

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

June 5, 2008

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 5th day of June, 2008, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, and the roll was called of the members of the Board:

Jacqueline Jackson	President
Alan Bentson	Vice President
Ira Rabourn	Secretary/Treasurer/Investment Officer
Reginald Cobb	Assistant Vice President
Miranda Bussey	Assistant Secretary

and all of the above were present.

Also present at the meeting were Erin Garcia of Myrtle Cruz, Inc.; Cathy Falke and Claudine Pacioni of SWWC Services, Inc. ("SWWC"); David Keel of KMS Engineering, LLP ("KMS"); Stephen Eustis of RBC Capital Markets; Patty Rodriguez of Bob Leared Interests, Inc.; Brett Sileo of Harris, Hilburn & Sherer, LLP; Robert DeForest of KGA Design; James Henrie of Land Tejas; Greg Coleman of Beazer Homes; and Lynne Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REVIEW BIDS AND AWARD SALE OF THE DISTRICT'S \$12,000,000 UNLIMITED TAX BONDS, SERIES 2008

Mr. Eustis reviewed with the Board bids received for the sale of the District's \$12,000,000 Unlimited Tax Bonds, Series 2008, and stated that the low bidder was Morgan Stanley, with a net effective interest rate of 5.176174%. Following discussion, Director Bentson moved to award the sale of the District's \$12,000,000 Unlimited Tax Bonds, Series 2008 to Morgan Stanley subject to verification. Director Rabourn seconded the motion, which was passed unanimously.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Rodriguez presented the tax assessor/collector's report, a copy of which is attached, and reviewed the checks presented for payment from the tax account. Ms. Rodriguez discussed with the Board unpaid accounts for Obra Homes. Ms. Rodriguez also reviewed with the Board a request for installment payment on property taxes owed by Gregory and Tatia Dunham. She confirmed that a good faith deposit in the amount of \$500 had been received and that the owner was requesting payments of \$300 per month.

Upon a motion by Director Bussey and a second by Director Cobb, the Board voted unanimously to accept the tax assessor/collector's report, approve payment of the bills presented and authorize the district tax assessor collector to extend an installment plan for \$300 a month to Gregory and Tatia Dunham.

COMMENTS FROM THE PUBLIC

There was no comment from the public.

MINUTES

The Board considered approving the minutes of the May 1, 2008 regular meeting. Revisions were requested by Director Rabourn. After review and discussion, Director Bentson moved to approve the minutes of the May 1, 2008 as amended. Director Rabourn seconded the motion, which passed unanimously.

APPROVE CERTIFICATE OF ELECTION

Ms. Humphries reviewed a Certificate of Election executed by the Secretary of the Board reflecting that, pursuant to an Order Declaring Unopposed Candidates Elected to Office, Alan Bentson and Reginald Cobb have been elected to the Board of Directors for four-year terms. After review and discussion, Director Bussey moved to approve the Certificate of Election. Director Rabourn seconded the motion, which passed by unanimous vote.

APPROVE SWORN STATEMENTS

Ms. Humphries presented Directors Bentson and Cobb with their Sworn Statements. After review and discussion, Director Bussey moved to approve the Sworn Statements for Directors Bentson and Cobb. Director Cobb seconded the motion, which passed by unanimous vote.

APPROVE OATHS OF OFFICE AND OFFICIAL BONDS

Ms. Humphries presented Directors Bentson and Cobb with their Oaths of Office and Official Bonds for execution. After review and discussion, Director Bussey moved to find, determine and declare that Directors Bentson and Cobb had taken their Oaths of Office, executed their Official Bonds and that the Oaths of Office and Bonds be filed with the Secretary of State and retained in the District's official records. Director Rabourn seconded the motion, which passed by unanimous vote.

REORGANIZE THE BOARD OF DIRECTORS

The next item on the agenda was to consider reorganization of the Board of Directors. After discussion, Director Bussey moved that the directors retain their

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current positions on the Board. Director Rabourn seconded the motion, which passed by unanimous vote.

AUTHORIZE EXECUTION OF DISTRICT REGISTRATION FORM

The Board reviewed and considered approving a District Registration Form reflecting the new terms of office for Directors Bentson and Cobb. Ms. Humphries stated that the District Registration Form would be filed with the Texas Commission on Environmental Quality ("TCEQ"). After review and discussion, Director Bussey moved to approve the District Registration Form. Director Rabourn seconded the motion, which passed by unanimous vote.

BOOKKEEPER'S REPORT

Ms. Garcia reviewed the bookkeeper's report, the District's budget, and corresponding checks with the Board. A copy of the bookkeeper's report is attached. Ms. Garcia reviewed with the Board tracking of energy usage expenses and expense for Langham Creek. Following review and discussion, Director Cobb moved to accept the bookkeeper's report. Director Rabourn seconded the motion, which was unanimously approved.

