

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

October 6, 2016

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 October, 2016, 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.; Maurice Mullalay 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; Mike Christopher of Jones & Carter, Inc. (J&C); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Mary DuBois of Acclaim Energy Advisors; Julie Ward of Read King Commercial Real Estate; Sherri Greenwood of BKD, LLP; 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, including correspondence from Jeremy Scheid, Austin Jakska and CenterPoint Energy.

Ms. DuBois presented an energy pricing report and discussed current energy markets and the District's current energy contract term.

MINUTES

The Board considered approving the minutes of the September 1, 2016 regular meeting and the September 7, 2016 special meeting. Following review and discussion, Director Maddox moved to approve the minutes. Director Molina seconded the motion, which passed unanimously.

## ARBITRAGE REBATE REPORT FOR SERIES 2011 BONDS

The Board reviewed a report from Omnicap, LLC concluding that there were no excess earnings in the District's Series 2011 Bonds and that no rebate for cumulative yield restriction liability is due to the Internal Revenue Service at the computation date for the Series 2011 bond series.

## 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 Maddox seconded the motion, which passed unanimously.

## DEVELOPER REIMBURSEMENT REPORT

Ms. Greenwood reviewed a draft of a developer reimbursement audit setting forth the amounts to be reimbursed Beazer Homes Texas, LP, Bluerock Partners, Figure Four Partners and Miramesa Commercial NWC, LLC from the proceeds of the Bond Anticipation Note. After review and discussion, Director Davidson moved to approve the developer reimbursement report and authorize developer reimbursement subject to receipt of a signed receipt by the developer receiving funds and subject to final review by ABHR. Director Molina seconded the motion, which carried 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 2015 tax levy to date, delinquent taxes from previous tax years and payment plans revoked for non-payment and discussed certified values for 2016.

Following discussion and review of the information provided by the taxpayer and the District tax assessor collector, Director Maddox moved to (1) accept the tax assessor/collector's report; and (2) delinquent tax report, including recommendations for termination services for nonpayment of delinquent taxes. Director Davidson seconded the motion, which passed unanimously.

PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ORDER LEVYING TAXES,  
AND AMENDMENT TO INFORMATION FORM

The Board opened the public hearing on the District's proposed tax levy. Ms. Rodriguez confirmed that notice of the proposed levy had been published. Upon receipt of no comments from the public, the Board considered an Order Levying Taxes, reflecting a tax rate of \$1.15 per \$100 valuation consisting of \$0.90 for debt service and \$0.25 for operations and maintenance. Upon a motion made by Director Davidson and seconded by Director Maddox, the Board voted unanimously to (1) adopt the Order Levying Taxes and (2) amend the information form to reflect the District's current tax rate and authorize filing of same in the real property records of Harris County, Texas.

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 then requested authorization to complete the following repairs and maintenance:

1. Repair of blower no. 1 at the Wastewater Treatment Plant for an estimated cost of \$4,500;
2. Repair of the seals on booster pump no. 4 at Water Plant No. 1 for an estimated cost of \$6,500;
3. Relocation of the gate at Lift Station No. 6 for an estimated cost of \$3,500;
4. Smoke testing in the sewer plant service area for an estimated cost of \$14,000; and
5. Smoke testing in the Lift Station No. 5 service area for an estimated cost of \$18,000.

Mr. Hoffman reported 34 new residential taps and 7 commercial taps were installed during the month of September, 2016, and reviewed routine maintenance and repairs within the District completed and ongoing during the month of September, 2016. The Board also discussed the District's water accountability for the month of September, 2016.

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

1. Michael Minnieweather; 20406 Horseshoe Canyon; requesting a billing adjustment;
2. Khiari Smith; 7527 Pheasant Grove; requesting a payment plan;
3. Sheneki White; 20011 Spring Wreath Lane; requesting a payment plan;

4. Quincy Burns; 19523 Narcissus Brook; requesting a payment plan;
5. Monique Thomas; 19115 Rustic Gate; requesting a payment plan;
6. Kevin George; 19916 Stoney Haven; and
7. Ulanda Alexander; 19314 S. Cottonwood Green.

Discussion continued regarding correspondence from Jeremy Scheid and the Board requested that Mr. Scheid provide additional information identifying the location about which he is making inquiry.

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 to all accounts listed above requesting plans; (4) authorize the District operator to offer a billing adjustment to Michael Minnieweather pursuant to the District's leak adjustment policy; and (5) authorize no further action on other customer correspondence. 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. Christopher 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 September, 2016. Mr. Wailes also discussed amending the District's Services Agreement with Native Land Design to accommodate a budget increase of 2.5%. Director Molina requested a proposal for an additional trash can by the basketball court in Cypress Springs Park.

