

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

January 6, 2022

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 December 2021, 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
Scott Nilsson	Assistant Secretary
Scott Barr	Assistant Vice President

and all of the above were present, except Director Nilsson, thus constituting a quorum. Director Nilsson was present by telephone, but not counted as part of the quorum.

Also attending the meeting were Lori Buckner of Myrtle Cruz, Inc.; David Keel and Maurice Mullaly of DAC Services, Inc. ("DAC"); Patty Rodriguez of Bob Leared Interests, Inc. ("BLI"); Sherri Greenwood of BKD, Inc. ("BKD"); Donnice Hoffman, Wes Alvey and Chris Hoffman of H2O Consulting, Inc. ("H2O"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Darrin Fentress of BGE, Inc. ("BGE"); David Colunga of Taylor Morrison of Texas, Inc. ("Taylor Morrison"); Lacey Hamilton of KGA/DeForest Design, LLC; Justin Patton of Land Tejas Development Company; