

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

November 6, 2014

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 6th day of November, 2014, 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
Keith Maddox	Assistant Vice President

and all of the above were present.

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"); Shawn Byron of KGA/DeForest Design, L.L.C.; Ben Scoggin of Jones & Carter, Inc.; Keith Schoonover, consultant for Beazer Homes of Texas; Adam Cohen of RBC Capital Markets; Kevin Atkinson of Texas Pride Disposal; Tommy Weaver of Friendswood Development Company; Bo Egbert of WCA Waste Corporation of Texas; Aimee Ordeneaux Raley of Best Trash, LLC; Justin Wolf of Residential Recycling of Texas; Robert Mann of VF Waste; Ron Brooks of Affinity Development Company; Shanna Lopez of Waste Management; John Elder of Acclaim Energy Advisors; and Jessica Holoubek and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

There were no public comments.

MINUTES

The Board considered approving the minutes of the October 2, 2014, regular meeting. After review and discussion, Director Davidson moved to approve the minutes, as amended. Director Molina seconded the motion, which passed unanimously.

BOND ANTICIPATION NOTE AND DEVELOPER REIMBURSEMENT REPORT

Ms. Holoubek stated the District's bond application was filed with the Texas Commission on Environmental Quality ("TCEQ"). Ms. Holoubek 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 is scheduled for November 11 and 12, 2014. Following discussion, upon a motion by Director Davidson and a second by Director Green, the Board voted unanimously to authorize the District's financial advisor to solicit bids for a bond anticipation note and to authorize the District's auditor to prepare a reimbursement report in connection with the proposed bond anticipation note. The Board also concurred to schedule a special meeting on November 13, 2014 to sell the bond anticipation note and approve the reimbursement audit.

REFUNDING BOND ISSUE

Mr. Cohen reviewed a financial analysis of savings potentially created by a proposed refunding bond issuance to refund the District's Series 2007 and 2007A Bonds and partially refund the District's Series 2008 Bonds. Mr. Cohen discussed current bond market conditions and issuance costs of the refunding bonds. Following discussion, the Director Davidson moved to authorize RBC to take the necessary steps to negotiate the sale of the refunding bonds, including preparation of a Preliminary Official Statement and making application for a rating with Moody's Investors Service. Director Maddox seconded the motion, which passed unanimously.

MUNICIPALITIES CONTINUING DISCLOSURE COOPERATION INITIATIVE

Ms. Holoubek distributed and reviewed with the Board a memorandum prepared by ABHR concerning the Securities and Exchange Commission Enforcement Division's Municipalities Continuing Disclosure Cooperation Initiative, a copy of which is attached. Ms. Holoubek also reviewed the District's annual continuing disclosure process with the Board, and noted that ABHR has overseen that process pursuant to its engagement with the District. After review and discussion, the Board concurred that no action was necessary.

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 Molina moved to accept the bookkeeper's report and pay the bills described therein. Director Davidson seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Rodriguez presented the tax assessor/collector's report, a copy of which is attached, reviewed the checks presented for payment from the tax account, reported regarding taxes collected from the 2013 tax levy to date and delinquent taxes.

After review and discussion, upon a motion by Director Molina and a second by Director Green, the Board voted unanimously to (1) accept the tax assessor/collector's report; (2) approve payment of the bills; and (3) authorize the tax assessor collector to commission an updated aerial photograph of the District for an amount not to exceed \$700.

OPERATION OF DISTRICT FACILITIES

Mr. Hoffman distributed and reviewed a management and operations report, a copy of which is attached.

Mr. Hoffman reported 45 new residential taps during the month of October, 2014 reviewed routine maintenance and repairs within the District completed and ongoing during the month of October, 2014.

Mr. Hoffman first discussed the condition of the spiral screen at the wastewater treatment plant and ongoing wear problems. He reviewed repair and replacement options. Following review and discussion, the Board concurred to authorize the District operator to purchase a replacement unit from Hartwell and authorize the District engineer to get proposals for installation.

The Board discussed the District's water accountability for the month of October, 2014, capacity and monitoring of flows at the wastewater treatment plant. Mr. Hoffman recommended inspecting the internal condition of the ground storage tank at water plant no. 1 for an estimated cost of \$2,500 and taking water plant no. 1 out of service for inspection. The Board also concurred to request the District engineer prepare plans and specifications for recoating following inspection.

Mr. Hoffman next discussed a customer appeal from Robin Shackelford and reviewed an account history.

