

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

March 5, 2015

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 March, 2015, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2400, 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 and Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Shawn Byron of KGA/DeForest Design, LLC; Ben Scoggin of Jones & Carter, Inc.; Stephen Eustis of Robert W. Baird & Co.; Jean Button, District resident; Blake Propst of Read King Commercial Real Estate; Bo Egbert of WCA Waste Corporation of Texas; Chad Essex of Storm Water Solutions, LP; and Jessica Holoubek and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

Mr. Egbert discussed garbage pick-up and recycling in the District.

MINUTES

The Board considered approving the minutes of the February 5, 2015 regular meeting. After review and discussion, Director Davidson moved to approve the minutes. Director Green seconded the motion, which passed unanimously.

REFUNDING BOND ISSUE

Mr. Eustis reviewed a summary of the Series 2015 Unlimited Tax Refunding results, including a debt service savings summary.

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 and pay the bills described therein, including check no. 1812 in the amount of \$38,631.60, payable to Nova Paintings, LLC, check no. 11740 in the amount of \$138.52, payable to Keith Maddox, check no. 11741 in the amount of \$27, payable to Off Cinco, check no. 11743 in the amount of \$100, payable to Harris County, Texas, check no. 11744 in the amount of \$4,351.20, payable to Today's Integration and check no. 11745 in the amount of \$415.57, payable to David Molina. Director Molina seconded the motion, which passed unanimously.

ANNUAL REPORT

Ms. Holoubek said the official statement from the Series 2015 Refunding Bonds will satisfy continuing disclosure provisions contained in the District's bond resolutions. Upon a motion by Director Davidson and a second by Director Molina, the Board voted unanimously to authorize signature upon the filing letter.

ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the District's procedures for continuing disclosure compliance. Ms. Holoubek stated that no changes are required at this time.

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, and reported regarding taxes collected from the 2014 tax levy to date and delinquent taxes.

After review and discussion, upon a motion by Director Davidson and a second by Director Molina, the Board voted unanimously to (1) accept the tax assessor/collector's report; and (2) approve payment of the bills, including check no. 1093 in the amount of \$395 for payment of the annual premium for the tax assessor collector's insurance bond.

Ms. Holoubek presented a Resolution Concerning Exemptions from Taxation for the Board's consideration. Ms. Holoubek explained that the Resolution Concerning Exemptions from Taxation rejects a general homestead exemption, an exemption for

travel trailers, and an exemption for charitable organizations, and adopts a \$20,000 exemption for individuals who are disabled or over 65 years of age. Following discussion, Director Davidson moved to approve the Resolutions as presented. The motion was seconded by Director Molina and passed unanimously.

OPERATION OF DISTRICT FACILITIES

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

The Board received public comment from Mr. Button regarding meter readings and customer service issues. Following Mr. Button's comment, Director Bentson requested that Mr. Hoffman investigate Mr. Button's claims and report back to the Board.

Mr. Hoffman reported 31 new residential taps during the month of February, 2015 and reviewed routine maintenance and repairs within the District completed and ongoing during the month of February, 2015 and requested the Board approve repair of booster pump no. 2 at water plant no. 1 for an estimated \$6,910.

The Board discussed the District's water accountability for the month of February, 2015, capacity and monitoring of flows at the wastewater treatment plant.

Mr. Board reviewed an annual report on the implementation of the Water Conservation Plan and an annual water loss audit.

The Board next considered application for participation in the Texas Water Smart program.

Mr. Hoffman next discussed customer appeals from Dasia Jacobs, Nancy Gerhart and Stacey Heard.

Mr. Hoffman requested release of the meter at the temporary lift station located at 19129 ½ West Road.

The Board discussed a resident complaint regarding the sidewalk across the drainage easement at 18627 W. Windhaven Terrace. The Board concurred that Mr. Hoffman provide the resident with information to contact the Windhaven Homeowner's Association.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; (2) approve repairs as estimated and listed above; and (3) to authorize the District operator to extend automatically a 3 month payment plan to Ms. Jacobs and other customers, if requested, to whom a leak adjustment is made; (4) approve a Resolution Authorizing Application to the Texas Water Smart Program and

authorize the District operator to prepare and file the application; (5) authorize release of the meter to the temporary lift station at 19129 1/2 West Road; and (6) authorize the District operator to file the annual water loss audit and annual report on the implementation of the Water Conservation Plan with the Texas Water Development Board. The motion, which was seconded by Director Maddox, 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 Molina 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 Maddox seconded the motion, which carried unanimously.

DROUGHT CONTINGENCY PLAN

The Board next reviewed the District's Drought Contingency Plan. Following discussion, the Board concurred that no revisions were necessary.

REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Propst reported on commercial development in the District on the Miramesa commercial frontage.

