

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

November 1, 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 1st day of November, 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 except Director Lyle, 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 Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); David Morrison of Land Tejas Development Company; Bob DeForest of KGA/DeForest Design, LLC; Sherri Greenwood of BKD, LLP; Blake Kridel and Kaz Jones of Storm Water Solutions, LP; and Sandra Staine, Gabby Gomez, 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.

MINUTES

The Board considered approving the minutes of the October 4, 2018, regular meeting. Following review and discussion, Director Davidson moved to approve the minutes, as submitted. Director Molina 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 also updated the Board

regarding payment plans for delinquent taxes and Mr. Hoffman confirmed that notice of termination was provided to delinquent taxpayers whose service was scheduled for termination due to nonpayment of delinquent taxes.

Following discussion and review of the information provided by the District tax assessor collector, Director Davidson moved to accept the tax assessor/collector's report and authorize payment of the bills. 1) Director Molina seconded the motion, which passed unanimously, and 2) authorize the tax assessor collector to obtain a new aerial photograph of the District for an amount not to exceed \$1,050.00.

BOND APPLICATION NO. 17 AND BOND ANTICIPATION NOTE

Mr. Keel stated the District's bond application has been filed with the Texas Commission on Environmental Quality ("TCEQ"). Ms. Staine discussed issuing a Bond Anticipation Note ("BAN") to cut off developer interest for projects to be reimbursed in the District's proposed bond issue. Mr. Keel confirmed that the TCEQ inspection will be scheduled when the District's bond application is declared administratively complete. Following discussion, upon a motion by Director Molina and a second by Director Davidson, the Board voted unanimously to authorize the District's financial advisor to solicit bids for a BAN and to authorize the District's auditor to prepare a reimbursement report in connection with the proposed BAN.

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, including payment of the bills listed. Director Molina seconded the motion, which passed unanimously.

ANNUAL REVIEW OF INVESTMENT POLICY AND RESOLUTION ESTABLISHING AUTHORIZED DEPOSITORY INSTITUTIONS

Ms. Staine discussed a requirement to annually review the District's Investment Policy to comply with the Public Funds Investment Act, Chapter 2256, Texas Government Code ("PFIA"). Ms. Staine said neither ABHR nor the District bookkeeper is recommending any changes at this time and reviewed a Resolution Regarding Annual Review of the Investment Policy.

Ms. Staine next discussed a requirement of the PFIA, to annually review, revise and adopt a list of qualified broker/dealers with whom the District may engage in

investment transactions. She reviewed a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions.

Following review and discussion, Director Molina moved to approve (1) a Resolution Regarding Annual Review of the Investment Policy; and (2) a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. The motion was seconded by Director Davidson and passed unanimously.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

Mr. Kridel discussed notices of regulation violation received from the Harris County Engineering Department for stormwater quality management at 8430 Greenhouse Road. He also discussed damage to detention top banks in Canyon Lakes West caused by a pool contractor. Mr. Kridel then presented and recommended the Board approve the following documents/proposals:

1. proposal for repair of top bank damage cause by pool contractor in the amount of \$1,945;
2. maintenance and permitting proposals for Canyon Lakes West Greenhouse Road Extension and Greenhouse Road North;
3. affidavits to the public regarding Greenhouse Road North of Alston Hills Drive to Maricopa Drive; and
4. letter agreeing to maintain the stormwater quality feature and permit for Canyon Lakes West Greenhouse Road Extension.

Following review and discussion, Director Molina moved to approve and authorize signature upon the documents listed above. The motion was seconded by Director Davidson and 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 October, 2018. Mr. Hoffman reported 38 new residential taps and 1 new commercial tap were installed during the month of October, 2018, reviewed routine maintenance and repairs within the District completed and ongoing during the month of October, 2018.

Mr. Hoffman presented the following customer appeals:

1. Isela Castejon; 19314 Desert Moon; requesting a payment plan; and
2. Carlen Foster; 7622 Legacy Pines; requesting a payment plan.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; and (2) authorize the District operator to offer up to 6 month payment plans to customers, Isela Castejon and Carlen Foster. The motion, which was seconded by Director Davidson, 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 Davidson and passed by unanimous vote.

PARK MAINTENANCE AND NRCS/FEMA GRANTS

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

Mr. Wailes discussed a 3 year trial offer from Native Land Design ("NLD") to install, remove, service and monitor Weathermatic Smart Controllers in District parks at no cost to the District. Mr. Wailes said that if the Board decides to keep the controllers after the 3 year trial period, the cost would be \$300 per year per controller. Following review and discussion, upon a motion by Director Molina and a second by Director Davidson, the Board voted unanimously to authorize installation of the Weathermatic Smart Controllers for a 3 year trial period.

MASTER PARKS PLAN

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

Mr. DeForest reported the status of installation of landscaping around the Canyon Lakes West detention pond and recommended the Board approve Change Order No. 3 increasing the contract total by \$8,900 for regrading 2 areas of drainage swales. The Board determined that Change Order No. 3 is beneficial to the District.

Following review and discussion, Director Davidson moved to (1) approve the landscape architect report; and (2) upon the recommendation of KGA, approve Change

Order No. 3, based upon the Board's finding that the Change Order is beneficial to the District and the District landscape architect's recommendation. Director Molina 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 construction of the following projects and recommended approval of the following pay estimates, as listed below:

1. Miramesa, Section 8; Pay Estimate No. 3 and Final in the amount of \$18,158.11;
2. Lancaster Cured in Place Pipe ("CIPP"), Phase 1; Pay Estimate No. 4 in the amount of \$16,366.23 and Change Order No. 1 increasing the contract amount by \$1,956.40;
3. Lancaster CIPP, Phase 2 (point repairs); Pay Estimate No. 5 in the amount of \$18,135.00; and
4. Generators at lift station nos. 1, 2 and 4; Pay Estimate No. 6 in the amount of \$4,404.60 and Pay Estimate No. 7 and Final in the amount of \$26,678.50.

The Board determined that Change Order No. 1, listed above, is beneficial to the District.

Following review and discussion, Director Molina moved to (1) approve the engineering report; (2) upon the recommendation of the District engineer and Jones & Carter, approve the pay estimates listed above; and (3) upon the recommendation of the District engineer, approve Change Order No. 1, based upon the Board's finding that the Change Order is beneficial to the District and the District engineer's recommendation. Director Davidson seconded the motion, which passed unanimously.

BOND APPLICATIONS

There was no additional discussion for this agenda item.

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

The Board next considered donation of a waterline easement to the West Harris County Regional Water Authority. Following review and discussion, Director Davidson moved to approve donation of a waterline easement. The motion was seconded by Director Molina and passed unanimously.

The Board took no action on the following conveyances:

1. Special Warranty Deed for Reserve C, Miramesa, Section 1; and
2. Abandonment of utility easement, Tealbrook, Section 1.

SECURITY REPORT

Director Bentson reported regarding patrol 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 ("WHCRWA")

There was no additional discussion for this agenda item.

DEVELOPMENT IN THE DISTRICT

Mr. Morrison discussed development in the District.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

Director Bentson announced the Board would convene in executive session at 6:45 p.m. to discuss pending or contemplated litigation.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 6:47 p.m. Following review and discussion in executive session, Director Davidson moved to authorize execution of a release. Director Molina seconded the motion, which passed unanimously.

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



Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

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