

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

February 4, 2016

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 4th day of February, 2016, 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 except Director Davidson, 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.; Chris Hoffman and Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Shawn Byron of KGA/DeForest Design, LLC; Mike Christopher and Sean Killam of Jones & Carter, Inc. (J&C); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Ryan Nesmith of Robert W. Baird & Co. Incorporated; Julie Ward of Read King Commercial Real Estate; Pat Carrigan of ALJ Lindsey, LLC; 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 ABHR.

MINUTES

The Board considered approving the minutes of the January 7, 2016, regular meeting. After review and discussion, Director Maddox moved to approve the minutes. Director Molina seconded the motion, which passed unanimously.

CASH REDEMPTION OF BONDS, NOTICE OF CASH REDEMPTION AND MATERIAL EVENT NOTICE

Mr. Nesmith discussed the anticipated effect of cash redemption upon the District's investment grade rating and the District's current debt ratio and ratio

following a proposed redemption of bonds and reviewed a cash analysis with the Board. Mr. Nesmith and Ms. Holoubek commented regarding Internal Revenue rules regarding debt service fund balances. Mr. Nesmith confirmed that the will close on March 14, 2016 and will fully redeem the District's Series 2008 and 2009 bond series. After review and discussion, Director Molina moved that the Board authorize the notices of the cash redemption for the District's Series 2008, 2009 and of the District's Series 2011 bonds and approve an escrow agreement. Director seconded the motion, which carried unanimously.

2016 DIRECTORS ELECTION

Ms. Holoubek reported the District is required to call the 2016 Directors Election by February 19, 2016. She presented an Order Calling Directors Election. Following review and discussion, Director Molina moved to approve the Order Calling Directors Election and authorize posting of a Notice of Election, if necessary. The motion, which was seconded by Director Maddox, passed unanimously.

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

The Board discussed seminars and issues discussed at the Association of Water Board Directors winter conference. Upon a motion made by Director Molina and seconded by Director Maddox, the Board unanimously approved reimbursement of eligible expenses for Directors attending the winter conference and authorized attendance by the directors at the AWBD summer 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, 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 Green seconded the motion, which passed unanimously.

LIST OF LOCAL GOVERNMENT OFFICERS PURSUANT TO CHAPTER 176

The Board took no action for this agenda item.

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 2015 tax levy to date and delinquent taxes from previous tax years.

Ms. Rodriguez also presented an appeal from taxpayer, Leslie Garza, at 7843 Galleon Field Land, requesting a payment plan for 2015 taxes. Following discussion and review of the information provided by the taxpayer and the District tax assessor collector, Director Maddox moved to authorize the District tax assessor collector to offer a payment plan through October, 2016, and to accept the tax assessor/collector's report. Director Molina seconded the motion, which passed unanimously.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

No report was given.

OPERATION OF DISTRICT FACILITIES

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

Mr. Hoffman reported 4 commercial and 42 new residential taps were installed during the month of January, 2016, reviewed routine maintenance and repairs within the District completed and ongoing during the month of January, 2016, and requested that the Board approve installation of 50 inflow protectors in lift station no. 6 service area for an estimated \$5,500.

Director Molina discussed lights out at District facilities and options for replacement of lighting, including ballasts. Mr. Hoffman said he would survey lights out and provide a report with repair estimates for the Board at the March, 2016 meeting.

The Board discussed the District's water accountability for the month of January, 2016.

Mr. Hoffman presented customer appeals, including letters and documents submitted by the customer, from:

1. Elana Barnett at 7702 Galleon Field Lane;
2. Eiliethya Brunswick at 7859 Maverick Trace Lane;
3. Krystle Rhodes-Jeffrey at 19018 Broken Lance Lane;
4. Roderick Jones at 19914 Laurel Trail Drive; and

5. Tanya Owens at 19306 N. Cottonwood Green Lane.

Following review and discussion, Director Maddox moved to (1) approve the District operator's report; (2) approve 3 month payment plans to Elana Barnett at 7702 Galleon Field Lane, Eiliethya Brunswick at 7859 Maverick Trace Lane and Roderick Jones at 19914 Laurel Trail Drive; and (3) approve a 3 month payment plan to Krystle Rhodes-Jeffrey at 19018 Broken Lance Lane, subject to payment in full of a insufficient check. 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 list were mailed written notice prior to the meeting in accordance with the Rate 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 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.

