

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

June 1, 2017

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 1st day of June, 2017, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, 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, Josh Board, and Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Shawn Byron of KGA/DeForest Design, LLC; John Dreahn of Jones & Carter, Inc. (J&C); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Mary DuBois of Acclaim Energy Advisors; Matthew May of Best Trash, LLC; Stephen Eustis of Robert W. Baird & Co. Incorporated; Julie Ward of Read King Commercial Real Estate; and Jessica Holoubek and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

GARBAGE COLLECTION SERVICES

Mr. May updated the Board on service transition and delivery of garbage and recycling collection carts.

OPERATION OF DISTRICT FACILITIES

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

Mr. Hoffman reported 31 new residential taps and 4 new commercial taps were installed during the month of May, 2017, and reviewed completed routine maintenance and repairs within the District and ongoing during the month of May, 2017. The Board also discussed the District's water accountability for the month of May, 2017.

Mr. Hoffman presented customer complaints and appeals, including letters and documents submitted by the customer, copies of which are attached, from:

1. Sharon Holmes; 18922 Brownstone Mills Drive; requesting a leak adjustment pursuant to the District's leak adjustment policy. Ms. Hoffman also recommended installation of a new meter;
2. Daniel Williams; 30319 Pioneer Ridge; requesting a payment plan;
3. Elana Barnett; 7702 Galleon Field; requesting a payment plan; and
4. Patricia Kennedy; 19103 Terra Stone Court; requesting a payment plan.

Following review and discussion, Director Davidson moved to (1) approve the District operator's report; (2) authorize the District operator to offer a payment plan to customer, Daniel Williams; (3) authorize the District operator to offer a payment plan to customer, Patricia Kennedy, and apply any deposit overage to the customer's account; (4) authorize the District operator to offer a payment plan to customer, Elana Barnett and apply any deposit overage to the customer's account; and (5) authorize the District operator to adjust customer, Sharon Holmes', utility bill pursuant to the District's leak adjustment policy and install a new meter. The motion, which was seconded by Director Maddox, passed unanimously.

Mr. Hoffman next 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.

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 May 4, 2017, regular meeting. Following review and discussion, Director Maddox moved to approve the minutes. Director Davidson seconded the motion, which passed unanimously.

SERIES 2017 BONDS

Mr. Eustis reviewed bids received for the sale of the District's \$30,970,000 Unlimited Tax Bonds, Series 2017, and stated that the low bidder was Bank of America

Merrill Lynch New York, NY, with a net effective interest rate of 3.342532%. Following review and discussion, Director Green moved that the Board award the sale of the District's \$30,970,000 Unlimited Tax Bonds, Series 2017 to Bank of America Merrill Lynch New York, NY. Director Molina seconded the motion, which was passed unanimously. Mr. Eustis also confirmed a commitment for coverage from National Public Finance Guarantee Corporation and an A2 rating from Moody's Investors Services, Inc. A copy of the bond summary statistics is attached.

Ms. Holoubek reviewed the Resolution Authorizing the Issuance of the District's \$30,970,000 Unlimited Tax Bonds, Series 2017. After review and discussion, Director Davidson moved that the Board adopt the Resolution Authorizing the Issuance of the District's \$30,970,000 Unlimited Tax Bonds, Series 2017. Director Molina seconded the motion, which was approved by unanimous vote.

Ms. Holoubek reviewed the Paying Agent/Registrar Agreement with the Board. After review and discussion, Director Davidson moved that the Board authorize execution of the Paying Agent/Registrar Agreement with Amegy Bank. Director Molina seconded the motion, which passed unanimously.

The Board next considered approving the Official Statement for the District's \$30,970,000 Unlimited Tax Bonds, Series 2017. Ms. Holoubek reported that the Preliminary Official Statement previously approved will be updated to reflect pricing information on the bonds. Following discussion, Director Davidson moved that the Board approve the Official Statement. Director Molina seconded the motion, which was approved by unanimous vote.

Ms. Holoubek presented and reviewed with the Board, a Certificate Regarding Provision of Financial Advice (the "Certificate"). After review and discussion, Davidson moved to authorize execution of the Certificate and direct that it be filed appropriately and retained in the District's official records. Director Molina seconded the motion, which passed by unanimous vote.

Ms. Holoubek reviewed with the Board of Directors various documents relating to the bond sale and asked the Board to authorize the attorney and the financial advisor to take all necessary steps to deliver the bonds to the purchaser. After review and discussion, Director Davidson moved that the Board authorize the Board of Directors to sign the bond documents and authorize the attorney and financial advisor to take all necessary steps to deliver the bonds to the purchaser. Director Molina seconded the motion, which was approved by unanimous vote.

Ms. Holoubek reviewed the Amendment to the District's Information Form, reflecting the District's additional bonds sold. After review and discussion, Director Davidson moved that the Amendment to the District's Information Form be approved and filed with the Texas Commission on Environmental Quality ("TCEQ") and in the

Harris County Deed Records. Director Molina seconded the motion, which passed unanimously.

Ms. Holoubek reviewed a supplemental engagement letter between the District and ABHR for the Series 2017 Unlimited Tax Bonds. Upon a motion by Director Davidson and a second by Director Molina, the Board voted unanimously to approve the supplemental engagement letter.

ELECTRICITY RENEWAL PROPOSAL/PRICES

Ms. DuBois discussed the termination date of the District's current electricity contract with Frontier Utilities and current electricity market rates. A copy of Ms. DuBois' report is attached. Following review and discussion, Director Davidson moved to (1) authorize Director Bentson to execute a 60 month agreement with MidAmerican Energy Services, LLC for service beginning February 12, 2018, and ending February 15, 2023; and (2) authorize Director Bentson to sign an agreement with Cavallo Energy Texas through the Texas General Land Office for service to Water Plant No. 4 until February, 2018. Director Molina seconded the motion, which passed unanimously.

