

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

August 3, 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 3rd day of August, 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 Janai Rogers, District resident; 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"); 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.

GARBAGE COLLECTION SERVICES

There was no discussion for this agenda item.

MINUTES

The Board considered approving the minutes of the July 6, 2017 regular meeting. Following review and discussion, Director Molina moved to approve the minutes. Director Davidson seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS AND BUDGET FOR FISCAL YEAR
END SEPTEMBER 30, 2018

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.

Ms. Buckner also reviewed a draft budget for the fiscal year ending September 30, 2018.

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.

PUBLIC COMMENT (CONTINUED)

Ms. Rogers commented regarding notice procedure for customers with delinquent accounts and requested refund of penalties assessed on her account due to late payment.

AMENDMENT TO BOOKKEEPING SERVICES CONTRACT

The Board next considered amending the District's bookkeeping contract with Myrtle Cruz, Inc. Following review and discussion, upon a motion by Director Molina and a second by Director Davidson, the Board voted unanimously to approve amendment of the District bookkeeper's services contract.

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 the status of previously authorized payment plans for delinquent tax balances.

Following discussion, Director Molina moved to accept the tax assessor/collector's report and pay the bills described therein. Director Davidson 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.

Mr. Hoffman reported 37 new residential taps were installed during the month of July, 2017, and reviewed routine maintenance and repairs within the District completed and ongoing during the month of July, 2017. The Board also discussed the District's water accountability for the month of July, 2017.

Mr. Hoffman recommended repair of the fence at lift station no. 2 for an estimated cost of \$7,250. Director Molina requested metal fence posts if the additional cost for metal posts is not more than \$1,000 in additional cost.

Mr. Hoffman presented customer complaints and appeals, including letters and documents submitted by the customer, copies of which are attached, from:

1. Toshia Mills; 7507 River Pines Drive; requesting a payment plan and leak adjustment;
2. Evbareke Ohiku; 19926 Spring Wreath; requesting a payment plan; and
3. Francis Callao; 9510 Jayci Hills; requesting a leak adjustment.

Discussion ensued regarding District accounts for lines/service at District facilities through AT&T.

Director Maddox left the meeting.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; (2) authorize repair of the fence at lift station no. 2 for an amount not to exceed \$8,250; (3) authorize the District operator to offer a payment plan to customer, Evbareke Ohiku; (4) authorize the District operator to offer a payment plan to customer Toshia Mills, and a leak adjustment, subject to receipt of proof of repair of the leak; (5) authorize the District operator to offer a leak adjustment to customer, Francis Callao; and (6) deny an appeal from customer, Janai Rogers. 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 Molina 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 Davidson and passed by unanimous vote.

REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

The Board reviewed proposed Development Financing Agreements with Sugar Land 6, Ltd. and 2 Ronin Real Estate LLC and discussed a proposed Set Aside Agreement for the Miramesa South lift station.

Following review and discussion, Director Davidson moved to approve the Development Financing Agreements. The motion was seconded by Director Green and passed unanimously. The Board took no action on the Set Aside Agreement.

PARK MAINTENANCE

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached, and recommended the following repairs/work:

1. Restore or replace landscaping around the lift station for an estimated cost of \$17,947.63;
2. Removal of iron fencing along the south side of Amhurst Park and install new wooden fencing for an estimated cost of \$1,351.25; and
3. Clean overgrowth and trash along Green Belt - \$7,770.70.

Discussion ensued regarding proposed landscaping around the lift station and the Board requested that MSA update the cost estimate with simpler landscaping, as discussed.

Additional discussion ensued regarding options for improving the appearance of the bollards at the entrance of the Green Belt. The Board concurred to authorize MSA to straighten and paint the bollards and install new cable, if necessary.

