

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

April 7, 2016

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 April, 2016, 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"); Samantha Townes, District residents; Patty Rodriguez of Bob Leared Interests, Inc.; Chris Hoffman of H2O Consulting, Inc. ("H2O"); Shawn Byron of KGA/DeForest Design, LLC; Mike Christopher of Jones & Carter, Inc. (J&C); Trevor Royal of WCA Waste Corporation of Texas; Mary DuBois of Acclaim Energy Advisors; Josh Wailes of Mike Stone Associates, Inc. ("MSA"); and Heather Trachtenberg and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

2016 DIRECTORS ELECTION

Ms. Miller confirmed the early and regular voting location and hours for early voting at the Harris County Weekly Community Center.

PUBLIC COMMENT

Ms. Miller distributed District/Director correspondence received through the District's website and at ABHR.

Ms. DuBois reported regarding current energy markets and rates and the District's previous inquiry regarding the possibility of a blend and extend contract with the District's current energy provider. Following discussion, the Board concurred to request that Acclaim keep the Board updated regarding energy markets and opportunities to save as the District's current contract termination date approaches.

Mrs. Townes discussed with the Board the terms and conditions of a proposed Licensing Agreement for Recreational Use between the District and Caleb and Samantha Townes and delivered executed agreements.

#### MINUTES

The Board considered approving the minutes of the March 3, 2016, 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.

#### AMENDMENT TO INTERLOCAL AGREEMENT WITH HARRIS COUNTY FLOOD CONTROL DISTRICT

The Board next reviewed an amendment to the District's Interlocal Agreement with Harris County Flood Control District increasing the District's contribution for construction of control structures in the U-132. Following review and discussion, Director Molina moved to approve the amendment, as discussed. Director Davidson 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 2015 tax levy to date and delinquent taxes from previous tax years.

Following discussion and review of the information provided by the taxpayer and the District tax assessor collector, Director Maddox moved to accept the tax assessor/collector's report. Director Molina seconded the motion, which passed unanimously.

## STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

No report was given.

## OPERATION OF DISTRICT FACILITIES

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

Mr. Hoffman reported 5 commercial and 52 new residential taps were installed during the month of March, 2016, reviewed routine maintenance and repairs within the District completed and ongoing during the month of March, 2016.

The Board discussed the District's water accountability for the month of March, 2016.

Mr. Hoffman presented customer appeals, including letters and documents submitted by the customer, from:

1. Frederick Lewis at 7243 Leaf Wind Drive requesting a payment plan;
2. Kayla Jackson at 7303 Enchanted Creek Drive requesting an adjustment pursuant to the District's leak policy;
3. Venus Bailey at 7811 Raven Creek Lane requesting an adjustment pursuant to the District's leak policy; and
4. Katie Brozovich at 20203 Overland Hills Lane requesting payment plan.

Mr. Hoffman reviewed an annual report on the implementation of the Water Conservation Plan.

Mr. Hoffman discussed deposits on file for homeowner's associations' ("HOA") irrigation taps and requested authorization to refund balances above the required \$75 deposit back to each requesting HOA.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; (2) approve the leak adjustments and payment plans requested above and authorize the District operator to also offer a payment plan to those customer receiving a leak adjustment; (3) authorize the District operator to file the annual report on the implementation of the Water Conservation Plan with the Texas Water Development Board; and (4) authorize the District operator to refund HOAs for balances above required account deposits, as discussed above. The motion, which was seconded by Director Maddox, passed by a vote of 4 to 0, with Director Davidson abstaining from voting.

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.

#### ANNUAL REVIEW AND REPORT ON IDENTITY THEFT PREVENTION PROGRAM

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 Molina 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 Davidson seconded the motion, which carried unanimously.

#### REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Christopher and Mr. Keel reported regarding development in the District.

#### PARK MAINTENANCE

Mr. Wailes reviewed park maintenance and inspection schedules submitted by MSA, discussed repairs and improvements completed in the District during the month of March, 2016, and reported a missing tree in Tealbrook Park. Following review and discussion, Director Davidson moved to grade out the lot where the tree is missing. Director Molina seconded the motion, which passed unanimously.

#### MASTER PARKS PLAN

Mr. Byron next discussed the status of landscaping improvements and projects in the District and recommended the Board approve the following:

1. Mirabella, Section 1 landscaping improvements; Pay Estimate No. 4 in the amount of \$23,599.07 and Change Order No. 3 in the amount of \$4,499.45;
2. Mirabella, Section 3 landscaping improvements; Pay Estimate No. 6 in the amount of \$8,669.70, Pay Estimate No. 7 and Final in the amount of \$41,816.82 and Change Order No. 3 in the amount of \$369;

3. Mirabella, Section 6 landscaping improvements; Pay Estimate No. 3 in the amount of \$66,018.79 and Change Order No. 2 in the amount of \$2,977.48; and
4. Mirabella, Section 7 landscaping improvements; Pay Estimate No. 1 in the amount of \$5,297.40.

