

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

October 1, 2015

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 October, 2015, 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 Directors Davidson, thus constituting a quorum.

Also present at the meeting were Lori Buckner of Myrtle Cruz, Inc.; Hugo Salinas of DAC Services, Inc. ("DAC"); Patty Rodriguez of Bob Leared Interests, Inc.; Chris Hoffman and Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Bob DeForest of KGA/DeForest Design, LLC; Mike Christopher of Jones & Carter, Inc. (J&C); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Melanie Folkert of KB Homes; Matthew May of Best Trash, LLC; Bo Egbert of WCA Waste Corporation of Texas ("WCA"); and Jessica Holoubek and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

Ms. Miller noted correspondence received through the District's website and ABHR, including correspondence from Lacey Buxton on Rojo Rock Lane regarding garbage and recycling services.

MINUTES

The Board considered approving the minutes of the September 3, 2015, regular meeting. After review and discussion, Director Maddox moved to approve the minutes. Director Green seconded the motion, which passed unanimously.

GARBAGE COLLECTION SERVICES

Mr. Egbert updated the Board regarding trash and recycling collection in the District and efforts to resolve issues with the District's garbage and recycling collection service, including an outstanding credit adjustment per connection as previously

requested by the Board. Mr. Egbert presented a letter outlining WCA's offer for reimbursement for damages incurred by the District, a copy of which is attached to these minutes.

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, including check no. 1850 in the amount of \$626,207.38, payable to Lonnie Lischka, for Harris County Flood Control District's share of Langham Creek, Phase II, Pay Estimate No. 4. Director Molina seconded the motion, which passed unanimously.

FINAL ARBITRAGE REBATE AND YIELD RESTRICTION CALCULATION FOR SERIES 2007A BONDS

The Board next considered a proposal from Omnicap, LLC in the amount of \$5,000 to prepare a final arbitrage rebate and yield restriction calculation for the District's Series 2007A Bonds. Following review and discussion, upon a motion by Director Maddox and a second by Director Molina, the Board voted unanimously to approve the proposal.

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.

Ms. Rodriguez also reviewed with the Board a list of accounts previously recommended by the District's delinquent tax attorney for disconnection for non-payment of taxes.

After review and discussion, upon a motion by Director Maddox and a second by Director Molina, the Board voted unanimously to (1) accept the tax assessor/collector's report; and (2) authorize termination of services for nonpayment of delinquent taxes.

AMEND FINANCING AGREEMENTS

The Board took no action on this agenda item.

2015 TAX RATE

The Board concurred to defer the public hearing and adoption of the 2015 tax rate and to authorize Bob Leared Interests to publish the notice of a public hearing regarding adoption of proposed tax rate reflecting a debt service tax of \$1.07 and an operations and maintenance tax rate of \$0.25 for a total levy of \$1.32, to be held at the District's November 5, 2015, meeting.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

Ms. Miller presented a proposal in the amount of \$7,900 for the seeding/stabilization of the spoils resulting from the pilot channel cleanout in the upstream end of the Langham Creek Improvements Channel. Following review and discussion, upon a motion by Director Molina and a second by Director Maddox, the Board voted unanimously to approve the proposal.

OPERATION OF DISTRICT FACILITIES

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

Mr. Hoffman reported 39 new residential taps were installed during the month of September 2015, reviewed routine maintenance and repairs within the District completed and ongoing during the month of September 2015 and requested the Board approve replace sewer leads at 8611 Dalton Crest and 20706 Tuskin Oaks for an estimate of \$8,500 each.

The Board discussed the District's water accountability for the month of September, 2015.

The Board next received and reviewed customer appeals from Criseanna Jones, Nicole Napoleon and Valorie Allen.

Following review and discussion, Director Maddox moved to (1) approve the District operator's report; (2) authorize the District operator to replace sewer leads at 8611 Dalton Crest and 20706 Tuskin Oaks for an estimate of \$8,500 each; and (3) authorize the District operator to offer a payment plan to Criseanna Jones and Valorie Allen. The motion, which was seconded by Director Molina, passed unanimously.

The Board then conducted a hearing on the termination of water service to delinquent utility accounts and for nonpayment of delinquent property taxes. Mr. Hoffman and Ms. Rodriguez 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 or for nonpayment of delinquent property taxes. Director Molina 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

Ms. Folkert discussed development in the District by KB Homes.

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 September 2015 and requested authorization to make the following repairs:

1. repair of ornamental lighting in Amhurst Park for an amount not to exceed \$500;
2. repair of ornamental lighting in Cypress Springs Park for an amount not to exceed \$450; and
3. repair of ornamental lighting in Tealbrook Park for an amount not to exceed \$600.

