

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

July 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 6th day of July, 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 except Director Davidson, thus constituting a quorum.

Also present at the meeting were Erin Garcia 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"); Shawn Byron of KGA/DeForest Design, LLC; John Dreahn of Jones & Carter, Inc. (J&C); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Sherri Greenwood of BKD, Inc.; Charles S. Turret, Jr. of Frank, Elmore, Lievens, Chesney & Turret, LLP; 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, including a request from the Lancaster Community Association for development of a park in Tealbrook and a request from a resident of the Pine Creek at Canyon Lakes West requesting construction of a sidewalk to Andre Elementary.

Mr. Turret, representing Greenhouse 529 LLC, offered to purchase a 40-foot property strip currently used as a walking trail from the edge of his client's property to FM 529. Following discussion, the Board authorized an agenda item to consider the land sale on the August, 2017, meeting agenda.

GARBAGE COLLECTION SERVICES

There was no discussion for this agenda item.

MINUTES

The Board considered approving the minutes of the June 1, 2017, regular meeting. Following review and discussion, Director Maddox moved to approve the minutes. Director Green seconded the motion, which passed unanimously.

APPROVE DEVELOPER REIMBURSEMENT REPORT FOR SERIES 2017 BONDS

Ms. Greenwood reviewed a reimbursement report for the District's Series 2017 Unlimited Tax Bonds. A draft of the reimbursement report is attached. Following review and discussion, Director Molina moved to approve the reimbursement report and the reimbursement of proceeds, with the exception of \$42,000 in taxes paid for certain real property outlined in the report by MREC LT Sterling Canyon LLC ("MREC") which will be paid as part of the land purchase price. The motion was seconded by Director Green and passed unanimously.

ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE, REIMBURSEMENT OF ELIGIBLE EXPENSES, AND WINTER CONFERENCE

The Board considered expenses submitted by Board members who attended the summer conference and considered authorizing attendance of the Association of Water Board Directors ("AWBD") winter conference. The bookkeeper noted the expenses are in compliance with the District's travel and reimbursement guidelines. Upon a motion made by Director Molina and seconded by Director Green, the Board unanimously authorized reimbursement of the expenses submitted for the summer conference and authorized attendance by all interested directors at the AWBD winter conference.

FINANCIAL AND BOOKKEEPING MATTERS

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

Following review and discussion, Director Maddox moved to (1) accept the bookkeeper's report and pay the bills described therein; and (2) authorize disbursement of bond funds as indicated in the District auditor's reimbursement report, as discussed above, subject to receipt of signed receipts from parties being reimbursed and subject to payment of confirmation from the District tax assessor collector that delinquent taxes are paid in full. 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.

Ms. Rodriguez next presented an Assignment and Assumption of Agreement for Services of Tax Assessor and Collector (the "Assignment").

Following discussion, Director Molina moved to (1) accept the tax assessor/collector's report and pay the bills described therein; and (2) approve the Assignment and direct that the Assignment be filed appropriately and retained in the District's official records. Director Green 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.

Mr. Hoffman reported 28 new residential taps and 11 new commercial taps were installed during the month of June, 2017, and reviewed routine maintenance and repairs within the District completed and ongoing during the month of June, 2017. The Board also discussed the District's water accountability for the month of June, 2017.

Mr. Hoffman recommended a sanitary sewer line point repair for a joint defect on Benbrook Manor for an estimated amount of \$6,500.

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

1. Brian Union; 19218 North Cottonwood Green; requesting adjustment for \$40 in returned check fees;
2. Champagne Spivey; 19923 Sycamore Valley Drive; request a payment plan;
3. Corey Camack; 7239 River Pines; requesting a payment plan; and
4. Alonso Gongora; 19803 Crested Hill; requesting a payment plan.

Following review and discussion, Director Maddox moved to (1) approve the District operator's report; (2) authorize repairs recommended by the District operator, as discussed above; (3) authorize the District operator to offer payment plans to customers, Champagne Spivey, Corey Camack and Alonso Gongora; and (4) deny an appeal from customer, Brian Union. The motion, which was seconded by Director Green, 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 Maddox 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.

REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Keel reported regarding development in the District.

