

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

August 1, 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 1st day of August, 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
Scott Barr	Assistant Vice President

and all of the above were present except Directors Goh and Molina, 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.; Donnice Hoffman and Chris Hoffman of H2O Consulting, Inc. ("H2O"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); David Morrison of Land Tejas Development Company; Angel Ruvalcaba of KGA/DeForest Design, LLC ("KGA"); Stephen Eustis of Robert W. Baird & Co. Incorporated; Justin Wagner of R. G. Miller Engineers, Inc.; Julie Ward of Read King Commercial Real Estate; and Jessica Holoubek and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

DEVELOPMENT FINANCING AGREEMENT AND ANNEXATION AGREEMENT WITH LAND TEJAS COMPANIES, LTD. ("LAND TEJAS")

Mr. Eustis discussed the potential annexation of approximately 856 acres into the District (the "Annexation Tract") and potentially calling a bond election to finance the water, sewer and drainage infrastructure to support the development of the Annexation Tract. Mr. Eustis then reviewed a reimbursement analysis for the Annexation Tract and Ms. Holoubek reviewed a Development Financing Agreement and Annexation Agreement for the Annexation Tract with Land Tejas. Following review and discussion, Director Green moved to approve the Development Financing Agreement and Annexation Agreement with Land Tejas, subject to Land Tejas closing on the Annexation Tract. Director Barr seconded the motion, which passed unanimously.

PUBLIC COMMENT

The Board received and reviewed correspondence received through the District's website and at ABHR.

SECURITY REPORT

There was no discussion or reporting for this agenda item.

MINUTES

The Board considered approving the minutes of the July 11, 2019, regular meeting. Following review and discussion, Director Green moved to approve the minutes, as submitted. Director Barr 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.

Discussion ensued regarding Lancaster Homeowner's Association's ("Lancaster HOA") request for assistance identifying lots for possible construction of an HOA owned and maintained splash pad. Following discussion, Mr. Morrison said that he would contact Censeo Homes regarding 4 lots on the tax rolls owned by Obra Homes to see if Censeo would be interested in deeding the lots to the Lancaster HOA or to the District.

Following discussion and review of the information provided by the District tax assessor collector, Director Green moved to (1) accept the tax assessor/collector's report; and (2) authorize payment of the bills. Director Barr 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, reviewed budget to actual revenues and expenses and variances and reviewed a draft budget for the fiscal year ending September 30, 2020. Copies of the bookkeeper's report, investment report, budgets, and a list of bills presented for payment are attached.

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

ENGAGE MCCALL, PARKSHURST AND HORTON, LLP AS DISCLOSURE COUNSEL FOR SERIES 2019 BONDS

The Board considered engaging McCall Parkhurst & Horton, LLP as the District's disclosure counsel for the District's Series 2019 Bond sale. Following review and discussion, Director Green moved to engage McCall Parkhurst & Horton, LLP, as discussed. Director Barr 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 July, 2019. Mr. Hoffman reported 14 new residential taps were installed during the month of July, 2019. He also reviewed routine maintenance and repairs within the District completed and ongoing during the month of July, 2019.

Mr. Hoffman discussed a recent failure of the soft start for booster pump no. 2 at water plant no. 3. He said Neil Technical Services ("NTS") has recommended replacement of the soft start unit for an estimated cost of \$10,000.

The Board received the following appeals from District customers for consideration:

1. Harold Moxey; requesting a payment plan; and
2. Joycelyn Thomas; requesting a payment plan.

Mr. Hoffman also recommended placing taps for Westin Homes on hold until back charges for builder damages are paid in full.

Following review and discussion, Director Green moved to (1) approve the District operator's report; (2) authorize replacement of the soft start for booster pump no. 2 at water plant no. 3 for an amount not to exceed \$10,000; (3) authorize the District operator to offer payment plan to customers, Harold Moxey and Jocelyn Thomas, as discussed; and (4) authorize the District operator to withhold further taps from West Homes until back charges for builder damages are paid in full. The motion, which was seconded by Director Barr, 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 Green 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 Barr and passed by unanimous vote.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

There was no discussion 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 reviewed a proposal in the amount of \$258.75 to repair the column on the pavilion in Cypress Springs Park. Following review and discussion, Director Barr moved to (1) approve the park and landscape management report; and (2) approve a proposal in the amount of \$258.75 to repair the column on the pavilion in Cypress Springs Park. Director Green seconded the motion, which passed unanimously.

MASTER PARKS PLAN

Mr. Ruvalcaba reviewed a landscape architect report from KGA DeForest Design, LLC, a copy of which is attached.

Following review and discussion, Director Green moved to approve the landscape architect report. Director Barr seconded the motion, which passed 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 reported the status of the following projects, including pay applications and change orders:

1. Langham Creek detention from Grand Parkway to Trunkline Pipeline; Pay Estimate No. 24 in the amount of \$39,004.14;

2. Langham Creek storm repair/de-silt; Pay Estimate No. 3 in the amount of \$396,542.70;
3. Miramesa Section 5; Pay Estimate No. 2 in the amount of \$558,103.33;
4. Miramesa Section 7; Pay Estimate No. 2 in the amount of \$345,314.64;
5. Storm water quality feature to serve Mirabella; Pay Estimate No. 3 in the amount of \$39,180.14;
6. Generators at lift station nos. 3, 5 and 10; Pay Estimate No. 3 in the amount of \$77,284.80; and
7. Mass grading for lots for Miramesa West; Pay Estimate No. 1 in the amount of \$183,840.93.

Following review and discussion, Director Green moved to (1) approve the engineering report; and (2) based upon the recommendation of J&C and DAC, approve the pay estimates listed above. Director Barr seconded the motion, which passed unanimously.

PROFESSIONAL SERVICES AGREEMENT WITH RG MILLER ENGINEERS, INC.
AND DEVELOPMENT FINANCING AGREEMENT WITH WOODMERE
DEVELOPMENT CO., LTD.

Mr. Wagner discussed potential purchase and development of an approximately 200 acre tract within the District. Following review and discussion, Director Green moved to (1) approve a Professional Services Agreement with RG Miller Engineers, Inc. for engineering services; and (2) a Development Financing Agreement with Woodmere Development Co., Ltd. Director Barr seconded the motion, which passed unanimously.

UTILITY COMMITMENTS

There was no discussion for this agenda item.

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

There was no discussion for this agenda item.

DEVELOPMENT IN THE DISTRICT

Mr. Morrison reported regarding development in the District.

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

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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