

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

April 6, 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 6<sup>th</sup> day of April, 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, 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 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"); Trevor Royal, Pedro Pratt and Miguel Cruz of WCA Waste Corporation of Texas ("WCA"); Stephen Hudgins of The Hudgins Law Firm as outside counsel for WCA; Kevin Atkinson of Texas Pride Disposal; Matthew May of Best Trash, LLC; Ryan Nesmith of Robert W. Baird & Co. Incorporated; Julie Ward of Read King Commercial Real Estate; 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.

SERIES 2017 BONDS

Mr. Nesmith discussed with the Board the proposed bond sale for the Series 2017 Unlimited Tax Bonds (the "Bonds") and then recommended that the Board appoint Amegy Bank N.A. to be the Paying Agent/Registrar for the Bonds.

Mr. Nesmith updated the Board on the status of the bond application and reviewed the Preliminary Official Statement ("POS") for the Bonds with the Board and discussed a proposed closing schedule with the Board.

Mr. Nesmith then reviewed the requirements for advertising for the sale of the Bonds and requested authorization to advertise the sale of the Bonds.

The Board reviewed engagement terms and conditions for BKD, LLP to conduct the developer reimbursement audit for the Bonds.

Following review and discussion, Director Davidson moved (1) that the Board appoint Amegy Bank N.A. to be the Paying Agent/Registrar for the Bonds; (2) to approve the POS, subject to final consultant review; (3) to authorize the financial advisor to advertise the sale of the Bonds and schedule the bond sale for May 10, 2017, at 5:00 p.m.; and (4) to engage BKD, LLP to conduct the developer reimbursement audit for the Bonds. Director Molina seconded the motion, which carried unanimously.

#### RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Nesmith reviewed a homestead exemption analysis, a copy of which is attached, and the Board considered adopting a Resolution Concerning Exemptions from Taxation. Following review and discussion, Director Davidson moved to adopt a Resolution allowing a \$20,000 deduction for residents over 65 or disabled and a deduction of 10% (but not less than \$5,000) of the appraised value of residential homesteads. The motion was seconded by Director Molina and passed unanimously.

#### GARBAGE COLLECTION SERVICES

Mr. Royal, Mr. Pratt, and Mr. Cruz discussed with the Board recent garbage service complaints and WCA's responses to same. Mr. Royal requested that the Board provide actual addresses where street stains were located so pressure washing crews could follow up and clean the streets. Mr. Royal stated that WCA had driven the District in the prior week and noted several areas of staining, but had not yet dispatched cleaning crews. The Board requested that streets along District collection routes be inspected routinely for staining and that stains be addressed as identified during routine inspection. Additional discussion ensued regarding service area size and collection days. Director Davidson requested that WCA discontinue use of automated collection trucks in the District.

The Board then received presentations and proposals for waste collection service from Best Trash and Texas Pride, copies of which are attached.

Following discussion and presentations from Best Trash and Texas Pride, the Board concurred to appoint Directors Davidson and Green to inspect the District following WCA's next service date and determine whether to schedule a special meeting to further discuss garbage collection services.

## MINUTES

The Board considered approving the minutes of the February 2, 2017, regular meeting. Following review and discussion, Director Davidson moved to approve the minutes. Director Molina 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 the 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 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; and 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 Molina seconded the motion, which passed unanimously.

## STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

Mr. Dreahn discussed Harris County's requirement that the District enter into a storm sewer maintenance agreement for submerged storm sewer in Canyon Lakes, Section 12 and presented a storm sewer maintenance agreement for signature. Following review and discussion, Director Davidson moved to approve an agreement to maintain submerged storm sewer in Canyon Lakes West, Section 12. The motion was seconded by Director Molina and passed unanimously.

## 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 and 4 commercial taps were installed during the month of March, 2017, and reviewed routine maintenance and repairs within the District completed and ongoing during the month of March, 2017. The Board also discussed the District's water accountability for the month of March, 2017.

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

1. Brenda Fluker; 18318 Chianti Ridge; requesting a leak adjustment, if applicable; and
2. Tina Hayes; 19911 Marble Ridge Court; requesting a payment plan.

Mr. Hoffman reviewed an annual report on the implementation of the Water Conservation Plan, a copy of which is attached.

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 to customer, Brenda Fluker; (4) authorize the District operator to offer a payment plan to customer, Tina Hayes; and (5) authorize the District operator to prepare an annual water loss audit and file the audit and annual report on the implementation of the Water Conservation Plan with the Texas Water Development Board. The motion, which was seconded by Director Green, 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 Green and passed by unanimous vote.