## MASTER PARKS PLAN

Mr. Byron presented a landscape architect report, a copy of which is attached, and presented a proposal for design of sidewalks on Greenhouse Road.

Mr. Byron first discussed the status of landscaping improvements and projects in the District and recommended the Board approve Miramesa, Section 4 landscaping improvements; Pay Application No. 5 and Final in the amount of \$46,195.50.

Mr. Byron next discussed the status of landscaping improvements and projects in the District and recommended the Board approve Miramesa, Section 6 landscaping improvements; Pay Application No. 8 in the amount of \$990.

Mr. Byron then discussed the status of landscaping improvements in Miramesa, Section 7 and recommended the Board approve Pay Application No. 6 in the amount of \$69,644.70, payable to Westco Grounds Maintenance Co., Inc.

Mr. Byron next discussed the status of landscaping improvements in Miramesa, Section 5 and recommended the Board approve Pay Application No. 6 in the amount of \$1,004.40.

The Board discussed the status of design of landscape improvements to in Miramesa Section 8, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, Earth First Landscape, in the amount of \$68,176. After review and discussion, and because it would result in the best and most economical completion of the project, Director Davidson moved to approve the award of the contract to Earth First Landscape. Director Molina seconded the motion which passed unanimously.

Mr. Byron next discussed the status of landscaping improvements and projects in the District and recommended the Board approve Miramesa, Section 9 landscaping improvements; Pay Application No. 2 in the amount of \$32,400.

Mr. Byron reported the status of landscaping improvements and projects in the District and recommended the Board approve Miramesa, Sections 10 and 11 landscaping improvements; Pay Application No. 4 in the amount of \$34,083.90 and Change Order No. 1 in the amount of \$308 to cover a water meter deposit fee.

Following review and discussion, Director Davidson moved to approve the proposal, Pay Applications and Change Orders discussed above. Director Molina seconded the motion, which passed unanimously.

## ENGINEERING MATTERS

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

Mr. Christopher discussed the status of contracts for the construction of facilities to serve Miramesa, Section 1, and Ms. Miller presented a letter agreement establishing an escrow of funds for shared construction costs by and among MREC LT Sterling Canyon, LLC, CalAtlantic Homes, Meritage Homes of Texas, LLC and Westin Homes.

Mr. Mullalay 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. 15 in the amount of \$40,978.26;
2. Langham Creek, Phase 2 and fill plan for Miramesa South Tract; Pay Estimate No. 6 in the amount of \$138,399.71 and Change Order No. 2 in the amount of \$285,740.30 for a new hydraulic control structures 3 and 4;
3. West Road, west of Fry Road and commercial utility extension; Pay Estimate No. 4 in the amount of \$63,157.23;
4. Drainage and paving for West Road Crossing at U-132; Pay Estimate No. 4 in the amount of \$294,050.65;
5. Sanitary Sewer Rehabilitation; Pay Estimate No. 1 and Final in the amount of \$31,140.95 and Change Order No. 1 in the amount of \$5,303;
6. Rehabilitation of Lift Station No. 1; Pay Estimate No. 2 in the amount of \$37,800;
7. Langham Creek Pilot Channel Restoration and Storm Water Quality Basin Project; Pay Estimate No. 2 in the amount of \$64,379.47; and
8. Cypress Springs South, Section 2; Pay Estimate 5 and Final in the amount of \$17,053.79.

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) approve a letter agreement establishing an escrow of funds for shared construction costs by and among MREC LT Sterling Canyon, LLC, CalAtlantic Homes, Meritage Homes of Texas, LLC and Westin Homes. Director Green seconded the motion, which passed unanimously.

Discussion continued regarding correspondence received from Six J Investment Company requesting to purchase District property. Following discussion, the Board determined it had no interest in selling the property and requested that ABHR notify the developer of same.

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

The Board next considered approving water, sanitary sewer and storm sewer easements to serve Miramesa Commercial North, LLC development. Following review and discussion, upon a motion by Director Davidson and a second by Director Green, the Board voted unanimously to approve the conveyances/agreements listed above.

GARBAGE COLLECTION SERVICES

There was no discussion for this agenda item.

SECURITY REPORT

Director Bentson updated the Board regarding security and patrol in the District and a possible K-9 unit.


DISTRICT WEBSITE

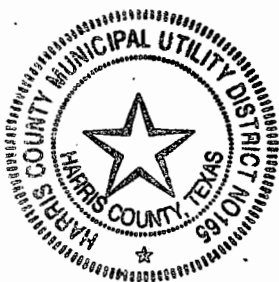
There was no discussion for this agenda item.

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.

  
Secretary, Board of Directors



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