

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

December 6, 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 6th day of December, 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
Heath Richard Lyle	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"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); David Small of Robert W. Baird & Co. Incorporated; Sherri Greenwood of BKD, Inc.; Shannon Waugh of Off Cinco; Christie Leighton of Best Trash, LLC; 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.

MINUTES

The Board considered approving the minutes of the November 1, 2018, regular meeting. Following review and discussion, Director Molina moved to approve the minutes, as submitted. Director Green seconded the motion, which passed unanimously.

ISSUANCE OF BOND ANTICIPATION NOTE SERIES 2018

Mr. Small reviewed bids received for the purchase of the Bond Anticipation Note and recommended that the District award the sale to PNC Bank, National Association at a net effective interest rate of 2.674%. Director Davidson moved to award the sale of

the Bond Anticipation Note to PNC Bank, National Association. Director Molina seconded the motion, which passed by unanimous vote

Ms. Carr presented a Resolution Authorizing the Issuance of a Bond Anticipation Note in the amount of \$6,439,700 to fund construction engineering/materials testing, and storm water pollution prevention for (1) Water Plant 4, Phase II; (2) Canyon Lakes West , Section 12; (3) Cypress Springs South, Section 2; (4) Miramesa Commercial SEC; (5) Miramesa North Public Utility Extensions; (6) Star Cinema Grill Public Utility Extensions; (7) Miramesa, Section 3; (8) Miramesa, Section 1; (9) Miramesa, Section 2; (10) Miramesa, Section 6; (11) Miramesa Section 9; (12) Miramesa Lift Station; (13) reimbursement for audit estimate; and (14) legal fees, fiscal agent fees, and other bond anticipation note issuance costs. After review and discussion, Director Davidson moved to adopt a Resolution Authorizing the Issuance of the Bond Anticipation Note and Approve the Issuance of the District's \$6,439,7000 Bond Anticipation Note, Series 2018 to PNC Bank, National Association at 2.674%, authorize the Board of Directors to sign all documents relating to the Bond Anticipation Note, and authorize the District's attorney and financial advisor to take all necessary action to deliver the Bond Anticipation Note to the Purchaser. Director Molina seconded the motion, which passed by unanimous vote.

Ms. Carr next presented the Purchaser's Investment and Bid Letter. After review and discussion, Director Davidson moved to authorize the President and Secretary to sign the Purchaser's Investment and Bid Letter. Director Molina seconded the motion, which passed by unanimous vote.

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

Ms. Greenwood reviewed a draft of a developer reimbursement audit setting forth the amounts to be reimbursed to MREC LT Sterling Canyon LLC, KB Home Lone Star, Inc., Read King (Miramesa Commercial North, LLC, Miramesa Commercial SEC, LLC and Miramesa Commercial NEC, LLC, collectively), Meritage Homes of Texas, LLC, Westin Homes and Properties, LP, Friendswood Development Company and 2 Ronin Real Estate, LLC from the proceeds of the Bond Anticipation Note. After review and discussion, Director Molina moved to approve the developer reimbursement report and authorize developer reimbursement subject to receipt of a signed receipt by the developer receiving funds and subject to final review by ABHR. Director Green seconded the motion, which carried 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 2018 tax levy to date and delinquent taxes from previous tax years.

Following discussion and review of the information provided by the District tax assessor collector, Director Davidson moved to accept the tax assessor/collector's report and authorize payment of the bills. Director Green 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 Davidson moved to accept the bookkeeper's report, including payment of the bills listed. 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 November, 2018. Mr. Hoffman reported 20 new residential taps were installed during the month of November, 2018, reviewed routine maintenance and repairs within the District completed and ongoing during the month of November, 2018.

Mr. Hoffman presented the following customer appeals:

1. Tambara Smith; 8802 Sweet Bells Court; requesting a payment plan; and
2. Hannah Carrington; 9007 Alto Peak; requesting a payment plan.

Following review and discussion, Director Davidson moved to (1) approve the District operator's report; and (2) authorize the District operator to offer up to 6 month payment plans to customers, as discussed, to Tambara Smith and Hannah Carrington. The motion, which was seconded by Director Molina, 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 or taxes 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.

PARK MAINTENANCE AND NRCS/FEMA GRANTS

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached.

