

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

September 7, 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 7<sup>th</sup> day of September, 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 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"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Sherri Greenwood of BKD, Inc.; Stephen Eustis of Robert W. Baird & Co. Incorporated; Keith Schoonover on behalf of Lennar Homes of Texas Land and Construction, Ltd.; 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.

GARBAGE COLLECTION SERVICES

The Board discussed resumption of regular schedules for garbage collection service following Hurricane Harvey.

MINUTES

The Board considered approving the minutes of the August 3, 2017, regular meeting. Following review and discussion, Director Davidson moved to approve the minutes. Director Maddox seconded the motion, which passed unanimously.

## AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2017

Ms. Greenwood next presented to the Board an engagement letter for conducting the District's audit for fiscal year ending September 30, 2017, a copy of which is attached. She stated that the proposed fee for the annual audit is \$22,800. Following review and discussion, Director Davidson moved that the Board engage BKD, LLP, to conduct the audit for fiscal year ending September 30, 2017. Director Molina seconded the motion, which was approved by unanimous vote.

## FINANCIAL AND BOOKKEEPING MATTERS AND BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2018

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.

Ms. Buckner also reviewed a draft budget for the fiscal year ending September 30, 2018.

Following review and discussion, Director Davidson moved to (1) accept the bookkeeper's report and pay the bills described therein; and (2) adopt the proposed budget for fiscal year ending September 30, 2018. Director Green 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, Director Davidson moved to accept the tax assessor/collector's report and pay the bills described therein. Director Green seconded the motion, which passed unanimously.

## 2017 TAX RATE

Mr. Eustis presented to and reviewed with the Board a cash flow analysis, including a proposed cash defeasance, recommending that the District adopt a debt service tax rate of \$0.85 and an operations and maintenance tax rate of \$0.25. A copy of the analysis is attached. Discussion ensued regarding proposed capital improvements for 2018 and upcoming bond applications. Upon a motion made by Director Davidson,

and seconded by Director Green, the Board voted unanimously to authorize Bob Leared Interests to publish the notice of a public hearing regarding adoption of proposed tax rate reflecting a debt service tax of \$0.85 and an operations and maintenance tax rate of \$0.25, for a total levy of \$1.10, to be held at the District's October 5, 2017, meeting. The Board concurred that the proposed tax levy notice be posted to the District website.

RESOLUTION VOTING FOR WATER DISTRICT NOMINEE FOR THE ELECTION OF THE BOARD OF DIRECTORS OF THE HARRIS COUNTY APPRAISAL DISTRICT

There was no discussion for this agenda item.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

There was no discussion for this agenda item.

OPERATION OF DISTRICT FACILITIES AND HURRICANE HARVEY RELATED MATTERS

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

Mr. Hoffman discussed District operations prior to and during recent Hurricane Harvey (the "storm"), including discussion regarding an excursion at the wastewater treatment plant at the peak of the storm. Discussion ensued regarding recovery following the storm, including replacement of missing meter lids, and recommendations to improve performance of District facilities for future events, including possible addition of inflow protectors at lift stations nos. 1 and 10.

Mr. Hoffman reported 45 new residential taps were installed during the month of August, 2017, and reviewed routine maintenance and repairs within the District completed and ongoing during the month of August, 2017. The Board also discussed the District's water accountability for the month of August, 2017.

Mr. Hoffman presented a customer appeal from Lawanda Williams requesting a payment plan and leak adjustment.

Following review and discussion, Director Davidson moved to (1) approve the District operator's report; and (2) authorize the District operator to offer a leak adjustment and payment plan to District customer, Lawanda Williams, as discussed. The motion, which was seconded by Director Green, passed unanimously.

Ms. Hoffman discussed flooding of the Bear Creek post office and potential loss of utility payments made by District customers processing payments through the Bear Creek post office. Ms. Hoffman recommended suspending penalty for late payments

for the August 31, 2017, invoices and said delinquent accounts were not terminated this month due to the storm.

Mr. Hoffman next presented a list of delinquent customers. Following review and discussion, Director Davidson moved to suspend penalties for delinquent accounts for August and September and to waive termination of delinquent accounts for August. The motion was seconded by Director Green and passed by unanimous vote.

#### ADDENDUM TO AGREEMENT WITH CENTRAL BANK FOR ACH SERVICES

Ms. Hoffman presented an Addendum to Agreement for Automated Clearing House ("ACH") Services between Central Bank and the District for continued lockbox services. Following review and discussion, Director Davidson moved to approve the Addendum to Agreement for ACH Services. The motion was seconded by Director Green and carried by unanimous vote.

Director Maddox left the meeting.

#### REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Keel reported regarding recent development in the District.

Ms. Holoubek updated the Board regarding Greenhouse 529 LLC's offer to purchase a 40-foot property strip on FM 529 and said the purchaser has requested that the District consent to and waive a use restriction for park purposes only. Following review and discussion, the Board concurred to waive such restriction and instruct the potential purchaser to proceed with documents necessary to close on the property.

#### 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 Green, the Board voted unanimously to approve the park management report.

#### MASTER PARKS PLAN

There was no discussion for this agenda item.

#### 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 received for the construction of water, sewer and drainage to serve Miramesa, Section 6, upon the recommendation of Jones & Carter, recommended the Board award the contract to the lowest qualified bidder, Lischka Utilities, in the amount of \$524,400.

Mr. Keel next reviewed bids received for sanitary sewer pipe rehabilitation in Lancaster, Section 1 (CIPP), and recommended the Board award the contract to the lowest qualified bidder, Instituform Technologies, LLC, in the amount of \$287,205.50.

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 installation at wastewater treatment plant; Pay Estimate No. 3 and Final in the amount of \$33,465.12;
2. Rehabilitation of lift station no. 1; Pay Estimate No. 11 and Final in the amount of \$60,389.90;
3. Canyon Lakes West, Section 12 outfall; Pay Estimate No. 3 and Final in the amount of \$2,518.18 and a Certificate of Acceptance of facilities;
4. Canyon Lakes West, Section 12, water, sewer and drainage; Pay Estimate No. 2 in the amount of \$15,141.68;
5. Miramesa, Section 2; Pay Estimate No. 1 in the amount of \$347,930.41;
6. Miramesa, Section 3; Pay Estimate No. 1 in the amount of \$318,014.92;
7. Construction of Langham Creek, Phase 2 and fill plan for Miramesa South Tract; Pay Estimate No. 10 in the amount of \$184,623.57 and Change Order No. 3 deducting \$45,395 from the contract total; and
8. Lift station no. 1 force main replacement; Pay Estimate No. 1 in the amount of \$138,721.50.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) approve the pay estimates listed above; and (3) approve the change orders listed above, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director Green seconded the motion, which passed unanimously.

RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR USE OF SURPLUS FUNDS

The Board took no action on this agenda item.

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

There Board considered the following conveyances:

1. Sanitary Sewer Easement (0.0161 Acre); and
2. Sanitary Sewer Easement on the Walmart Real Estate Tract.

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

#### SECURITY REPORT

The Board received a patrol report and discussed District patrol and security.

#### DISTRICT WEBSITE

The Board received analytics and subscriber reports. There was no discussion for this agenda item.

#### WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The Board received notice of a fee increase scheduled for January 1, 2018.

#### EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

The Board determined it was not necessary to convene in executive session.

There being no additional business to consider, the meeting was adjourned.

  
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Secretary, Board of Directors



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