

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

May 5, 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 5<sup>th</sup> day of May, 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"); Patty Rodriguez of Bob Leared Interests, Inc.; Chris Hoffman and Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Shawn Byron of KGA/DeForest Design, LLC; Mike Christopher of Jones & Carter, Inc. (J&C); Blake Kridel of Storm Water Solutions, LP; Ron Lindsey and Julie Ward of Read King Commercial Real Estate; Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Nathan Wang of Clay & Co.; and Jessica Holoubek and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

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

MINUTES

The Board considered approving the minutes of the April 7, 2016 regular meeting. Following review and discussion, Director Davidson moved to approve the minutes. Director Green seconded the motion, which passed unanimously.

FINAL ARBITRAGE REBATE REPORT FOR THE SERIES 2007 AND SERIES 2008 BONDS

Ms. Holoubek next reviewed Omnicap, LLC's final arbitrage rebate and yield restriction calculation for the District's Series 2007 and 2008 Bonds and said no rebate is due the Internal Revenue Service.

## 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 Molina 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 Davidson, 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 Molina moved to accept the bookkeeper's report and pay the bills described therein, including handwritten check no. 1893 to Lonnie Lischka Co., LP to replace voided check no. 1892. 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.

Ms. Rodriguez also reviewed a taxpayer relief request from Unlimited Investors regarding two taxpayer accounts on Sedona Run Drive requesting a payment plan.

Following discussion and review of the information provided by the taxpayer and the District tax assessor collector, Director Davidson moved to (1) accept the tax assessor/collector's report; and (2) authorize the District tax assessor collector to extend a 6 month payment plan to Unlimited Investors for the taxpayer accounts discussed above. Director Molina seconded the motion, which passed unanimously.

## STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

Mr. Kridel presented permit renewal applications for Towne Lake Green, Yaupon Ranch and Remington Grove for Board approval and presented the following proposals:

1. Proposal in the amount of \$8,608 to clean the storm water quality feature units in Towne Lake Green; and
2. Proposal in the amount of \$2,200 to repair the detention pond outfall at Yaupon Ranch.

Following review and discussion, Director Davidson moved to approve the proposals discussed above. Director Molina seconded the motion, which passed unanimously.

## OPERATION OF DISTRICT FACILITIES

Mr. Hoffman distributed and reviewed a management and operations report, a copy of which is attached, discussed the effect of the recent heavy rain event on District facilities and requested authorization to make the following repairs:

1. Repair of well motor short to ground at water plant no. 3 estimated at \$30,000; and
2. Installation of inflow protectors at lift station no. 1 estimated at \$6,500.

Mr. Hoffman reported 58 new residential taps were installed during the month of April, 2016, reviewed routine maintenance and repairs within the District completed and ongoing during the month of April, 2016.

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

Mr. Hoffman next discussed deterioration of the effluent chamber at the wastewater treatment plant and recommending taking the chamber out of service and re-grouting and recoating the chamber wall for an estimate of \$15,000.

Mr. Hoffman next received an aged receivables report and recommended turning certain accounts described in the report over to collections and recommended others described in the report to be written off.

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

1. Hanaiya Johnson at 19956 Stoney Haven Drive requesting a payment plan; and
2. Valerie Allen at 19814 Garner Walk requesting additional time to make payment.

Following review and discussion, Director Davidson moved to (1) approve the District operator's report; (2) authorize the District operator to also offer a payment plan to Hanaiya Johnson; (3) approve repair of a well motor short to ground at water plant no. 3 estimated at \$30,000; (4) approve installation of inflow protectors at lift station no. 1 estimated at \$6,500; and (5) approve re-grouting and recoating of the effluent chamber for an estimated \$15,000. The motion, which was seconded by Director Molina, 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.

#### 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.

#### CONSUMER CONFIDENCE REPORT

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, 2016. After review and discussion, upon a motion by Director Davidson and a second by Director Green 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.

## REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Christopher, Mr. Wang and Ms. Ward 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 April, 2016, and recommended the following repairs/maintenance:

1. Water fountain leak in Amhurst Park in the amount of \$109.25;
2. Graffiti removal on water fountain in Amhurst Park in the amount of \$51.75;
3. Stump grinding and turf restoration in Amhurst Park in the amount of \$663.90;
4. Tree replacement in Amhurst Park with a 30-gallon red oak in the amount of \$435.11;
5. Treatment of tree scale in Cypress Springs Park in the amount of \$305.55;
6. Repair of a loose soccer goal in Cypress Springs Park in the amount of \$287.50; and
7. Graffiti removal in Cypress Springs Park in the amount of \$201.25.

