

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

February 8, 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 8th day of February, 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 Lori Buckner of Myrtle Cruz, Inc.; David Keel of DAC Services, Inc. ("DAC"); Robin Goin of Bob Leared Interests, Inc.; Chris Hoffman and Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Julie Ward of Read King Commercial Real Estate; Josh Wadley of Land Tejas Development Company; Blake Kridel of Storm Water Solutions, LP; Bob DeForest of KGA/DeForest Design, LLC; John Santisiero of Riverway Properties; 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.

MINUTES

The Board considered approving the minutes of the January 4, 2018 regular meeting. Following review and discussion, Director Davidson moved to approve the minutes, as amended. Director Maddox seconded the motion, which 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. Goin 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 Maddox seconded the motion, which passed unanimously.

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 January, 2018. Mr. Hoffman reported 16 new residential taps were installed during the month of January, 2018, reviewed routine maintenance and repairs within the District completed and ongoing during the month of January, 2018 and recommended the Board approve the following repairs:

1. Installation of a new generator control board at the wastewater treatment plant for an estimated cost of \$7,000; and
2. Replacement of the gate at the wastewater treatment plant for an estimated cost of \$7,500.

Discussion ensued regarding pending repair of booster pump no. 1 at water plant no. 3 and Mr. Hoffman said H2O will pull the other pumps, assess and return with a recommendation at the March, 2018 Board meeting. Mr. Hoffman presented a customer appeal from Fairway Management requesting a leak adjustment for September and October, 2017 invoices due to a leak on an irrigation system and the fire line.

Ms. Hoffman reviewed the new billing format and said bills with the new format will be mailed to customers on Saturday.

Following review and discussion, Director Davidson moved to (1) approve the District operator's report; (2) authorize the District operator to proceed with the replacement and installations, as estimated above; and (3) authorize the District operator to offer a billing/use adjustment to customer Fairway Management, in accordance with the District's leak adjustment policy, on the irrigation meter only. The motion, which was seconded by Director Green, passed unanimously.

The Board took no action to terminate delinquent accounts.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Nesmith reviewed a homestead exemption analysis, a copy of which is attached, and the Board considered adopting a Resolution Concerning Exemptions from Taxation. Following review and discussion, Director Davidson moved to adopt a Resolution allowing a \$20,000 deduction for residents over 65 or disabled and a deduction of 10% (but not less than \$5,000) of the appraised value of residential homesteads. The motion was seconded by Director Green and passed unanimously.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

Mr. Kridel recommended and requested that the Board authorize application to Harris County to renew the following storm water quality permits:

1. Canyon Lakes West, Section 3;
2. Tealbrook, Section 3;
3. Villas at Canyon Lakes West, Section 1;
4. College Park West, Sections 1 and 2;
5. Water Plant No. 3;
6. Temporary Wastewater Treatment Plant; and
7. College Park West, Sections 3 and 4.

Mr. Kridel reviewed with the Board a proposal to regrade the back slope swales at the Pine Creek Lake Trail System at Canyon Lakes West.

Following review and discussion, Director Davidson moved to (1) approve application for renewal of permits listed above; and (2) a proposal to regrade the back slope swales at Pine Creek at Canyon Lakes West. Director Green seconded the motion, which passed unanimously.

RESOLUTION APPROVING SUBMITTAL OF THE WATER SMART APPLICATION

The Board took no action on this agenda item.

DISTRICT FACILITIES REPORT FOR INSURANCE PROVIDER

The Board reviewed a report of values for District facilities to be submitted to the District's insurance carrier and underwriter for renewal of insurance coverage for District facilities, but concurred to defer approval until the March, 2018 Board meeting.

PARK MAINTENANCE

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached. Mr. Wailes discussed damage to some site furnishings and requested authorization to replace parts, as needed, for an amount not to exceed \$1,200.

Discussion ensued regarding new coverage options for pavement repair in recreational areas.

Following review and discussion, Director Davidson moved to authorize replacement of site furnishings for an amount not to exceed, as discussed above. Director Green seconded the motion, which passed unanimously.

