

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

December 1, 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 1st day of December, 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"); 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.

MINUTES

The Board considered approving the minutes of the November 3, 2016 regular meeting. Following review and discussion, Director Molina moved to approve the minutes. Director Davidson seconded the motion, which passed unanimously.

EMINENT DOMAIN REPORT

Ms. Holoubek reported that the District is required to submit to the Comptroller's office not later than February 1st of each year a report of any exercise of the District's eminent domain authority during the calendar year. Ms. Holoubek confirmed that the District's report to the Comptroller was filed on November 3.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board discussed the District's Travel Reimbursement Guidelines with respect to the upcoming Association of Water Board Directors winter conference. Following review and discussion, Director Davidson made a motion that the Board authorizes a maximum of three per diems, two nights' hotel accommodations and reimbursement of three meals per day for conference attendees. The motion was seconded by Director Molina and carried 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, including handwritten check no. 2026 to Lindsey Construction for payment of Pay Estimate No. 4 for construction of Water Plant No. 4. Director Molina seconded the motion, which passed unanimously.

ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the District's procedures for continuing disclosure compliance. Ms. Holoubek stated that no changes are required at this time.

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 Maddox moved to accept the tax assessor/collector's report. 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. Gates at Canyon Lakes West; and
2. Canyon Lakes West, Section 2.

Following review and discussion, upon a motion from Director Molina and a second by Director Davidson, the Board voted unanimously to authorize renewal of the permits listed above.

OPERATION OF DISTRICT FACILITIES

Mr. Hoffman reported 32 new residential taps and 2 commercial taps were installed during the month of November, 2016, and reviewed routine maintenance and repairs within the District completed and ongoing during the month of November, 2016. The Board also discussed the District's water accountability for the month of November, 2016.

Mr. Hoffman next discussed the District's current sludge hauling agreement with Magna Flow and reviewed proposals to dewater the wastewater treatment plant. Following discussion, the Board concurred to approve the proposal of Magna Flow Services, subject to receipt of a 1295 certificate.

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 12" "hot" valve at FM 529 and Greenhouse Road to isolate nearby leaking valves for an estimated cost of \$14,000; and
2. Replacement of a damaged fire hydrant on Longenbaugh west of Greenhouse Road for an estimated cost of \$6,500. Discussion ensued regarding police reports filed and filing an insurance claim.

Mr. Hoffman reviewed a list of proposed repairs identified during smoke testing in Gates at Canyon Lakes West and recommended the Board authorize repair of the manholes that require sealing. He said he would follow up with customers who have broken cleanouts and who have drainage tied directly to the manhole.

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

1. Andrea Brouillard; 20231 Baron Brook; requesting a payment plan and/or a leak adjustment, if applicable;
2. Pecolia Wright; 19531 Providence Shore; requesting a payment plan and/or a leak adjustment, if applicable;
3. Kethus Byrd; 7918 Tawny Bluff Court; requesting a payment plan;
4. John Gonzales; 19919 Laurel Trail; requesting a payment plan;

5. Margaret Camell; 19102 Larkspur; requesting a leak adjustment; and PP
6. Lindsey Cotichelli; 20615 Ranch Mill Lane; requesting an extension of time to pay.

Following review and discussion, Director Davidson moved to (1) approve the District operator's report; (2) approve a proposal from Magna Flow Services for dewatering services, subject to receipt of a Form 1295 certificate; (3) authorize the District operator to make the repairs and performance maintenance as requested and as listed above, including repair of manholes requiring sealing and as identified during smoke testing; (4) authorize the District operator to also offer payment plans and leak adjustments to all accounts listed above requesting plans and/or adjustment; and (5) authorize the District operator to install a new meter at 20615 Ranch Mill Lane. 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 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 Molina and passed by unanimous vote.

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 November, 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 Maddox moved to (1) approve the park and landscape management report; (2) amend the District's Services Agreement with Native Land Design; and (3) relocate a trash receptacle to Cypress Springs Park. Director Green seconded the motion, which passed unanimously.

MASTER PARKS PLAN

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

Mr. Byron discussed the status of design of landscaping improvements at Fry Road and West Road Greenbelt and requested authorization to advertise for bids for construction.

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

1. Miramesa, Section 8 landscaping improvements; Pay Application No. 1 in the amount of \$30,415.28; and
2. Miramesa, Section 9 landscaping improvements; Pay Application No. 4 in the amount of \$1,638 and Change Order No. 1 in the amount of \$16,358.

Following review and discussion, Director Maddox moved to (1) approve the landscaping report; (2) authorize advertisement for bids for construction of landscaping improvements at Fry Road and West Road Greenbelt; and (3) approve the proposals, Pay Applications and Change Orders discussed above. Director Davidson seconded the motion, which passed unanimously.

MAINTENANCE AGREEMENT WITH S-G OWNERS ASSOCIATION, INC. FOR THE RESERVES AT PINE CREEK

The Board next considered a Maintenance Agreement with S-G Owners Association, Inc. for the Reserves at Pine Creek. Following review and discussion, upon a motion by Director Davidson and a second by Director Maddox, the Board voted unanimously to approve the agreement.

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 relocation of water and sewer lines on Great Elms Court.

Mr. Keel then discussed the status of design of facilities to serve Miramesa Commercial Southeast Corner, Phase 2 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 \$56,327.65. 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. Water Plant No. 4; Pay Estimate No. 17 in the amount of \$58,563 and Facilities Extension Agreement with CenterPoint Energy to route the secondary feed to the plant for a cost of \$5,363;
2. Rehabilitation of Lift Station No. 1; Pay Estimate No. 4 in the amount of \$65,615.87; and
3. Langham Creek Pilot Channel Restoration and Storm Water Quality Basin Project; Pay Estimate No. 4 and Final in the amount of \$22,693.77.

The Board next discussed amending the District's Army Corps of Engineers wetlands permit for Langham Creek to including mitigation for development of wetlands by establishing new wetland areas or "banks" in advance of anticipated wetland losses. The Board reviewed a legal services agreement with environmental attorney, Sharon Mattox, to assist the District in amendment of the District's permit. Ms. Holoubek said that the developer has agreed to pay the District's legal expense for permit amendment and that the legal expenses are only reimbursable to the developer if Ms. Mattox secures the permit amendment.

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; (3) approve the pay estimates and change orders listed above; and (4) approve a legal services agreement with Sharon Mattox. Director Davidson seconded the motion, which passed unanimously.

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

The Board next considered approving a Public Access Easement over and across Reserve C in Canyon Lakes West, Section 3. Following review and discussion, upon a motion by Director Davidson and a second by Director Molina, the Board voted unanimously to approve a Public Access Easement over and across Reserve C in Canyon Lakes West, Section 3.

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 website site traffic.

The Board next reviewed a report submitted by Acclaim Energy Advisors for electricity cost and usage from October 2015 through October 2016. Following review and discussion, the Board concurred to authorize ABHR to post the report to the District website.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

Ms. Holoubek discussed the status of notification from the West Harris County Regional Water Authority ("WHCRWA") regarding an increase in fees and implementation dates. Following review and discussion, the Board concurred to authorize posting of notice regarding the increase in utility bills and on the District website.

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



Secretary, Board of Directors



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