Mr. Wailes also discussed a leak in the waterline at Amhurst Park and said MSA is compiling a comprehensive list of improvements/repairs needed at each District park. Mr. Wailes also discussed resident calls and emails regarding maintenance of the Greenbelt park. Mr. Wailes confirmed MSA inspected the Greenbelt park and noted no maintenance issues. He said there is a piece of property north of the Greenbelt park that is overgrown and said he would get contact information for that tract to the Lancaster Homeowner's Association. Following review and discussion, and upon a motion by Director Molina and a second by Director Maddox, the Board unanimously authorized the repairs listed above.

MASTER PARKS PLAN

Mr. DeForest first discussed plans and specifications for Miramesa, Sections 5 and 7, landscaping improvements and requested authorization to design same.

Mr. DeForest next reviewed lighting proposals for the Windhaven Lake Trail System (LED Option B) and presented a proposal to design the facilities in the amount of \$120,000.

He next reported regarding Mirabella, Section 2, landscaping improvements and recommended the Board approve Change Order No. 2 in the amount of \$5,444.72 to deduct fine grade, hydromulch and add Bermuda sod.

The Board discussed Miramesa, Section 3, landscaping improvements and Mr. DeForest recommended the Board approve Change Order No. 1 in the amount of \$3,938.38 to add sod and maintenance and credit hydromulch.

Following review and discussion, Director Molina moved to (1) approve the change orders discussed above; (2) approve a proposal for design of authorize design of lighting for the Windhaven Lake Trail System; and (3) authorize design of landscaping improvements in Miramesa, Sections 5 and 7. The motion, which was seconded by Director Maddox, passed unanimously.

ENGINEERING MATTERS

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

Mr. Salinas discussed the arch span bridge at West Road and U-132 and requested authorization to advertise for bids for construction.

Mr. Salinas reported the status of construction of the following projects and recommended payment of associated, as listed below:

1. sanitary sewer overflow initiative Pay Estimate No. 1 and Final in the amount of \$32,099.73, payable to Source Point Solutions;
2. Langham Creek Improvements, Phase 2 and Fill Site for Mirabella Town Center, Pay Estimate No. 4 in the amount of \$626,207.38 (District share); and
3. water plant no. 4, Pay Estimate No. 3 in the amount of \$352,961.19.

The Board also considered a request from Huntington Properties, Inc. for capacity to serve a mixed use commercial tract.

Following review and discussion, Director Maddox moved to (1) approve the engineering report; (2) authorize J&C to advertise for bids for construction of the arch span bridge at West Road and the U-132; (3) approve the pay estimates listed above; (4) authorize the District engineer to begin preparation of bond application no. 15; and (5) approve a capacity commitment to Huntington Properties, Inc. Director Molina seconded the motion, which passed unanimously.

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

The Board next considered the following conveyances and abandonments:

1. Mirabella, Section 11, offsites (waterline and storm sewer line); and
2. abandonment of certain temporary drainage easements over Langham Creek.

Upon a motion by Director Maddox and a second by Director Molina, the Board voted unanimously to approve the conveyances listed above.

SECURITY REPORT

The Board discussed recent calls, patrol and National Night Out.

DISTRICT WEBSITE

There was no discussion for this agenda item.

CONFLICT OF INTEREST DISCLOSURE REQUIRED UNDER CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE INCLUDING REVIEW OF DISCLOSURE FORMS ADOPTED BY THE TEXAS ETHICS COMMISSION AND LIST OF LOCAL GOVERNMENT OFFICERS

Ms. Holoubek reviewed a Memorandum from ABHR regarding conflict of interest disclosure required under Chapter 176 of the Texas Local Government Code and disclosure forms adopted by the Texas Ethics Commission, a copy of which is attached. Ms. Holoubek stated that pursuant to Chapter 176 of the Texas Local Government Code, the District will maintain a List of Local Government Officers. Ms. Holoubek reviewed the List of Local Government Officers. After review and discussion, Director Molina moved to approve and authorize execution of the List of Local Government Officers and direct that the List be filed appropriately and retained in the District's official records. Director Green seconded the motion, which passed by unanimous vote.

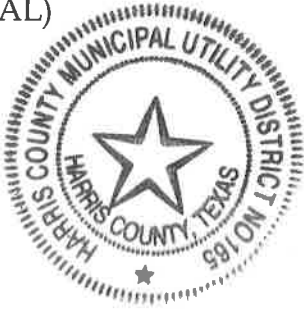
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

There was no discussion for this agenda item.

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


Secretary, Board of Directors

(SEAL)



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