

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

June 7, 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 7th day of June, 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
Heath Richard Lyle	Assistant Vice President

and all of the above were present, thus constituting a quorum.

Also present at the meeting 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"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Shannon Waugh of Off Cinco; Christie Leighton of Best Trash, LLC; and Heather Trachtenberg 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 May 3, 2018 regular meeting and the May 10, 2018 special canvassing meeting. Following review and discussion, Director Davidson moved to approve the minutes, as submitted. Director Molina seconded the motion, which passed unanimously.

DISTRICT WEBSITE

The Board received analytics and subscriber reports.

Ms. Waugh discussed a proposal for additional traditional and digital media pricing previously approved by the Board and reviewed examples of postcards available for distribution. Following review and discussion, the Board concurred to

authorize Off Cinco to mail out postcards with hurricane preparation information and instructions for opting in to the District's text message emergency alert system, subject to review by Director Bentson.

Ms. Hoffman updated the Board regarding the new utility billing system and reviewed a utility billing insert with instructions for customers to enroll to receive utility bills electronically. Following discussion, the Board concurred to authorize Off Cinco to send an email alert to notify customers that bills are available electronically and director customers to the link to enroll for electronic billing.

AMEND TRAVEL REIMBURSEMENT GUIDELINES

The Board next considered amending the District's Code of Ethics and Travel, Professional Services and Management Policies ("Code of Ethics"), including a requirement for receipts for all travel/business expense submitted for reimbursement. Following review and discussion, Director Molina moved to adopt the amended Code of Ethics. Director Davidson seconded the motion, which passed unanimously.

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.

Following review and discussion, Director Molina moved to accept the bookkeeper's report and pay the bills described therein. Director Davidson seconded the motion, which passed unanimously.

Discussion ensued regarding voided check nos. Check Nos. 13411 and 13413. Following discussion, the Board concurred to ABHR send a letter to inform the payee that the District is reissuing payment less the amounts owed to the District.

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.

The Board considered authorizing Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the collection of delinquent 2017 taxes.

The Board next reviewed account histories and appeals from the following taxpayers:

1. Edson Muraira; requesting a payment plan for 2017 taxes; and
2. Sandra Billings; requesting waiver of penalty and interest assessed for delinquent 2017 taxes due to an appraisal district error.

Following discussion and review of the information provided by the taxpayer and the District tax assessor collector, Director Molina moved to (1) accept the tax assessor/collector's report and payment of the bills; (2) authorize Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the delinquent tax collection; (3) authorize the District tax assessor collector to offer a payment plant to Edson Muraira for 2017 taxes; and (4) authorize the District tax assessor collector to waive penalty and interest charged to Sandra Billings due to an appraisal district error. Director Davidson seconded the motion, which passed unanimously.

RESOLUTION REQUESTING APPRAISAL OF PROPERTY AND CERTIFICATE OF VALUE

The Board also considered adopting a Resolution Requesting Appraisal of Property and Certificate of Estimated Appraised Value as of June 1, 2018. Following review and discussion, Director Molina moved to approve a Resolution Requesting Appraisal of Property and Certificate of Estimated Appraised Value. Director Davidson seconded the motion, which passed unanimously.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

Ms. Miller and Mr. Hoffman reported damage to the trash rack near the community center in Canyon Lakes West. Ms. Miller read correspondence from Blake Kridel of SWS reporting that SWS inspected the trash rack and determined that the support bars underneath the screens shifted causing the panel to bend. Ms. Miller said SWS is working on a proposal to repair the trash rack.

Ms. Miller also presented a letter designating SWS as the District's designee for storm water quality permitting matters with Harris County. Following review and discussion, Director Molina moved to approve the letter designating SWS as the District's designee, as discussed. Director Davidson 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 May, 2018. Mr. Hoffman reported 39 new residential taps and 2 new commercial tap were installed during the month of May, 2018, reviewed routine maintenance and repairs within the District completed and ongoing during the month of May, 2018 and recommended the Board approve a proposal from Today's Integration to install alarms at lift stations 1, 2 and 7 for an initial installation cost of \$45,885.97, an annual monitoring fee of \$2,700 and an annual service fee of \$4,588.59.

Mr. Hoffman reported that the vendor for the Flowserve bowl assembly for repair booster pump nos. 1 and 2 at water plant no. 3 would not honor the previously quoted price of \$15,000 and said the lead time would be 16 to 18 weeks for delivery of the equipment. Mr. Hoffman recommended the Board change the previous approval to install a National bowl assembly with a delivery lead time of 3 to 4 weeks for an estimated amount of \$12,750.

Mr. Hoffman presented the following customer appeals:

1. Janine Vinet; 19851 Laurel Trail; requesting a 3 month payment plan;
2. Tamika Burke; 7879 Maverick Trace; requesting an extension of time to make payment and/or a payment plan, if necessary; and
3. Mr. Zaidi; requesting interest on his deposit and reimbursement for a cab fare.

