

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

July 2, 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 2nd day of July, 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"); Bob DeForest of KGA/DeForest Design, LLC; Scott Fordham of Acclaim Energy Advisors; Ben Scogin of Jones & Carter, Inc. (J&C); Erik Haaland with Riverway Properties; Sherrie Knoepful, Josh Wailes and Kendall Purgatorio of Mike Stone Associates, Inc. ("MSA"); Blake Kridel of Storm Water Solutions, LP; and Jessica Holoubek and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

There was no public comment.

MINUTES

The Board considered approving the minutes of the June 3, 2015 regular meeting. After review and discussion, Director Molina moved to approve the minutes. Director Davidson seconded the motion, which passed unanimously.

ACCLAIM ENERGY ADVISORS' REPORT ON ELECTRICITY MATTERS

Mr. Fordham reported regarding the expiration of the District's current contract with Frontier Utilities and current energy markets. Following review and discussion, the Board concurred to approve execution of a letter of authorization for release of information regarding historical energy use information.

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 Davidson, 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. She also reviewed a draft budget for the fiscal year ending September 30, 2016. 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 Maddox 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, 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 Maddox, the Board voted unanimously to accept the tax assessor/collector's report.

UNLIMITED TAX BONDS, SERIES 2015

The Board took no action on this agenda item and concurred to hold a special meeting on July 16, 2015 at 6 p.m. to discuss the District's proposed bond issue.

OPERATION OF DISTRICT FACILITIES

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

Mr. Hoffman reported 32 new residential taps and 6 commercial meters were installed during the month of June, 2015, reviewed routine maintenance and repairs within the District completed and ongoing during the month of June, 2015 and requested the Board approve

1. Repair of 4 booster pump starter contacts at water plant no. 1 for an estimated cost of \$2,000 each; and
2. Installation of a chain link fence inside the wooden fence at water plant no. 2 for \$9,504.

The Board discussed the District's water accountability for the month of June, 2015.

Mr. Hoffman next discussed customer appeals from Marrion Murray and Stacey Osborne.

Mr. Hoffman also discussed recent run times at lift stations 4, 5, 6 and 9 during recent heavy rain events and recommended installing inflow protectors at these lift stations and improvements to manholes to reduce inflow and run times. He said he will work with Mr. Keel to prepare a plan and estimates for these repairs/improvements.

Following review and discussion, Director Davidson moved to (1) approve the District operator's report; (2) authorize the District operator to extend a payment plan to customer, Stacey Osborne; (3) authorize the District operator to offer a leak adjustment to Marrion Murray and a payment plan, if needed; (4) authorize repair of 4 booster pump starter contacts at water plant no. 1 for an estimated cost of \$2,000 each; and (5) approve installation of a chain link fence inside the wooden fence at water plant no. 2 for \$9,504. 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 Davidson 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.

REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Haaland discussed residential development in the District.

PARK MAINTENANCE

The Board reviewed park maintenance and inspection schedule submitted by MSA and Ms. Knoepfel submitted the following proposals for Board approval:

1. a proposal in the amount of \$5,250 for twice a month power washing of pavilion tables and play structures in Amhurst Park during heavy use season;
2. a proposal in the amount of \$5,500 for twice a month power washing of pavilion tables and play structures in Cypress Springs Park during heavy use season; and
3. a proposal in the amount of \$4,207.50 for twice a month power washing of pavilion tables and play structures in Tealbrook Park during heavy use season.

Discussion ensued regarding updating/repairing equipment in Amhurst Park and vandalism in Tealbrook Park, including replacing vandalized park tables with expanded or punched metal tables and reporting vandalism to security patrol.

Ms. Knoepfel also discussed with the Board authorizing MSA with a critical response authority to make emergency repairs between meetings. She said MSA is preparing a comprehensive list of damaged items/items that need to be done and will present the list with estimated repair costs at the next meeting.

Following review and discussion, Director Davidson moved to (1) defer discussion regarding proposals for power washing facilities until the special Board meeting on July 16, 2015; and (2) authorize MSA to make emergency repairs between meetings up to a \$500 aggregate limit with notification to Director Maddox as the parks liaison.

MASTER PARKS PLAN

Mr. DeForest discussed landscaping improvements for Miramesa, Section 4, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, Texas Wall & Landscape in the amount of \$493,042.45. After review and discussion, and because it would result in the best and most economical completion of the project, Director Davidson moved to approve the award of the contract to Texas Wall & Landscape, subject to verification of payment and performance bonds and insurance. Director Green seconded the motion which passed unanimously.

Mr. DeForest reported the progress of improvements at River Pines Park recommended the Board approve Pay Application No. 6 in the amount of \$4,986.45 and Pay Application 7 in the amount of \$3,734.32, both payable to Stone Castle Constructors. He also estimated \$780 to replace damaged wax myrtles.

Mr. DeForest next discussed Mirabella, Section 1 landscaping improvements and recommended the Board approve Pay Application No. 1 in the amount of \$75,771, payable to Texas Wall Systems, LLC.

He next reported regarding Mirabella, Section 2 landscaping improvements and recommended the Board approve Pay Application No. 1 in the amount of \$48,089.70, payable to Allgreen Associates.

The Board discussed park development budgets and projects for the fiscal year ending September 30, 2016.

Following review and discussion, Director Davidson moved to (1) approve the pay application discussed above; and (2) authorize replacement of the wax myrtles at River Pines Park. The motion, which was seconded by Director Green, 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 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. 9 and Final in the amount of \$34,761.17;
2. Recoating of water plant no. 2, Pay Estimate No. 3 and Final in the amount of \$43,138.30;
3. Pine Creek at Canyon Lakes West, Section 12, Pay Estimate No. 3 in the amount of \$33,139.84;
4. Pine Creek at Canyon Lakes West, Section 13, Pay Estimate No. 3 in the amount of \$45,583.55;
5. Pine Creek at Canyon Lakes West, Section 14, Pay Estimate No. 3 in the amount of \$13,150.21 and Change Order No. 1 in the amount of \$4,5175; and
6. recoating of water plant no. 1, Pay Estimate No. 5 and Final in the amount of \$25,120.40.

The Board also considered a request from DD Fry, LLC to extend its capacity commitment until June 1, 2016.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) approve the pay estimates and change order listed above; and (3)

extend DD Fry, LLC's capacity commitment until June 1, 2016. Director Green seconded the motion, which passed unanimously.

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

The Board took no action on this agenda item.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

Mr. Kridel erosion and water elevations at the College Park West detention pond and recommended lowering the notch in the bulkhead. Following discussion, the Board authorized lowering of the notch, as discussed.

ANNEXATION OF A 2.7 ACRE TRACT

Ms. Holoubek presented an Order Adding Land for Aash Builders, Inc. adding a total of 2.7649 acres to the District. She reported that the City of Houston had adopted an ordinance approving the annexation. After review and discussion, on a motion made by Director Molina, seconded by Director Green and unanimously passed, the Board adopted the Order Adding Land, copies of which are attached.

The Board next considered approving an Amendment to the District's Information Form, reflecting the District's addition of land to the District. After discussion, Director Molina moved to approve the Amendment to Information Form and file it with the TCEQ and in the Harris County Deed Records. Director Green seconded the motion, which passed unanimously.

SECURITY REPORT

The Board discussed recent calls and patrol.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

There was no discussion for this agenda item.

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



[Handwritten Signature]

Secretary, Board of Directors

(SEAL)

LIST OF ATTACHMENTS TO MINUTES

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