

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

October 3, 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 3rd day of October, 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 Molina and Goh, thus constituting a quorum.

Also present at the meeting were: Mr. and Mrs. Sarvit Singh on behalf of District customer, Rishi Singh; Lori Buckner of Myrtle Cruz, Inc.; David Morrison of Land Tejas Development Company; Maurice Mulally of DAC Services, Inc. ("DAC"); Patty Rodriguez of Bob Leared Interests, Inc.; Wes Alvey, Donnice Hoffman and Chris Hoffman of H2O Consulting, Inc. ("H2O"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Angel Ruvulcaba of KGA/DeForest Design, LLC ("KGA"); and Jessica Holoubek and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

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

Mr. Singh reported high water bills and issues with the meter prior to meter replacement and requested that the Board consider adjusting his son's utility bill. Mr. Hoffman provided meter history and account information. Discussion ensued regarding relief options available to Mr. Rishi Singh.

MINUTES

The Board considered approving the minutes of the September 5, 2019 regular meeting. Following review and discussion, Director Barr moved to approve the minutes, as submitted. Director Green seconded the motion, which passed unanimously.

SECURITY REPORT

Director Bentson reported regarding security in the District and patrol initiatives.

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 also reviewed a delinquent tax report and the delinquent tax attorney's recommendation for accounts to be notified of the District's intent to disconnect water service due to nonpayment of delinquent taxes.

Ms. Rodriguez presented an appeal from Shujauddin Tasneem on behalf of taxpayer, Atrym Realty, for property located at 20111 Mountaindale Drive.

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; (2) authorize payment of the bills; (3) authorize the District operator to give written notification, in accordance with the District's Rate Order, of the District's intent to terminate service for nonpayment of delinquent property taxes; and (4) upon the recommendation of the Tax Assessor Collector, waive penalty and interest assessed against Atrym Realty for property located at 20111 Mountaindale Drive. Director Barr seconded the motion, which passed unanimously.

PUBLIC HEARINGS REGARDING DISTRICT'S TAX RATE, DEFINED AREA TAX RATE AND ORDERS LEVYING TAXES, AND AMENDMENT TO INFORMATION FORM

The Board opened the public hearing on the District's proposed tax levy. Ms. Rodriguez confirmed that notice of the proposed levy had been published. Upon receipt of no comments from the public, the Board considered an Order Levying Taxes, reflecting a tax rate of \$0.95 per \$100 valuation consisting of \$0.80 for debt service and \$0.15 for operations and maintenance. The Board confirmed its intention that the 2019 tax levy includes a debt service component for the calendar year ending December 31, 2019 and a maintenance tax component for the fiscal year ending September 30, 2020. Upon a motion made by Director Green and seconded by Director Barr, the Board voted unanimously to (1) adopt the Order Levying Taxes; and (2) amend the information form to reflect the District's current tax rate and authorize filing of same in the real property records of Harris County, Texas.

The Board next opened the public hearing on the District's proposed tax levy in Defined Area No. 1. Ms. Rodriguez confirmed that notice of the proposed levy for the

District had been mailed. Upon receipt of no comments from the public, the Board considered an Order Levying Taxes, reflecting a tax rate of \$0.55 per \$100 valuation for operations and maintenance. The Board confirmed its intention that the 2019 tax levy includes a maintenance tax component for the fiscal year ending September 30, 2020. Upon a motion made by Director Barr and seconded by Director Green, the Board voted unanimously to (1) adopt the Order Levying Taxes; and (2) amend the information form to reflect the current tax rate in the District's Defined Area No. 1 and authorize filing of same in the real property records of Harris County, Texas.

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. 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.

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 September, 2019. Mr. Hoffman reported 23 new residential taps and 1 commercial tap were installed during the month of September, 2019. He also reviewed routine maintenance and repairs within the District completed and ongoing during the month of September, 2019.

Mr. Hoffman discussed investigation of water quality complaints from 9118 Pine Place Court and 20302 Cortina Valley, neither of which require action. He said that he would follow up with the customers regarding the results of the investigation/testing.

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

1. Frank Llang; requesting a leak adjustment for account nos. 34327 and 34328 and also requesting to deactivate meter no. 34327; and
2. Olusheyi Ogunleye; requesting account evaluation and a payment plan.