Following review and discussion, Director Davidson moved to approve the pay estimates and change orders discussed above. The motion, which was seconded by Director Molina, passed unanimously.

#### LANDSCAPE MAINTENANCE AGREEMENT FOR MIRAMESA LANDSCAPING RESERVES

The Board next considered amending the District's Landscaping Maintenance Agreement with SG-Owners Association, Inc. to include landscaping reserves conveyed to the District in Miramesa to date. Following review and discussion, Director Molina moved to amend the District's Landscaping Maintenance Agreement with SG-Owners Association, Inc., as discussed. Director Davison seconded the motion, which passed unanimously.

#### MAINTENANCE AGREEMENT WITH TOWNES

The Board next considered a Licensing Agreement for Use of a Landscaping Reserve between the District and Caleb and Samantha Townes wherein the District authorizes the Townes to fence in a reserve area adjacent to their lot for use, subject to certain maintenance provisions imposed upon the Townes for the fenced in area. Following review and discussion, Director Davidson moved to approve a Licensing Agreement for Use of a Landscaping Reserve between the District and Caleb and Samantha Townes. 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. Keel first discussed the status of plans and requested authorization to advertise for bids for construction of a 12" waterline to serve Water Plant No. 4.

Mr. Christopher discussed bids received for the Langham Creek Pilot Channel Restoration and Storm Water Quality Basin Project and recommended the Board reject all bids and authorize J&C to re-advertise for bids for construction.

Mr. Keel discussed the status of preparation of plans and specification for construction of Water, sanitary and drainage facilities for Miramesa Public Utility Extension, reviewed bids and recommended the Board award the contract to the lowest

qualified bidder, C.E. Barker, in the amount of \$130,636.11. 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 C.E. Barker. Director Molina seconded the motion which passed unanimously.

Mr. Keel reported the status of construction of the following projects and recommended approve of the following pay estimates and change orders, as listed below:

1. Mirabella, Sections 8, 9, 10 and 11; Pay Estimate No. 4 in the amount of \$97,798.19 and Change Order No. 1 in the amount of \$47,995.40;
2. Water Plant No. 4; Pay Estimate No. 9 in the amount of \$756,188.91;
3. Mirabella, Section 5; Pay Estimate No. 2 in the amount of \$83,890.01 and Change Order No. 1 in the amount of \$4,836.40;
4. U-132 Detention Phase II; Pay Estimate No. 6 in the amount of \$118,275.75, Change Order No. 1 in the amount of \$0.50 and Change Order No. 2 in the amount of \$147,051.25;
5. Drainage Facilities for West Road East of Mirabella Drive (Section 5); Pay Estimate No. 1 in the amount of \$93,466.89;
6. West Road, west of Fry Road and commercial utility extension; Pay Estimate No. 1 in the amount of \$441,305.45 and Change Order No. 1 in the amount of \$7,238.79;
7. Construction of drainage and paving facilities for West Road Crossing at U-132; Pay Estimate No. 1 in the amount of \$117,166.50; and
8. Cypress Springs South Section 2; Pay Estimate No. 1 in the amount of \$439,562.10 and Change Order No. 1 in the amount of \$11,572.

Mr. Keel then updated the Board regarding preparation of a bond application and recent discussion with the West Harris County Regional Water Authority regarding construction schedules for surface water lines to the District.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) reject all bids received for Langham Creek Pilot Channel Restoration and Storm Water Quality Basin Project and authorize J&C to re-advertise for bids for construction; (3) authorize the District engineer to advertise for bids for construction of the projects listed above; and (4) approve the pay estimates and change orders listed above. Director Molina seconded the motion, which passed unanimously.

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

The Board next considered accepting the following conveyances;

1. easements to serve Fry Road Partners, Ltd. project;

2. Temporary Construction and Right of Entry and Maintenance Agreement with Harris County Flood Control District for U-132;
3. Maintenance Access at Greenhouse and Langham Creek requested by Precinct 3 for construction of driveway, gravel access road, pipe fence, and gate; and
4. Special Warranty Deed for landscaping reserves in Miramesa, Sections 8, 9, 10 and 11.

Following review and discussion, Director Davidson moved to approve the conveyances/agreements listed above. The motion was seconded by Director Molina and passed unanimously.

#### GARBAGE COLLECTION SERVICES

Mr. Royal discussed garbage and recycling collection services in the District.

#### SECURITY REPORT

Director Bentson discussed patrol in the District.

#### DISTRICT WEBSITE

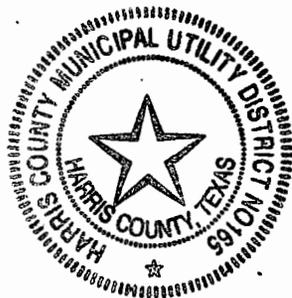
The Board reviewed a memorandum regarding requirements for District websites.

#### 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.

  
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Secretary, Board of Directors



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