

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

August 6, 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 6<sup>th</sup> day of August, 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.; David Keel of DAC Services, Inc. ("DAC"); Robin Goin of Bob Leared Interests, Inc.; Chris Hoffman of H2O Consulting, Inc. ("H2O"); Bob DeForest of KGA/DeForest Design, LLC; Mary DuBois and Rick Holden of Acclaim Energy Advisors; Mike Christopher of Jones & Carter, Inc. (J&C); Erik Haaland with Riverway Properties; Becky Ullman of KB Home Lone Star, Inc.; Sherrie Knoepful, Josh Wailes and Kendall Purgatorio of Mike Stone Associates, Inc. ("MSA"); Blake Kridel of Storm Water Solutions, LP; Stephen Eustis of Robert W. Baird & Co.; Matthew May and Aimee Ordeneaux-Raley of Best Trash, LLC; Shana Lopez of Waste Management; David Aguilar of Republic Waste Services; Kevin Atkinson and Jim Larson of Texas Pride Disposal; Bo Egbert, Terry Ramey and Kevin Toussaint of WCA Waste Corporation of Texas; 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 July 2, 2015 regular meeting. After review and discussion, Director Molina moved to approve the minutes. Director Davidson seconded the motion, which passed unanimously.

## UNLIMITED TAX BONDS, SERIES 2015

Mr. Eustis reviewed bids received for the sale of the District's \$25,720,000 Unlimited Tax Bonds, Series 2015, and stated that the low bidder was SAMCO Capital Markets, with a net effective interest rate of 3.712998%. Following review and discussion, Director Molina moved that the Board award the sale of the District's \$25,720,000 Unlimited Tax Bonds, Series 2015 to SAMCO Capital Markets. Director Davidson seconded the motion, which was passed unanimously. Mr. Eustis also confirmed a commitment for coverage from Assured Guaranty Corporation and a AA rating from Moody's Investors Services, Inc.

Ms. Holoubek reviewed the Resolution Authorizing the Issuance of the District's \$25,720,000 Unlimited Tax Bonds, Series 2015. After review and discussion, Director Molina moved that the Board adopt the Resolution Authorizing the Issuance of the District's \$25,720,000 Unlimited Tax Bonds, Series 2015. Director Davidson seconded the motion, which was approved by unanimous vote.

Ms. Holoubek 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. Director Davidson seconded the motion, which passed unanimously.

The Board next considered approving the Official Statement for the District's \$25,720,000 Unlimited Tax Bonds, Series 2015. Ms. Holoubek 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 Davidson seconded the motion, which was approved by unanimous vote.

Ms. Holoubek 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 Davidson seconded the motion, which was approved by unanimous vote.

Ms. Holoubek 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 Davidson seconded the motion, which passed unanimously.

Mr. Keel confirmed that the TCEQ inspected the facilities.

FINANCIAL AND BOOKKEEPING MATTERS AND BUDGET FOR FISCAL YEAR  
END SEPTEMBER 30, 2016

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. She also reviewed a draft budget for the fiscal year end September 30, 2016. 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. Director Maddox 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 Maddox, the Board voted unanimously to accept the tax assessor/collector's report.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

Mr. Kridel updated the Board regarding lowering the notch in the bulkhead at the College Park West detention pond and said he is postponing the work until there is enough rainfall to use the water level as a guideline for how far to lower the notch, as previously discussed. He also reported additional repair costs in the amount of \$2,365 to chip down and re-grout the retaining wall at the Canyon Lakes West Section 3 detention pond following repair of a leaking gate valve in the outfall box. Following review and discussion, upon a motion by Director Molina and a second by Director Davidson, the Board voted unanimously to approve the additional repair costs associated with the Canyon Lakes West Section 3 detention pond.

OPERATION OF DISTRICT FACILITIES

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

Mr. Hoffman reported 50 new residential taps and 2 commercial meters were installed during the month of July, 2015, reviewed routine maintenance and repairs within the District completed and ongoing during the month of July, 2015 and requested the Board approve:

1. Repair of the generator transfer switch at water plant no. 1 for \$9,000;
2. Installation of manhole inflow protectors at lift station no. 4 for \$22,900;
3. Installation of manhole inflow protectors at lift station no. 5 for \$12,700;
4. Installation of manhole inflow protectors at lift station no. 6 for \$14,400;  
and
5. Installation of manhole inflow protectors at lift station no. 9 for \$6,700.

