

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

June 2, 2016

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 2nd day of June, 2016, 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, 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; Mike Christopher of Jones & Carter, Inc. (J&C); Julie Ward of Read King Commercial Real Estate; Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Trevor Royal of WCA Waste Corporation of Texas; Shannon Waugh and Allen DeJonge of Off Cinco; Mary DuBois of Acclaim Energy Advisors; Matt Janke of CalAtlantic Homes; and Jessica Holoubek 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 May 5, 2016 regular and May 16, 2016 special meetings. Following review and discussion, Director Maddox moved to approve the minutes. Director Davidson seconded the motion, which passed unanimously.

DISTRICT WEBSITE

Ms. Waugh presented a proposal to the Board to upgrade the District website to redesign the District website, add American's with Disabilities Act ("ADA") compliance and upgrade to a mobile application, including options for text messaging and email alerts. Following review and discussion, Director Molina moved to approve the \$3,700 custom layout redesign option, monthly maintenance option no. 3 and opt-in text messaging and email alerts. The motion was seconded by Director Maddox and passed unanimously.

PUBLIC COMMENT (CONTINUED)

Ms. DuBois updated the Board with regarding to current energy markets trends and prices.

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 and pay the bills described therein, including handwritten check no. 1899 in the amount of \$153,501.07 to Nunn Constructors, Inc. Director Green 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 2015 tax levy to date and delinquent taxes from previous tax years.

Ms. Rodriguez also reviewed a taxpayer relief requests from:

1. Taxpayer Cathy Morgan requesting a payment plan for 2015 taxes; and
2. Taxpayer Jason Mohr requesting a payment plan for 2015 taxes.

Following discussion and review of the information provided by the taxpayer and the District tax assessor collector, Director Molina moved to (1) accept the tax assessor/collector's report; and (2) authorize the District tax assessor collector to extend

payment plans to the taxpayers listed above, as discussed. Director Maddox seconded the motion, which passed unanimously.

COLLECTION OF DELINQUENT TAXES

The Board considered authorizing Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the collection of delinquent 2015 taxes. Upon a motion made by Director Molina and seconded by Director Davidson, 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.

OPERATION OF DISTRICT FACILITIES

Mr. Hoffman distributed and reviewed a management and operations report, a copy of which is attached and requested authorization to make the following repairs:

1. Replacement of the gear box on clarifier no. 1 at the wastewater treatment plant for an estimated cost of \$4,500; and
2. Repair of the mechanical seals on booster pump no. 3 at water plant no. 1 for an estimated cost of \$6,800.

Mr. Hoffman reported overflow of a manhole last Friday in front of the Weekley maintenance facility on Longenbaugh Road where lift station No. 6. He said an inflow protector has been installed and the excursion was reported to the Texas Commission on Environmental Quality.

Mr. Hoffman reported 62 new residential taps were installed during the month of May, 2016, reviewed routine maintenance and repairs within the District completed and ongoing during the month of May, 2016. The Board also discussed the District's water accountability for the month of May, 2016.

Mr. Hoffman presented customer complaints and appeals, including letters and documents submitted by the customer, from:

1. Nicole Reyes at 20139 Pioneer Ridge Drive requesting a payment plan;
2. Margaret Campbell at 19102 Larkspur Hills;
3. Lisa Erkila at 7303 Parkland Manor Drive requesting return of a deposit;
4. J. Ryan Gates at 20703 Great Pines Drive requesting an adjustment to a high usage bill; and
5. Corine Williams at 9515 Jayci Hills Lane requesting an adjustment due to a meter misread.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; (2) authorize the District operator to also offer a payment plan to Nicole Reyes and change the meter at her address; (3) authorize the District operator to adjust the utility bill of J. Ryan Gates to the lowest water rate; (4) authorize the District operator to replace the gear box on clarifier no. 1 at the wastewater treatment plant for an estimated cost of \$4,500; and (5) authorize repair of the mechanical seals on booster pump no. 3 at water plant no. 1 for an estimated cost of \$6,800. The motion, which was seconded by Director Davidson, 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 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 Davidson seconded the motion, which carried unanimously.

