

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

March 7, 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 7th day of March, 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
Heath Richard Lyle	Assistant Vice President

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

Also present at the meeting were Amy Symmank 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; Kelly Aylesworth of WaterLogic; Bob DeForest of KGA/DeForest Design, LLC ("KGA"); Christie Leighton of Best Trash, LLC; Stephen Eustis of Robert W. Baird & Co. Incorporated; Michael Willett of Touchstone District Services; 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.

NEW DIRECTOR MATTERS

The Directors then acknowledged receipt of a Sworn Statement, Oath of Office, and Official Bond for newly appointed Director, Kheng Swee Goh.

After review and discussion, Director Molina moved to approve the Sworn Statement, Official Bond and Oath of Office and direct that the documents be filed in the official records of the District, and that the Oath of Office be filed with the Secretary of State, as required by law. Director Green seconded the motion, which passed by unanimous vote.

BOARD REORGANIZATION

The Board considered reorganizing. Following discussion, Director Molina moved to reorganize the Board as follows:

Alan Bentson	President
David Molina	Vice President
Wayne Green	Secretary
Kheng Swee Goh	Assistant Secretary
Heath Richard Lyle	Assistant Vice President

Director Green seconded the motion, which passed by unanimous vote.

The Board then considered authorizing filing an updated District Registration Form with the Texas Commission on Environmental Quality ("TCEQ"), reflecting the terms of the newly elected directors and the reorganization of the Board. Following review and discussion, Director Molina made a motion to authorize filing of the updated District Registration Form with the TCEQ and direct that the District Registration Form be filed appropriately and retained in the District's official records. Director Green seconded the motion, which passed by unanimous vote.

OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING

Ms. Carr stated State Law requires each elected public official to complete a course of training regarding responsibilities of the governmental body and its members under the Texas Open Meetings Act, Chapter 551. Ms. Carr stated that Director Goh must complete training within 90 days of taking the oath of office. No action was necessary for this agenda item.

CONFLICT OF INTEREST DISCLOSURE

Ms. Carr stated a Director must disclose if he or she has a current business relationship with any contractor or consultant doing business with the District if that relationship results in either gifts (as defined in the Law) in excess of \$100 or taxable income of \$2,500 or more to the Director or his/her immediate family, or if he/she has a family relationship with a District vendor. She stated disclosure forms must be filed in such cases. No action was necessary for this agenda item.

MINUTES

The Board considered approving the minutes of the February 7, 2019, regular meeting and the February 20, 2019, special meeting. Following review and discussion, Director Molina moved to approve the minutes, as submitted. Director Green 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.

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

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Symmank 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 Molina moved to accept the bookkeeper's report, including payment of the bills listed, with the exception of check no. 13905, payable to Laser Technology, Inc., subject to the approval of purchase by Harris County. Director Green seconded the motion, which passed unanimously.

ANNUAL REPORT

Ms. Carr reviewed an Annual Report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the District's bond resolutions. Following review and discussion, Director Molina moved to approve the Annual Report, authorize the attorney to submit the District's updated financial and operating data in compliance with the continuing disclosure provisions contained in the bond resolutions, and direct that the Annual Report be filed appropriately and retained in the District's official records. Director Green seconded the motion, which passed unanimously.

ORDER ADOPTING AMENDED AND RESTATED PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

Ms. Carr stated that, when the District issues bonds, the District enters into a continuing disclosure undertaking for the benefit of the bondholders. Ms. Carr added that the provisions of that undertaking require that the District comply with certain continuing disclosure requirements for its bonds. Ms. Carr explained that the Board is ultimately responsible for continuing disclosure compliance for its bonds, with assistance by its consultants. Ms. Carr added that, in order to ensure that the District's

procedures for continuing disclosure compliance are well documented, the Board has previously adopted such procedures in writing. Ms. Carr stated that, because the United States Securities and Exchange Commission has amended its Rule 15c2-12, ABHR recommends that the District's written procedures be amended by the Board. Ms. Carr reviewed an Order Adopting Amended and Restated Procedures for Continuing Disclosure Compliance with the Board. Following review and discussion, Director Molina moved to adopt the Order Adopting Amended and Restated Procedures for Continuing Disclosure Compliance and direct that the Order be filed appropriately and retained in the District's official records. Director Green seconded the motion, which passed by unanimous vote.