The Board discussed the District's water accountability for the month of July, 2015 and authorizing waiver of 864,700 gallons metered to fill the detention pond at Canyon Lakes West, Section 3 following repair of the gate valve.

Following review and discussion, Director Maddox moved to (1) approve the District operator's report; (2) authorize the District operator to extend a payment plan to customer, Elena Barnett; (3) authorize repair of the generator transfer switch at water plant no. 1; and (4) authorize installation of manhole inflow protectors at lift station nos. 4, 5, 6 and 9. 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 Maddox 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 Davidson seconded the motion, which carried unanimously.

Ms. DuBois discussed current energy markets and presented proposed contract renewal pricing following the expiration of the District's current contract with Frontier Utilities in February of 2018.

#### REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Christopher, Ms. Ullman and Mr. Haaland discussed development in the District.

The Board next considered approving Development Financing Agreements with BlueRock Partners, LLC and KB Home Lone Star, Inc., both for development of residential lots. Following review and discussion, upon a motion by Director Maddox and a second by Director Molina, the Board voted unanimously to approve Development Financing Agreements with BlueRock Partners, LLC and KB Home Lone Star, Inc.

## PARK MAINTENANCE

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

1. proposals for power washing of pavilion tables and play structures in Amhurst Park , Cypress Springs Park and Tealbrook Park during heavy use season;
2. a proposal to replace the slide at Tealbrook Park; and
3. a proposal to make irrigation repairs at Tealbrook Park.

The Board also reviewed a comprehensive overview of repair items at each park.

Following review and discussion, Director Maddox moved to (1) power wash twice a month at Tealbrook Park and once a month at Cypress Springs Park and Amhurst Park during the months of August and September; (2) authorize replacement of the slide at Tealbrook Park; and (3) authorize replacement of all irrigation heads in Tealbrook Park.

The Board discussed park maintenance budgets for the fiscal year ending September 30, 2016.

## MASTER PARKS PLAN

Mr. DeForest first discussed plans and specifications for Miramesa, Section 6 landscaping improvements and requested authorization to advertise for bids for construction of same.

Mr. DeForest next reviewed lighting options for the Windhaven Lake Trail System.

Mr. DeForest reported the progress of improvements at River Pines Park recommended the Board approve Pay Application No. 8 and Final in the amount of \$22,661.77, payable to Stone Castle Constructors.

Mr. DeForest next discussed Mirabella, Section 1 landscaping improvements and recommended the Board approve Pay Application No. 2 in the amount of \$124,779.37 and Pay Application No. 3 in the amount of \$66,027.74, both payable to Texas Wall Systems, LLC.

He next reported regarding Mirabella, Section 2 landscaping improvements and recommended the Board approve Pay Application No. 2 in the amount of \$75,078.90 and Pay Application No. 3 in the amount of \$75,626.10, both payable to Allgreen

Associates, and Change Order No. 2 in the amount of \$20,529 for a storm manhole, inlet and grading on the east side of the lake.

The Board discussed Miramesa, Section 3 landscaping improvements and Mr. DeForest recommended the Board approve Pay Application No. 1 in the amount of \$41,138.10, payable to Westco Grounds Maintenance Co., Inc.

The Board discussed park development budgets and projects for the fiscal year ending September 30, 2016.

Following review and discussion, Director Molina moved to (1) approve the pay applications and change orders discussed above; and (2) authorize advertisement for bids for construction of landscaping improvements in Miramesa, Section 6. 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 first reviewed bids for construction of sanitary sewer line to serve Mountain Meadows and recommended the Board award the contract to the low bidder, AR Turnkee, in the amount of \$47,187. 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 AR Turnkee, subject to verification of payment and performance bonds and insurance. Director Green seconded the motion which passed unanimously.

