

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

November 2, 2017

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 November, 2017, 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
Keith Maddox	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, Chad King and Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Bob DeForest of KGA/DeForest Design, LLC; and Jessica Holoubek 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.

GARBAGE COLLECTION SERVICES

There was no discussion for this agenda item.

MINUTES

The Board considered approving the minutes of the October 5, 2017 regular meeting and the October 17, 2017 special meeting. Following review and discussion, Director Maddox moved to approve the minutes. Director Green 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, 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 Davidson moved to accept the bookkeeper's report and pay the bills described therein, with check no. 2110 subject to receipt of sufficient developer funds from Charter Title to cover the check and the account deficit. Director Maddox seconded the motion, which passed unanimously.

INVESTMENT POLICY

The Board reviewed the District's Investment Policy and considered adopting a Resolution Adopting an Amended Investment Policy to incorporate 2017 legislative changes regarding public funds.

After review and discussion, Director Maddox moved to (1) approve the bookkeeper's report and payment of the bills; and (2) approve a Resolution Adopting an Amended Investment Policy. Director Davidson seconded the motion, which passed unanimously.

DEPOSITORY INSTITUTIONS AND QUALIFIED BROKER/DEALERS

The Board reviewed the District's list of qualified broker/dealers.

After review and discussion, Director Davidson moved to adopt Resolution Establishing the Authorized Depository Institution and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. Director Green seconded the motion, which passed unanimously.

ARBITRAGE REBATE STUDY FOR DEFEASED BONDS

The Board next discussed authorizing Omnicap, LLC to perform a final arbitrage analysis for the District's Series 2011 Unlimited Tax Bonds. Following review and discussion, Director Davidson moved to authorize Omnicap, LLC to prepare a final arbitrage analysis for the District's Series 2011 Unlimited Tax Bonds. The motion was seconded by Director Green and 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, delinquent taxes from previous tax years and the status of previously authorized payment plans for delinquent tax balances. Ms. Rodriguez also reviewed the list of accounts scheduled for termination due to nonpayment of property taxes by the District's delinquent tax attorney.

The Board next reviewed an appeal from taxpayer, Jason Mohr, requesting an extension of time to pay delinquent taxes.

Following discussion, Director Davidson moved to (1) accept the tax assessor/collector's report and pay the bills described therein; and (2) authorize the District tax assessor collector to extend a 10 month payment plan to Jason Mohr. Director Green seconded the motion, which passed unanimously.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

The Board next considering authorizing application for renewal of the Canyon Lakes West - Longenbaugh Road Extension storm water quality permit. Following review and discussion, Director Davidson moved to authorize application for renewal of the permit. The motion was seconded by Director Green and passed unanimously.

OPERATION OF DISTRICT AND 2018-2023 CIP PLANNING

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 October, 2017. Mr. Hoffman reported 25 new residential taps and 2 new commercial taps were installed during the month of October, 2017, reviewed routine maintenance and repairs within the District completed and ongoing during the month of October, 2017 and recommended replacing the booster pump no. 2 check valve at water plant no. 2.

Mr. Hoffman reviewed a phone/data account list and recommended terminating service for 6 lines and adding service to water plant no. 4. He also reviewed a 5 year forecast for maintenance and operation, including rehabilitation projects.

Following review and discussion, Director Molina moved to approve the District operator's report. The motion, which was seconded by Director Davidson, passed unanimously.

Mr. Hoffman next presented a list of delinquent customers and Ms. Rodriguez confirmed the delinquent tax attorney's recommendations for termination of service due to non-payment of delinquent taxes. Mr. Hoffman reported the residents on the termination list were delinquent in payment of their water and sewer bills and 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 Davidson and passed by unanimous vote.

REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Keel reported regarding recent development in the District.

PARK MAINTENANCE

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached.

Following review and discussion, upon a motion by Director Maddox and a second by Director Davidson, the Board voted unanimously to approve the park management report.

MASTER PARKS PLAN

Mr. DeForest presented a landscape architect report, a copy of which is attached, and presented a proposal for installation of landscaping around Canyon Lakes West detention pond for an estimated cost of \$257,368.

Mr. DeForest next discussed the status of construction of sidewalks on Greenhouse Road and recommended the Board approve Pay Application No. 5 and Final in the amount of \$29,549.40, but hold payment pending clean-up of some items noted on a walk through with Director Davidson. Mr. DeForest also recommended approval of Change Order No. 2 to the contract decreasing the contract by \$4,070. The Board determined that Change Order No. 2 is beneficial to the District.