Mr. Wailes discussed vehicle rut damage at 18900 W. Windhaven Terrace Trail and said he had the information for the driver causing the damage. Following discussion, Director Bentson requested that MSA bring a repair proposal to the January, 2018 Board meeting.

ANNEXATION AND DEFINED AREA NO. 1 AND WEBINAR/VIDEO SERVICES

Ms. Carr updated the Board regarding the District's pending submission to the City of Houston requesting consent to annexation of property into the District. Discussion ensued regarding scheduling special workshop meetings in January, 2019 to discuss annexation, capital improvement funding options and possible bond and defined area elections.

Ms. Waugh reviewed an associated proposal for webinar/video services and the Board concurred to defer action pending review of the proposal components and further discussion at the January, 2019 meeting.

GARBAGE COLLECTION SERVICES

The Board discussed trash and recycling collection in the District. Ms. Leighton collected information regarding service concerns and said she would address the issues discussed with Best Trash collection crews.

MASTER PARKS PLAN

The Board reviewed a landscape architect report from KGA DeForest Design, LLC, a copy of which is attached.

Mr. DeForest presented a proposal for preparation of a park plan.

Mr. DeForest next updated the Board regarding Miramesa South landscape improvements and recommended approval of Pay Application No. 5 in the amount of \$139,725, payable to Westco.

Following review and discussion, Director Davidson moved to (1) approve the landscape architect report; (2) upon the recommendation of KGA, approve Pay Application No. 5 in the amount of \$139,725, payable to Westco, for Miramesa South landscape improvements; and (3) approve the proposal for preparation of a park plan. Director Green 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 first reported on the status of design of mass grading of Miramesa West for LOMR-F and requested authorization to advertise for bids for construction.

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

1. Lancaster Cured in Place Pipe ("CIPP"), Phase 1; Pay Estimate No. 5 in the amount of \$15,381.90;
2. Lancaster CIPP, Phase 2 (point repairs); Change Order No. 1 increasing the amount of the contract by \$9098.50; and
3. Miramesa, Section 10; Pay Estimate No. 1 in the amount of \$564,384.29.

The Board determined that Change Order No. 1, listed above, is beneficial to the District.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) upon the recommendation of the District engineer and Jones & Carter, approve the pay estimates listed above; and (3) upon the recommendation of the District engineer, approve Change Order No. 1, based upon the Board's finding that the Change Order is beneficial to the District and the District engineer's recommendation. Director Green seconded the motion, which passed unanimously.

ORDER ADDING LAND, AMENDMENT TO INFORMATION FORM, WAIVER OF SPECIAL APPRAISAL AND DEVELOPER FINANCING AGREEMENT

There was no discussion for this agenda item.

BOND APPLICATIONS

There was no additional discussion for this agenda item.

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

The Board next considered accepting the following easements:

1. Storm Sewer Easement (0.0035 Acre; 0.0037 Acre; 0.0108 Acre; 0.2548 Acre)
2. Sanitary Sewer Easement (0.1200 Acre; 1.007 Acres)
3. Water Line Easement (0.0046 Acre; 0.3153 Acre)

Following review and discussion, upon the recommendation of Jones & Carter, Director Davidson moved to accept the easements listed above. The motion was seconded by Director Green and passed unanimously.

SECURITY REPORT

Director Bentson reported regarding patrol in the District.

DISTRICT WEBSITE

The Board next discussed electricity cost and usage from October 2017 through October 2018. Following review and discussion, the Board concurred to authorize ABHR to post the report to the District website.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY ("WHCRWA")

Ms. Carr discussed the notification from the 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.

DEVELOPMENT IN THE DISTRICT

There was no discussion for this agenda item.

NRCS/FEMA GRANTS

There was no discussion for this agenda item.

EMINENT DOMAIN

Ms. Carr reported that the District is required to submit to the Comptroller's office not later than February 1st of each year a report of any exercise of the District's eminent domain authority during the calendar year. Ms. Carr confirmed that the District's report to the Comptroller was filed on November 8, 2018.

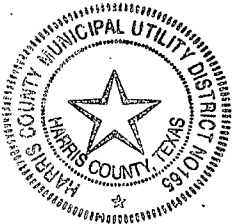
EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

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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