

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

November 3, 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 3rd day of November, 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 and Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Bob DeForest of KGA/DeForest Design, LLC; Sean Burch and John Dreahn of Jones & Carter, Inc. (J&C); Josh Wailes and John Fletcher of Mike Stone Associates, Inc. ("MSA"); Julie Ward of Read King Commercial Real Estate; Blake Kridel of Storm Water Solutions, LP; 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 October 6, 2016 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

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.

Following discussion and review of the information provided by the taxpayer and the District tax assessor collector, Director Davidson moved to (1) accept the tax assessor/collector's report; and (2) authorize the tax assessor collector to obtain a new aerial photograph of the District. Director Green seconded the motion, which passed unanimously.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

Mr. Kridel presented the applications for renewal of the following storm water quality permits:

1. Pine Creek at Canyon Lakes West; and
2. Canyon Lakes West - Longenbaugh Rd Extension.

Mr. Kridel also presented a maintenance proposal for the additional acreage resulting from the Langham Creek Phase 2 Channel expansion.

Following review and discussion, upon a motion from Director Molina and a second by Director Davidson, the Board voted unanimously to (1) authorize renewal of the permits listed above; and (2) approve a proposal for maintenance of additional acreage resulting from the Langham Creek Phase 2 Channel expansion.

OPERATION OF DISTRICT FACILITIES

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

1. Installation of a valve on the booster pump header at Water Plant No. 2 for an estimated cost of \$9,000; and
2. Repair of lift pump no. 2 at Lift Station No. 1 for an estimated cost of \$6,250.

Mr. Hoffman next discussed sidewalk settlement on Winston Hill and recommending televising the sanitary sewer line. He also recommended repair of sidewalk settlement and presented cost estimates for the following locations:

1. 19626 Winston Hill for an estimated cost of \$650;
2. 19702 Winston Hill for an estimated cost of \$750;
3. 19926 Crested Hill for an estimated cost of \$250;
4. 19914 Crested Hill for an estimated cost of \$1,400;
5. 19934 Crested Hill for an estimated cost of \$650; and
6. 7226 Greenwood Point for an estimated cost of \$1,750.

Mr. Hoffman reported 18 new residential taps and 2 commercial taps were installed during the month of October, 2016, and reviewed routine maintenance and repairs within the District completed and ongoing during the month of October, 2016. The Board also discussed the District's water accountability for the month of October, 2016 and reported an unauthorized discharge which was reported by phone to the Texas Commission on Environmental Quality ("TCEQ") Region 12 and Harris County Environmental Public Health and, in writing, to the TCEQ in Austin.

Mr. Hoffman next discussed the District's current sludge hauling agreement with Magna Flow and said he would bring a proposal from Magna Flow to dewater also.

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

1. Raja Abbas; 20107 Cortina Valley; requesting a billing adjustment;
2. Melinda Walker; 19822 Hidden Shadow; requesting a payment plan;
3. Chevelle Jones; 20403 Prospect Canyon; requesting a payment plan;
4. Janine Vinet; 19851 Laurel Trail; requesting a payment plan;
5. Alonso Gongora; 19803 Crested Hill; requesting a payment plan;
6. Jodi Bell; 18206 Tuscana Shores; requesting a payment plan;
7. Audrey Banks; 18219 Canary Bluff; requesting a payment plan; and
8. John George; 18223 Red Oak Manor; requesting a payment plan.

Mr. Hoffman confirmed receipt of payment from Jodi Bell and Audrey Banks since receipt of their customer appeals and said no further action is required for those accounts/customers.

Mr. Hoffman also reported multiple failed grease trap inspections at Kentucky Fried Chicken and notice letters delivered to the customer requesting correction/compliance. He noted that the customer remains out of compliance and recommended termination of service pursuant to the District's Rate Order.

Following review and discussion, Director Davidson moved to (1) approve the District operator's report; (2) authorize the District operator to make the repairs and performance maintenance as requested and as listed above, including televising of the sanitary sewer line on Winston Hill; (3) authorize the District operator to also offer payment plans to all accounts listed above requesting plans; (4) authorize the District operator to install a new meter at 20107 Cortina Valley and offer a payment plan to the customer, Raja Abbas; and (5) authorize no further action on other customer correspondence. 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 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 (1) 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; and (2) authorize termination of service to Kentucky Fried Chicken for violation of the District's Rate Order. The motion was seconded by Director Molina and passed by unanimous vote.

REPORT REGARDING DEVELOPMENT WITHIN THE DISTRICT

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

Ms. Holoubek next discussed correspondence received from Six J Investment Co., Inc. regarding a 13.58 acre tract of land at the corner of FM 529 and Greenhouse Road requesting the District's consent to relocation of the existing curb cut on FM 529. Following review and discussion, upon a motion by Director Davidson and a second by Director Green, the Board voted unanimously to authorize ABHR to prepare and send a letter of no objection to the relocation of the existing curb cut to the location proposed by the Six J Investment Co., Inc.