MASTER PARKS PLAN AND PARK MAINTENANCE

The Board reviewed park maintenance and inspection schedule submitted by Lancaster Community Association, Inc. ("LCAI"). The Board concurred to request maintenance proposals for their April 2, 2015 meeting.

Mr. Byron reported the progress of improvements at River Pines Park and recommended the Board execute a substantial completion letter and approve a Change Order in the amount of \$2,125 for application of graffiti control barrier.

Mr. DeForest next discussed design of Miramesa, Section 2 landscaping improvements, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, Allgreen Associates in the amount of \$414,929.50. After review and discussion, and because it would result in the best and most economical completion of the project, Director Molina moved to approve the award of the contract to Allgreen Associates, subject to verification of payment and performance bonds and insurance. Director Maddox seconded the motion which passed unanimously.

Mr. DeForest next presented a proposal for design services for Mirabella Commercial NWC, LLC.

Following review and discussion, Director Molina moved to (1) approve the substantial completion letter and change order listed above for River Pines Park; and (2) approve a proposal for design of Mirabella Commercial NWC LLC. The motion, which was seconded by Director Maddox, passed unanimously.

PROFESSIONAL ENGINEERING SERVICES AGREEMENT

The Board took no action on this agenda item.

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. Scoggin discussed the status of the following projects and requested authorization to advertise for bids for construction:

1. Mirabella Section 5; and
2. U-132 Phase II Expansion.

Mr. Keel discussed with the Board construction of water, sewer and drainage to serve Pine Creek at Canyon Lakes West, Section 14 and presented contracts for signature.

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, Section 2, Pay Estimate No. 5 and Final in the amount of \$18,210;
2. Mirabella, Section 3, Pay Estimate No. 5 and Final in the amount of \$18,366;
3. Mirabella, Section 7, Pay Estimate No. 3 in the amount of \$16,463.40;
4. Mirabella Drainage Improvements, Phase 2, Pay Estimate No. 6 and Final in the amount of \$16,554.78;
5. Recoating of water plant no. 1, Pay Estimate No. 1 in the amount of \$38,631.60;
6. Towne Lake Green, Section 3, Pay Estimate No. 3 and Final in the amount of \$6,368.15; and
7. Mirabella Drainage Improvements, Phase 1, Pay Estimate 8 and Final in the amount of \$137,851.87.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) authorize Jones & Carter to advertise for bids for construction of the projects requested above; and (3) approve pay estimates listed and recommended for approval. Director Maddox seconded the motion, which passed unanimously.

Ms. Holoubek presented to the Board a petition from Aash Builders requesting that the Board accept a Petition for Addition of a 2.756-acre tract of land into the District. Upon a motion by Director Davidson and seconded by Director Maddox, the Board voted unanimously to accept the Petition for Addition of Certain Land into the District. Mr. Keel confirmed that annexation of the tract is feasible.

The Board next discussed authorizing a Petition for Consent to Annex Land to the City of Houston. After review and discussion, and upon a motion by Director Davidson and a second by Director Maddox, the Board voted unanimously to authorize execution of the Petition for Consent to Annex Land to the City of Houston.

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

The Board next considered accepting the following conveyances to the District:

1. Special Warranty Deed for U-132 Channel; and
2. Partial Abandonment of Utility Easements in Pine Creek at Canyon Lakes West, Section 11.

Upon a motion by Director Davidson and a second by Director Molina, the Board voted unanimously to accept the conveyance and abandon the easement listed above.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

Mr. Essex presented proposals for the repair of erosion in the Longenbaugh Road detention area. Following review and discussion, Director Molina moved to approve repair of the erosion in the Longenbaugh Road detention area. The motion, which was seconded by Director Davidson, passed unanimously.

SECURITY REPORT

The Board discussed calls and patrol during January, 2015 and considered authorizing Sgt. Phillip Bennett to attend a mental health officer course. Upon a motion by Director Molina and second by Director Maddox, the Board voted unanimously to authorize Sgt. Phillip Bennett to attend a mental health officer course.

WEBSITE UPDATES

There was no discussion for this agenda item.

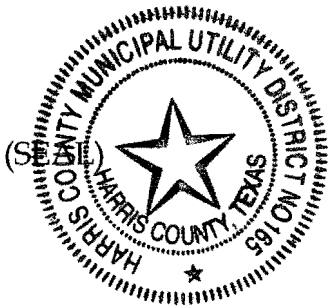
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

There was no discussion for this agenda item.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board next reviewed an insurance renewal proposal from Anco-McDonald Waterworks. Upon a motion by Director Maddox and a second by Director Molina, the Board voted unanimously to authorize renewal of the District's insurance policies through Anco-McDonald Waterworks.

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




Secretary, Board of Directors

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