

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

July 11, 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 11th day of July, 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
Scott Barr	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.; Donnice Hoffman, Chris Hoffman and Josh Board of H2O Consulting, Inc. ("H2O"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); David Morrison of Land Tejas Development Company; Angel Ruvalcaba of KGA/DeForest Design, LLC ("KGA"); Stephen Eustis of Robert W. Baird & Co. Incorporated; Constable Ted Heap, Corporal Brandon Webster, Officer Chris Frawley, Lieutenant Mitch Hutter of Harris County Constable Precinct 5; Forrest Allen and Sterling Allen, District residents; 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.

SECURITY REPORT

Lieutenant Hutter and Constable Heap discussed patrol in the District and demonstrated the newly purchased L-Dar unit.

PROPOSAL FROM TOUCHSTONE DISTRICT SERVICES

The Board received a proposal, but took no action.

SERIES 2019 UNLIMITED TAX BONDS

Ms. Holoubek reported that the Texas Commission on Environmental Quality ("TCEQ") approved the District's application for projects and bonds. Mr. Eustis commented regarding current bond markets and discussed a proposed schedule for sale and closing of the District's \$12,600,000 Series 2019 Unlimited Tax Bonds (the "Bonds").

Mr. Eustis reviewed the Preliminary Official Statement and Notice of Sale ("POS"), for the District's proposed Bonds, a copy of which is attached.

Mr. Eustis recommended that the Board appoint Zions Bancorporation, National Association as the Paying Agent/Registrar for the Bonds.

The Board reviewed an engagement letter from BKD, Inc. to prepare a developer reimbursement audit report for the Bonds.

After review and discussion, Director Molina moved that the Board (1) approve the POS, subject to final review; (2) authorize advertisement for sale of the Bonds; (3) schedule the sale of the Bonds on August 15, 2019 at 5:00 p.m.; (4) appoint Zions Bancorporation, National Association as the Paying Agent/Registrar for the Bonds; and (5) engage BKD to prepare a developer reimbursement report. Director Barr seconded the motion, which carried unanimously.

MINUTES

The Board considered approving the minutes of the June 6, 2019, regular meeting. Following review and discussion, Director Molina moved to approve the minutes, as submitted. Director Barr 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.

The Board also considered adopting a Resolution Authorizing Activation of Defined Area No. 1 with the Harris County Appraisal District and amending the District's contract with Bob Leared Interests, Inc.

Ms. Rodriguez reviewed a taxpayer appeal from Abbas Shaibani. Following discussion and review of documents submitted by the District tax assessor collector and the taxpayer, the Board concurred to roll the balance of taxes due for 2017 and 2018 and offer a 6 month payment plan to the taxpayer.

Following discussion and review of the information provided by the District tax assessor collector, Director Molina moved to (1) accept the tax assessor/collector's report; (2) authorize payment of the bills; (3) approve a Resolution Authorizing Activation of Defined Area No. 1 with the Harris County Appraisal District; (4) approve amendment of the District's contract with Bob Leared Interests, Inc.; and (5) authorize the District tax assessor collector to offer a 6 month payment plan to taxpayer, Abbas Shaibani, for delinquent 2017 and 2018 property taxes. Director Green seconded the motion, which passed unanimously.

ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE, REIMBURSEMENT OF ELIGIBLE EXPENSES, AND WINTER CONFERENCE

The Board considered expenses submitted by Board members who attended the summer conference and considered authorizing attendance of the Association of Water Board Directors ("AWBD") winter conference. The bookkeeper noted the expenses are in compliance with the District's travel and reimbursement guidelines. Upon a motion made by Director Molina and seconded by Director Green, the Board unanimously authorized reimbursement of the expenses submitted for the summer conference and authorized attendance by all interested directors at the AWBD winter conference.

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.

Ms. Buckner reported the status of payments due from and the balance still owed by Yesenia Juarez for damage to District facilities. Following discussion, the Board concurred to request that ABHR send Ms. Juarez a letter as a reminder of the balance pending.

Following review and discussion, Director Molina moved to accept the bookkeeper's report, including payment of the bills listed. Director Green seconded the motion, which 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 June, 2019. Mr. Hoffman reported 22 new residential taps were installed during the month of June, 2019. He also reviewed routine maintenance and repairs within the District completed and ongoing during the month of June, 2019.

The Board next reviewed and discussed recommendations and proposals for upgrades to security systems at the wastewater treatment plant in the amount of \$17,316.86 and at water plant no. 3 in the amount of \$15,161.90.

Mr. Hoffman also reviewed a proposal for Burke's Mechanical Services, Inc. in the amount of \$48,154 to repair the well motor at water plant no. 3.