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 February, 2019. Mr. Hoffman reported 17 new residential taps were installed during the month of February, 2019. He also reviewed routine maintenance and repairs within the District completed and ongoing during the month of February, 2019.

Following review and discussion, Director Molina moved to (1) approve the District operator's report. The motion, which was seconded by Director Lyle, passed unanimously.

Mr. Hoffman presented customer appeals from:

1. American Homes; 19934 Crested Hill; requesting a leak adjustment; and
2. Phillip Carter; 19507 Sundance View; requesting a payment plan.

Mr. Hoffman reviewed information provided by the customer and account information and recommended that the Board approve a leak adjustment for American Homes and a payment plan for Phillip Carter.

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 Green and passed by unanimous vote.

WATER CONSERVATION PLAN

The District's operator reviewed the Water Conservation Plan Annual Report and Five-Year Implementation Report on the Water Conservation Plan with the Board. Ms. Carr stated that the Texas Commission on Environmental Quality rules require that the District review and adopt an Amended and Restated Water Conservation Plan prior to May 1, 2019. Ms. Carr reviewed an Amended and Restated Water Conservation Plan with the Board. After review and discussion, Director Molina moved to: (i) approve the Water Conservation Annual Report and Five-Year Implementation \Report, direct that the reports be filed appropriately and retained in the District's official records, and authorize the District's Operator to submit the reports to the appropriate government agencies; and (ii) adopt an Order Adopting Amended and Restated Water Conservation Plan, direct that the Order be filed appropriately and retained in the District's official records, and authorize the District Operator to submit the Amended and Restated Water Conservation Plan to the appropriate government agencies. Director Lyle seconded the motion, which passed by unanimous vote.

AMENDED AND RESTATED DROUGHT CONTINGENCY PLAN

Ms. Carr stated that the Texas Commission on Environmental Quality ("TCEQ") rules require that the District review and adopt an Amended and Restated Drought Contingency Plan in 2019, prior to May 1st. Ms. Carr reviewed an Amended and Restated Drought Contingency Plan with the Board. After review and discussion, Director Molina moved to adopt an Order Adopting Amended and Restated Drought Contingency Plan; Providing for Implementation and Enforcement Thereof; Providing Penalties for Violations; and Containing Other Provisions Related to the Subject and direct that the Order be filed appropriately and retained in the District's official records. Director Green seconded the motion, which passed by unanimous vote.

ANNUAL WATER LOSS AUDIT

Following review and discussion, Director Molina moved to authorize the District operator to prepare the annual water loss audit. The motion, which was seconded by Director Green, passed unanimously.

IRRIGATION CONTROLLERS IN S-G OWNER'S ASSOCIATION

Ms. Aylesworth reviewed a proposal for installation of additional irrigation controllers in Miramesa. Ms. Carr reviewed a proposed First Amendment to the

Agreement for Installation of Irrigation Controls with the S-G Owner's Association. Following review and discussion, Director Green moved to (1) approve the proposal; and (2) approve a First Amendment to the Agreement for Installation of Irrigation Controls with the S-G Owner's Association. The motion was seconded by Director Molina which passed unanimously.

PARK MAINTENANCE AND NRCS/FEMA GRANTS

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached, and presented the following proposals:

1. proposal in the amount of \$165.76 to repair a main line leak in Amhurst Park; and
2. proposal in the amount of \$380 to replace an irrigation valve in Cypress Springs Park.

Following review and discussion, upon a motion by Director Molina and a second by Director Green, the Board voted unanimously to (1) approve the park and landscape management report; and (2) approve the proposals presented.

