

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

March 2, 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 2<sup>nd</sup> day of March, 2017, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, 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 Director Bentson, 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"); 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 February 2, 2017 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

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. Director Green seconded the motion, which passed unanimously.

RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPTION OF AMENDMENT TO INVESTMENT POLICY

Ms. Holoubek discussed the requirements of the Public Funds Investment Act and the Public Funds Collateral Act in connection with the District's investments. She discussed with the Board the current investment policy dated September 1, 2011, and recommended revising the District's investment policy to include certificates of deposit invested through a broker or depository institution that comply with Section 2256.010(b) of the Public Funds Investment Act.

Following review and discussion, upon a motion by Director Davidson and a second by Director Green, the Board voted unanimously to adopt a Resolution Regarding Annual Review of Investment Policy and Adopting an Amended Investment Policy.

ANNUAL REPORT

Ms. Holoubek reviewed an Annual Report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the District's bond resolutions. Following review and discussion, Director Davidson moved to approve the Annual Report, authorize the attorney to submit the District's updated financial and operating data in compliance with the continuing disclosure provisions contained in the bond resolutions, and direct that the Annual Report be filed appropriately and retained in the District's official records. Director Green seconded the motion, which passed unanimously.

ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the District's procedures for continuing disclosure compliance. Ms. Holoubek stated that no changes are required at this time.

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 and pay the bills described therein. Director Green seconded the motion, which passed unanimously.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Holoubek said that the certificate of estimated appraised value from the Harris County Appraisal District was received late today and that the District's financial advisor will review the appraised value and make a recommendation regarding tax exemptions at the April Board meeting. Following discussion, the Board concurred to defer action until the April, 2017 Board meeting.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

There was no discussion for this agenda item.

OPERATION OF DISTRICT FACILITIES

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

Mr. Hoffman reported 33 new residential taps were installed during the month of February, 2017, and reviewed routine maintenance and repairs within the District completed and ongoing during the month of February, 2017. The Board also discussed the District's water accountability for the month of February, 2017.

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:

1. Installation of a new disconnect at the wastewater treatment plant and conduit from the control panel to the sludge removal area for an estimated cost of \$6,800;
2. Replacement of check valve no. 4 at water plant no. 2 for an estimated cost of \$3,000;
3. Replacement of lift pump no. 1 at lift station no. 1 for an estimated cost of \$17,800; and
4. Replacement of 12" water valve at Yaupon Mist and Greenhouse for an estimated cost of \$6,500.

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

1. Texan Market; 7202 Fry Road; requesting a leak adjustment, if applicable;
2. Krystal Wilson; 19955 Sycamore Valley; requesting a leak adjustment, if applicable, and a payment plan; and

3. Daniel Garces; 8419 Doral Chase Lane; requesting a leak adjustment, if applicable.

The Board also discussed amending the District Rate Order to add the most recent increase for garbage collection services to the sanitary sewer base fee.

Following review and discussion, Director Davidson 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 offer a leak adjustment and/or payment plan to customer, Krystal Wilson; and (4) amend the District Rate Order, as discussed. The motion, which was seconded by Director Maddox, passed unanimously. The Board took no action on other customer appeals presented.

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 Davidson 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 Maddox and passed by unanimous vote.

#### ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN AND ANNUAL WATER LOSS AUDIT

The Board took no action and concurred to defer discussion of these agenda items until the May, 2017 Board meeting.

#### DROUGHT CONTINGENCY PLAN

The Board next reviewed the District's Drought Contingency Plan. Following discussion, the Board concurred that no revisions were necessary.

#### REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

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

#### PARK MAINTENANCE

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached, and reviewed proposals from Native Land Design for adding fall surface material at Amhurst, Cypress Springs and Tealbrook parks for a combined cost of

\$22,221.55. Following review and discussion, upon a motion by Director Davidson and a second by Director Green, the Board voted unanimously to approve the park management report and the proposal for fall surface material at Amhurst, Cypress Springs and Tealbrook parks for an amount not to exceed \$22,221.55.

### MASTER PARKS PLAN

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

Mr. Byron discussed the status of the following projects and recommended approval of Miramesa, Section 8 landscape improvements; Pay Application No. 4 in the amount of \$300.01.

Following review and discussion, Director Maddox moved to (1) approve the landscaping report; and (2) approve the Pay Application discussed above. Director Davidson 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. Keel reviewed bids for construction of facilities to serve Miramesa, Section 9, and recommended the Board award the contract to the lowest qualified bidder, Lischka Utilities, in the amount of \$892,000.

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. 20 in the amount of \$256,591.12 and Change Order No. 2 in the amount of \$8,900;
2. Head Screen Replacement; Change Order No. 1 in the amount of \$5,651.18;
3. Rehabilitation of Lift Station No. 1; Pay Estimate No. 7 in the amount of \$55,291.50;
4. West Road Extension and Reserve and Fry Road; Pay Estimate No. 6 and Final in the amount of \$47,539.25 and Change Order No. 3 in the amount of \$26,987.04; and
5. Miramesa North Public Utility Extension; Change Order No. 1 in the amount of \$3,598.33.

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) because it would result in the best and most economical completion of the project, award a contract to Lischka Utilities for the construction of facilities to serve Miramesa, Section 9. Director Maddox seconded the motion, which passed unanimously.

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

The Board next considered conveying the Remington Grove detention site by Special Warranty Deed to the Harris County Flood Control District. Following review and discussion, upon a motion by Director Davidson and a second by Director Maddox, the Board voted unanimously to approve conveyance of the Remington Grove detention site to the Harris County Flood Control District.

AGREEMENT FOR LANGHAM CREEK CHANNEL AND DETENTION IMPROVEMENTS AND IMPACT FEE RECIPROCATATION AGREEMENT

There was no discussion for this agenda item.

GARBAGE COLLECTION SERVICES

Directors Green and Davidson discussed garbage collection service issues including repeated use of mechanical arm trucks, liquid run off from the garbage truck hopper, loose trash scattered in the streets, inconsistent collection hours and missed streets. Following discussion, Director Davidson moved to authorize ABHR to issue notice of deficiency to WCA and solicit proposals for waste collection service from Best Trash and Texas Pride. Director Green seconded the motion which passed unanimously.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board next reviewed an insurance renewal proposal from Anco-McDonald Waterworks. Upon a motion by Director Davidson and a second by Director Maddox, the Board voted unanimously to authorize renewal of the District's insurance policies through Anco-McDonald Waterworks.

SECURITY REPORT

The Board discussed security and patrol in the District.

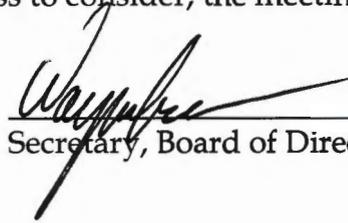
DISTRICT WEBSITE

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



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