RESOLUTION APPROVING SUBMITTAL OF THE WATER SMART APPLICATION

The Board next considered a Resolution Approving Submittal of the Water Smart Application for Inclusion in the Association of Water Board Directors Water Smart Program. Following review and discussion, Director Maddox moved to approve a Resolution Approving Submittal of the Water Smart Application for Inclusion in the Association of Water Board Directors Water Smart Program. Director Molina seconded the motion, which passed unanimously.

REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Christopher reported regarding development in the District.

PARK MAINTENANCE

Mr. Wailes reviewed park maintenance and inspection schedules submitted by MSA, discussed repairs and improvements completed in the District during the month of January, 2016.

MASTER PARKS PLAN

Mr. Byron reported regarding Mirabella, Section 2, landscaping improvements and recommended the Board approve Pay Application No. 9 and Final in the amount of \$44,090.32, payable to Allgreen Associates.

The Board discussed Miramesa, Section 1, landscaping improvements and Mr. DeForest recommended the Board approve Change Order No. 2 for a deduct to the original contract in the amount of \$8,690.16.

Mr. Byron reported the status of Miramesa Section 4, landscaping improvements and recommended approval of Pay Application No. 2 in the amount of \$193,885.20 and Pay Application No. 3 in the amount of \$21,600, both payable to Texas Wall and Landscape and Change Order No. 2 in the amount of \$10,294.50.

Mr. Byron discussed the status of Windhaven trail lighting improvements, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, Bey Commercial Construction in the amount of \$167,735. 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 Bey Commercial Construction, subject to verification of payment and performance bonds and insurance. Director Maddox seconded the motion which passed unanimously.

Following review and discussion, Director Molina moved to approve the change orders and pay estimates discussed 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 discussed the status of plans to install a spiral screen at the wastewater treatment plant and rehabilitation of lift station no. 1 and requested authorization to advertise for bids for construction.

Mr. Keel discussed design of storm sewer connections to serve Miramesa Town Center, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, Lischka Utilities, in the amount of \$324,500. 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 Lischka Utilities. Director Green seconded the motion which passed unanimously.

Mr. Keel reported the status of construction of the following projects and recommended approve of the following pay estimates and change orders, as listed below:

1. water plant no. 4, Pay Estimate No. 7 in the amount of \$104,608.14; and
2. U-132, Phase II, Pay Estimate No. 4 in the amount of \$150,373.80.

Following review and discussion, Director Molina moved to (1) approve the engineering report; (2) authorize the District engineer to bid for installation of a spiral screen at the wastewater treatment plant and rehabilitation of lift station no. 1; and (3) approve the pay estimates and change order listed above. Director Green seconded the motion, which passed unanimously.

DEVELOPMENT FINANCING AGREEMENT WITH FRY ROAD PARTNERS, LTD

The Board next considered approving a development financing agreement with Fry Road Partners, Ltd. for development of 4.85 acre commercial tract. The Board concurred to defer action on this agenda item pending receipt of a House Bill 1295 disclosure.

SET ASIDE LETTER FOR U-132 CROSSING AND AMENDMENT TO AGREEMENT WITH HARRIS COUNTY FLOOD CONTROL DISTRICT FOR CONTRIBUTION TO U-132 CROSSING

Ms. Holoubek next reviewed a set aside letter for MREC LT Sterling LLC's ("MREC") share of funds necessary to construct drainage and paving facilities for the West Road Crossing at the U-132 less the amount contributed by the Harris County Flood Control District to partially fund the project. She also discussed amending the District's agreement with the Harris County Flood Control District to include this additional contribution and project. The Board concurred to defer action on this agenda item pending receipt of a House Bill 1295 disclosure.

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

There was no action for this agenda item.

AMENDMENT TO LANDSCAPE MAINTENANCE AGREEMENT

Ms. Holoubek next discussed a request received from MREC to convey to the District certain landscaping reserves in Miramesa, Sections 9, 10 and 11 and amending the District's landscaping maintenance agreement with SG-Owners Association, Inc. The Board concurred to defer action on this agenda item pending receipt of a House Bill 1295 disclosure.

GARBAGE COLLECTION SERVICES

There was no discussion for this agenda item.

SECURITY REPORT

The Board discussed recent security incidents and issues in the District.

DISTRICT WEBSITE

There was no discussion for this agenda item.

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.


Secretary, Board of Directors



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