

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

February 7, 2019

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 February, 2019, 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
Vacant	Assistant Secretary
Heath Richard Lyle	Assistant Vice President

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

Also present at the meeting were 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"); Sherri Greenwood of BKD, LLP; Sergeant Michael S. Bilbrey of Harris County Constable's Office Pct. 5; Kelly Aylesworth of WaterLogic; Bob DeForest of KGA/DeForest Design, LLC ("KGA"); 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.

Ms. Aylesworth commented regarding a pending proposal for installation of additional irrigation controllers in Miramesa and provided an update regarding evaluation of the previously installed irrigation/monitoring system. Following her comment, the Board requested that ABHR include an agenda item on the March 2019 regular meeting agenda to consider the proposal for installation of additional controllers.

MINUTES

The Board considered approving the minutes of the January 3, 2019, regular meeting. Following review and discussion, Director Molina moved to approve the minutes, as submitted. Director Green seconded the motion, which passed unanimously.

NEW DIRECTOR MATTERS

The Board considered appointing Kheng Swee Goh to the Board seat vacated by Jan Davidson. Following discussion, Director Molina moved to appoint Kheng Swee Goh to the Board of Directors. Director Green seconded the motion, which passed unanimously.

ANNEXATION MATTERS

Ms. Carr updated the Board regarding annexation of a 685.13-acre tract of land. Ms. Carr then presented an Order Adding Land for a total of 685.13 acres to the District. She reported that the City of Houston adopted an ordinance consenting to the annexation. After review and discussion, on a motion made by Director Molina, seconded by Director Green and unanimously passed, the Board adopted the Order Adding Land.

The Board next considered approving an Amendment to the District's Information Form, reflecting the District's addition of land. After discussion, Director Molina moved to approve the Amendment to Information Form and file it with the Texas Commission on Environmental Quality ("TCEQ") and in the Harris County Deed Records. 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 2018 tax levy to date and delinquent taxes from previous tax years.

The Board considered adopting a Resolution Concerning Exemptions from Taxation.

Following discussion and review of the information provided by the District tax assessor collector, Director Molina moved to (1) accept the tax assessor/collector's report and authorize payment of the bills; and (2) 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. Director Green seconded the motion, which passed unanimously.

SUPPLEMENTAL REIMBURSEMENT AUDIT

Ms. Greenwood reviewed a draft of a supplemental developer reimbursement audit setting forth the amounts to be reimbursed to 2 Ronin Real Estate, LLC from the proceeds of the District's Series 2019 Bond Anticipation Note. After review and

discussion, Director Molina moved to approve the supplemental developer reimbursement report and authorize developer reimbursement. Director Green seconded the motion, which carried unanimously.

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 Molina and seconded by Director Green, the Board voted unanimously to approve reimbursement of eligible expenses for Directors attending the winter conference, and to authorize attendance by the directors at the AWBD summer 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.

Following review and discussion, Director Molina moved to accept the bookkeeper's report, including payment of the bills listed. Director Lyle seconded the motion, which passed unanimously.

SECURITY REPORT

Sergeant Bilbrey reported regarding patrol in the District. The Board discussed purchasing LIDAR speed enforcement lasers for patrol use in the District.

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 January, 2019. Mr. Hoffman reported 19 new residential and 1 new commercial taps were installed during the month of January, 2019. He also reviewed routine

maintenance and repairs within the District completed and ongoing during the month of January, 2019 and requested authorization to make the following replacements/purchases:

1. replace control room doors at water plant no. 1 for an estimated cost of \$3,000; and
2. purchase of an automatic gate opener for the wastewater treatment plant for an estimated cost of \$14,000.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; and (2) authorize purchases and replacements, as listed above and as discussed. 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 or 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 Molina 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.

RESOLUTION APPROVING SUBMITTAL OF THE WATER SMART APPLICATION

There was no discussion or action taken for this agenda item.

PARK MAINTENANCE AND NRCS/FEMA GRANTS

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached, and presented a proposal to replace 3 irrigation heads at Tealbrook Park for an estimated cost of \$117.65. Following review and discussion, upon a motion by Director Molina and a second by Director Green, the Board voted unanimously to (1) approve the park and landscape management report; and (2) approve a proposal to replace 3 irrigation heads at Tealbrook Park for an estimated cost of \$117.65.

MASTER PARKS PLAN

The Board reviewed a landscape architect report from KGA DeForest Design, LLC, a copy of which is attached, and discussed future park development, including connecting sidewalks and trails in Canyon Lakes West.

Mr. DeForest also presented a proposal in the amount of \$2,900 to amend the District's Park Plan to include Miramesa.

Mr. DeForest next updated the Board regarding Miramesa South landscape improvements and recommended approval of Pay Application No. 6 in the amount of \$18,251.10 and Pay Application No. 7 in the amount of \$11,772.72, both payable to Westco Grounds Maintenance.

Mr. DeForest reported the status of construction of the Pine Creek Lake Trail System at Canyon Lake West and recommended that the Board approve payment of Pay Application No. 5 in the amount of \$13,276.57 and Pay Application No. 6 and Final in the amount of \$18,263.28, both payable to Johnson Fence.

Following review and discussion, Director Molina moved to (1) approve the landscape architect report; (2) authorize KGA to begin design of trails and sidewalks, as discussed, in Canyon Lakes West; (3) a proposal in the amount of \$2,900 to amend the District's Park Plan to include Miramesa; and (4) approve all pay applications presented and discussed above. Director Green seconded the motion, which passed unanimously.

The Board reviewed the District's proposed Defined Area No. 1 Parks and Open Space Master Plan prepared by KGA, a copy of which is attached to the engineer's report, which includes a projected District park bond requirement summary prepared by KGA. Following discussion, Director Molina moved to adopt the Defined Area No. 1 Parks and Open Space Master Plan and direct that it be filed appropriately and retained in the District's official records. Director Lyle seconded the motion, which carried unanimously.

