

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

March 1, 2018

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 March, 2018, 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 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"); Michael Owen, Director and Vice President of Harris County Municipal Utility District No. 374; Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Julie Ward of Read King Commercial Real Estate; James Henrie of Land Tejas Development Company; and Jessica Carr 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.

Mr. Owens requested the Board's support as a candidate for the Board of the West Harris County Regional Water Authority ("WHCRWA").

MINUTES

The Board considered approving the minutes of the February 8, 2018 regular meeting, the February 15, 2018 special meeting and the February 22, 2018 special meeting. Following review and discussion, Director Molina moved to approve the minutes, as submitted. Director Davidson 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 accept the bookkeeper's report and pay the bills described therein. Director Davidson seconded the motion, which passed unanimously.

ANNUAL REPORT

Ms. Carr reviewed an Annual Report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the District's bond resolutions. Following review and discussion, Director Molina moved to approve the Annual Report, authorize the attorney to submit the District's updated financial and operating data in compliance with the continuing disclosure provisions contained in the bond resolutions, and direct that the Annual Report be filed appropriately and retained in the District's official records. Director Davidson seconded the motion, which passed unanimously.

ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the District's procedures for continuing disclosure compliance. Ms. Carr stated that no changes are required at this time.

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 2017 tax levy to date and delinquent taxes from previous tax years.

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 payment of the bills; and (2) authorize the District tax assessor collector to offer a payment plan to taxpayer, Rana Dannaoui, as discussed. Director Molina 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.

The Board also discussed the District's water accountability for the month of February, 2018. Mr. Hoffman reported 19 new residential taps and 2 new commercial taps were installed during the month of February, 2018, reviewed routine maintenance and repairs within the District completed and ongoing during the month of February, 2018

Mr. Hoffman reported an unauthorized discharge on January 24, 2018, which has been reported to the TCEQ and requires no additional reporting and discussed additional lead and copper sampling requirements associated with the addition of water plant no. 4.

Mr. Hoffman presented the following customer appeals:

1. Elana Barnett; 7702 Galleon Field; requesting a leak adjustment and a payment plan;
2. Rosa Vasquez; 7906 Raven Creek; requesting a leak adjustment and a payment plan; and
3. Debra Melrose-Spivey; 7710 American Holly Court; requesting investigation and/or relief from higher than average usage.

Ms. Hoffman reported a Central Bank automated draft error for utility bills issued in November 2017.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; (2) authorize the District operator to offer payment plans to customers, Elana Barnet and Rosa Vasquez; and (3) authorize the District operator to offer a billing/use adjustment to customer Debra Melrose-Spivey, in accordance with the District's leak adjustment policy, and a payment plan, if needed. The motion, which was seconded by Director Davidson, 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 Molina and passed by unanimous vote.

ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN AND ANNUAL WATER LOSS AUDIT

The Board took no action and concurred to defer discussion of these agenda items until the April, 2018 Board meeting.

DROUGHT CONTINGENCY PLAN

The Board next reviewed the District's Drought Contingency Plan. Following discussion, the Board concurred that no revisions were necessary.

PARK MAINTENANCE

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached. Discussion ensued regarding cleaning of brush in the Greenway.

MASTER PARKS PLAN

The Board reviewed a landscape architect report, a copy of which is attached.

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

1. Water Plant No. 4, Phase 1; Pay Estimate No. 27 and Final in the amount of \$204,077.90;
2. Miramesa lift station; Change Order No. 3 increasing the contract amount by \$3,105;
3. Miramesa, Section 3; Pay Estimate No. 5 and Final in the amount of \$16,948.99 and Change Order No. 2 increasing the contract amount by \$9,700;
4. Miramesa, Section 6, Pay Estimate No. 3 in the amount of \$11,164.56 and Change Order No. 1 increasing the contract amount by \$1,902.40 to adjust final quantities; and

5. Langham Creek, phase 2 and fill plan for Miramesa South Tract; Change Order No. 5 in the amount of \$10,000.

Ms. Carr discussed the next proposed bond application and an opportunity to limit the accrual of developer interest by reimbursing a developer from operating funds and later reimbursing the operating fund from future bond proceeds.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) approve the change orders listed above, based upon the Board's finding that the Change Orders are beneficial to the District and Jones & Carter's recommendation; and (3) approve the pay estimates listed above. Director Molina seconded the motion, which passed unanimously.

DEVELOPMENT IN THE DISTRICT

Ms. Ward discussed commercial development in the District.

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

There was no discussion for this agenda item.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board reviewed an insurance renewal proposal from McDonald & Wessendorff Insurance. Following review and discussion, upon a motion by Director Molina and a second by Director Davidson, the Board voted unanimously to authorize renewal of the District's insurance policies through McDonald & Wessendorff Insurance.

EMERGENCY COMMUNICATIONS

Director Molina discussed methods and options to improve communication among District consultants and residents during emergency events.

ANNEXATION MATTERS

The Board next discussed the status of finalizing proposed annexation of 2 properties.

SECURITY REPORT

The Board received a patrol report from Harris County Constable Precinct 5.

GARBAGE COLLECTION SERVICES

There was no discussion for this agenda item.

DISTRICT WEBSITE

The Board received analytics and subscriber reports. There was no discussion for this agenda item.

WHCRWA

Ms. Carr next presented for the Board's approval and execution 2 additional Right of Entry Agreements for to install Automated Meter Reading systems at 2 additional wells. Following review and discussion, upon a motion by Director Molina and a second by Maddox, the Board voted unanimously to approve the Right of Entry Agreements.

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


Secretary, Board of Directors



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