

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

July 5, 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 5th day of July, 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 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"); David Morrison of Land Tejas Development Companies; and Tyler Lindgren of KGA/DeForest Design, LLC; Stephen Eustis of Robert W. Baird & Co. Incorporated; Kelly Aylesworth and John O'Donnell of WaterLogic; Julie Ward of Read King Commercial Real Estate; Josh Wailes of Mike Stone Associates, Inc. ("MSA"); 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.

WATER LOGIC PRESENTATION AND AGREEMENT WITH CANYON LAKES WEST HOMEOWNER'S ASSOCIATION

Ms. Aylesworth and Mr. O'Donnell discussed water management services offered by WaterLogic and potential savings and benefit of a WaterLogic system.

MINUTES

The Board considered approving the minutes of the June 7, 2018 regular meeting. Following review and discussion, Director Davidson moved to approve the minutes, as submitted. Director Molina seconded the motion, which 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 Davidson and seconded by Director Molina, 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. 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.

Ms. Buckner also presented the following handwritten checks, which are not included in the bookkeeper's report, for Board approval:

1. Check No. 2147, from the Construction Fund in the amount of \$151,853.42, payable to Lindsey Construction;
2. Check No. 13539 from the Operating Fund in the amount of \$24,013.80, payable to McDonald Electric;
3. Check No. 13540 in the amount of \$944.35, payable to David Molina;
4. Check No. 13541 in the amount of \$1,459.05, payable to Wayne Green; and
5. Check No. 13542 in the amount of \$630.33, payable to Heath Lyle.

Following review and discussion, Director Davidson moved to accept the bookkeeper's report, pay the bills described therein and approve the additional checks listed above. Director Molina 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 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 authorize payment of the bills. Director Green seconded the motion, which passed unanimously.

TAX RATE ANALYSIS

Mr. Eustis presented a memorandum to the Board directed to Director Lyle and dated June 19, 2018 with regard to a tax rate analysis requested by Director Lyle.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

Ms. Miller presented a proposal from Storm Water Solutions, LLC in the amount of \$6,932 to fabricate and replace the bar screen for the Gates at Canyon Lakes West amenity pond and repair the headwall. Following review and discussion, upon a motion by Director Davidson and a second by Director Green, the Board voted unanimously to approve the proposal.

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 June, 2018. Mr. Hoffman reported 30 new residential taps were installed during the month of June, 2018, reviewed routine maintenance and repairs within the District completed and ongoing during the month of June, 2018.

Mr. Hoffman next reviewed quotes from HydroPro Solutions for a redundant remote master meter reading unit in the amount of \$19,290.95.

Discuss ensued regarding inflow at the wastewater treatment plant and lift stations during a recent heavy rain event and equipment/technology options available to assist with monitoring levels more efficiently. Mr. Keel discussed studies underway to fully assess the capacity in the wastewater treatment plant for expansion planning purposes.

Mr. Hoffman presented the following customer appeals:

1. Stacey Edwards; 19951 Laurel Trails; an extension of time to make payment and/or requesting a payment plan; and
2. Richard Vigil; 8106 Yaupon View; an extension of time to make payment and/or requesting a payment plan.

The Board next considered amending the District Rate Order to increase the sanitary sewer base fee by \$0.48 to pass the increase in cost of garbage collection services to District customers.

Following review and discussion, Director Davidson moved to (1) approve the District operator's report; (2) approve a proposal from HydroPro Solutions for a redundant remote master meter reading unit in the amount of \$19,290.95; (3) authorize the District operator to offer payment plans to customers, Stacey Edwards and Richard Vigil; and (4) amend the District Rate Order, as discussed. The motion, which was seconded by Director Molina, 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 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 Molina 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 updated the Board regarding repair of fencing in Amhurst Park and said an invoice in the amount of \$2,900 was provided to ABHR to send to the driver who damaged the fence requesting reimbursement for repair.

Mr. Wailes discussed a proposal in the amount of \$1,540 to prune overhanging limbs from adjacent lots in the Greenbelt.

Following review and discussion, Director Molina moved to authorize MSA to prune overhanging limbs from adjacent lots in the Greenbelt for an amount not to exceed \$1,540. Director Green seconded the motion, which passed unanimously.

Discussion ensued regarding 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 ABHR contact the HOA regarding a proposed maintenance agreement and request an agreement from WaterLogic for service in Canyon Lakes West.

MASTER PARKS PLAN

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

Discussion ensued regarding budgeting for capital improvements for the fiscal year ending September 30, 2019.

DEVELOPMENT IN THE DISTRICT

Mr. Morrison, Ms. Ward and Mr. Keel reported regarding development in the District.

ENGINEERING MATTERS AND NRCS/FEMA GRANTS

Mr. 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. Generators at lift station nos. 1, 2 and 4; Pay Estimate No. 3 in the amount of \$24,013.80; and
2. Langham Creek, Phase 2 and fill plan for Miramesa South Tract; Pay Estimate No. 13 in the amount of \$161,853.42 and Change Order No. 6 increasing the contract total by \$65,031.60. The Board determined that Change Order No. 6 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 permitting by the United States Army Corps of Engineers ("USACE") for repair of damage the District's portion of Langham Creek damaged by Hurricane Harvey.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) 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; and (3) approve the pay estimates listed above. Director Green 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

The Board next considering partially abandoning a waterline easement in Miramesa, Section 4.

Following review and discussion, upon a motion by Director Davidson and a second by Director Molina, the Board voted unanimously to partially abandon a waterline easement in Miramesa, Section 4.

ANNEXATION MATTERS

Ms. Carr 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.

GARBAGE COLLECTION SERVICES

Discussion ensued regarding recyclable materials markets.

DISTRICT WEBSITE

The Board discussed the status of mail out of postcards with hurricane preparation information and instructions for opting in to the District's text message emergency alert system.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA")

There was no discussion for this agenda item.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

Director Bentson announced the Board would convene in executive session at 8:31 p.m. to discuss pending or contemplated litigation.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 8:45 p.m. Following discussion in executive session, Director Davidson moved to authorize ABHR to file a surety bond claim, as discussed. Director Molina seconded the motion, which passed unanimously.

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


Secretary, Board of Directors



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