Mr. DeForest reported the status of Miramesa, Section 3 pocket park improvements and recommended the Board approve Pay Application No. 5 in the amount of \$540 and Pay Application No. 6 and Final in the amount of \$7,492.81.

Following review and discussion, Director Maddox moved to (1) approve the proposal for installation of landscaping around Canyon Lakes West detention pond; (2) approve Pay Applications discussed above upon the recommendation of KGA; and (3) approve Change Order No. 2 reducing the contract with Stone Castle Constructors by \$4,070, based upon the Board's finding that the Change Order is beneficial to the

District and KGA's recommendation. Director Davidson seconded the motion, which passed by unanimous vote.

ENGINEERING MATTERS

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

Mr. Keel reviewed bids for water, sewer and drainage to serve a 14 acre commercial tract and recommended the Board award the contract to the lowest qualified bidder, Clearwater Utilities, in the amount of \$269,999.90.

Mr. Keel reviewed bids for installation of generators at lift station nos. 1, 2 and 4 and recommended the Board award the contract to the lowest qualified bidder, McDonald Electric, in the amount of \$265,169.

Mr. Keel reported the status of construction of the following projects and recommended approval of the following pay estimates, as listed below:

1. Water Plant No. 4; Pay Estimate No. 26 in the amount of \$52,649;
2. Miramesa Lift Station; Change Order No. 1 increasing the contract amount by \$1,261.25;
3. Miramesa, Section 1; Pay Estimate No. 5 and Final in the amount of \$11,769.65;
4. Miramesa, Section 3; Pay Estimate No. 3 in the amount of \$22,887; and
5. Miramesa, Section 6; Pay Estimate No. 1 in the amount of \$475,698.79.

Mr. Keel also discussed the following requests for a capacity commitment:

1. Caliber Collision; 3 equivalent single family connections ("ESFCS"); and
2. Twistee Treat USA.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) approve the pay estimates listed above; (3) approve the change order listed above, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation; and (4) approve capacity commitments to Caliber Collision and Twistee Treat USA, as discussed above. Director Green seconded the motion, which passed unanimously.

FEASIBILITY FOR JOINT FACILITY AGREEMENT WITH HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 437

There was no discussion for this agenda item.

RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR USE OF SURPLUS FUNDS

The Board took no action on this agenda item.

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

The Board next considering accepting the following easements to the District:

1. Easements from Sugar Land 6, Ltd.:
 - a. Water Line Easement (0.0066 Acre; 0.0112 Acre);
 - b. Storm Sewer Easement (0.0011 Acre; 0.0317 Acre);
 - c. Sanitary Sewer Easement (0.0112 Acre; 0.0477 Acre);
 - d. Water Meter Easement (0.0029 Acre);
 - e. Drainage Easement (0.1801 Acre);
2. Water Line Easement (0.0037 Acre) from CRDB Development, LLC and Momentum Exterior Systems, Inc.;
3. Easements from Primeway Federal Credit Union;
 - a. Water Line Easement (0.0034 Acre);
 - b. Drainage Easement (0.1956 Acre);
4. Water Meter Easement (0.0057 Acre) from Clayco Fry-Longenbaugh Commercial POA, Inc.;
5. Utility Easement (0.0363 Acre) from the District to itself; and
6. Water Line Easement (0.0046 Acre) from CalAtlantic Homes of Texas, Inc.

The Board also considered engaging Berg Oliver Associates, Inc. for environmental services associated with the proposed conveyance of a lift station and detention reserve in Miramesa, Section 1.

Following review and discussion, upon a motion by Director Molina and a second by Director Davidson, the Board voted unanimously to (1) accept the conveyances listed above; and (2) approve a proposal from Berg Oliver Associates, Inc. for environmental services associated with the proposed conveyance of a lift station and detention reserve in Miramesa, Section 1.

SECURITY REPORT

The Board received a patrol report from Harris County Constable Precinct 5.

DISTRICT WEBSITE

The Board received analytics and subscriber reports. There was no discussion for this agenda item.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA")

The Board discussed correspondence received from the WHCRWA regarding timing for converting the District's water plants to surface water.

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



Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

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