

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

January 4, 2018

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 January, 2018, 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 Ron Palencia, property owner in the District; Brad Trywick, District resident; Sherrie Greenwood of BKD, Inc.; 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"); Josh Wadley of Land Tejas Development Company; Bob DeForest of KGA/DeForest Design, LLC; and Jessica Carr 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.

Mr. Palencia introduced himself as a new property owner in the District and commented that he thought the District tax rate is high.

Mr. Trywick declined to comment and said he was present to observe only.

MINUTES

The Board considered approving the minutes of the December 7, 2017 regular meeting. Following review and discussion, Director Molina moved to approve the minutes, as amended. Director Davidson seconded the motion, which passed unanimously.

## 2018 DIRECTORS ELECTION

Ms. Carr said Section 31.122 of the Texas Election Code (the "Code") requires the Secretary of the elected Board of Directors to keep his office open for election duties for at least three hours each day, during regular office hours, on regular business days during the period beginning not later than the 50th day before the election and ending not earlier than the 40th day after the election. Ms. Carr noted that the law was amended to allow an agent of the District to serve as the District's agent for election purposes. Following review and discussion, Director Molina moved to adopt a Resolution Designating an Agent of the Secretary of the Board and to appoint Jane H. Miller as the agent of the Board and to authorize posting of Notice of same at Harris County and in the District. Director Davidson seconded the motion, which passed unanimously.

Ms. Carr said that the Notice of Candidate Filing Period will be posted in the District and recommended that the Board authorize posting of same on the District website. The Board concurred to post the notice on the District website and in the District.

The Board next considered use of electronic voting systems and Ms. Carr noted that recent legislation exempts District from use of electronic voting machines when less than 250 voters voted at the most recent directors election.

The Board discussed the rate of pay for election officials. After discussion, Director Molina moved that the Board set the pay for election officials at \$15 per hour. Director Davidson seconded the motion, which carried by unanimous vote.

## REVIEW OF LIST OF LOCAL GOVERNMENT OFFICERS

Ms. Carr reported that pursuant to Chapter 176 of the Texas Local Government Code, the District will maintain and update annually a List of Local Government Officers in the District's official records.

## APPROVE AUDIT AND AUTHORIZE FILING WITH THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Ms. Greenwood reviewed a draft audit of the District's financial information for the fiscal year end September 30, 2017, a copy of which is attached to these minutes. Upon a motion made by Director Molina, seconded by Director Davidson, the Board voted unanimously to (1) approve the audit and management letter subject to final review and comments; and (2) authorize ABHR to file the audit and filing affidavit with the Texas Commission on Environmental Quality.

## TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board discussed the District's Travel Reimbursement Guidelines with respect to the upcoming Association of Water Board Directors winter conference. Following review and discussion, Director Davidson made a motion that the Board authorizes a maximum of three per diems, two nights' hotel accommodations and reimbursement of three meals per day for conference attendees. The motion was seconded by Director Green and carried 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 Maddox moved to accept the bookkeeper's report and pay the bills described therein. Director Molina seconded the motion, which passed unanimously.

## ANNUAL DISCLOSURE STATEMENTS FOR INVESTMENT OFFICER AND BOOKKEEPER

Ms. Carr stated that, in accordance with the District's Investment Policy, Lori Buckner as the bookkeeper and Alan Bentson as the Investment Officer are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. She added that the disclosure statements will be filed with the Texas Ethics Commission and the District Records and updated whenever necessary. After review and discussion, Director Davidson moved that the Board accept the disclosure statements pursuant to the District's Investment Policy and the Public Funds Investment Act. Director Molina seconded the motion, which passed unanimously.

## ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Carr reported on the District's compliance activities during the prior calendar year related to bond financings. Ms. Carr stated that no corrective action is required at this time.

## FINAL ARBITRAGE REBATE REPORT FOR THE SERIES 2009

Ms. Carr next reviewed OmniCap Group LLC's final arbitrage rebate and yield restriction calculation for the District's Series 2009 Bonds and said no rebate is due to the Internal Revenue Service.

## 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 2017 tax levy to date and delinquent taxes from previous tax years.

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 payment of the bills. Director Molina seconded the motion, which passed unanimously.

## 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.

The Board also discussed the District's water accountability for the month of December, 2017. Mr. Hoffman reported 19 new residential taps were installed during the month of December, 2017, reviewed routine maintenance and repairs within the District completed and ongoing during the month of December, 2017, and recommended the Board approve the following repairs:

1. Widening of the driveway at the south entrance of the wastewater treatment plant for an estimated cost of \$12,250;
2. Modification of the screening area at the wastewater treatment plant and repour of concrete for an estimated cost of \$12,280; and
3. Cleaning and inspection of the wastewater treatment plant basin and piping for an estimated cost of \$16,000.

Discussion ensued regarding higher than usual costs of chemicals and the status of installing the communication component of water plant no. 4. Ms. Hoffman also updated the Board regarding installation and implementation of the new utility billing

system and the status of account balances on file following implementation of a policy regarding maximum deposits on file.

