

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

January 5, 2017

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 5th day of January, 2017, 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; John Dreahn of Jones & Carter, Inc. (J&C); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Sherri Greenwood of BKD, LLP; Mary DuBois of Acclaim Energy Advisors; Phil Mullan of BGE, Inc.; Julie Ward of Read King Commercial Real Estate; Blake Kridel of Storm Water Solutions, LP; and Jessica Holoubek and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

Ms. DuBois discussed current energy markets, reviewed pricing indexes, copies of which are attached, and discussed upcoming expiration of the District's current energy contract.

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

MINUTES

The Board considered approving the minutes of the December 1, 2016 regular meeting. Following review and discussion, Director Molina moved to approve the minutes. Director Maddox seconded the motion, which passed unanimously.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Holoubek reported on the District's compliance activities during the prior calendar year related to bond financings. Ms. Holoubek stated that no corrective action is required at this time.

REVIEW OF LIST OF LOCAL GOVERNMENT OFFICERS

Ms. Holoubek reported that pursuant to Chapter 176 of the Texas Local Government Code, the District will maintain and update annually a List of Local Government Officers. Ms. Holoubek reviewed the List of Local Government Officers. After review and discussion, Director Davidson moved to approve and authorize execution of the List of Local Government Officers and direct that the List be filed appropriately and retained in the District's official records. Director Molina seconded the motion, which passed by unanimous vote.

ANNUAL DISCLOSURE STATEMENTS FOR INVESTMENT OFFICER AND BOOKKEEPER

Ms. Holoubek stated that, in accordance with the District's Investment Policy, Lori Buckner as the bookkeeper and Alan Bentson as the Investment Officer are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. She added that the disclosure statement will be filed with the Texas Ethics Commission and the District Records and updated whenever necessary. After review and discussion, Director Davidson moved that the Board accept the disclosure statements pursuant to the District's Investment Policy and the Public Funds Investment Act. Director Molina seconded the motion, which passed unanimously.

APPROVE AUDIT AND AUTHORIZE FILING WITH THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Ms. Greenwood reviewed a draft audit of the District's financial information for the fiscal year end September 30, 2016, a copy of which is attached to these minutes. Upon a motion made by Director Molina, seconded by Director Davidson, the Board voted unanimously to (1) approve the audit and management letter subject to final review and comments; and (2) authorize ABHR to file the audit and filing affidavit with the Texas Commission on Environmental Quality.

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, with the exception of voided check no. 12670. Director Maddox seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Rodriguez presented the tax assessor/collector's report and delinquent tax report, copies of which are attached, reviewed the checks presented for payment from the tax account, reported regarding taxes collected from the 2016 tax levy to date, delinquent taxes from previous tax years and payment plans revoked for non-payment.

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 Green seconded the motion, which passed unanimously.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

The Board considered the following applications for renewal of storm water quality permits for:

1. College Park West;
2. Tealbrook, Section 3;
3. Villas at Canyon Lakes West; and
4. Canyon Lakes West, Section 3.

He also recommended that the Board authorize the following work:

1. Proposal in the amount of \$3,788 to clean out the storm water quality feature for College Park West, Sections 3 and 4;
2. Proposal in the amount of \$3,102 to clean out the storm water quality feature for the temporary wastewater treatment plant; and
3. Proposal in the amount of \$3,788 to clean out the storm water quality feature for Tealbrook.

Following review and discussion, upon a motion from Director Maddox and a second by Director Molina, the Board voted unanimously to (1) authorize renewal of the permits for the storm water quality feature locations listed above; and (2) approve the proposals presented above.

OPERATION OF DISTRICT FACILITIES

Mr. Hoffman reported 23 new residential taps were installed during the month of December, 2016, and reviewed routine maintenance and repairs within the District completed and ongoing during the month of December, 2016. The Board also discussed the District's water accountability for the month of November, 2016.

Mr. Hoffman distributed and reviewed a management and operations report, a copy of which is attached. Mr. Hoffman then requested authorization to complete the following repairs and maintenance:

1. Repair of booster pump no. 4 motor, including replacement of bearings in the motor, for an estimated cost of \$6,250; and
2. Replacement of the controller on lift station no. 2 for an estimated cost of \$4,850.

Mr. Hoffman discussed investigation of a customer water quality complaint at 9118 Pine Place Court.