Following review and discussion, Director Davidson moved to (1) approve the District operator's report; (2) approve the repairs recommended above, including the recommended change to a National bowl assembly for booster pump nos. 1 and 2 at water plant no. 3; (3) authorize the District operator to offer payment plans to customers, Janine Vinet and Tamika Burke; and (4) approve a proposal from Today's Integration to install alarms at lift stations 1, 2 and 7 for an initial installation cost of \$45,885.97, an annual monitoring fee of \$6,600 and an annual service fee of \$4,588.59. The motion, which was seconded by Director Green, passed unanimously.

The Board took no action on Mr. Zaidi's request.

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 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 Green and passed by unanimous vote.

PARK MAINTENANCE AND NRCS/FEMA GRANTS

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

Mr. Wailes reported damage to fencing in Amhurst Park and estimated an amount not to exceed \$3,000 to repair the fence. Discussion ensued regarding requesting reimbursement for repair from the driver who damaged the fence.

Mr. Wailes next discussed upgrading existing metal halide fixtures in Cypress Springs Park to LED replacement fixtures for an estimated amount of \$11,212.50.

Following review and discussion, Director Molina moved to (1) authorize MSA to repair the fence in Amhurst Park for an amount not to exceed \$3,000; (2) authorize ABHR to send correspondence to the driver who damaged the fence in Amhurst Park with an invoice requesting reimbursement to the District; and (3) authorize lighting upgrades in Cypress Springs Park, as discussed, for an amount not to exceed \$11,212.50. Director Davidson seconded the motion, which passed unanimously.

GARBAGE COLLECTION SERVICES

Ms. Leighton presented correspondence notifying the District of a Consumer Pricing Index ("CPI") increase effective as of June 1, 2018. Following review and discussion, the Board concurred to place an item on the District's July meeting agenda to amend the District Rate Order adding the increase to the base sewer rate to pass the increase cost to District customers.

AGREEMENT WITH CANYON LAKES WEST HOMEOWNER'S ASSOCIATION

Director Green discussed a proposed agreement with the Canyon Lakes West Homeowner's Association ("HOA") wherein the District would pay the cost to install a Water Logic irrigation control system and the HOA would then operate and maintain the irrigation system at the HOA's expense. Following discussion, the Board concurred to request that a representative from Water Logic attend the July, 2018 Board meeting to discuss the proposal and the potential savings and benefit to the District.

MASTER PARKS PLAN

The Board reviewed a landscape architect report from KGA DeForest Design, LLC, a copy of which is attached. No action was taken.

ENGINEERING MATTERS AND NRCS/FEMA GRANTS

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 that 3 bids were solicited for televising 17,875 linear feet of sanitary sewer line to satisfy the District's Agreed Order with the Texas Commission on Environmental Quality ("TCEQ") to undertake a sanitary sewer overflow initiative. Mr. Keel recommended the Board award a contract to Source Point Solutions in the amount of \$30,743.75. The Board concurred that, in its judgment, Source Point Solutions 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.

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. 6 and Final in the amount of \$117,513.50; and
2. 14 acre commercial tract (Sugar Land 6, Ltd.); Pay Estimate No. 2 in the amount of \$12,453.55 and Change Order No. 2 increasing the contract total by \$8,201. The Board determined that Change Order No. 2 is beneficial to the District.

Mr. Wailes and Mr. Keel updated the Board regarding the status of the District's application to the Federal Emergency Management Agency ("FEMA") for Langham Creek repairs. Mr. Keel discussed the status of Harris County's approval of the project plans and presented a proposal from Horizon Environmental Services, Inc. in the amount of \$6,000 to prepare pre-construction notification ("PCN") materials to the United States Army Corps of Engineers ("USACE") for permitting repairs of damage the District's portion of Langham Creek damaged by Hurricane Harvey.

Following review and discussion, Director Molina moved to (1) approve the engineering report; (2) award a contract for televising 17,875 linear feet of sanitary sewer line in the amount of \$30,743.75 to Source Point Solutions; (3) approve the change order listed above, based upon the Board's finding that the Change Order is beneficial to the District and the District engineer's recommendation; (4) approve the pay estimates listed above; and (5) approve a proposal from Horizon Environmental Services, Inc. in the amount of \$6,000 to prepare the PCN materials to the USACE for permitting repairs of damage the District's portion of Langham Creek. Director Davidson seconded the motion, which passed unanimously.

BOND APPLICATIONS

Mr. Keel discussed the status of the District's pending bond application no. 16 and proposed bond application no. 17.

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

There was no discussion for this agenda item.

ANNEXATION MATTERS

Ms. Trachtenberg next discussed the status of the District's pending request for consent from the City of Houston to annexation of 2 properties

SECURITY REPORT

Director Bentson reported regarding security staffing and patrol.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA")

The Board next considered conveying three (3) waterline easements (Parcel Nos. 35-07, 35-08 and 35-09) to the WHCRWA for construction of surface water lines. Following review and discussion, Director Davidson moved to approve conveyance of the parcels by easement to WHCRWA. The motion was seconded by Director Molina and passed unanimously.

DEVELOPMENT IN THE DISTRICT

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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