CONVENE EXECUTIVE SESSION

At 6:34 p.m. Director Jackson announced that the Board would meet in Executive Session to discuss pending or contemplated litigation.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION RESULTING FROM EXECUTIVE SESSION

Director Jackson announced that the Board would reconvene in open session and that the date and time at the end of executive session was June 5, 2008, 6:50 p.m.

No Board action was taken as a result of discussions in executive session.

OPERATOR'S REPORT

Ms. Falke presented the operator's report, a copy of which is attached. She stated that the District's 4-month accountability is 89.6%. Ms. Falke said that the accountability was low due to a meter that was under registering. She said that the meter had been identified and that the District would contact the owner to repay the District for water usage. Ms. Falke also discussed with the Board amending the rate order to revise the tap fees and to include a provision for recourse against property owners for leaks that remain unrepaired. The Board also discussed with Ms. Falke outstanding backcharges owed by Obra Homes and discussed with Ms. Humphries what recourse the District has against Obra Homes, if any, through bond issue, Series

2008. Ms. Falke said that water plant number 2 should be back online after the weekend and that the pressure in the District had been reduced a little to conserve water in the interim.

The Board also discussed adjusting information available on the website to include information regarding any anticipated changes to the water rates 60 to 90 days in advance of the effective date. Specifically, the Board discussed the West Harris County Water Authority rates and potential increases in the fall of 2008. Director Bussey requested that the mailing address and telephone number for the district operator be added to the District website. The Board also requested that Ms. Falke group the termination list by service areas.

Upon a motion by Director Bentson and a second by Director Cobb, the Board voted unanimously to approve the operator's report and to authorize ABHR to send a letter to Obra Homes notifying Obra Homes that outstanding property taxes and utility back charges must be paid prior to the close of Bond Issue No. 9 to avoid withholding reimbursement.

HEARING ON TERMINATION OF WATER SERVICE

The Board conducted a hearing on the termination of utility service to delinquent accounts. Ms. Falke reported that the residents on the termination list were mailed written notice prior to the meeting in accordance with the Rate Order, notifying them of the opportunity to appear before the Board to explain, contest, or correct the utility service bill and to show reason why utility service should not be terminated for reason of nonpayment. Director Bentson moved that, since the residents on the attached list were neither present at the meeting nor had presented any statement on the matter, utility service should be terminated in accordance with the procedures set forth in the Rate Order. Director Cobb seconded the motion, which carried unanimously.

MASTER PARKS PLAN

Mr. DeForest said that he is still responding to comments from the City of Houston with regard to the Amhurst park facility. He said that the contractor is going to hold the bid price.

Mr. DeForest next reviewed the design for a proposed park within Cypress Springs. The Board discussed the different plan components. The Board discussed considering a Resolution Expressing Intent to Reimburse the Operating Account at the July Board meeting. Mr. DeForest said that he would prepare a proposal for the July meeting for design of the park. The Board also discussed beginning design of a park within a 40 foot strip.

DISCUSS DISTRICT WEBSITE AND AUTHORIZE APPROPRIATE ACTION

The Board discussed a proposed contract revision from Payne Communications and discussed the summer newsletter. The Board concurred to request that Ms. Payne submit a revised contract proposal for the July board meeting. The Board also discussed including information regarding new sections, pending parks and the new water plant in the District summer newsletter.

DEVELOPMENT IN THE DISTRICT

The Board received reports on development and sales within the District from Messrs. Coleman, Henrie and Keel.

ENGINEER'S REPORT

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 that he had gone to a meeting regarding the improvement of FM 529 and the relocation of the District's waterline within the proposed right-of-way. Ms. Humphries said that KMS should prepare descriptions of the parcels in anticipation of identifying the owners for acquisition purposes.

Mr. Keel discussed with the Board the status of the construction of landscaping and forestry improvements at Longenbaugh Road and presented and recommended approval of Change Order No. 3 in the amount of \$6,300, Change Order No. 4 in the amount of \$2,693.60 and Change Order No. 4 in the amount of \$6,804.30.

Mr. Keel next discussed construction of a lift station to serve Canyon Lakes West, Section 3 and recommended payment of Pay Application No. 6 in the amount of \$10,433.12 payable to Liftwater Construction.

Mr. Keel also update the Board on the construction of a lake detention system to serve Collage Park West and recommended payment of Pay Application No. 9 in the amount of \$102,209.38 payable to D-Kon Construction. Mr. Keel also presented a contract from Storm Water Solutions for the maintenance of the basin for approval and a letter to Harris County advising that the District will be responsible for maintenance of the basin.

Mr. Keel presented for approval a letter to Harris County advising the County that the District will be responsible for the maintenance of the detention basin within Pine Creek at Canyon Lakes West.

