

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

August 2, 2018

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 August, 2018, 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
Heath Richard Lyle	Assistant Vice President

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

Also present at the meeting Yesenia Juarez, District resident; Claribel Medina; Lori Buckner of Myrtle Cruz, Inc.; Martin Mullaly of DAC Services, Inc. ("DAC"); Patty Rodriguez of Bob Leared Interests, Inc.; Chris Hoffman and Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Bob DeForest of KGA/DeForest Design, LLC; Kelly Aylesworth of WaterLogic; Josh Wailes of Mike Stone Associates, Inc. ("MSA"); 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. Juarez requested a payment plan to reimburse the District for fence damage at Amhurst Park.

MINUTES

The Board considered approving the minutes of the July 5, 2018 regular meeting. Following review and discussion, Director Davidson moved to approve the minutes, as submitted. Director Molina 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, 2019. 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. Director Davidson 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 2017 tax levy to date and delinquent taxes from previous tax years.

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

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

There was no discussion for this agenda item.

INTERLOCAL AGREEMENT FOR PARTICIPATION IN WATERWISE

The Board next considered an Interlocal Agreement with Harris-Galveston Subsidence District to sponsor water conservation curriculum for the 4th and 5th grade at Andre Elementary with an average annual enrollment of 172. Upon a motion by Director Molina and a second by Director Lyle, the Board voted unanimously to approve participation and execution of the Interlocal Agreement with Harris-Galveston Subsidence District.

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, 2018. Mr. Hoffman reported 30 new residential taps were installed during the month of July, 2018, reviewed routine maintenance and repairs within the District completed and ongoing during the month of July, 2018.

Discuss ensued regarding proposed repair of a sanitary sewer line at 19940 Mountain Dale and a storage building constructed over the easement. Following discussion, the Board concurred that the District operator send a letter to the homeowner at 19940 Mountain Dale requesting temporary relocation of the storage building so repair of the sanitary sewer line can be completed.

Mr. Hoffman presented the following customer appeals:

1. Jessica Galeas; 20419 Prospect Canyon; requesting a leak adjustment;
2. Tamika Walton; 7855 Ashland Springs; requesting payment plan and meter replacement;
3. Johnetta Strange; 7330 Village Lake; requesting a payment plan; and
4. Carlton Boyd; 20226 Mountain Dale Drive; requesting a leak adjustment and a payment plan.

Following review and discussion, Director Davidson moved to (1) approve the District operator's report; (2) approve a 12 month payment plan for Yesenia Juarez to reimburse the District for fence damage at Amhurst Park; (3) authorize the District operator to offer payment plans to customers, Tamika Walton, Johnetta Strange and Carlton Boyd; (4) approve a leak adjustment, as requested by customer Jessica Galeas; and (5) authorize the District operator to install a new meter at 7855 Ashland Springs, as requested by the customer. The motion, which was seconded by Director Molina, 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 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 Davidson 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 Molina and passed by unanimous vote.

AMENDMENT TO DISTRICT'S CONTRACT WITH H2O CONSULTING, INC. AND AMENDMENT TO DISTRICT RATE ORDER

The Board next considered amending the District's operating contract with H2O Consulting, Inc. Following review and discussion, Director Davidson moved to approve amendment of the District's operating contract with H2O Consulting, Inc. Director Molina seconded the motion, which passed unanimously.

PARK MAINTENANCE AND NRCS/FEMA GRANTS

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

Following review and discussion, Director moved to approve the landscape management report. Director Molina seconded the motion, which passed unanimously.

CONSULTING SERVICE AGREEMENT WITH WATER LOGIC, INC. AND AGREEMENT WITH CANYON LAKES WEST HOMEOWNER'S ASSOCIATION

The Board next discussed a proposed agreement with the Canyon Lakes West Homeowner's Association ("HOA") wherein the District would pay the cost to install a Water Logic irrigation control system and the HOA would then operate and maintain the irrigation system at the HOA's expense. Following discussion, Director Molina moved to approve (1) a Consulting Service Agreement with Water Logic, Inc.; and (2) a Maintenance Agreement with the Canyon Lakes West Homeowner's Association, both subject to execution of the Maintenance Agreement by the Canyon Lakes West Homeowner's Association. Director Davidson seconded the motion, which passed unanimously.

MASTER PARKS PLAN

Mr. DeForest reviewed a landscape architect report from KGA DeForest Design, LLC, a copy of which is attached. No action was taken.

Mr. DeForest first discussed the status of Miramesa South landscape improvements and recommended the Board approve Pay Estimate No. 1 in the amount of \$4,929.30, payable to Westco.

Mr. DeForest reported the status of installation of landscaping around the Canyon Lakes West detention pond and recommended the Board approve Pay Estimate No. 2 in the amount of \$74,610 and Pay Estimate No. 3 in the amount of \$28,620, both payable to Johnson Fence.

Following review and discussion, Director Davidson moved to approve (1) the landscape architect report; and (2) the pay estimates discussed above. Director Lyle seconded the motion, which passed unanimously.

ENGINEERING MATTERS AND NRCS/FEMA GRANTS

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 construction of the following projects and recommended approval of the following pay estimates, as listed below:

1. Generators at lift station nos. 1, 2 and 4; Pay Estimate No. 4 in the amount of \$13,505.40; and
2. Miramesa, Section 8; Pay Estimate No. 1 in the amount of \$329,888.54.

The Board next considered approving letters of utility/capacity commitment to the following property owners:

1. SunRaj Developers, Inc.; and
2. Service First Auto Center.

Mr. Keel next reported that Jones & Carter recommended that the Board accept the following facilities as complete:

1. Miramesa Lift Station; and
2. Miramesa Southeast Corner Public Utility Extension, Phase 1.

Discussion ensued regarding schedule for design of future expansion of the District wastewater treatment plants and options for extending water service to the pending annexation tract.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) upon the recommendation of the District engineer and Jones & Carter, approve the pay estimates listed above; (3) upon the recommendation of the District engineer, approve utility commitments to SunRaj Developers, Inc. and Service First Auto Center; and (4) upon the recommendation of Jones & Carter, accept the Miramesa Lift station and Miramesa Southeast Corner Public Utility Extension, Phase I as complete. Director Molina seconded the motion, which passed unanimously.

BOND APPLICATIONS

Mr. Keel discussed the status of the District's proposed bond application no. 17.

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

There was no discussion for this agenda item.

ANNEXATION MATTERS

Ms. Carr next discussed the status of the District's pending request for consent from the City of Houston to annexation of 2 properties

SECURITY REPORT

Director Bentson reported regarding security staffing and patrol.

GARBAGE COLLECTION SERVICES

Discussion ensued regarding recyclable materials markets and the Board requested that a representative from Best Trash attend the September Board meeting.

DISTRICT WEBSITE

There was no discussion for this agenda item.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA")

There was no discussion for this agenda item.

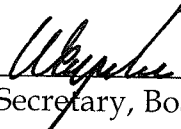
DEVELOPMENT IN THE DISTRICT

There was no discussion for this agenda item.

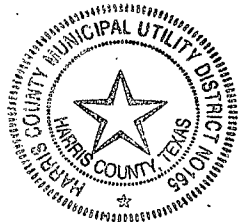
EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

The Board determined it was not necessary to convene in executive session. Ms. Carr updated the Board regarding a recent surety claim filed on behalf of the District in open session.

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



Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

Minutes
Page

bookkeeper's report, investment report, budgets, and a list of bills presented for payment.....	2
tax assessor/collector's report and delinquent tax report.....	2
management and operations report.....	2
park and landscape management report.....	4
landscape architect report.....	4
engineer's report	4