Following review and discussion, Director Maddox moved (1) to approve the District operator's report and proposals discussed above; and (2) authorize the District operator to offer a leak adjustment credit to customer Robin Shackelford, as discussed. The motion, which was seconded by Director Molina, passed unanimously.

The Board then conducted a hearing on the termination of water service to delinquent utility accounts. Mr. Hoffman 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 service bill and to show reason why water service should not be terminated for reason of nonpayment. Director Maddox moved that since the residents on the attached list were neither present at the meeting nor had presented any statement on the matter, water service should be terminated in accordance with the procedures set forth in the Rate Order. Director Molina seconded the motion, which carried unanimously.

GARBAGE PROPOSALS

The Board next considered proposals for garbage service and presentations from vendors present at the meeting. Following review and discussion, the Board concurred to defer further discussion for the Board's November 13, 2014 special meeting.

REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Brooks, Mr. Schoonover, Mr. Weaver and Mr. Keel reported residential and commercial development in the District.

MASTER PARKS PLAN AND PARK MAINTENANCE

The Board reviewed park maintenance and inspection schedule submitted by Lancaster Community Association, Inc. ("LCAI").

Mr. Byron reported the progress of improvements at River Pines Park and requested the Board approve Pay Estimate No. 1 in the amount of \$74,907, payable to Stone Castle Constructors. He also discussed Change Order No. 1 to make the driveway tie in at the water plant ADA compliant and Change Order No. 2 to install temporary construction fencing.

Mr. Byron next discussed landscaping improvements planned for Miramesa, Sections 2, 3 and 4 and presented proposals for design of same.

Mr. Schoonover presented the following pay estimates for landscaping improvements for Pine Creek at Canyon Lakes West, Section 7 for Board approval:

1. Pay Estimate No. 8 in the amount of \$1,530; and
2. Pay Estimate No. 9 and Final in the amount of \$11,589.49.

Following review and discussion, Director Davidson moved to approve the pay estimates and change orders listed above. The motion, which was seconded by Director Maddox, 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 requested authorization to prepare plans and specifications for the rehabilitation of lift station no. 1.

Mr. Keel first discussed the following projects and requested authorization design the project and advertise for bids for construction of same:

1. Pine Creek at Canyon Lakes West, Section 12;
2. Pine Creek at Canyon Lakes West, Section 13; and
3. Pine Creek at Canyon Lakes West, Section 14.

Mr. Keel next reported the status of construction of the following projects and recommended payment of associated estimates and invoices and approval of change orders listed:

1. Mirabella lift station, Pay Estimate No. 5 in the amount of \$39,512.78;
2. Mirabella, Section 1, Pay Estimate No. 4 in the amount of \$18,269.75;
3. Mirabella, Section 2, Pay Estimate No. 3 in the amount of \$13,268.16;
4. Mirabella Drive, Pay Estimate No. 6 in the amount of \$65,027.91;
5. Sanitary Sewer televising, Pay Estimate No. 3 and Final in the amount of \$2,889.20; and
6. Sanitary Sewer repair, Pay Estimate No. 1 and Final in the amount of \$34,350.

Ms. J. Miller presented a proposal from Horizon Environmental Services for a Phase 1 environmental survey of Langham Creek and U-132 channel.

Mr. Keel also recommended the Board approval a proposal from Jones & Carter to prepare a drainage impact analysis South of West Road.

Following review and discussion, Director Green moved to (1) approve the engineering report; (2) authorize design of projects, as requested above; (3) authorize the District engineer to advertise for bids for construction, as requested above; and (4) approve pay estimate, change orders and proposals listed and recommended for approval above. Director Molina seconded the motion, which passed unanimously.

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

The Board next considered accepting the following conveyances and proposal associated with pending conveyances:

1. proposal from Horizon Environmental Services for environmental survey for conveyance of the U-132 channel;
2. Quitclaim Deed and Landscaping Easement (Anderson);
3. proposal from Horizon Environmental Services for environmental survey of Langham Creek; and
4. abandonment of a utility easement in Pine Creek at Canyon Lakes West, Section 9.

Following review and discussion, Director Molina moved to approve the conveyances and proposals listed above. Director Davidson seconded the motion, which passed unanimously.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

Ms. Miller presented, on behalf of Storm Water Solutions, LLC, a permit renewal application for Canyon Lakes West Longenbaugh Road Extension. Upon a motion by Director Davidson and a second by Director Molina, the Board voted unanimously to approve renewal of the permit, as discussed.

SECURITY REPORT

The Board discussed calls and patrol during October 2014.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

There was no additional discussion for this agenda item.

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

(SEAL)




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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