MASTER PARKS PLAN

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

Mr. DeForest reviewed bids for landscape improvements for Miramesa South and recommended the Board award the contract to the lowest qualified bidder, Westco Grounds Maintenance Co. ("Westco"), in the amount of \$298,511.52. Based on the engineer's recommendation, the Board concurred that in its judgment, Westco was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. Following review and discussion, Director Davidson moved to award the contract to Westco in the amount of \$298,511.52. Director Green 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 reported the status of construction of the following projects and recommended approval of the following pay estimates, as listed below:

1. Miramesa lift station; Pay Estimate No. 5 in the amount of \$29,543.86;
2. Miramesa, Section 2; Pay Estimate No. 2 in the amount of \$28,439.10;
3. Miramesa, Section 3; Change Order No. 2 increasing the contract amount by \$9,700 for cleaning sand and silt from the storm sewer system;

4. Miramesa, Section 6, Pay Estimate No. 2 in the amount of \$28,083.68 and Change Order No. 1 increasing the contract amount by \$1,902.40 to adjust final quantities;
5. Miramesa, Section 9; Pay Estimate No. 4 in the amount of \$41,657.31;
6. Langham Creek, phase 2 and fill plan for Miramesa South Tract; Pay Estimate No. 12 in the amount of \$70,202.62; and
7. Miramesa North Public Utility Extension; Change Order No. 2 increasing the contract amount by \$47,130.50 to backfill sanitary sewer with cement and stabilized sand.

The Board next discussed the next proposed bond applications, reviewed cash flows for each proposed bond issue and reviewed a proposal from Jones-Heroy Associates, Inc. for preparation of the expedited bond application for Langham Creek.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) approve the change orders listed above, based upon the Board's finding that the Change Order is beneficial to the District and Jones & Carter's recommendation; (3) approve the pay estimates listed above; (4) approve a proposal from Jones-Heroy Associates, Inc.; and (5) approve a Resolution Authorizing Application to the Texas Commission on Environmental Quality ("TCEQ") for Approval of Projects and Bonds. Director Green 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. Early Access Agreement for the benefit of Miramesa Commercial SWC, LLC;
2. 0.0268 Acre Water Line Easement;
3. 0.0346 Acre Water Line Easement;
4. 0.0172 Water Meter Easement; and
5. Partial Abandonment of Water Line Easement (0.0112 Acre).

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

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

The Board discussed seminars and issues discussed at the Association of Water Board Directors winter conference and the District's policy for reimbursement of

expenses and payment of per diems for Directors who attended the conference. Upon a motion made by Director Green and seconded by Director Maddox, the Board voted 4 to 1 to approve reimbursement of eligible expenses for Directors attending the winter conference, with Director Davidson voting against the motion. Director Davidson requested that the minutes reflect that she questioned Director Maddox' attendance at the conference sessions.

Upon a motion by Director Maddox and second by Director Green, the Board voted unanimously to authorize attendance by the directors at the AWBD summer conference.

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")

There was no discussion for this agenda item.

DEVELOPMENT IN THE DISTRICT

There was no discussion for this agenda item.

ANNEXATION MATTERS

The Board next discussed the status of finalizing proposed annexation of 2 properties.

2018 ELECTION

The Board discussed scheduling a special meeting on February 15, 2018 at 5:00 p.m. to consider calling an election for bond and maintenance tax authorization.

Ms. Carr discussed procedures related to the 2018 Directors Election. She reviewed an Order Calling Directors Election. Following review and discussion, Director Bentson moved to adopt the Order Calling Directors Election and direct that

the Order be filed appropriately and retained in the District's official records. Director Maddox seconded the motion, which passed unanimously.

Ms. Carr discussed that Notice of Election may be required to be posted or published and provided to the County Clerk and Voter Registrar of Harris County. Following discussion, Director Bentson moved to authorize the Secretary's agent to post or publish and provide to the County Clerk and Voter Registrar Notice of Election, if required. Director Maddox seconded the motion, which passed unanimously.

The Board discussed establishing early voting hours from 11:00 a.m. to 7:00 p.m. The Board also concurred to authorize publication of Notice of Exemption from use of electronic voting machines for a bond and maintenance tax election.

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


Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

Minutes
Page

bookkeeper's report, investment report, budgets, and a list of bills presented for payment.....	2
tax assessor/collector's report and delinquent tax report.....	2
management and operations report.....	2
homestead exemption analysis	3
park and landscape management report.....	4
landscape architect report.....	4
engineer's report	4