

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

May 2, 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 2nd day of May, 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
Kheng Swee Goh	Assistant Secretary
Vacant	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 Josh Board of H2O Consulting, Inc. ("H2O"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); David Morrison of Land Tejas Development Company; Michael Willett of Touchstone District Services; and Sandra Staine 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.

SECURITY REPORT

Director Bentson discussed patrol in the District.

MINUTES

The Board considered approving the minutes of the April 4, 2019, regular meeting and April 16, 2019, special meeting. Following review and discussion, Director Molina moved to approve the minutes, as submitted. Director Goh 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.

Ms. Rodriguez presented an appeal from Star Cinema Grill requesting a payment plan for taxes due.

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; (2) authorize payment of the bills; and (3) authorize the District tax assessor collector to offer a payment plan to Star Cinema Grill of \$50,000 per month until taxes due are paid in full. Director Goh seconded the motion, which passed unanimously.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

The Board discussed the upcoming Association of Water Board Directors ("AWBD") summer conference. After discussion, Director Molina moved to (1) authorize reimbursement costs for a maximum of 4 per diems, 3 hotel nights, with an additional per diem and hotel night for investment office training, and 2 meals per day for all directors who attend the AWBD summer conference, noting that meal reimbursements must meet the requirements of the Travel Reimbursement Guidelines; and (2) require that all expenses submitted for reimbursement be accompanied by detailed receipts. The motion was seconded by Director Goh, and 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 Molina moved to accept the bookkeeper's report, including payment of the bills listed. Director Green seconded the motion, which passed unanimously.

ARBITRAGE REBATE MATTERS

Ms. Staine next reviewed OmniCap Group LLC's arbitrage rebate and yield restriction calculations for the District's Series 2011 and 2014 Bonds and said no rebate is due to the Internal Revenue Service.

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.

Discussion ensued regarding operational issues at the wastewater treatment plant no. 1 and the status of design of wastewater treatment plant no. 2. Following discussion, the Board concurred to authorize the District engineer to proceed with design of the expansion of wastewater treatment plant no. 1.

Mr. Hoffman reviewed a proposed Consumer Confidence Report ("CCR") with the Board and said that he will work with Mr. Keel to finalize the report

The Board also discussed the District's water accountability for the month of April, 2019. Mr. Hoffman reported 16 new residential taps and 6 commercial taps were installed during the month of April, 2019. He also reviewed routine maintenance and repairs within the District completed and ongoing during the month of April, 2019 and recommended the Board authorize the following:

1. Improvements to water plant no. 1 security system for an estimated amount of \$19,624.28;
2. repair of the well motor at water plant no.1 with Director Bentson's review and approval of an evaluation quote, when complete and received; and
3. authorize posting of the CCR on the District website and include a note on June, 2019 utility billing directing customers to access the CCR on the District website.

The Board took no action on the Critical Load List and concurred to defer action until the June, 2019 board meeting.

Mr. Hoffman presented customer appeals from:

1. AH4RP Eight LLC; 7407 Parkland Manor; requesting a leak adjustment; and
2. Angela Brown; 19118 Yaupon Ranch; requesting payment plan.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; (2) authorize the District engineer to proceed with design of the expansion of wastewater treatment plant no. 1; (3) authorize the operator to file the CCR with the Texas Commission on Environmental Quality ("TCEQ"); (4) authorize the District website administrator to post the CCR on the District website; (5) approve the

repairs and improvements requested by the District operator, as listed above; (6) authorize the District operator to offer a payment plan to customer, Angela Brown, as discussed; and (7) authorize the District engineer to make adjustments to customer AH4RP Eight LLC's account, 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.

SUBSIDENCE INTERLOCAL

The Board concurred and requested that ABHR notify the Harris-Galveston Subsidence District that the District will not participate in the WaterWise education program this year.

PARK MAINTENANCE AND NRCS/FEMA GRANTS

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached, and presented proposals to power wash fencing in Amhurst, Cypress Springs and Tealbrook parks. Following review and discussion, upon a motion by Director Molina and a second by Director Goh, the Board voted unanimously to approve the proposals presented.

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

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 discussed ongoing evaluation of District facilities and capacity and requested authorization to design (1) water plant no. 5; (2) an expansion of wastewater treatment plant no. 1; and (3) wastewater treatment plant no. 2.

Mr. Keel next presented a proposed Letter Agreement of no objection with CenterPoint Energy for installation of reinforced concrete outfall boxes that cross a CenterPoint Energy easement in Bridge Creek.

Mr. Keel stated that bids were received for Miramesa, Section 5. Upon the recommendation of Jones & Carter, Mr. Keel recommended that the Board award the contract to Clearwater Utilities in the amount of \$840,872.94. The Board concurred that, in its judgment, Clearwater Utilities 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 stated that bids were received for Miramesa, Section 7. Upon the recommendation of Jones & Carter, Mr. Keel recommended that the Board award the contract to Fellers & Clark in the amount of \$388,500. The Board concurred that, in its judgment, Fellers & Clark 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 next reported the status of the following projects, pay applications and change orders:

1. Miramesa West Mass Grading for LOMR-F; Change Order No. 2 decreasing the contract amount by \$15,025; and
2. Miramesa Drive Traffic Signal Improvements; Change Order No. 1 increasing the contract amount by \$18,315.

Following review and discussion, Director Molina moved to (1) approve the engineering report; (2) authorize the District engineer to design water plant no. 5, an expansion of wastewater treatment plant no. 1 and wastewater treatment plant no. 2; (3) award the contract for Miramesa, Section 5 Utilities in the amount of \$840,872.94, to Clearwater Utilities, based upon the recommendation of Jones & Carter ("J&C") and DAC 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; (4) award the contract for Miramesa, Section 7 Utilities in the amount of \$388,500, to Fellers & Clark, based upon the recommendation of J&C and DAC 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; (5) approve Change Order No. 2 in the amount of \$15,025, as a decrease to the contract for Miramesa West Mass Grading for LOMR-F, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation; and (6) approve Change Order No. 1 in the amount of \$18,315, as an increase to the contract for Miramesa Drive Traffic Signal Improvements, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director Goh seconded the motion, which passed unanimously.

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

The Board next considered accepting easements necessary to serve Miramesa, Sections 1 and 4. Following review and discussion, Director Molina moved to accept necessary easements to serve Miramesa, Sections 1 and 4. Director Goh seconded the motion, which passed unanimously.

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")

Mr. Keel reported regarding WHCRWA schedules to complete different segments of waterline construction.

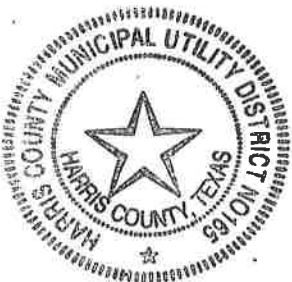
DISTRICT ELECTION

Mr. Willett provided a recapitulation of public information events hosted by the District prior to the District's recent bond election and the Board concurred to schedule a special meeting to canvass the votes from the May 4, 2019 District bond election on May 8, 2019 at 5:30 p.m. at ABHR.

There being no additional business to consider, the meeting was adjourned at 7:09 p.m.



Secretary, Board of Directors



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