

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

January 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 January, 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
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 were Lori Buckner of Myrtle Cruz, Inc.; David Keel of DAC Services, Inc. ("DAC"); Patty Rodriguez of Bob Leared Interests, Inc.; Chris Hoffman of H2O Consulting, Inc. ("H2O"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Sherri Greenwood of BKD, Inc.; Bob DeForest of KGA/DeForest Design, LLC ("KGA"); 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.

MINUTES

The Board considered approving the minutes of the December 6, 2018, regular meeting. Following review and discussion, Director Molina moved to approve the minutes, as submitted. Director Davidson seconded the motion, which passed unanimously.

MASTER PARKS PLAN

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

Mr. DeForest next updated the Board regarding Miramesa South landscape improvements and recommended approval of Change Order No. 1 to the contract with

Westco Grounds Maintenance reducing the contract in the amount of \$196.20. The Board determined that Change Order No. 1 is beneficial to the District.

Following review and discussion, Director Davidson moved to (1) approve the landscape architect report; and (2) approve Change Order No. 1 in the amount of \$196.20 as a decrease to the contract with Westco Grounds Maintenance, based upon the Board's finding that the Change Order is beneficial to the District and KGA's recommendation. 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 confirmed that updates and corrections to business listings within the District that are within the limited purpose annexation boundary of the City of Houston have been submitted to the City of Houston Planning Department.

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. Director Green seconded the motion, which passed unanimously.

REVIEW OF LIST OF LOCAL GOVERNMENT OFFICERS

Ms. Carr reported that pursuant to Chapter 176 of the Texas Local Government Code, the District will maintain and update annually a List of Local Government Officers in the District's official records.

APPROVE AUDIT AND AUTHORIZE FILING WITH THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Ms. Greenwood reviewed a draft audit of the District's financial information for the fiscal year end September 30, 2018, a copy of which is attached to these minutes. Upon a motion made by Director Molina, seconded by Director Green, the Board voted unanimously to (1) approve the audit and management letter subject to final review and comments; and (2) authorize ABHR to file the audit and filing affidavit with the Texas Commission on Environmental Quality.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board discussed the District's Travel Reimbursement Guidelines with respect to the upcoming Association of Water Board Directors winter conference. Following review and discussion, Director Davidson made a motion that the Board authorizes a maximum of three per diems, two nights' hotel accommodations and reimbursement of three meals per day for conference attendees. The motion was seconded by Director Green and carried 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, including payment of the bills listed. Director Green seconded the motion, which passed unanimously.

ANNUAL DISCLOSURE STATEMENTS FOR INVESTMENT OFFICER AND BOOKKEEPER

Ms. Carr stated that, in accordance with the District's Investment Policy, Lori Buckner as the bookkeeper and Alan Bentson as the Investment Officer are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. She added that the disclosure statements will be filed with the Texas Ethics Commission and the District Records and updated whenever necessary. After review and discussion, Director Davidson moved that the Board accept the disclosure statements pursuant to the District's Investment Policy and the Public Funds Investment Act. Director Green seconded the motion, which passed unanimously.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Carr reported on the District's compliance activities during the prior calendar year related to bond financings. Ms. Carr stated that no corrective action is required at this time.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

There was no discussion for this agenda item.

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 December, 2018. Mr. Hoffman reported 18 new residential and 2 new commercial taps were installed during the month of December, 2018. He also reviewed routine maintenance and repairs within the District completed and ongoing during the month of December, 2018 and requested authorization to make the following repairs/replacements:

1. Replace the gear box to clarifier no. 2 at the wastewater treatment plant for an estimated cost of \$5,500; and
2. Additional main break repairs requested by Harris County at Summer Iris and Yellow Hibiscus for an estimated cost of \$25,000.

Mr. Hoffman presented the following customer appeals:

1. Tamika Gee; 7927 Ashland Springs; requesting a payment plan;
2. Natasha Milles; 8011 Archcrest; requesting a payment plan; and
3. Jacquelyn Mackey; 7615 Yucca Field; requesting a payment plan.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; (2) authorize repairs and replacements, as listed above and as discussed; (3) authorize the District operator to offer payment plans to customers, Tamika Gee, Natasha Milles and Jacquelyn Mackey; and (4) direct that further taps be withheld from Beazer Homes until back-charges are paid. 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 an estimated cost of \$286 to backfill vehicle rut damage at 18900 W. Windhaven Terrace Trail and said he thinks the sod replacement will cost approximately \$350. Following review and discussion, Director Davidson moved to authorize MSA to make the repair. 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 first reported on the status of design of mass grading of Miramesa West for LOMR-F and requested authorization to advertise for bids for construction.

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 10; Pay Estimate No. 2 in the amount of \$67,351.89; and
2. Miramesa, Section 8; Change Order No. 1 deducting \$10,406 from the contract total and a Certificate of Acceptance.

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

Mr. Keel and Ms. Carr discussed additional projects and receipts to be reimbursed from bond anticipation note proceeds.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) authorize the District engineer to advertise for bids for construction of mass grading of Miramesa West for LOMR-F; (3) upon the recommendation of the District engineer and Jones & Carter, approve the pay estimates listed above; and (4) 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 Molina seconded the motion, which passed unanimously.

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

The Board next considered a proposal from Berg Oliver associates for a Phase I environmental survey of Reserves A and B in Miramesa Section 3.

Following review and discussion, upon the recommendation of Jones & Carter, Director Davidson moved to approve a proposal from Berg Oliver associates for a Phase I environmental survey of Reserves A and B in Miramesa Section 3. The motion was seconded by Director Green and passed unanimously.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Carr reported that the District's current insurance policies expire in April, 2019 and asked if the Board would like to request multiple proposals for renewal. Following discussion, the Board concurred to request a renewal proposal from the District's current insurance provider only.

SECURITY REPORT

Director Bentson reported regarding patrol in the District.

GARBAGE COLLECTION SERVICES

The Board discussed trash and recycling collection in the District.

DISTRICT WEBSITE

The Board discussed scheduling a special meeting in February, 2019 to consider a proposal submitted by Off Cinco for webinar/video services.

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.

NRCS/FEMA GRANTS

There was no discussion for this agenda item.

DEFINED AREA NO. 1 DEVELOPMENT

Ms. Carr reviewed a Resolution Designating Defined Area No. 1, Adopting Designation Plan, Improvements Plan, and Taxation Plan for the proposed 833.04 acre defined area in the District.

The Board and Ms. Carr discussed setting a public hearing date and authorizing notice of public hearing for adopting of the Designation Plan, Improvements Plan and Taxation Plan for the proposed Defined Area No. 1.

After review and discussion, Director Molina moved to (1) adopt the Resolution Designating Defined Area No. 1, Adopting Designation Plan, Improvements Plan, and Taxation Plan, and direct it be filed appropriately and retained in the District's official records; and (2) set a public hearing date and authorize a notice of public hearing for February 7, 2018, at 6:00 p.m. at Allen Boone Humphries Robinson LLP. Director Davidson seconded the motion, which passed unanimously.

Director Davidson announced that she is moving out of the District.

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



Secretary, Board of Directors