Following review and discussion, Director Green moved to (1) approve the District operator's report; (2) authorize the District operator to apply the District's leak adjustment policy to the accounts of customers, Rishi Singh and Frank Llang, as discussed; (3) authorize the District operator to deactivate meter no. 34327, as requested by the customer; and (4) authorize the District operator to offer a payment plan to customer, Olusheyi Ogunleye, as discussed. 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 or report provided 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 requested authorization to make the following repairs:

1. replace the control valve in Amhurst Park for an estimated cost of \$330;
2. repair the main line in Cypress Springs Park for an estimated cost of \$300;
and
3. remove the basketball goal in Cypress Springs Park for an estimated cost of \$780, or, alternatively, remove both the basketball goal and court for an estimated cost of \$5,220.

Following review and discussion, Director Barr moved to (1) approve the park and landscape management report; (2) authorize replacement of the control valve in Amhurst Park for an estimated cost of \$330; and (3) authorize repair of the main line in Cypress Springs Park for an estimated cost of \$300. Director Green seconded the motion, which passed unanimously.

The Board concurred to table discussion regarding removal of the basketball goal and/or court in Cypress Springs Park pending input from the Lancaster Homeowner's Association.

MASTER PARKS PLAN

The Board received and reviewed a landscape architect report from KGA, a copy of which is attached.

Mr. Ruvalcaba first reported the status of construction of the Canyon Lakes West Infall and recommended that the Board approve Pay Application No. 1 in the amount of \$55,452.60, payable to DL Meacham.

Mr. Ruvalcaba next requested a design fee increase due to a change in project scope for design of the Bridge Creek Recreation Center Facility.

Discussion ensued regarding a request received from the Windhaven Property Owner's Association ("POA") requesting the District's assistance to relocate the POA playground to add parking space.

After review and discussion, Director Green moved to (1) accept the landscape architect report from KGA; (2) approve Pay Application No. 1 in the amount of \$55,452.60, payable to DL Meacham for construction of the Canyon Lakes West Infall; and (3) approve a design fee increase for the Bridge Creek Recreation Center Facility. Director Barr seconded the motion, which passed by unanimous vote.

ENGINEERING MATTERS

Mr. Mulally presented the engineer's report, a copy of which is attached, and reviewed the status of construction projects in the District.

Mr. Mulally reported the status of the following projects, including pay applications and change orders:

1. Langham Creek storm repair/de-silt; Pay Estimate No. 5 in the amount of \$169,661.70;
2. Miramesa Section 4; Pay Estimate No. 3 in the amount of \$15,739.20 and Pay Estimate No. 4 and Final in the amount of \$3,776.66;
3. Miramesa Section 5; Pay Estimate No. 3 in the amount of \$39,649.20;
4. Miramesa Section 7; Pay Estimate No. 2 in the amount of \$34,483.87;
5. Miramesa West Lift Station; Pay Estimate No. 1 in the amount of \$160,245 and Change Order No. 1 increasing the contract in the amount of \$6,578; and
6. Mass grading for lots for Miramesa West; Pay Estimate No. 5 in the amount of \$328,703.56 and Change Order No. 1 in the amount of \$237,365.75 due to a change in quantities because of unexpected field conditions.

The Board determined that both change orders listed above are beneficial to the District.

Following review and discussion, Director Green moved to (1) approve the engineering report; (2) based upon the recommendation of J&C and DAC, approve the pay estimates listed above; (3) approve Change Order No. 1 in the amount of \$6,578 as an increase to the contract with 5 J Services, LLC, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation; and (4) approve Change Order No. 1 in the amount of \$237,365.75 as an increase to the contract with Lindsay Construction, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director Barr seconded the motion, which passed unanimously.

RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND BONDS

There was no discussion for this agenda item.

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 AND FEASIBILITY STUDY FOR PROPOSED ANNEXATION

Mr. Morrison reported regarding development in the District.

The Board next discussed the status of finalizing proposed annexation of 856.27 acres into the District and considered accepting a Petition for Addition of Land from Cypress 856, Ltd. The Board also considered approving a Petition for Consent to Annex Land into the District. Mr. Mulally confirmed that the proposed annexation is feasible. Following review and discussion, Director Barr moved to (1) accept DAC's feasibility report for the proposed annexation; (2) accept the Petition for Addition of Land; and (3) approve the Petition for Consent to Annex Land and authorize ABHR to submit the documents for the City of Houston for approval. Director Green 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

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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