Mr. Keel 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, Section 4, Change Order No. 3 in the amount of \$2,292.78 and Pay Estimate No. 6 and Final in the amount of \$30,245.18;
2. Trunk force main to serve Mirabella, Pay Estimate No. 5 and Final in the amount of \$39,813.79;
3. Pine Creek at Canyon Lakes West, Section 10, Change order No. 1 in the amount of \$2,250, Pay Estimate No. 2 and Final in the amount of \$26,027;
4. Pine Creek at Canyon Lakes West, Section 11, Pay Estimate No. 2 and Final in the amount of \$21,292.10;
5. Langham Creek Improvements, Phase 2 and Fill Site for Mirabella Town Center, Pay Estimate No. 2 in the amount of \$170,550.23; and
6. Water plant No. 4, Pay Estimate No. 1 in the amount of \$164,637 and Storm Water Solution, LLP proposal in the amount of \$12,115.

The Board also considered a request from KB Home Lone Star, Inc. for capacity to serve 72 single family homes.

Following review and discussion, Director Maddox moved to (1) approve the engineering report; (2) approve the pay estimates and change order listed above; and (3) approve a capacity commitment to KB Home Lone Star. Director Davidson seconded the motion, which passed unanimously.

#### INTERLOCAL AGREEMENT WITH HARRIS COUNTY FLOOD CONTROL FOR U-132 CONTROL STRUCTURE

The Board next considered entering into an Interlocal Agreement with HCFCF (the "Agreement") for construction and ongoing maintenance of the U-132 control structure. Following review and discussion, Director Davidson moved to approve the Agreement. The motion was seconded by Director Maddox and passed unanimously.

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

The Board took no action on this agenda item.

#### SECURITY REPORT

The Board discussed recent calls and patrol.

#### WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

There was no discussion for this agenda item.

#### INTERLOCAL AGREEMENT WITH HARRIS-GALVESTON SUBSIDENCE DISTRICT

The Board next considered an Interlocal Agreement with Harris-Galveston Subsidence District to sponsor water conservation curriculum for the 4<sup>th</sup> and 5<sup>th</sup> grade at Horne Elementary with an average annual enrollment of 164. Upon a motion by Director Molina and a second by Director Maddox, the Board authorized participation and execution of the Interlocal Agreement with Harris-Galveston Subsidence District. Director Maddox seconded the motion, which passed unanimously.

#### REPORT REGARDING LEGISLATIVE MATTERS

Ms. Holoubek distributed and reviewed a report prepared by ABHR regarding legislative matters pertaining to the 84th Regular Session of the Texas Legislature. A copy of the report is attached.

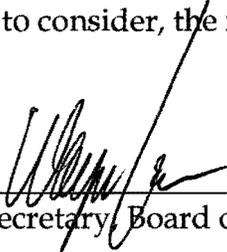
GARBAGE COLLECTION SERVICES

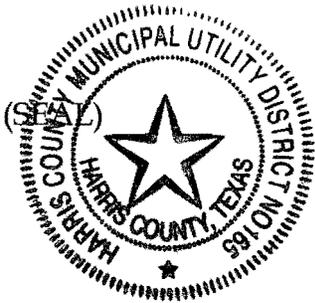
The Board met with Mr. Toussaint, Mr. Ramey and Mr. Egbert to discuss recent trash and recycling collection problems and complaints. The Board also requested that WCA consider reimbursing the District for legal and operating expenses incurred managing garbage complaints and calls during the month of July, 2015 and issuing the District a \$5 good will credit to each District customer for the month of July. The Board also requested that WCA draft an apology notice to customers for inclusion in the District utility bills.

The Board next met with representatives from Best Trash, Texas Pride Disposal, Waste Management and Republic Waste to discuss waste collection services each offers.

Following discussion with each garbage carrier, Director Molina moved to (1) trigger notice of termination to WCA for non-performance/non-compliance on or after August 23, 2015, if necessary; (2) engage Best Trash, LLC, upon the termination of WCA; and (3) authorize Director Bentson to act as the Board's liaison in these matters on or after August 23, 2015. The motion was seconded by Director Davidson and passed unanimously.

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

  
Secretary, Board of Directors



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