

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

December 4, 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 4<sup>th</sup> day of December, 2014, 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 Molina, 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 of H2O Consulting, Inc. ("H2O"); Shawn Byron of KGA/DeForest Design, LLC; Blake Propst of Read King Commercial Real Estate; Taylor Gunn of Perry Homes, LLC; Ben Scoggin of Jones & Carter, Inc.; Tommy Weaver of Friendswood Development Company; 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 November 6, 2014 regular meeting and November 13, 2014 special meeting. After review and discussion, Director Maddox moved to approve the minutes. Director Davidson seconded the motion, which passed unanimously.

REFUNDING BOND ISSUE

The Board took no action on this agenda item.

## TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board discussed the District's Travel Reimbursement Guidelines with respect to the upcoming Association of Water Board Directors winter conference in Dallas. Following review and discussion, Director Davidson made a motion that the Board authorize a maximum of three per diems, two nights' hotel accommodations and reimbursement of three meals per day for conference attendees. The motion was seconded by Director Maddox and carried unanimously.

## ANNUAL REPORT

The Board considered authorizing preparation and filing of the District's Annual Report in accordance with Securities and Exchange Commission Rule 15c2-12. Ms. Holoubek explained that the District's bond resolutions require the District to file updated financial and operation information about the District on an annual basis. After discussion, Director Maddox moved that the Board authorize preparation and filing of the Annual Report. Director Davidson seconded the motion, which passed by unanimous vote.

## ORDER ADOPTING PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

Ms. Holoubek stated that, when the District issues bonds, the District enters into a continuing disclosure undertaking for the benefit of the bondholders. She added that the provisions of that undertaking require the District to comply with certain continuing disclosure requirements for its bonds. Ms. Holoubek explained that the Board of Directors is ultimately responsible for continuing disclosure compliance for its bonds with assistance by its consultants. She added that, in order to ensure that the District's procedures for continuing disclosure compliance are well documented, ABHR recommends such procedures (the "Procedures") be adopted in writing by the Board of Directors. Ms. Holoubek reviewed the Order Adopting Procedures for Continuing Disclosure Compliance with the Board of Directors. Following review and discussion, Director Maddox moved to adopt the Order Adopting Procedures for Continuing Disclosure Compliance and direct that the Order be filed appropriately and retained in the District's official records. Director Davidson seconded the motion, which passed by unanimous vote. A copy of the Procedures is attached.

## 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 Maddox 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, 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 (1) accept the tax assessor/collector's report; and (2) approve payment of the bills.

#### OPERATION OF DISTRICT FACILITIES

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

Mr. Hoffman reported 29 new residential and two new commercial taps during the month of November, 2014 and reviewed routine maintenance and repairs within the District completed and ongoing during the month of November, 2014.

The Board discussed the District's water accountability for the month of November, 2014, capacity and monitoring of flows at the wastewater treatment plant.

Mr. Hoffman next discussed a customer appeal from Amanda Gallardo.

Following review and discussion, Director Davidson moved to approve the District operator's report. The motion, which was seconded by Director Green, 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 Green seconded the motion, which carried unanimously.

## REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Weaver, Mr. Gunn and Mr. Propst 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 first requested authorization to advertise for bids for construction for Mirabella, Section 1 and Miramesa, Sections 2, 3 and 4.

Mr. Byron reported the progress of improvements at River Pines Park and requested the Board approve Pay Estimate No. 2 in the amount of \$58,248.03, payable to Stone Castle Constructors.

Following review and discussion, Director Davidson moved to approve the pay estimate listed above and authorize KGA to advertise for bids for construction for Mirabella, Section 1 and Miramesa, Sections 2, 3 and 4 landscaping improvements. 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 discussed with the Board plans to recoat water plant no. 2, reviewed bids and recommended the Board award the contract to the lowest qualified bidder, Corrosion Eliminators in the amount of \$141,996. 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 Corrosion Eliminators, subject to verification of payment and performance bonds and insurance. Director Green seconded the motion which passed unanimously.

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. 6 in the amount of \$10,200;
2. Mirabella Drive, Pay Estimate No. 7 in the amount of \$40,801.67;
3. Mirabella, Section 3, Pay Estimate No. 4 in the amount of \$47,087.08;
4. Mirabella, Section 4, Pay Estimate No. 3 in the amount of \$33,170; and
5. Mirabella, Section 7, Pay Estimate No. 1 in the amount of \$387,060.07 and Change Order No. 1 in the amount of \$7,196.70;

6. Detention West Road and Mirabella Drive, Change Order No 2 in the amount of \$2,320;
7. trunk force main to serve Mirabella, Pay Estimate no. 1 in the amount of \$214,297.71;
8. Pine Creek at Canyon Lakes West, Section 10, Pay Estimate No. 1 in the amount of \$213,993; and
9. Pine Creek at Canyon Lakes West, Section 11, Pay Estimate No. 1 in the amount of \$191,628.90.

Following review and discussion, Director Davidson 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; (4) approve pay estimate, change orders and proposals listed and recommended for approval above; and (5) authorize District Attorney to send notice for use of surplus funds to the Texas Commission on Environmental Quality for the water design and construction costs of water plant no. 2 recoating. Director Green seconded the motion, which passed unanimously.

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

There were no conveyances presented for consideration.

#### STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

There was no discussion under this agenda item.

#### SECURITY REPORT

The Board discussed calls and patrol during November 2014.

#### ANNUAL ENERGY USAGE REPORT

The Board next reviewed a report submitted by Acclaim Energy Advisors for electricity cost and usage from October 2013 through October 2014. Following review and discussion, the Board concurred to authorize ABHR to post the report to the District website.

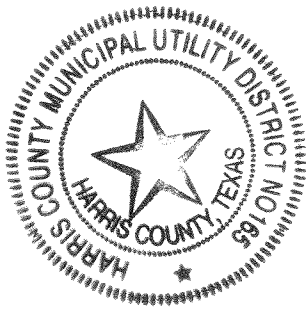
#### WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

Mr. Hoffman discussed the status of notification from the West Harris County Regional Water Authority ("WHCRWA") regarding an increase in fees and implementation dates. Following review and discussion, the Board concurred to authorize posting of notice regarding the increase in utility bills and on the District website.

Ms. Holoubek next reviewed with the Board an Agreement Regarding Credits for Alternative Water Supply Use between the WHCRWA and S-G Owners Association, Inc. requiring consent of the District, including waiver of any monetary credit or economic incentive. Following review and discussion, Director Maddox moved to approve an Agreement Regarding Credits for Alternative Water Supply Use between the WHCRWA and S-G Owners Association, Inc. The motion, which was seconded by Director Davidson, passed unanimously.

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

(SEAL)



  
Secretary, Board of Directors

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