MASTER PARKS PLAN

The Board reviewed a landscape architect report from KGA DeForest Design, LLC, a copy of which is attached, and discussed future park development.

The Board reviewed the District's updated Master Parks Plan prepared by KGA, a copy of which is attached to KGA's report. Following discussion, Director Molina moved to adopt the updated Master Parks Plan and direct that it be filed appropriately and retained in the District's official records. Director Lyle seconded the motion, which carried unanimously.

Mr. DeForest also presented (1) a proposal to design Bridge Creek, Phase I Amenity Improvements; (2) a proposal to design the Bridge Creek Recreation Center Facility; and (3) a proposal for design of Canyon Lakes West infill sidewalk project.

Mr. DeForest next updated the Board regarding Miramesa South landscape improvements and recommended approval of Pay Application No. 8 in the amount of \$4,172.58, payable to Westco Grounds Maintenance.

Following review and discussion, Director Molina moved to (1) approve the design proposals listed above; and (2) approve all pay applications presented and discussed above. Director Lyle 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 discussed repair to Langham Creek/U132 repairs and requested authorization to do a topographic survey. The Board concurred to defer for pricing from MSA.

Mr. Keel stated that bids were received for Langham Creek storm repair and desiltation. Mr. Keel recommended that the Board award the contract to Texas Dewatering, LLC ("Texas Dewatering") in the amount of \$3,174,621.75. The Board concurred that, in its judgment, Texas Dewatering was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Keel stated that bids were received for Miramesa Drive Traffic Signal Improvements. Mr. Keel presented correspondence from Jones & Carter recommending that the Board award the contract to Third Coast Services, LLC ("Third Coast") in the amount of \$104,305.75. The Board concurred that, in its judgment, Third Coast was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Keel also discussed the status of Lancaster, Cured in Place Pipe ("CIPP") and recommended that the Board approve Pay Estimate No. 6 in the amount of \$30,614.63, payable to Insituform Technologies, LLC.

Mr. Keel also discussed the status of Lancaster, CIPP, Phase 2 (point repairs) and recommended that the Board approve Pay Estimate No. 7 in the amount of \$20,528.10, payable to Insituform Technologies, LLC. He also presented Change Order No. 2 to the contract with Insituform Technologies, LLC for Lancaster, CIPP, Phase 2 (point repairs) to increase the contract in the amount of \$14,244. The Board determined that Change Order No. 2 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, approve the pay estimates listed above; (2) award the contract for Langham Creek storm repair and desiltation in the amount of \$3,174,621.75, to Texas Dewatering, based upon the recommendation of DAC and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor; (3) award the contract for Miramesa Drive Traffic Signal Improvements in the amount of \$104,305.75, to Third Coast, based upon the recommendation of Jones & Carter Engineering, and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements,

if any, provided by the contractor; and (4) approve Change Order No. 2 in the amount of \$14,244 as an increase to the contract with Insituform Technologies, LLC, based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation. Director Green seconded the motion, which passed unanimously.

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

The Board next considered accepting a Special Warranty Deed from Meritage Homes for Reserves A and B in Miramesa Section 3, but concurred to defer until S-G Owner's Association confirms that it is willing to accept maintenance of the reserves.

SECURITY REPORT

Director Bentson discussed patrol in the District and the status of purchasing LIDAR speed enforcement lasers for patrol use in the District. Following review and discussion, Director Molina moved to authorize ABHR to send a letter to Harris County requesting authorization to purchase the LIDAR speed enforcement lasers. The motion was seconded by Director Green and passed unanimously.

GARBAGE COLLECTION SERVICES

Ms. Leighton discussed trash and recycling services in the District.

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.

DISTRICT ELECTION

Mr. Willett discussed plans and preparation for public inform distribution events associated with the upcoming District bond election.

There being no additional business to consider, the meeting was adjourned at 7:28 p.m.



Secretary, Board of Directors



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