TURF ESTABLISHMENT AGREEMENT WITH HARRIS COUNTY FLOOD CONTROL

Mr. Christopher and Ms. Holoubek discussed with the Board the status of a Turf Establishment Agreement for the U132-00-00 between the District and Harris County Flood Control. The Board discussed funding turf establishment with operating funds and reimbursing the operating account with future bond proceeds. Following review and discussion, Director Davidson moved to (1) approve the Turf Establishment Agreement for the U132-00-00, subject to final review by ABHR and J&C; and (2) approve a Resolution Regarding Intent to Reimburse operating funds from future bond proceeds.

REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

Mr. Janke, Mr. Christopher and Ms. Ward reported regarding development in the District.

Ms. Holoubek presented the following developer agreements for the Board's consideration:

1. Assignment of Right of Reimbursement (Miramesa Commercial NEC LLC);
2. Development Financing Agreements (Miramesa Commercial SEC LLC and Miramesa Commercial SWC LLC); and

3. Development Financing Agreements with Meritage Homes of Texas, LLC and CalAtlantic Homes of Texas, Inc.

Following review and discussion, Director Davidson moved to approve the above agreements. Director Molina seconded the motion, which passed unanimously.

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 May, 2016.

MASTER PARKS PLAN

Mr. Byron discussed the status of preparation of plans and specification for construction of landscaping improvements and presented a proposal for design of Miramesa South Landscape Improvements.

Mr. Byron next discussed the status of landscaping improvements and projects in the District and recommended the Board approve Mirabella, Section 1 landscaping improvements; Pay Application No. 5 in the amount of \$12,995.64.

Mr. Byron next discussed the status of landscaping improvements and projects in the District and recommended the Board approve Mirabella, Section 4 landscaping improvements; Pay Application No. 4 in the amount of \$9,265.05.

Mr. Byron next discussed the status of landscaping improvements and projects in the District and recommended the Board approve Mirabella, Section 6 landscaping improvements; Pay Application No. 4 in the amount of \$17,719.33, Pay Application No. 5 in the amount of \$19,974.38 and Change Order No. 3 deducting \$2,742 from the total contract price.

Mr. Byron next discussed the status of landscaping improvements and projects in the District and recommended the Board approve Mirabella, Section 7 landscaping improvements; Pay Application No. 2 in the amount of \$27,372.83.

Mr. Byron next discussed the status of landscaping improvements and projects in the District and recommended the Board approve Mirabella, Section 5 landscaping improvements; Pay Application No. 1 in the amount of \$4,639.50, Pay Application No. 2 in the amount of \$16,684.20 and Change Order No. 1 in the amount of \$3,619 for hybrid controllers.

Following review and discussion, Director Davidson moved to (1) approve a proposal for design of Miramesa South Landscape Improvements; and (2) approve the

Pay Applications and Change Orders discussed above. Director Molina 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. Christopher first reviewed a Jones & Cater proposal for construction administration, field project representation, and construction materials testing for Langham Creek Pilot Channel Restoration Project.

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

1. Water Plant No. 4; Pay Estimate No. 12 in the amount of \$153,501.07;
2. U-132 Detention Phase II; Pay Estimate No. 8 in the amount of \$149,104.71;
and
3. Langham Creek, Phase 2 and fill plan for Miramesa South Tract; Pay Estimate No. 2 in the amount of \$352,896.75.

Ms. Holoubek discussed utility commitments requested from:

1. Meritage Homes of Texas, LLC; and
2. CalAtlantic Homes of Texas, Inc.

Following review and discussion, Director Molina moved to (1) approve a Jones & Cater proposal for construction administration, field project representation and construction materials testing for Langham Creek Pilot Channel Restoration Project; (2) approve the engineering report; (3) approve the pay estimates listed above; and (4) approve the utility commitments listed above. Director Green seconded the motion, which passed unanimously.

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

Ms. Holoubek discussed a Temporary Right of Entry Agreement between the District and Harris County Flood Control District for Harris County Precinct 3 access on the west side of Greenhouse Road on the south bank of the new Langham Creek for maintenance of an area including the newly constructed hike and bike trail ramp and trail undercrossing. Following review and discussion, upon a motion by Director Molina and a second by Director Maddox, the Board voted unanimously to approve a

Temporary Right of Entry Agreement between the District and Harris County Flood Control District for Harris County Precinct 3.

GARBAGE COLLECTION SERVICES

Mr. Royal provided follow up information to the Board regarding previous reports of use of automated collection trucks in the District and said the error has been corrected.

SECURITY REPORT

Director Bentson updated the Board regarding security and patrol in the District.

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



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