

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

July 7, 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 7th day of July, 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, 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 of Jones & Carter, Inc. (J&C); Julie Ward of Read King Commercial Real Estate; Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Shannon Waugh of Off Cinco; James Henrie of Land Tejas Development Company; 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 at ABHR.

MINUTES

The Board considered approving the minutes of the June 2, 2016 regular meeting. Following review and discussion, Director Molina moved to approve the minutes. Director Davidson seconded the motion, which passed unanimously.

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 Davidson and seconded by Director Molina, 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. 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. Director Molina 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 2015 tax levy to date, delinquent taxes from previous tax years and payment plans revoked for non-payment.

Following discussion and review of the information provided by the taxpayer and the District tax assessor collector, Director Davidson moved to (1) accept the tax assessor/collector's report; and (2) authorize the District tax assessor collector to extend payment plans to the taxpayers listed above, as discussed. Director Green seconded the motion, which passed unanimously.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

There was no discussion for this agenda item.

OPERATION OF DISTRICT FACILITIES

Mr. Hoffman distributed and reviewed a management and operations report, a copy of which is attached and requested authorization to make the following repairs:

1. Valve replacement at Redwing Knoll and Greenhouse Road for an estimated cost of \$6,500; and
2. Valve replacement at FM 529 and Greenhouse Road for an estimated cost of \$8,000.

Mr. Hoffman reported 28 new residential taps and 8 commercial taps were installed during the month of June, 2016, and reviewed routine maintenance and repairs within the District completed and ongoing during the month of June, 2016. The Board also discussed the District's water accountability for the month of June, 2016.

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

1. Nguyen Tan Plaza at 18910 FM 529 requesting a leak adjustment;
2. Austin The Berge at 8406 Triston Hills Court requesting a leak adjustment. Mr. Hoffman also recommended a payment plan; and
3. Tracey Jackson at 7602 Sister Dale requesting a payment plan.

Mr. Hoffman also presented the following customer correspondence for Board review:

1. Lorachel Dixon at 7311 River Pines;
2. Alonso Gongora at 19803 Crested Hills; and
3. Nora Rubio at 7326 Prairie Village.

Discussion ensued regarding the status of implementing additional bill payment options.

Mr. Hoffman discussed builder back charges owed by Eagle Rock and Saratoga and requested authorization to apply the builder deposit against the amount owed.

Following review and discussion, Director Davidson moved to (1) approve the District operator's report; (2) authorize the District operator to also offer payment plans and apply the District's leak adjustment policy, as discussed above; (3) authorize no action on other customer correspondence; and (4) authorize the District operator to apply builder deposits on file against builder back charges pending, as discussed. The motion, which was seconded by Director Maddox, passed unanimously.

Mr. Hoffman presented a list of delinquent customers and reported the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility services should not be terminated for reason of non-payment. Following review and discussion, Director Davidson moved to authorize termination of delinquent accounts in accordance with the District's Rate Order and direct that the delinquent customer list be filed appropriately and retained in the District's official records. The motion was seconded by Director Maddox and passed by unanimous vote.

REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Henrie and Ms. Ward 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 June, 2016 and recommended the following repairs:

1. irrigation repairs at Amhurst Park in the amount of \$795.42;
2. replacement of water fountain push assembly Cypress Springs Park in the amount of \$311.80; and
3. irrigation repairs at Cypress Springs Park in the amount of \$146.225.

Following review and discussion, Director Molina moved to approve MSA's report and repairs/replacements listed above. The motion was seconded by Director Davidson and passed unanimously.

MASTER PARKS PLAN

Mr. Byron discussed the status of preparation of plans and specification for construction of landscaping improvements.

Mr. Byron next discussed the status of landscaping improvements and projects in the District and recommended the Board approve Mirabella, Section 1 landscaping improvements; Pay Application No. 6 and Final in the amount of \$33,685.89.

Mr. Byron next discussed the status of landscaping improvements and projects in the District and recommended the Board approve Mirabella, Section 10 and 11 landscaping improvements; Pay Application No. 1 in the amount of \$4,082.40.

Mr. Byron next discussed the status of landscaping improvements and projects in the District and recommended the Board approve Mirabella, Section 5 landscaping improvements; Pay Application No. 3 in the amount of \$102,229.20 and Change Order No. 2 in the amount of \$264.

Following review and discussion, Director Molina moved to approve the Pay Applications and Change Orders discussed above. Director Davidson seconded the motion, which 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 approval of the following pay estimates, proposals and change orders, as listed below:

1. Water Plant No. 4; Pay Estimate No. 12 in the amount of \$138,506.18;
2. U-132 Detention Phase II; Pay Estimate No. 9 in the amount of \$190,135.35;
3. Cypress Springs South, Section 2; Pay Estimate No. 3 in the amount of \$11,265.10 and Change Order No. 2 in the amount of \$6,502;
4. Miramesa Public Utility Extension; Pay Estimate No. 1 in the amount of \$117,665.44 and Change Order No. 1 in the amount of \$1,664.29;
5. proposal from GeoTech Engineering and Testing in the amount of \$12,582 for materials testing for rehabilitation of lift station no. 1; and
6. Langham Creek, Phase 2 and fill plan for Miramesa South Tract; Pay Estimate No. 2 in the amount of \$407,504.52.

Ms. Holoubek discussed amended and restated utility commitments requested from:

1. Meritage Homes of Texas, LLC; and
2. DD Fry, LLC.

Mr. Keel next discussed a funding request received from Harris County Municipal Utility District no. 157 for the District's share of replacement of the bar screen at the wastewater treatment plant. Ms. Holoubek said she has provided notice on to the Texas Commission on Environmental Quality ("TCEQ") on the District's behalf for use of surplus capital project funds for this project.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) approve the pay estimates and change orders listed above; and (3) approve the utility commitments listed above. Director Molina seconded the motion, which passed unanimously.

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

Ms. Holoubek presented the following conveyances/agreements for the Board's approval:

1. Abandonment of a Public Utility Easement;

2. Utility easements to serve the Star Cinema site;
3. Sanitary sewer and access easements for Miramesa lift station; and
4. Purchase and Sale Agreement for Langham Creek wetlands mitigation site.

Following review and discussion, upon a motion by Director Molina and a second by Director Davidson, the Board voted unanimously to approve the conveyances/agreements listed above.

GARBAGE COLLECTION SERVICES

Director Green discussed issues with recycling collection leaving crushed glass and trash along the streets and trucks dripping and leaving puddles along streets.

SECURITY REPORT

Director Bentson updated the Board regarding security and patrol in the District.


DISTRICT WEBSITE

Ms. Waugh reported that Phase 1 of the website update has been completed and reviewed wireframe options. The Board agreed upon a format and authorized Ms. Waugh to move forward with redesign of the District website.

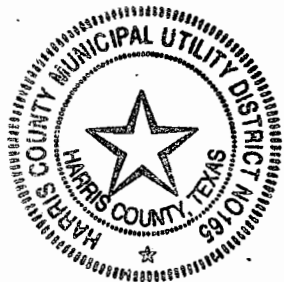
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

There was no discussion for this agenda item.

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



Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

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