

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

May 4, 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 4<sup>th</sup> day of May, 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 and Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Tyler Lindgren of KGA/DeForest Design, LLC; John Dreahn of Jones & Carter, Inc. (J&C); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Trevor Royal of WCA Waste Corporation of Texas ("WCA"); Mary DuBois of Acclaim Energy Advisors; 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.

Ms. DuBois discussed the termination date of the District's current electricity contract with Frontier Utilities and current market rates. A copy of her report is attached. Following discussion, the Board concurred to place agenda items on the June meeting agenda to consider renewal of the District's electricity contract.

GARBAGE COLLECTION SERVICES

Mr. Royal updated the Board regarding WCA's pressure washing of previously reported street staining.

## MINUTES

The Board considered approving the minutes of the April 6, 2017, regular meeting and April 20, 2017, special meeting. Following review and discussion, Director Maddox moved to approve the minutes. Director Green seconded the motion, which passed unanimously.

## 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 Maddox 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 Molina, 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 Davidson moved to accept the bookkeeper's report and pay the bills described therein. Director Molina 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 the status of previously authorized payment plans for delinquent tax balances.

Following discussion and review of the information provided by the taxpayer and the District tax assessor collector, Director Davidson moved to accept the tax assessor/collector's report and pay the bills described therein. Director Maddox seconded the motion, which passed unanimously.

## STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

Ms. Miller reviewed email correspondence from Storm Water Solutions, LLC ("SWS") requesting authorization to submit the following applications to Harris County Storm Water Quality Division for renewal:

1. Permit No. 8-0001040-5 for Remington Grove - Sec. 1 (Offsite Pond), located at 19000 FM 529; and
2. Permit No. 8-0001042-0 for Yaupon Ranch, located at 1900 Yaupon Ranch Drive.

Following review and discussion, Director Davidson moved to authorize SWS to submit the permit renewal applications listed above. 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 26 new residential taps were installed during the month of April, 2017, and reviewed routine maintenance and repairs within the District completed and ongoing during the month of April, 2017. The Board also discussed the District's water accountability for the month of April, 2017.

Mr. Hoffman requested authorization to complete the following:

1. Install PVC slats in the sewer plant fence along the east fence line for an estimated cost of \$8,000;
2. Install PVC slats in the sewer plant fence along the south fence line for an estimated cost of \$4,750;
3. Install PVC slats in the sewer plant fence along the north fence line for an estimated cost of \$3,750;
4. Addition of expanded metal to the gates at lift station no. 1 for an estimated cost of \$3,500;
5. Scheduled maintenance of hydrants for an estimated cost of \$25,000; and
6. Scheduled hydrant painting for an estimated cost of \$75,000.

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

1. Carrie Bickham; 7117 Little Creek Court; requesting general assistance; and
2. Janine Vinet; 19851 Laurel Trail; requesting a payment plan.

Mr. Hoffman next reviewed the District's Critical Load List and explained that the District is required to file this 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.

Mr. Hoffman also discussed storm planning including refueling and topping off generator fuel tanks.

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) approve a contract with Foster Fence for installing PVC slats at the wastewater treatment plant; (4) authorize the District operator to offer a payment plan to customer, Janine Vinet; (5) authorize the District operator to waive an additional \$75 deposit for customer, Carrie Bickham, and apply any deposit balance over \$500 as a credit balance on the customer's account; (6) authorize the operator to mail the CCR to District customers; (7) to file the CCR with the TCEQ subject to final approval by the District operator; (8) authorize the District website administrator to post the CCR on the District website; and (9) authorize the District operator to purchase additional customer information magnets, as discussed, for an amount not to exceed \$850. The motion, which was seconded by Director Molina, 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 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 Molina and passed by unanimous vote.

#### AMEND RATE ORDER

The Board next reviewed an Amended Rate Order adding \$2.84 to the sanitary sewer base fee to pass the increased cost for garbage collection to District customers. Following review and discussion, the Board concurred to defer action until the June 1, 2017, Board meeting.

## REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

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

The Board next considered approving a Development Financing Agreement with Friendswood Development for development of Miramesa, Sections 6 and 8. Following review and discussion, Director Molina moved to approve the Development Financing Agreement. The motion was seconded by Director Maddox and passed unanimously.

## PARK MAINTENANCE

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached. Following review and discussion, upon a motion by Director Davidson and a second by Director Maddox, the Board voted unanimously to approve the park management report.