ENGINEERING MATTERS

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 stated that bids were received for mass grading of Miramesa West for LOMR-F. Mr. Keel presented correspondence from Jones & Carter recommending that the Board award the contract to Double Oak Construction, Inc. ("Double Oak") in the amount of \$620,940. The Board concurred that, in its judgment, Double Oak 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 also discussed the status of Lancaster, CIPP, Phase 2 (point repairs) and recommended that the Board approve Pay Estimate No. 6 in the amount of \$8,188.65, payable to Insituform Technologies.

Following review and discussion, Director Molina moved to (1) approve the engineering report; (2) upon the recommendation of the District engineer, approve the pay estimate listed above; and (3) award the contract for mass grading of Miramesa West for LOMR-F to Double Oak in the amount of \$620,940, based upon the recommendation of Jones & Carter and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor. Director Green seconded the motion, which passed unanimously.

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

The Board next considered accepting a Special Warranty Deed from Meritage Homes for Reserves A and B in Miramesa Section 3, but concurred to defer until Stonegate Homeowner's Association confirms that it is willing to accept maintenance of the reserves.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board reviewed an insurance renewal proposal from McDonald & Wessendorff Insurance. Following review and discussion, upon a motion by Director Green and a second by Director Lyle, the Board voted unanimously to authorize renewal of the District's insurance policies through McDonald & Wessendorff Insurance.

GARBAGE COLLECTION SERVICES

There was no discussion for this agenda item.

DISTRICT WEBSITE

There was no discussion for this agenda item.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA")

The Board discussed projected schedules for delivery of surface water to the District by the WHCRWA.

DEVELOPMENT IN THE DISTRICT

There was no discussion for this agenda item.

PUBLIC HEARING REGARDING DEFINED AREA NO. 1 AND RELATED DESIGNATION PLAN, IMPROVEMENTS PLAN, AND TAXATION PLAN

Director Bentson opened a public hearing regarding the designation of Defined Area No. 1 within the boundaries of the District, and associated Designation Plan, Improvements Plan, and Taxation Plan. Upon receiving no public comments regarding Defined Area No. 1 or the related Plans, Director Bentson closed the public hearing.

ORDER ADOPTING DESIGNATION PLAN, IMPROVEMENTS PLAN, AND TAXATION PLAN RELATING TO DEFINED AREA NO. 1

The Board reviewed an Order Adopting Designation Plan, Improvements Plan and Taxation Plan Relating to Designation of Defined Area No. 1 within the Boundaries of Harris County Municipal Utility District No. 165. After review and discussion, Director Molina moved to adopt the Order Adopting Designation Plan, Improvements Plan and Taxation Plan Relating to Designation of Defined Area No. 1 within Boundaries of Harris County Municipal Utility District No. 165 and direct it be filed appropriately and retained in the District's official records. Director Green seconded the motion, which passed unanimously.

PARK PLAN FOR DEFINED AREA NO. 1 AND BOND FEASIBILITY REPORT

The Board reviewed the proposed Park Plan for Defined Area No. 1. Mr. DeForest also reviewed a bond feasibility report, including the summary of costs for proposed development of parks planned for Defined Area No. 1. After review and discussion, Director Molina moved to (1) adopt the Park Plan for Defined Area No. 1 and authorize execution of the Certification of the Park Plan and direct it be filed appropriately and retained in the District's official records; and (2) accept KGA's bond feasibility report for Defined Area No. 1. Director Lyle seconded the motion, which passed unanimously.

DEFINED AREA ELECTION

Ms. Carr presented and reviewed an Order Calling a Defined Area Election, Bonds Election, Operation and Maintenance Tax Election and Special Contract Election (the "Election").

Ms. Carr presented and reviewed a Resolution Designating an Agent of the Secretary of the Board of Director's for the Election, reflecting Jane Miller as the Agent of the Secretary.

The Board concurred to establish a rate of pay of \$15 for election officials.

Ms. Carr then requested authorization to post and publish a Notice of Election and issue a Notice of Writ of Election.

After review discussion, Director Molina moved to (1) adopt the Order Calling Defined Area Election, Bonds Election, Operation and Maintenance Tax Election and Special Contract Election; (2) adopt the Resolution Designating an Agent of the Secretary of the Board of Director's for the Election; (3) authorize the Notice of Election and Notice of Writ of Election (the "Notices"); and (4) direct that the Order, Resolution and Notices be filed appropriately and retained in the District's official records. Director Lyle seconded the motion, which passed unanimously.

DISTRICT BOND ELECTION

Ms. Carr presented and reviewed an Order Calling a District Bond Election (the "Election").

Ms. Carr presented and reviewed a Resolution Designating an Agent of the Secretary of the Board of Director's for the Election, reflecting Jane Miller as the Agent of the Secretary.

The Board also concurred to authorize publication of Notice of Exemption from use of electronic voting machines for a bond and maintenance tax election.

The Board concurred to establish a rate of pay of \$15 for election officials.

Ms. Carr then requested authorization to post and publish a Notice of Election and issue a Notice of Writ of Election.

After review discussion, Director Green moved to (1) adopt the Order Calling a District Bond Election; (2) adopt the Resolution Designating an Agent of the Secretary of the Board of Director's for the Election; (3) authorize the Notice of Election and Notice of Writ of Election (the "Notices"); and (4) direct that the Order, Resolution and Notices be filed appropriately and retained in the District's official records. Director Green seconded the motion, which passed unanimously.

WORKSHOP MEETING

The Board concurred to hold a special meeting on February 20, 2019, at 6:00 p.m.

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



Secretary, Board of Directors



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