Discussion ensued regarding reporting graffiti to Harris County and cleaning immediately after graffiti is identified and reported.

Following review and discussion, Director Davidson moved to approve the proposals listed above. Director Molina seconded the motion, which passed unanimously.

### MASTER PARKS PLAN

Mr. Byron discussed the status of preparation of plans and specification for construction of landscaping improvements in Miramesa, Sections 10 and 11, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, Westco Grounds Maintenance Co., Inc., in the amount of \$181,524.25. 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 Westco Grounds Maintenance Co., Inc. Director Davidson seconded the motion which passed unanimously.

Mr. Byron next discussed the status of landscaping improvements and projects in the District and recommended the Board approve Mirabella, Section 1 landscaping improvements; Change Order No. 4 in the amount of \$9,940.16. Following review and discussion, Director Molina moved to approve the change order. 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 the status of preparation of plans and specification for construction of the Langham Creek Pilot Channel Restoration and Storm Water Quality Basin, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, Lindsey Construction, in the amount of \$319,310.75. 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 Lindsey Construction. Director Molina seconded the motion which passed unanimously.

Mr. Keel discussed the status of preparation of plans and specification for rehabilitation of lift station no. 1, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, T&C Construction, in the amount of \$605,150. 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 T&C Construction and to authorize ABHR to send notice to TCEQ of the District's intent to use surplus capital project funds for the project. Director Molina seconded the motion which passed unanimously.

Mr. Christopher discussed proposed maintenance of and turf establishment for Langham Creek, Phase 1 and Mr. Kridel presented maintenance proposals from Storm Water Solutions, LP in the amounts of \$17,878 and \$71,064. Ms. Holoubek discussed a proposed Turf Establishment Maintenance Agreement with the Harris County Flood Control District.

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. Water Plant No. 4; Pay Estimate No. 10 in the amount of \$134,393.38;
2. U-132 Detention Phase II; Pay Estimate No. 7 in the amount of \$24,265.80;
3. Drainage Facilities for West Road East of Mirabella Drive (Section 5); Pay Estimate No. 2 in the amount of \$3,212.90;
4. West Road, west of Fry Road and commercial utility extension; Pay Estimate No. 2 in the amount of \$208,786.67;

5. Construction of drainage and paving facilities for West Road Crossing at U-132; Pay Estimate No. 2 in the amount of \$457,096.23;
6. Langham Creek, Phase 2 and fill plan for Miramesa South Tract; Pay Estimate No. 1 in the amount of \$364,027.50; and
7. Cypress Springs South Section 2; Pay Estimate No. 2 in the amount of \$41,118.52.

Mr. Keel then updated the Board regarding preparation of a bond application and Ms. Holoubek reviewed a Resolution for Application to the Texas Commission on Environmental Quality for Approval of Projects and Bonds. Following review and discussion, upon a motion by Director Davidson and a second by Director Molina, the Board voted unanimously to approve a Resolution for Application to the Texas Commission on Environmental Quality for Approval of Projects and Bonds for an amount not to exceed \$40,000,000.

Mr. Keel also discussed expiration of the permit for the wastewater treatment plant and deadlines for filing the renewal application.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) approve the pay estimates and change orders listed above; and (3) authorize the District engineer to prepare an application for renewal of the District's permit for the wastewater treatment plant. Director Molina seconded the motion, which passed unanimously.

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

There was no discussion for this agenda item.

#### GARBAGE COLLECTION SERVICES

The Board discussed garbage and recycling collection services in the District and requested that ABHR notify the District's account representative regarding use of automated collection trucks in the District.

#### SECURITY REPORT

The Board considered sponsoring 2 officers to attend a gang prevention course and to reimburse up to \$1,200 in expenses to attend the course. Following review and discussion, Director Davidson moved to approve the course expense. Director Green seconded the motion, which passed unanimously.

DISTRICT WEBSITE

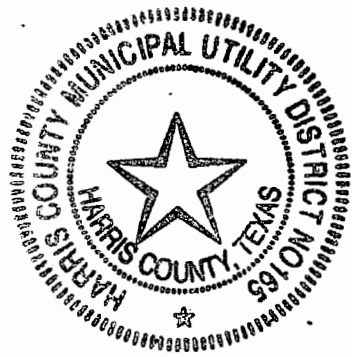
There was no discussion for this agenda item.

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.

  
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Secretary, Board of Directors





LIST OF ATTACHMENTS TO MINUTES

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