## MASTER PARKS PLAN

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

Mr. Byron discussed the status of and recommended approval of Miramesa, Section 8 Landscape Improvements; Change Order No. 2 in the amount of \$4,600.

Following review and discussion, Director Davidson moved to (1) approve the landscaping report; and (2) approve Miramesa, Section 8 Landscape Improvements; Change Order No. 2 in the amount of \$4,600. Director Molina 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 discussed the following projects and requested authorization to advertise for bids for construction:

1. Relocation of water and sanitary sewer lines on Great Elms Drive;
2. Generators for lift stations nos. 1, 2, and 4;
3. Lancaster cured in place pipe ("CIPP"), Phase 1; and
4. Lift station no. 1 force main replacement.

Mr. Keel reviewed bids for the outfall at Canyon Lakes West, Section 12 and, upon the recommendation of J&C, recommended the Board award the contract to the lowest qualified bidder, Clearwater Utilities in the amount of \$60,488.65.

Mr. Keel reviewed bids for water, sanitary sewer and drainage to serve Canyon Lakes West, Section 12 and, upon the recommendation of J&C, recommended the Board award the contract to the lowest qualified bidder, Clearwater Utilities in the amount of \$208,394.87.

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

1. Head Screen Replacement; Pay Estimate No. 2 in the amount of \$45,586.06;
2. Water Plant No. 4; Pay Estimate No. 22 in the amount of \$114,594.75;
3. Rehabilitation of Lift Station No. 1; Pay Estimate No. 9 in the amount of \$8,100; and
4. Storm sewer connection serving Miramesa Town Center; Pay Estimate No. 2 and Final in the amount of \$30,830.

Mr. Keel then discussed water and sanitary sewer capacity requested by Family of Faith Preschool and Christian Brothers Automotive and Ms. Holoubek reviewed capacity commitment letters for both.

Ms. Holoubek discussed an offer to sell the District a drainage swale.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) authorize the District engineer and J&C to advertise for bids for construction for the projects discussed and listed above; (3) approve the pay estimates listed above; (4) because it would result in the best and most economical completion of the project, award a contract to the lowest bidder, Clearwater Utilities, for the outfall at Canyon Lakes West, Section 12; (5) because it would result in the best and most economical completion of the project, award a contract to the lowest bidder, Clearwater Utilities, for the water, sanitary sewer and drainage to serve Canyon Lakes West, Section 12; and (6) approve capacity commitments to Family of Faith Preschool and Christian Brothers Automotive. Director Maddox seconded the motion, which passed unanimously.

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

The Board next considered accepting a storm sewer easement from S-G Owners Association, Inc. in Canyon Lakes West, Section 12 and abandoning a utility easement previously conveyed by MREC LT Sterling Canyon LLC for use by CenterPoint Energy in Miramesa Section 1. Following review and discussion, upon a motion by Director Davidson and a second by Director Molina, the Board voted unanimously to accept a storm sewer easement from S-G Owners Association, Inc. in Canyon Lakes West, Section 12 and abandon a utility easement in Miramesa Section 1.

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

Ms. Holoubek next reviewed a First Amendment to the Agreement with Harris County Flood Control for Langham Creek Channel and Detention Improvements and an Impact Fee Reciprocation 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.

AMENDMENT TO READ KING COMMERCIAL REAL ESTATE PURCHASE AND SALE AGREEMENT FOR 2.7 ACRES

The Board next considered an Amendment to a Purchase and Sale Agreement with Read King for purchase of 2.7 acres. Following review and discussion, Director Maddox moved to approve the Amendment to Purchase and Sale Agreement. The motion was seconded by Director Davidson 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.

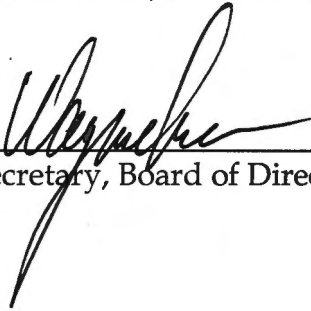
EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

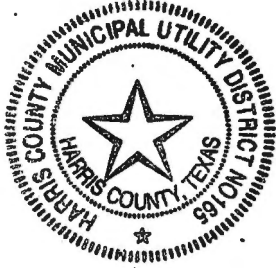
At 7:31 p.m., the Board convened in Executive Session, along with representatives from ABHR, to conduct a private consultation with the District's attorney. Ms. Holoubek and Ms. Miller were also present during executive session.

RECONVENE IN OPEN SESSION

At 7:51 p.m. the Board reconvened in open session.

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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