The Board then reviewed a proposed Development Financing Agreement for Recreational Facilities with Lennar Homes of Texas Land and Construction, Ltd., a Texas limited partnership, d/b/a Friendswood Development Company. Following review and discussion, Director Maddox moved to approve the Development Financing Agreement. The motion was seconded by Director Molina and passed unanimously.

PARK MAINTENANCE

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached, and recommended the following repairs:

1. Irrigation repairs in Amhurst Park for an estimated amount of \$536.11;
2. Irrigation repairs in Cypress Springs Park for an estimated amount of \$758.89;
3. Irrigation repairs in Tealbrook Park for an estimated amount of \$350.20; and
4. Tree Removal in the Greenbelt Park for an estimated amount of \$311.11.

Discussion ensued regarding general vegetative overgrowth on the Greenbelt and Mr. Wailes recommended immediate removal of one tree with stump grinding. He said he would get Native Land Design to walk the Greenbelt and provide an estimate for clean-up of overgrowth.

Following review and discussion, upon a motion by Director Molina and a second by Director Maddox, the Board voted unanimously to (1) approve the park management report; and (2) authorize repairs and maintenance, as recommended by MSA.

MASTER PARKS PLAN

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

Mr. Byron discussed the status of construction of sidewalks on Greenhouse Road and recommended approval of Pay Application No. 1 in the amount of \$87,167.70, payable to Stone Castle.

Mr. Byron next reported the status of construction of Miramesa, Section 3 pocket park improvements and recommended approval of Pay Application No. 1 in the amount of \$9,783.34, payable to Shooter & Lindsey.

Mr. Byron said KGA will update the master parks plan for the August, 2017 Board meeting so the Board can budget for recreational facilities for the fiscal year ending September 30, 2018. Discussion ensued regarding potential park projects for 2018.

Following review and discussion, Director Maddox moved to (1) approve the landscaping report; and (2) approve the pay applications discussed above. 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 reviewed bids for water, sewer and drainage facilities to serve Miramesa, Section 8, and upon the recommendation of J&C, recommended the Board award the contract to the lowest qualified bidder, Lischka Utilities LLC in the amount of \$364,700.

Mr. Keel reviewed bids for replacement of lift station no. 1 force main and recommended the Board award the contract to the lowest qualified bidder, Wright Solutions, in the amount of \$287,095.

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

1. 12-inch waterline to water plant no. 4; Pay Estimate No. 1 and Final in the amount of \$72,912 and Change Order No. 1 in the amount of \$8,275;

2. Water Plant No. 4; Pay Estimate No. 23 in the amount of \$57,525.75;
3. Canyon Lakes West, Section 12 outfall; Pay Estimate No. 1 in the amount of \$41,250.78 and Pay Estimate No. 2 in the amount of \$6,594.12;
4. Mirabella lift station; Pay Estimate No. 1 in the amount of \$132,873.75 and Pay Estimate No. 2 in the amount of \$176,195.25; and
5. West Road Extension and Reserve and Fry Road; Pay Estimate No. 6 and Final in the amount of \$47,539.25.

Mr. Keel then discussed water and sanitary sewer capacity requested by Fast Land Auto and Mohammad Siddique, and Ms. Holoubek reviewed a capacity commitment letter for each.

Following review and discussion, Director Maddox moved to (1) approve the engineering report; (2) approve the pay estimates listed above; (3) because it would result in the best and most economical completion of the project, award a contract to the lowest bidder, Lischka Utilities LLC, for water, sewer and drainage facilities to serve Miramesa, Section 8; (4) because it would result in the best and most economical completion of the project, award a contract to the lowest bidder, Wright Solutions LLC, for replacement of lift station no. 1 force main; (5) approve a capacity commitment to Fast Lane; and (6) approve a capacity commitment to Mohammad Siddique. Director Molina seconded the motion, which passed unanimously.

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

There was no discussion for this agenda item.

SECURITY REPORT

Directors Davidson and Bentson discussed District patrol and security. A security report is attached.

DISTRICT WEBSITE

There was no discussion for this agenda item.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

There was no discussion for this agenda item.

REPORT REGARDING LEGISLATIVE MATTERS

Ms. Holoubek distributed and reviewed a report prepared by ABHR regarding legislative matters pertaining to the 85th Regular Session of the Texas Legislature.

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.



Secretary, Board of Directors



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