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 Molina moved to approve the bookkeeper's report and pay the bills described therein, including handwritten check no. 2073 in the amount of \$40,658.56, payable to Lischka Utilities, LLC for Pay Estimate No. 3 for facilities to serve Miramesa, Section 1. Director Davidson seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Rodriguez presented the tax assessor/collector's report and delinquent tax report, copies of which are attached, reviewed the checks presented for payment from the tax account, reported regarding taxes collected from the 2016 tax levy to date, delinquent taxes from previous tax years and the status of previously authorized payment plans for delinquent tax balances.

Ms. Rodriguez reviewed an appeal from taxpayer, Henry Kjellander, regarding 7415 Kransburg Ranch Drive requesting waiver of penalty and interest.

Following discussion, Director Davidson moved to accept the tax assessor/collector's report and pay the bills described therein. Director Maddox seconded the motion, which passed unanimously. The Board took no action on the appeal presented.

COLLECTION OF DELINQUENT TAXES

The Board considered authorizing Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the collection of delinquent 2016 taxes. Upon a motion made by Director Davidson and seconded by Director Maddox, the Board unanimously authorized Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the delinquent tax collection.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

There was no discussion for this agenda item.

APPROVE CONSUMER CONFIDENCE REPORT

There was no discussion for this agenda item.

AMEND RATE ORDER

The Board next reviewed an Amended Rate Order (1) adding \$2.84 to the sanitary sewer base fee for the increased cost for garbage collection services; and (2) establishing a deposit cap of \$500. Following review and discussion, Director Davidson moved to approve amendment of the Rate Order, as discussed. Director Maddox seconded the motion, which passed unanimously.

REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Dreahn and Ms. Ward reported regarding development in the District.

The Board next considered approving a Development Financing Agreement with Greenhouse 529 Partners, LLC for development of a tract at FM 529 and Greenhouse Road. Following review and discussion, Director Molina moved to approve the Development Financing Agreement. The motion was seconded by Director Davidson and passed unanimously.

PARK MAINTENANCE

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached. Following review and discussion, upon a motion by Director Davidson and a second by Director Maddox, the Board voted unanimously to approve the park management report.

MASTER PARKS PLAN

Mr. Byron presented a landscape architect report, a copy of which is attached.

Mr. Byron discussed the status of the following projects and recommended approval of Miramesa, Section 8 Landscape Improvements; Pay Estimate No. 6 in the amount of \$4,140 and Pay Estimate No. 7 and Final in the amount of \$7,479.50.

Following review and discussion, Director Davidson moved to (1) approve the landscaping report; and (2) approve Miramesa, Section 8 Landscape Improvements. Director Maddox seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Ms. Keel presented the engineer's report, a copy of which is attached, and reviewed the status of construction projects in the District.

Mr. Keel reviewed bids for water, sewer and drainage facilities to serve Miramesa, Section 2, and upon the recommendation of J&C, recommended the Board award the contract to the lowest qualified bidder, Lischka Utilities LLC in the amount of \$387,000.

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

1. Rehabilitation of Lift Station No. 1; Pay Estimate No. 10 in the amount of \$900;
2. Miramesa, Section 1; Pay Estimate No. 3 in the amount of \$96,230.96 and Change Order No. 1 in the amount of \$20,635.10;
3. Miramesa Public Utility Extension; Pay Estimate No. 2 in the amount of \$15,173.94 and Change Order No. 2 in the amount of \$1,000; and
4. Sanitary Sewer Rehabilitation 2017; Pay Estimate No. 1 and Final in the amount of \$34,456.20.

Mr. Keel then discussed water and sanitary sewer capacity requested by Quick Quack, Inc., and Ms. Holoubek reviewed a capacity commitment letter.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) approve the pay estimates listed above; (3) because it would result in the best and most economical completion of the project, award a contract to the lowest bidder, Lischka Utilities LLC, for water, sewer and drainage facilities to serve Miramesa, Section 2; and (4) approve a capacity commitment to Quick Quack, Inc. Director Molina seconded the motion, which passed unanimously.

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

The Board next considered:

1. Conveying a General Warranty Deed to the Harris County Flood Control District for 52.09 acres (Upper Langham Creek, Tract 17); and
2. Partially abandoning a temporary water line easement in Miramesa Section 3.

Following review and discussion, upon a motion by Director Davidson and a second by Director Maddox, the Board voted unanimously to convey a General Warranty Deed to the Harris County Flood Control District; and (2) partially abandon a water line easement in Miramesa Section 3.

SECURITY REPORT

Directors Davidson and Bentson discussed District patrol and security.

DISTRICT WEBSITE

There was no discussion for this agenda item.

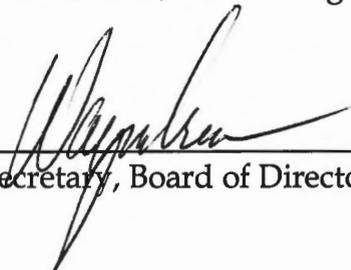
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The Board discussed future surface water conversion issues.

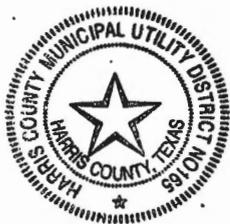
EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

The Board determined it was not necessary to convene in executive session.

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



Secretary, Board of Directors



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