#### AMEND RATE ORDER

The Board next reviewed an Amended Rate Order adding \$0.34 to the sanitary sewer base fee to pass the increased cost for garbage collection to District customers. Following review and discussion, upon a motion by Director Davidson and a second by Director Green, the Board voted unanimously to amend the District Rate Order, as discussed.

## 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 Davidson 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 Green seconded the motion, which carried unanimously.

## REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Dreahn and Ms. Ward 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 a proposal to restore power to lights and irrigation at Amhurst Park for an amount not to exceed \$2,264. Following review and discussion, and upon a motion by Director Molina and a second by Director Maddox, the Board voted unanimously to approve the park management report and the proposal to restore power to lights and irrigation at Amhurst Park for an amount not to exceed \$2,264

### MASTER PARKS PLAN

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

Mr. Byron reviewed bids for construction of facilities to serve Miramesa Pocket Parks and recommended the Board award the contract to the lowest qualified bidder, Shooter & Lindsey, in the amount of \$74,928.06.

Mr. Byron then reviewed bids for construction of sidewalks on Greenhouse Road and recommended the Board award the contract to the lowest qualified bidder, Stone Castle Constructors, in the amount of \$305,657.

Mr. Byron discussed the status of the following projects and recommended approval of the following pay estimates:

1. Miramesa, Section 7 Landscape Improvements; Pay Application No. 10 and Final in the amount of \$22,712.17;
2. Miramesa, Section 8 Landscape Improvements; Pay Application No. 5 in the amount of \$1,817.10; and

3. Miramesa, Sections 10 and 11 Landscape Improvements; Pay Application No. 9 and Final in the amount of \$18,183.22.

Following review and discussion, Director Molina moved to (1) approve the landscaping report; (2) award a contract to the lowest qualified bidder, Shooter & Lindsey, in the amount of \$74,928.06 for the construction of Miramesa Pocket Parks; (3) award the contract to the lowest qualified bidder, Stone Castle Constructors, in the amount of \$305,657 for the construction of sidewalks on Greenhouse Road; and (4) approve the Pay Applications 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 the Sanitary Sewer Overflow Initiative 2017 Work, and recommended the Board award the contract to the lowest qualified bidder, Source Point Solutions, in the amount of \$33,260.

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

1. Water Plant No. 4; Pay Estimate No. 21 in the amount of \$99,589.50;
2. Head Screen Replacement; Pay Estimate No. 1 in the amount of \$246,600;
3. Rehabilitation of Lift Station No. 1; Pay Estimate No. 8 in the amount of \$35,100;
4. Miramesa, Section 1; Pay Estimate No. 1 in the amount of \$188,536.19 and Pay Estimate No. 2 in the amount of \$868,658.16;
5. Miramesa North Public Utility Extension; Pay Estimate No. 3 in the amount of \$49,344.19; and
6. West Road Crossing at U-132 drainage and paving; Pay Estimate No. 6 and Final in the amount of \$131,114.98.

Mr. Keel then discussed water and sanitary sewer capacity requested by Public Storage and Ms. Holoubek reviewed a capacity commitment letter to PS LPT Properties Investors.

Following review and discussion, Director Maddox moved to (1) approve the engineering report; (2) approve the pay estimates listed above; (3) award a contract to the lowest bidder, Source Point Solutions, for Sanitary Sewer Overflow Initiative 2017 Work, because it would result in the best and most economical completion of the project; and (4) approve a capacity commitment to PS LPT Properties Investors. Director Davidson seconded the motion, which passed unanimously.

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

The Board next considered conveying an easement to the Harris County Flood Control District for storm water quality plantings and accepting property access to remove existing sanitary sewer and water lines and sanitary sewer easements on Great Elms Drive from Jorge and Maribel Trevino and Hector Trejo. Following review and discussion, upon a motion by Director Davidson and a second by Director Maddox, the Board voted unanimously to approve conveyance of an easement to Harris County Flood Control District and to request access and sanitary sewer easements from Jorge and Maribel Trevino and Hector Trejo.

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

Ms. Holoubek next reviewed an agreement with Harris County Flood Control for Langham Creek Channel and Detention Improvements and an Impact Fee Reciprocatation Agreement by and among the District, Harris county Water Control and Improvement District No. 159, 99 West 570 Partners, LLC, Terra Prima Ltd., Blossom Development, Inc., Silvestri Investments of Florida, Inc., Fry Road Venture, LP, and Bridgeland Development, LP for Langham Creek improvements, Phase 3. Following review and discussion, Director Davidson moved to approve the agreements. The motion was seconded by Director Maddox and passed unanimously.

SECURITY REPORT

Director Bentson discussed District patrol and security.

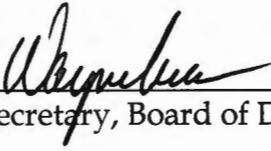
DISTRICT WEBSITE

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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