Mr. Keel also requested approval and signature upon notices of renewal for storm water quality permits for Yaupon Ranch and Remington Grove.

Mr. Keel discussed with the Board an amended and restated sanitary sewer easement within Greenhouse Road right-of-way and requested board approval.

The Board also discussed the request for service from Almaas & Sarah for a 2 acre commercial tract. Ms. Humphries discussed with the Board the procedures for annexing the property into the District. The Board discussed requesting a \$10,000 deposit to cover costs of preparation of annexation documents and report on behalf of Almaas & Sarah. Mr. Keel confirmed that the District lines were stubbed to the tract, but that the owner would need to construct a storm sewer line to reach the District.

Following review and discussion, Director Rabourn made a motion to accept the engineer's report, and based on the engineer's recommendations: (1) authorize payment of construction items described herein subject to review and approval by KMS; (2) authorize change orders subject to review and approval by KMS; (3) approve storm water quality permit applications for Yaupon Ranch and Remington Grove; (4) approve letters to Harris County confirming District maintenance of the detention basins within College Park West and Pine Creek at Canyon Lakes West; (5) approve an amended and restated sanitary sewer easement within Greenhouse Road right-of-way, and (6) authorize ABHR to prepare annexation documents and KMS to prepare a feasibility report for Almaas & Sarah subject to the receipt of a deposit in the amount of \$10,000 to cover expense associated with the annexation. Director Cobb seconded the motion, which passed unanimously.

ADOPT RESOLUTION AUTHORIZING THE ISSUANCE OF THE DISTRICT'S \$12,000,000 UNLIMITED TAX BONDS, SERIES 2008

The Board next considered adopting a Resolution Authorizing the Issuance of the District's \$12,000,000 Unlimited Tax Bonds, Series 2008. Ms. Humphries reviewed the provisions of the bond resolution. After review, Director Bentson moved to adopt the Resolution Authorizing the Issuance of the District's \$12,000,000 Unlimited Tax Bonds, Series 2008. Director Rabourn seconded the motion, which was approved by unanimous vote.

AUTHORIZE EXECUTION OF PAYING AGENT/REGISTRAR AGREEMENT

Mr. Eustis reviewed the Paying Agent/Registrar Agreement with the Board. After review, Director Bentson moved to authorize execution of the Paying Agent/Registrar Agreement with The Bank of New York. Director Rabourn seconded the motion, which passed unanimously.

APPROVE ESCROW AGREEMENT

Ms. Humphries reviewed the Escrow Agreement with the Board. After review, Director Bentson moved to approve the Escrow Agreement with Texas State Bank, a

division of Compass Bank. Director Rabourn seconded the motion which passed unanimously.

APPROVE OFFICIAL STATEMENT

The Board next considered approving the Official Statement for the District's \$12,000,000 Unlimited Tax Bonds, Series 2008. Mr. Eustis reported that the Preliminary Official Statement previously approved will be updated to reflect pricing information on the Bonds. Following discussion, Director Bentson moved to approve the Official Statement. Director Rabourn seconded the motion, which was approved by unanimous vote.

AUTHORIZE BOARD OF DIRECTORS TO SIGN THE DOCUMENTS RELATING TO THE BOND SALE, AND AUTHORIZE THE ATTORNEY AND FINANCIAL ADVISOR TO TAKE ALL NECESSARY ACTION TO DELIVER THE BONDS TO THE PURCHASER

The Board next considered authorizing the Board of Directors to sign all the documents relating to the bond sale and to authorize the attorney and the financial advisor to take all necessary steps to deliver the bonds to the purchaser. After discussion, Director Bentson moved to authorize the Board of Directors to sign the bond documents and authorize the attorney and financial advisor to take all necessary steps to deliver the bonds to the purchaser. Director Rabourn seconded the motion, which was approved by unanimous vote.

AMENDMENT TO INFORMATION FORM

The Board next considered approving an Amendment to the District's Information Form, reflecting the District's additional bonds sold. After discussion, Director Bentson moved that the Amendment to the District's Information Form be approved and filed with the Texas Commission on Environmental Quality and in the Harris County Deed Records. Director Rabourn seconded the motion, which passed unanimously.

UPDATE FROM DISTRICT ENGINEER ON TCEQ INSPECTION OF FACILITIES

Mr. Keel confirmed that inspection has been requested.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

Director Rabourn reported on recent activities of the West Harris County Regional Water Authority.

REPORTS FROM DISTRICT DIRECTORS AND CONSULTANTS

Director Bentson requested that Porter & Hedges review and update the District's construction contract forms.

The Board also concurred to meet on July 1, 2008 as the next regular meeting.

There being no further business to consider, the Board concurred to adjourn the meeting.

(SEAL)




Secretary, Board of Directors

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