

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

February 2, 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 2nd day of February, 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 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"); Julie Ward of Read King Commercial Real Estate; Stephen Eustis of Robert W. Baird & Co. Incorporated; 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 January 5, 2017 regular meeting. Following review and discussion, Director Molina moved to approve the minutes. Director Green seconded the motion, which passed unanimously.

ARBITRAGE REBATE REPORT FOR SERIES 2011 BONDS

The Board reviewed a report from Omnicap, LLC concluding that there were no excess earnings in the District's Series 2011 Bonds and that no rebate for cumulative yield restriction liability is due to the Internal Revenue Service at the computation date for the Series 2011 bond series.

ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE, REIMBURSEMENT OF ELIGIBLE EXPENSES, AND SUMMER CONFERENCE

The Board discussed seminars and issues discussed at the Association of Water Board Directors winter conference. Upon a motion made by Director Davidson and seconded by Director Molina, the Board unanimously approved reimbursement of eligible expenses for Directors attending the winter conference and authorized attendance by the directors at the AWBD summer conference.

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. Director Green 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 payment plans revoked for non-payment.

Ms. Rodriguez reviewed an appeal submitted by taxpayer, Henry Kjellander, requesting waiver of penalty and interest for 2015 delinquent taxes.

Mr. Eustis distributed and reviewed a homestead exemption analysis, a copy of which is attached.

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 pay the bills described therein; and (2) approve a Resolution Requesting an Appraisal of Property and Certificate of Estimated Value as of February 1, 2017. Director Davidson seconded the motion, which passed unanimously.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

The Board considered the following applications for renewal of storm water quality permits for:

1. temporary wastewater treatment plant;
2. Water Plant No. 3; and
3. College Park West, Sections 3 and 4.

Following review and discussion, upon a motion from Director Molina and a second by Director Maddox, the Board voted unanimously to authorize renewal of the permits for the storm water quality feature locations listed above.

OPERATION OF DISTRICT FACILITIES

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

Mr. Hoffman reported 30 new residential taps and 2 new commercial taps were installed during the month of January, 2017, and reviewed routine maintenance and repairs within the District completed and ongoing during the month of January, 2017. The Board also discussed the District's water accountability for the month of January, 2017.

Mr. Hoffman then requested authorization to replace the chlorine sensor unit at water plant no. 2 for an estimate amount of \$4,000

Discussion ensued regarding the status of ongoing testing of online billing systems and wastewater treatment capacity.

Following review and discussion, Director Davidson moved to (1) approve the District operator's report; and (2) authorize the District operator to make the repairs and performance maintenance as requested and as listed above. 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.

RESOLUTION APPROVING SUBMITTAL OF THE WATER SMART APPLICATION

The Board next considered a Resolution Approving Submittal of the Water Smart Application for Inclusion in the Association of Water Board Directors Water Smart Program. Following review and discussion, Director Maddox moved to approve a Resolution Approving Submittal of the Water Smart Application for Inclusion in the Association of Water Board Directors Water Smart Program. Director Davidson seconded the motion, which passed unanimously.

REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

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

PARK MAINTENANCE

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached, discussed maintenance and inspection schedules submitted by MSA and repairs and improvements completed in the District during the month of January, 2017. Following review and discussion, upon a motion by Director Maddox and a second by Director Davidson, the Board voted unanimously to approve the park and landscape management report.

MASTER PARKS PLAN

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

Mr. Byron first discussed the status of design of multiple phases of proposed construction of sidewalks along Greenhouse Road and requested authorization to advertise for bids for construction of Phase 1.

Mr. Byron next discussed the status of the following projects and recommended approval of associated pay applications and change orders listed:

1. Miramesa, Section 5 landscape improvements; Pay Application No. 9 and Final in the amount of \$28,651.22;
2. Miramesa, Section 7 landscape improvements; Pay Application No. 9 in the amount of \$1,890 ;
3. Miramesa, Section 8 landscape improvements; Pay Application No. 3 in the amount of \$300 and Change Order No. 1 in the amount of \$2,109;
4. Miramesa, Section 9 landscape improvements; Pay Application No. 6 and in the amount of \$15,045.69 and Pay Application No. 7 and Final in the amount of \$665.50 and Change Order No. 2 in the amount of \$665.50; and
5. Miramesa, Sections 10 & 11 landscape improvements; Pay Application No. 8 in the amount of \$1,903.50.

Following review and discussion, Director Davidson moved to (1) approve the landscaping report; (2) authorize advertisement of Greenhouse Road Sidewalk, Phase 1; and (3) approve the Pay Applications and Change Orders discussed above. Director Molina 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 discussed the status of design of facilities to serve Canyon Lakes West, Section 12 and Miramesa Sections 3, 5, 7, 9 and 10 and requested authorization to prepare plans and specifications and to advertise for bids for construction of facilities to serve Canyon Lakes West, Section 12 and Miramesa Sections 3, 5, 7, 9 and 10.

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

1. Miramesa Commercial Southeast Corner Public Utility Extension, Phase 2; Pay Estimate No. 1 in the amount of \$40,033.14;
2. Water Plant No. 4; Pay Estimate No. 19 in the amount of \$35,591.63;
3. Mirabella, Section 5; Pay Estimate No. 3 and Final in the amount of \$25,696.73;
4. Rehabilitation of Lift Station No. 1; Pay Estimate No. 6 in the amount of \$68,763.19;
5. Public utility extension to serve Star Cinema, Pay Estimate No. 2 in the amount of \$42,093.14;
6. Miramesa Commercial Southeast Corner, Phase 1; Pay Estimate No. 2 in the amount of \$22,340.33; and
7. Miramesa North Public Utility Extension; Pay Estimate No. 2 in the amount of \$73,623.32.

Mr. Dreahn discussed the status of completion of the West Road bridge.

Following review and discussion, Director Davidson moved to (1) approve the engineering report; (2) authorize advertisement for bids for construction of the projects listed above; and (3) approve the pay estimates and change orders listed above. Director Green seconded the motion, which passed unanimously.

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

The Board next considered accepting easements for utility service to Miramesa, Section 9. Following review and discussion, upon a motion by Director Davidson and a second by Director Molina, the Board voted unanimously to approve the conveyance and consent listed above.

AGREEMENT FOR LANGHAM CREEK CHANNEL AND DETENTION IMPROVEMENTS AND IMPACT FEE RECIPROCATATION AGREEMENT

There was no discussion for this agenda item.

GARBAGE COLLECTION SERVICES

The Board discussed correspondence received from WCA notifying the District of a Consumer Pricing Index ("CPI") increase effective as of April 1, 2017. Following review and discussion, the Board concurred to place an item on the District's March meeting agenda to amend the District Rate Order adding the increase to the base sewer rate to pass the increase cost to District customers.

SECURITY REPORT

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

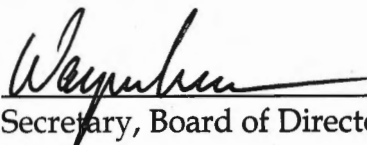
DISTRICT WEBSITE

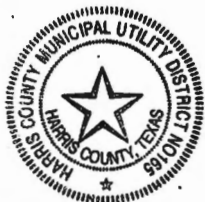
There was no discussion for this agenda item.

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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