

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

August 4, 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 4<sup>th</sup> day of August, 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 except Directors Davidson and Molina, 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, Josh Board and Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Blake Kridel of Storm Water Solutions, LP; Shawn Byron of KGA/DeForest Design, LLC; Sean Killam of Jones & Carter, Inc. (J&C); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Shannon Waugh and Allen DeJonge of Off Cinco; William Lotz of Greenberg Farrow; 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 July 7, 2016 regular meeting. Following review and discussion, Director Maddox moved to approve the minutes. Director Green seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS AND BUDGET FOR FISCAL YEAR  
END SEPTEMBER 30, 2017

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, 2017. Copies of the bookkeeper's report, investment report, budgets, and a list of bills presented for payment are attached.

Following review and discussion, Director Maddox moved to accept the bookkeeper's report and pay the bills described therein, including Check No. 12472 in the amount of \$176,341 to Bey Construction. Director Green 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, reported regarding taxes collected from the 2015 tax levy to date, delinquent taxes from previous tax years and payment plans revoked for non-payment and discussed preliminary values and the status of certified values for 2016.

Following discussion and review of the information provided by the taxpayer and the District tax assessor collector, Director Maddox moved to (1) accept the tax assessor/collector's report; and (2) authorize the District tax assessor collector to extend payment plans to the taxpayers listed above, as discussed. Director Green seconded the motion, which passed unanimously.

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

Mr. Kridel presented the following permit renewal applications:

1. Storm Water Quality Permit No. 8-0002456-7; Detention for West Road and Mirabella Drive at 9058 Fry Road ½; and
2. Storm Water Quality Permit No. 8-0002466-6; Mirabella Outfall to Langham Creek at 9058 Fry Road ½.

Following review and discussion, upon a motion by Director Maddox and a second by Director Green, the Board voted unanimously to authorize renewal of the permits listed above.

#### OPERATION OF DISTRICT FACILITIES

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

Mr. Hoffman reported 35 new residential taps and 2 commercial taps were installed during the month of July, 2016, and reviewed routine maintenance and repairs

within the District completed and ongoing during the month of July, 2016. The Board also discussed the District's water accountability for the month of July, 2016.

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

1. Collins Oduogu at 20302 Cortina Valley requesting a 3 month payment plan;
2. Steven Bailey at 7102 Prairie Village requesting an extension to pay account balance;
3. Venus Bailey at 7811 Raven Creek requesting a payment plan;
4. John Shaw at 20530 Saddleback Chase Lane requesting relief from unexplainable high water use; and
5. Glenda Holt at 8307 Kerrington Glen requesting reinstatement of service due to owner/tenant death in order to sell house.

Following review and discussion, Director Maddox moved to (1) approve the District operator's report; (2) authorize the District operator to also offer payment plans to Collins Oduogu and Venus Bailey; (3) authorize the District operator to adjust the account for John Shaw pursuant to the District's leak adjustment policy; (4) authorize the District operator to restore water service requested by Glenda Holt for the time necessary to prepare for a house sale and to allow payment upon the account until paid full; and (5) authorize no action on other customer correspondence. The motion, which was seconded by Director Green, passed unanimously.

Mr. Hoffman presented a list of delinquent customers and reported the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility services should not be terminated for reason of non-payment. Following review and discussion, Director Maddox moved to authorize termination of delinquent accounts in accordance with the District's Rate Order and direct that the delinquent customer list be filed appropriately and retained in the District's official records. The motion was seconded by Director Green and passed by unanimous vote.

#### REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Lotz reported regarding development in the District and Ms. Holoubek presented the following developer agreements for the Board's review and approval:

1. Development Financing Agreement with Westin Homes & Properties, LP; and

2. Development Financing Agreement with CalAtlantic Homes for recreational facilities.

Following review and discussion, Director Maddox moved to approve both proposed agreements, subject to attorney review. The motion was seconded by Director Green and passed unanimously.

#### 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 July, 2016. Following review and discussion, Director Maddox moved to approve MSA's report. The motion was seconded by Director Green and passed unanimously.

#### MASTER PARKS PLAN

Mr. Byron discussed the status of preparation of plans and specification for construction of landscaping improvements.

Mr. Byron first discussed the status of design of landscaping improvements in Miramesa, Section 9, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, Allgreen Associates, in the amount of \$134,098.88. After review and discussion, and because it would result in the best and most economical completion of the project, Director Maddox moved to approve the award of the contract to Allgreen Associates. Director Green seconded the motion which passed unanimously.

