Houman Samanian of Ersa Grae Corporation; Keith Schoonover of KE Schoonover, LLC; Blake Kridel of Storm Water Solutions, LP; and Jessica Holoubek 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 April 2, 2015 regular meeting. After review and discussion, Director Molina moved to approve the minutes. Director Green seconded the motion, which passed unanimously.

## ARBITRAGE REBATE REPORT FOR SERIES 2005 BONDS

Ms. Holoubek next reviewed with the Board an arbitrage rebate report for the District's Series 2005 Unlimited Tax Bonds prepared by Omnicap, LLC. She said the report concludes no rebate or yield restriction payments are due the Internal Revenue Service and no further action is required.

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

The Board discussed the upcoming Association of Water Board Directors ("AWBD") summer conference. After discussion, Director Davidson moved to authorize reimbursement costs for a maximum of 4 per diems, 3 hotel nights and 2 meals per day for all directors who attend the AWBD summer conference, noting that meal reimbursements must meet the requirements of the Travel Reimbursement Guidelines. The motion was seconded by Director Molina, and 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 Davidson moved to accept the bookkeeper's report and pay the bills described therein, including check no. 11835 in the amount of \$415 payable to David Molina, check no. 1822 in the amount of \$26,687 payable to Corrosion Eliminators, check no. 1821 in the amount of \$27,906.75 payable to Nova Painting, check no. 1820 in the amount of \$38,240.21 payable to DAC Services, Inc. and check no. 11836 in the amount of \$13,012.87 payable to DAC Services, Inc. Director Molina seconded the motion, which passed unanimously.

## 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, and reported regarding taxes collected from the 2014 tax levy to date and delinquent taxes.

Ms. Rodriguez discussed with the Board taxpayer appeals from Kashif Zia and Sarah and Asad Gori. Ms. Rodriguez confirmed no errors were made by the Harris County Appraisal District.

After review and discussion, upon a motion by Director Davidson and a second by Director Molina, the Board voted unanimously to accept the tax assessor/collector's report.

Director Bentson discussed recent testimony during legislative committee regarding proposed Senate Bill 1000 and House Bill 2389 proposing changes to the approved use of revenues received through Strategic Partnership Agreements with cities and subsequent amendment to 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 91 new residential taps were installed during the month of April, 2015, reviewed routine maintenance and repairs within the District completed and ongoing during the month of April, 2015 and requested the Board approve (1) repair of the level control valve at the detention pond at Canyon Lakes West, Section 3 for an amount not to exceed \$8,647; (2) installation of a second force main to the wastewater treatment plant; and (3) replacement of the air relief valve at water plant no. 1 for an amount not to exceed \$2,750.

The Board discussed the District's water accountability for the month of April, 2015, capacity.

Mr. Hoffman next discussed a customer appeal from customer, Derek Little, requesting a leak adjustment.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; (2) approve repair of the level control valve at the detention pond at Canyon Lakes West, Section 3 for an amount not to exceed \$8,700; (3) approve installation of a second force main to the wastewater treatment plant; (4) approve replacement of the air relief valve at water plant no. 1 for an amount not to exceed \$2,750; and (4) authorize the District operator to make a leak adjustment, as requested, by Derek Little. The motion, which was seconded by Director Davidson, 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 Davidson 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 Molina seconded the motion, which carried unanimously.

Mr. Hoffman reviewed a proposed Consumer Confidence Report ("CCR") with the Board and said that he will work with Mr. Hoffman to finalize the report and mail it out to customers by July 1, 2015. After review and discussion, upon a motion by Director Davidson and a second by Director Molina Board voted unanimously to (1) authorize the operator to mail the CCR to District customer; (2) to file the CCR with the TCEQ subject to final approval by the district operator; and (3) authorize the District website administrator to post the CCR on the District website.

Mr. Hoffman distributed and reviewed an annual report on the District's Identity Theft Prevention Program ("Program") reflecting the effectiveness of the Program in addressing Identity Theft risk. He noted that H2O is required to prepare an annual report as Program Administrator. Mr. Hoffman stated that the annual report indicates no significant incidents of Identity Theft detection and he recommends no changes to the Program at this time. After review and discussion, Director Davidson moved to accept the annual report on the Program and direct that it be filed appropriately and retained in the District's official records. Director Molina seconded the motion, which carried unanimously.

The Board also discussed a previous adjustment granted to customer, Stacy Heard. The District operator provided an update regarding lack of customer compliance with arrangements previously made. Following review and discussion, the Board concurred to allow Ms. Heard to fall back within the system outlined in the District Rate Order for termination of unpaid accounts.

#### CRITICAL LOAD

Mr. Hoffman next reviewed the District's Critical Load List and explained that the District is required to file annually with the Office of Homeland Security & Emergency Management, Public Utility Commission of Texas and the Texas Division of Emergency Management, whether or not the District has made any facility or personnel changes. Ms. Holoubek said that the District engineer and operator have reviewed the revised Critical Load List and verified that the information is accurate.

#### GARBAGE COLLECTION

Discussion ensued regarding resident complaints that larger garbage cans do not fit in garages.

## REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Haaland, Mr. Henrie, Mr. Schoonover and Mr. Samanian discussed residential and commercial development in the District.