The Board received the following appeals from District customers for consideration:

1. Forest Allen; protesting an evaluation of meter performance and hourly usage; and
2. Patricia Williams; requesting a review of her usage information and a payment plan.

Mr. Sterling Allen discussed measures taken by Mr. Forest Allen to remediate any possible leak inside his home. Following review of account information provided by both the customer and the District operator, Director Molina moved to adjust Mr. Forest Allen's bill to a 12 month average usage. Director Barr seconded the motion, which passed unanimously.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; (2) approve proposals for upgrades to security systems at the wastewater treatment plant in the amount of \$17,316.86 and at water plant no. 3 in the amount of \$15,161.90; (3) approve a proposal for Burke's Mechanical Services, Inc. in the amount of \$48,154 to repair the well motor at water plant no. 3; and (4) authorize the District operator to apply the leak policy to Ms. William's account and offer her a payment plan. The motion, which was seconded by Director Barr, 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 Barr and passed by unanimous vote.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

There was no discussion for this agenda item.

PARK MAINTENANCE AND NRCS/FEMA GRANTS

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

MASTER PARKS PLAN

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

Mr. Ruvalcaba stated that bids were received for construction of the Canyon Lakes West Infill Sidewalk. Mr. Ruvalcaba recommended that the Board award the contract to DL Meacham in the amount of \$126,076. The Board concurred that, in its judgment, DL Meacham, 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.

Following review and discussion, Director Barr moved to (1) approve the landscape architect report; and (2) award the contract for construction of the Canyon Lakes West Infill Sidewalk in the amount of \$126,076, to DL Meacham, based upon the recommendation of KGA 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. Director Green 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 stated that bids were received for relining lift station nos. 5 and 6 and manholes 1 and 2 on Alston Road. Mr. Keel recommended that the Board award the contract to Gilleland Smith Construction, Inc. in the amount of \$198,100. The Board concurred that, in its judgment, Gilleland Smith Construction, Inc., 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 next reported the status of the following projects, pay applications and change orders:

1. Miramesa West Mass Grading of LOMR-F; Pay Estimate No. 3 in the amount of \$83,505.87 and Change Order No. 3 increasing the contract amount by \$12,244.50;
2. Langham Creek storm repair/ de-silt; Pay Estimate No. 2 in the amount of \$480,375;
3. Miramesa Section 5; Pay Estimate in the amount of \$184,172.04 and Change Order No. 1 decreasing the contract by \$822;
4. Storm water quality feature to serve Mirabella; Pay Estimate No. 2 in the amount of \$295,341.40;
5. Generators at lift station nos. 3, 5 and 10; Pay Estimate No. 2 in the amount of \$38,151 and Change Order No. 1 increasing the contract amount by \$14,172;
6. Sanitary sewer overflow initiative 2019; Pay Estimate No. 1 and Final in the amount of \$29,843.70; and
7. Langham Creek Phase II and Fill Plan for Miramesa South Tract; Pay Estimate No. 14 and Final in the amount of \$32,124.73.

The Board determined that the change orders listed above are beneficial for the District.

Following review and discussion, Director Molina moved to (1) approve the engineering report; (2) award the contract for relining lift station nos. 5 and 6 and manholes 1 and 2 on Alston Road in the amount of \$198,100, to Gilleland Smith Construction, Inc., 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) based upon the recommendation of J&C and DAC, approve the pay estimates listed above; (4) approve Change Order No. 3 in the amount of \$12,244.50, as an increase to the contract for Miramesa West Mass Grading of LOMR-F, based upon the Board's finding that the Change Order is beneficial to the District and J&C and DAC's recommendation; (5) approve Change Order No. 1 in the amount of \$822, as a decrease to the contract for Miramesa, Section 5, based upon the Board's finding that the Change Order is beneficial to the District and J&C and DAC's recommendation; and (6) approve Change Order No. 1 in the amount of \$14,172, as an increase to the contract for Generators at lift station nos. 3, 5 and 10, based upon the Board's finding that the Change Order is beneficial to the District and DAC's recommendation. Director Green seconded the motion, which passed unanimously.

UTILITY COMMITMENTS

There was no discussion for this agenda item.

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

There was no discussion for this agenda item.

DEVELOPMENT IN THE DISTRICT

Mr. Morrison reported regarding development 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 discussion for this agenda item.

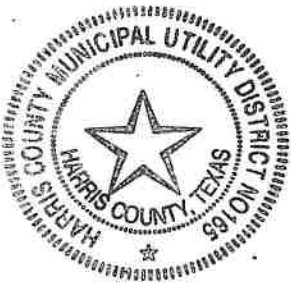
REPORT REGARDING LEGISLATIVE MATTERS

Ms. Holoubek reported regarding legislative matters.

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



Secretary, Board of Directors



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