Mr. Hoffman presented the following customer appeals:

1. Chung Nguyen; 19410 Stanton Lake; requesting a leak adjustment; and
2. Jose Cartagena; 7307 Parkland Manor; requesting an investigation of higher than usual water use.

Following review and discussion, Director Davidson moved to (1) approve the District operator's report; (2) authorize the District operator to offer a billing/use adjustment to customer Chung Nguyen, in accordance with the District's leak adjustment policy; and (3) authorize the District operator to further investigate the water usage of customer Jose Cartagena and to offer Mr. Cartagena a payment plan, if requested. The motion, which was seconded by Director Maddox, passed unanimously.

Mr. Hoffman next presented a list of delinquent customers for termination of service due to non-payment of delinquent taxes. Mr. Hoffman reported the residents on the termination list were delinquent in payment of their water and sewer bills and taxes 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.

#### REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Wadley and Mr. Keel reported regarding recent development in the District.

#### PARK MAINTENANCE

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached.

#### MASTER PARKS PLAN

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

Requested authorization to advertise for bids for construction for:

1. Miramesa South Landscape Improvements; and

2. Pine Creek Lake Trail System at Canyon Lakes West.

Mr. DeForest presented and reviewed with the board the plan set for the Pine Creek Lake Trail System at Canyon Lakes West and discussed modifying and removing the previously proposed retaining wall to keep additional trees. He also discussed back slope swales holding water and said the swales need to be regraded. Mr. Keel said he would get a proposal from Storm Water Solutions for the proposed regrading. Following review and discussion, upon a motion by Director Davidson and a second by Molina, the Board voted unanimously to authorize KGA to advertise for bids for construction for the projects listed above.

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

1. Langham Creek, phase 2 and fill plan for Miramesa South Tract; Pay Estimate No. 11 in the amount of \$121,600; and
2. Miramesa North Public Utility Extension; Pay Estimate No. 4 and Final in the amount of \$14,644.68.

Mr. Keel reported that he met with representatives of the Federal Emergency Management Agency ("FEMA") today to fully inspect damage to Langham Creek. Mr. Keel recommended that the District to supplemental surveying because some of the silt deposited during Hurricane Harvey has washed downstream and more fissures have surfaced on the side banks. He updated the Board regarding the status of Harris County plan approval for the proposed repair.

Following review and discussion, Director Molina moved to (1) approve the engineering report; and (2) approve the pay estimates listed above. Director Maddox seconded the motion, which passed unanimously.

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

The Board next considering accepting the following conveyances to the District:

1. Miramesa, Sections 5 and 7 easements; and
2. Special Warranty Deed for Reserves A and C in Miramesa, Section 1.

Ms. Carr discussed a proposed purchase of the McAlister detention property for the currently expanded pond at Yaupon Place for \$211,000. Following discussion, the Board concurred to authorize ABHR to negotiate a Special Warranty Deed with the landowner for approval at the February, 2018 Board meeting.

Following review and discussion, upon a motion by Director Davidson and a second by Director Maddox, the Board voted unanimously to (1) accept easements to serve Miramesa, Sections 5 and 7; and (2) accept a Special Warranty Deed for Reserves A and C in Miramesa, Section 1.

#### ANNEXATION MATTERS

The Board next discussed a proposed annexation of the "Ersa Grae" property. Following review and discussion, the Board concurred to authorize ABHR to finalize an annexation letter agreement with the landowner.

#### ROAD POWERS

Ms. Carr presented to and reviewed with the Board a Resolution Authorizing Application to the Texas Commission on Environmental Quality ("TCEQ") for Approval of Road District Powers and a Petition to the TCEQ for the Acquisition of Road Powers and recommended that the Board also authorize the district engineer to prepare a feasibility report to be submitted in conjunction with the application. Following review and discussion, Director Maddox moved to approve the Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Road District Powers and authorize the district engineer to prepare a feasibility report to be submitted in conjunction with the application. Director Molina seconded the motion which passed unanimously.

#### RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Carr reported that the District's current insurance policies expire in April, 2018 and asked if the Board would like to request multiple proposals for renewal. Following discussion, the Board concurred to request a proposal from the District's current provider only.

#### SECURITY REPORT

The Board received a patrol report from Harris County Constable Precinct 5.

#### GARBAGE COLLECTION SERVICES

There was no discussion for this agenda item.

DISTRICT WEBSITE

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

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA")

The Board next considered adopting a Resolution Nominating a Candidate to serve as a Director on the Board of Directors of the WHCRWA. Following review and discussion, Director Molina moved to nominate Michael Owens to serve on the Board of Directors of the WHCRWA. Director Green seconded the motion, which passed unanimously.

Mr. Hoffman confirmed that H2O will submit the WHCRWA required Water Usage Reporting by the March 1, 2018 deadline.

Ms. Carr next presented for the Board's approval and execution a Right of Entry Agreement to install an Automated Meter Reading system. Following review and discussion, upon a motion by Director Molina and a second by Green, the Board voted unanimously to approve the Right of Entry Agreement.

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

  
Secretary, Board of Directors





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