## MASTER PARKS PLAN AND PARK MAINTENANCE

The Board reviewed park maintenance and inspection schedule submitted by MSA and Ms. Knoepfel submitted the following proposals for Board approval:

1. A proposal in the amount of \$1,250 to replace outlet covers, pressure wash equipment and site furnishings, remove graffiti, pick up trash and cut back exposed wire in Cypress Springs Park; and
2. A proposal in the amount of \$1,190 to remove graffiti, pressure wash equipment and site furnishings, pressure wash shade structure and floor, pick up trash and fence pickets, cut back sire and replace outlet covers at Tealbrook Park.

The Board next considered a Services Agreement with Native Land Designs.

The Board discussed the condition of the Greenbelt Park and Director Molina asked for a proposal to replace the barricades with something more durable. Mr. Hoffman said he would also ask Harris County to consider replacing the barricades.

Following review and discussion, Director Davidson moved to accept the proposals discussed above and approve a Services Agreement with Native Land Design. Director Molina seconded the motion, which passed unanimously.

Mr. DeForest discussed the landscaping improvements for Mirabella, Section 3, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, Westco Grounds Maintenance, Inc. in the amount of \$431,287.84. After review and discussion, and because it would result in the best and most economical completion of the project, Director Davidson moved to approve the award of the contract to Westco Grounds Maintenance, Inc., subject to verification of payment and performance bonds and insurance. Director Molina seconded the motion which passed unanimously.

Ms. Holoubek next discussed proposed conveyance by Land Tejas Development Company of landscaping reserves in Mirabella for future recreational use and amending the maintenance agreement with the homeowner's association.

## PROFESSIONAL ENGINEERING SERVICES AGREEMENT

The Board next considered approving a Professional Engineering Services Agreement with Brown & Gay Engineers to design and construct improvements on the tract owned by Fry Road Venture. Following review and discussion, Director Davidson moved to approve the Professional Engineering Services Agreement. The motion was seconded by Director Maddox and passed unanimously.

## ENGINEERING MATTERS

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

Mr. Pachlhofer discussed a Langham Creek expansion from the Grand Parkway to the Trunkline Pipeline proposed by Fry Road Venture and requested authorization to prepare plans and specifications.

Mr. Scogin discussed proposed amendments to the plat for Mirabella, Section 2.

Mr. Salinas discussed the status of design of water plant no. 4, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, Nunn Construction in the amount of \$4,098,265. After review and discussion, and because it would result in the best and most economical completion of the project, Director Molina moved to (1) approve the award of the contract to Nunn Construction, subject to verification of payment and performance bonds and insurance; and (2) authorize ABHR to send notice to the Texas Commission on Environmental Quality regarding use of surplus funds for contract amounts above \$3,500,000. Director Davidson seconded the motion which passed unanimously.

Mr. Salinas next discussed the status of design of Mirabella, Section 5, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, Lischka Utilities in the amount of \$1,280,000. 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 Utilities, subject to verification of payment and performance bonds and insurance. Director Davidson seconded the motion which passed unanimously.

Mr. Salinas 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. Water plant no. 2 coating, Pay Estimate No. 2 in the amount of \$26,687.70; and
2. Recoating of water plant no. 1, Pay Estimate No. 3 in the amount of \$27,906.75 and Change Order No. 2 in the amount of \$9,219.

3. Mirabella, Section 4, Pay Estimate No. 5 in the amount of \$27,593.71 and Change Order No. 2 in the amount of (\$35,662.90);
4. Trunk force main to serve Mirabella, Pay Estimate No. 4 in the amount of \$71,284.14; and
5. Langham Creek Improvements, Phase 2 and Fill Site for Mirabella Town Center, Change Order No. 1 increasing the contract by 15 days.

Mr. Salinas next discussed the District's Sanitary Sewer Overflow Initiative and requested the Board approve an additional cost for the performance and payment bonds in the amount of \$1,725.

The Board also considered committing capacity for the 11 residential lots to be developed by Bluerock Partners, LLC on Mountaindale Drive.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) authorize Brown & Gay to prepare plans and specifications for Langham Creek expansion from the Grand Parkway to the Trunkline Pipeline; (3) approve proposed amendments to the plat for Mirabella, Section 2; (4) approve the pay estimate and change orders listed above; (5) approve an additional cost for the performance and payment bonds in the amount of \$1,725 associated with contracts for the District's Sanitary Sewer Overflow Initiative; and (6) approve a capacity commitment to Bluerock Partners, LLC.

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

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

1. Sanitary Sewer Easement from Bluerock Partners to serve 11 lots on Mountaindale Drive; and
2. Proposal from Berg Oliver Associates for a Phase 1 environmental survey of landscaping reserves in Mirabella.

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

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

The Board considered applications for renewal of storm water quality permits for Remington Grove and Yaupon Ranch. Following review and discussion, upon a motion by Director Davidson and a second by Director Molina, the Board voted unanimously to approve the applications for renewal of storm water quality permits for Remington Grove and Yaupon Ranch

SECURITY REPORT

The Board discussed recent calls and patrol. The Board discussed approving an affidavit in support of penalty enforcement authorizing patrol officers to press charges for trespassing and vandalism in District open spaces. Following discussion, Director Green moved to approve the affidavit. Director Maddox seconded the motion, which passed unanimously.

WEBSITE UPDATES

There was no discussion for this agenda item.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

There was no discussion for this agenda item.

There being no additional business to consider, the meeting was adjourned at 7:28 p.m.

  
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Secretary, Board of Directors





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