Mr. Hoffman presented customer complaints and appeals, including letters and documents submitted by the customer, copies of which are attached, from:

1. Tina Cordero; 18813 W. Windhaven Terrace; requesting a payment plan and meter replacement;
2. Comfort Nwakaihe; 19227 Cactus Thorn; requesting a payment plan;
3. Michael Smith; 7254 River Pines; request a payment plant and/or a leak adjustment, if applicable;
4. Daniel Williams; 20319 Pioneer Ridge; request a payment plant and/or a leak adjustment, if applicable; and
5. Terry Fuller; 19906 Dayton Ridge Lane; requesting a payment plan.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; (2) authorize the District operator to make the repairs and performance maintenance as requested and as listed above; (3) authorize the District operator to also offer payment plans and leak adjustments to all accounts listed above requesting plans and/or adjustment; and (5) authorize the District operator to install a new meter at 18813 W. Windhaven Terrace, pursuant to the District's meter replacement policy. The motion, which was seconded by Director Davidson, passed unanimously.

Mr. Hoffman next 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 Molina 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 Davidson and passed by unanimous vote.

REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Ms. Ward and Mr. Dreahn reported regarding development in the District.

PARK MAINTENANCE

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached, discussed maintenance and inspection schedules submitted by MSA and repairs and improvements completed in the District during the month of December, 2016. Discussion ensued regarding replacing and relocating the soccer goal net in Cypress Springs Park.

Following review and discussion, Director Maddox moved to approve the park and landscape management report. Director Green seconded the motion, which passed unanimously.

MASTER PARKS PLAN

Mr. Byron presented a landscape architect report, a copy of which is attached.

Mr. Byron first requested authorization to design and approval of proposals for design of Miramesa Section 3 Pocket Park Improvements.

Mr. Byron next reviewed final sidewalk alignments and preliminary construction cost estimates for multiple phases of proposed construction of sidewalks along Greenhouse Road. Following review and discussion, the Board concurred to proceed with design and construction of the proposed base bid trail system.

Mr. Byron next discussed the status of the following projects and recommended approval of associated pay applications and change orders listed:

1. Miramesa, Section 7 landscaping improvements; Pay Application No. 7 in the amount of \$53,205.93, Pay Application No. 8 in the amount of \$1,890 and Change Order No. 1 reducing the total contract amount by \$15,268.80;
2. Miramesa, Section 8 landscaping improvements; Pay Application No. 2 in the amount of \$30,343.12;
3. Miramesa, Section 9 landscaping improvements; Pay Application No. 5 in the amount of \$1,638; and

4. Miramesa, Sections 10 & 11 landscaping improvements; Pay Application No. 5 in the amount of \$39,119.94, Pay Application No. 6 in the amount of \$4,997.16 and Pay Application No. 7 in the amount of \$1,903.50

Following review and discussion, Director Davidson moved to (1) approve the landscaping report; and (2) approve the proposals, Pay Applications and Change Orders discussed above. Director Green seconded the motion, which passed unanimously.

ENGINEERING MATTERS

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

Mr. Mullan discussed the status of bids for construction of Langham Creek Detention from the Grand Parkway to the Trunkline Pipeline.

Mr. Keel then discussed the status of design of the lift station to serve Miramesa, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, 5J Services, in the amount of \$624,000. After review and discussion, and because it would result in the best and most economical completion of the project, Director Green moved to approve the award of the contract to 5J Services. Director Maddox seconded the motion which passed unanimously.

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. 18 in the amount of \$42,691.50;
2. Drainage and paving facilities for West Road Crossing at U-132; Pay Estimate No. 5 in the amount of \$66,544.02;
3. Rehabilitation of Lift Station No. 1; Pay Estimate No. 5 in the amount of \$147,739.29;
4. Miramesa North Public Utility Extension; Pay Estimate No. 1 in the amount of \$94,975.34 and Change Order No. 1 in the amount of \$3,598.33; and
5. Miramesa Commercial Southeast Corner, Phase 1; Pay Estimate No. 1 in the amount of \$33,048.04.

Following review and discussion, Director Green moved to (1) approve the engineering report; and (2) approve the pay estimates and change orders listed above. Director Maddox seconded the motion, which passed unanimously.

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

The Board next considered the following conveyance to the District and consent to encroachment:

1. Easement for storm water quality planting and maintenance for U100-00-00; and
2. Consent to Encroach with pavement and landscaping over storm sewer easement on Miramesa NWC, LLC tract.

Following review and discussion, upon a motion by Director Molina and a second by Director Molina, the Board voted unanimously to approve the conveyance and consent listed above.

GARBAGE COLLECTION SERVICES

Director Davidson reported issues with valet service, use of the automated collection trucks and liquids leaking from the truck roll off into streets.

SECURITY REPORT

Director Bentson updated the Board regarding security and patrol in the District.

Following the security report, Director Molina moved to approve an Interlocal Agreement for Law Enforcement Services between the District and Harris County. Director Maddox seconded the motion, which passed unanimously.

DISTRICT WEBSITE

There was no discussion for this agenda item.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Holoubek reported that the District's current insurance policies expire in April, 2017 and asked if the Board would like to request multiple proposals for renewal. Following discussion, the Board concurred to request a proposal from the District's current provider only.

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.


Secretary, Board of Directors



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