Mr. Byron next discussed the status of landscaping improvements in Miramesa, Section 7 and recommended the Board approve Pay Application No. 3 in the amount of \$1,008, payable to Westco Grounds Maintenance Co., Inc.

Mr. Byron reported the status of installation of lighting at the Windhaven Lake Trail System and recommended the Board approve Pay Application No. 1 in the amount of \$150,871.50, Pay Application No. 2 and Final the amount of \$25,469.50 and Change Order No. 1 in the amount of \$8,606.

Mr. Byron next discussed the status of landscaping improvements and projects in the District and recommended the Board approve Mirabella, Section 10 and 11 landscaping improvements; Pay Application No. 2 in the amount of \$4,082.40.

Following review and discussion, Director Maddox moved to approve the Pay Applications and Change Orders discussed above. Director Green 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.

The Board next discussed the status of design of a public utility extension to serve Star Cinema, reviewed bids and Mr. Keel, upon the recommendation of Jones & Carter, recommended the Board award the contract to the lowest qualified bidder, Monarch Civil Constructors, LLC, in the amount of \$183,692.45. After review and discussion, and because it would result in the best and most economical completion of the project, Director Maddox moved to approve the award of the contract to Monarch Civil Constructors, LLC. Director Green seconded the motion which passed unanimously.

Mr. Keel next discussed the status of design of a replacement spiral screen at the wastewater treatment plant, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, R&B Group, in the amount of \$327,980. After review and discussion, and because it would result in the best and most economical completion of the project, Director Maddox moved to approve the award of the contract to R&B Group and to pay for the future project, including engineering with available surplus capital project funds. Director Green seconded the motion which passed unanimously. Ms. Holoubek said she would provide notice to the Texas Commission on Environmental Quality ("TCEQ") on the District's behalf for use of surplus capital project funds for this project.

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

1. Water Plant No. 4; Pay Estimate No. 13 in the amount of \$66,931.63;
2. Cypress Springs South, Section 2; Pay Estimate No. 4 in the amount of \$25,091.99;
3. Langham Creek, Phase 2 and fill plan for Miramesa South Tract; Pay Estimate No. 4 in the amount of \$279,576 and Change Order No. 1 in the amount of \$133,422; and
4. West Road, west of Fry Road and commercial utility extension; Change Order No. 2 in the amount of \$8,675.15.

Ms. Holoubek discussed utility commitments requested from:

1. Meritage Homes of Texas, LLC for Miramesa, Sections 1 and 3;
2. Westin Homes & Properties, LP for Miramesa, Sections 2 and 4; and
3. Murphy Oil USA.

Mr. Keel discussed the status of preparation of a bond application and Ms. Holoubek presented a Resolution Authorizing Application for Approval of Project and Bonds for an amount not to exceed \$32,500,000.

Following review and discussion, Director Green moved to (1) approve the engineering report; (2) approve the pay estimates and change orders listed above; (3) approve the utility commitments listed above; and (4) approve a Resolution Authorizing Application for Approval of Project and Bonds for an amount not to exceed \$32,500,000. Director Maddox seconded the motion, which passed unanimously.

#### IMPACT FEE AGREEMENT WITH HARRIS COUNTY FLOOD CONTROL DISTRICT FOR U-132 CHANNEL

Ms. Holoubek discussed a proposed Impact Fee Agreement with Harris County Flood Control for the U-132 Channel and presented an agreement for Board review and approval. Following review and discussion, upon a motion by Director Maddox and a second by Director Green, the Board voted unanimously to approve an Impact Fee Agreement with Harris County Flood Control for the U-132 Channel.

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

Ms. Holoubek presented the following conveyances/agreements for the Board's approval:

1. Utility easements to serve Miramesa Southeast Corner; and
2. Utility easements to serve Miramesa Sections 1 and 2.

Following review and discussion, upon a motion by Director Maddox and a second by Director Green, the Board voted unanimously to approve the conveyances/agreements listed above.

#### GARBAGE COLLECTION SERVICES

There was no additional discussion for this agenda item.

#### SECURITY REPORT

Director Bentson updated the Board regarding security and patrol in the District and patrol staffing for 2017, including a possible K-9 unit.

DISTRICT WEBSITE

Ms. Waugh reviewed the update website with the Board. Following review and discussion, the Board concurred to authorize Ms. Waugh to make the website live with the exception of the "Projects" page.

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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