Following review and discussion, upon a motion by Director Davidson and a second by Director Green, the Board voted unanimously to (1) approve the park management report; (2) authorize removal of iron fencing along the south side of Amhurst Park and installation of new wooden fencing, as recommended; and (3) authorize cleaning of the Green Belt, as recommended, including bollard repair and maintenance discussed.

MASTER PARKS PLAN

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

Mr. Byron first discussed recreational facility development proposed for the fiscal year ending September 30, 2018. Following discussion, the Board requested that KGA revise the project proposals as discussed.

Mr. Byron next reported the status of construction of sidewalks on Greenhouse Road and recommended approval of Pay Application No. 2 in the amount of \$77,060.98, payable to Stone Castle.

Mr. Byron discussed the status of construction of Miramesa, Section 3 pocket park improvements and recommended approval of Pay Application No. 2 in the amount of \$49,591.16, payable to Shooter & Lindsey.

Following review and discussion, Director Davidson moved to (1) approve the landscaping report; and (2) approve the pay applications 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 bids received for the relocation of water and sewer lines on Great Elms Court and recommended the Board award the contract to the lowest qualified bidder, AR Turnkey Construction in the amount of \$63,030.

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

1. 12-inch waterline to water plant no. 4; Pay Estimate No. 2 and Final in the amount of \$1,488; Water Plant No. 4; Pay Estimate No. 24 in the amount of \$43,540.65;
2. Canyon Lakes West, Section 12, water, sewer and drainage; Pay Estimate No. 1 in the amount of \$180,201.10;
3. Miramesa, Section 9; Pay Estimate No. 1 in the amount of \$730,956.67; Pay Estimate No. 2 in the amount of \$42,978.71; and Change Order No. 1 in the amount of \$20,628.25;
4. Construction of Langham Creek, Phase 2 and fill plan for Miramesa South Tract; Pay Estimate No. 9 in the amount of \$52,535; and
5. Drainage facilities in West Road East of Mirabella Drive (Mirabella Section 5); Pay Estimate No. 3 and Final in the amount of \$5,088.41.

Following review and discussion, Director Davidson moved to approve the engineering report; (2) approve the pay estimates listed above. Director Molina seconded the motion, which passed unanimously.

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

There Board considered the following conveyances:

1. Easements to serve Miramesa, Section 6 conveyed to the District by Meritage Homes and Lennar Homes of Texas Land and Construction, Ltd., A Texas limited partnership, d/b/a Friendswood Development Company; and
2. Sale of a 0.7682 acre tract to Greenhouse 529 Partners, LLC.

Following review and discussion, upon a motion by Director Davidson and a second by Director Molina, the Board voted unanimously to (1) accept easements to serve Miramesa, Section 6, as discussed; and (2) authorize signature upon a commercial contract for unimproved property committing to sell a 0.7682 acre tract to Greenhouse 529 Partners, LLC.

INTERLOCAL AGREEMENT WITH HARRIS-GALVESTON SUBSIDENCE DISTRICT

The Board discussed a proposed Interlocal Agreement with the Harris-Galveston Subsidence District (the "Subsidence District") for participation in the Water Wise Agreement. After review and discussion, the Board concurred to authorize ABHR to notify the Subsidence District that the District would not be participating this year.

SECURITY REPORT

Directors Molina and Bentson discussed District patrol and security.

DISTRICT WEBSITE

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

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

There was no discussion for this agenda item.

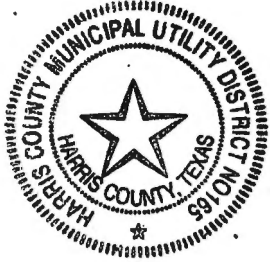
EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

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



LIST OF ATTACHMENTS TO MINUTES

Minutes
Page

Bookkeeper's report, investment report, budgets, and a list of bills presented for payment.....	2
tax assessor/collector's report and delinquent tax report	2
management and operations report.....	3
customer complaints and appeals, including letters and documents.....	3
park and landscape management report.....	4
landscape architect report.....	4
engineer's report	5