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 October, 2016. Mr. Wailes also discussed amending the District's Services Agreement with Native Land Design to accommodate a budget increase of 2.5%. He also presented a proposal for an additional trash can by the basketball court in Cypress Springs Park.

Following review and discussion, Director Davidson moved to (1) approve the park and landscape management report; and (2) request additional quotes for trash

cans. Director Green seconded the motion, which passed unanimously. The Board took no action on the budget increase request submitted by Native Land Design.

MASTER PARKS PLAN

Mr. DeForest presented a landscape architect report, a copy of which is attached, and presented an overall site plan for proposed installation of trails and lighting in Pine Creek at Canyon Lakes West. Following discussion, the Board requested a letter of no objection from the homeowner's association to confirm the homeowner's association's interest in the project, including sharing certain maintenance costs.

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

1. Miramesa, Section 6 landscaping improvements; Pay Application No. 9 and Final in the amount of \$18,501.48; and
2. Miramesa, Section 9 landscaping improvements; Pay Application No. 3 in the amount of \$73,304.26.

Following review and discussion, Director Davidson moved to (1) approve the landscaping report; and (2) approve the proposals, Pay Applications and Change Orders discussed above. Director Maddox 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 and requested authorization to design facilities to serve Miramesa, Section 6.

Mr. Keel next discussed the status of design of the following projects and requested authorization to advertise for bids for construction:

1. Miramesa, Sections 2 and 4; and
2. Miramesa lift station.

Mr. Keel then discussed the status of design of facilities to serve Miramesa Commercial southeast corner, reviewed bids and, upon the recommendation of J&C, recommended the Board award the contract to the lowest qualified bidder, Monarch Civil Constructors, in the amount of \$65,722.55. After review and discussion, and because it would result in the best and most economical completion of the project, Director Molina moved to approve the award of the contract to Monarch Civil Constructors. Director Davidson seconded the motion which passed unanimously.

Mr. Keel next reported the status of design of the Miramesa North Public Utility Extensions, reviewed bids and, upon the recommendation of J&C, recommended the Board award the contract to the lowest qualified bidder, Monarch Civil Constructors, in the amount of \$181,858.70. After review and discussion, and because it would result in the best and most economical completion of the project, Director Molina moved to approve the award of the contract to Monarch Civil Constructors. Director Davidson seconded the motion which passed unanimously.

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. Mirabella, Sections 8, 9, 10 and 11; Pay Estimate No. 5 and Final in the amount of \$65,943.40;
2. Water Plant No. 4; Pay Estimate No. 16 in the amount of \$35,667.12 and Change Order No. 1 in the amount of \$2,500;
3. Langham Creek, Phase 2 and fill plan for Miramesa South Tract; Pay Estimate No. 7 in the amount of \$276,862;
4. Rehabilitation of Lift Station No. 1; Pay Estimate No. 3 in the amount of \$67,950 and Change Order No. 1 in the amount of \$1,749.83;
5. Langham Creek Pilot Channel Restoration and Storm Water Quality Basin Project; Pay Estimate No. 3 in the amount of \$85,542.71; and
6. Public Utility Extension to serve Star Cinema; Pay Estimate No. 1 in the amount of \$115,515.

Mr. Keel discussed the District's pending application to renew the permit for the wastewater treatment plant and said required public notices will run in two publications during the week of November 6, 2016.

Following review and discussion, Director Molina 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 Davidson seconded the motion, which passed unanimously.

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

The Board next considered approving the following conveyances to the District:

1. electrical easement to CenterPoint Energy for Water Plant No. 4;
2. easements to serve Miramesa Commercial North (revised);
3. Consent to Pavement Encroachments at Star Cinema; and
4. Special warranty deed to HCFCD for U-132 channel.

Ms. Holoubek next discussed a request from Harris County Flood Control District ("HCFC") that the District convey to HCFC a detention site in Remington Grove, including transfer of maintenance for the existing trash rack located in that pond facility. The Board concurred to move forward to convey the facility to HCFC for ownership and maintenance.

Ms. Holoubek next discussed a request from the homeowner's association at Canyon Lakes West on Morrison Grove in Canyon Lakes West Section 3 for an access easement across Reserve C in Canyon Lakes West Section 3 to access the proposed new recreation center. The Board concurred to authorize preparation of documents necessary to convey access across Reserve C.

Following review and discussion, upon a motion by Director Molina and a second by Director Davidson, the Board voted unanimously to approve the conveyances/agreements listed above.

GARBAGE COLLECTION SERVICES

There was no discussion for this agenda item.

SECURITY REPORT

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

DISTRICT WEBSITE

The Board discussed recent site traffic.

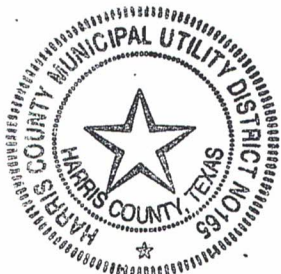
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

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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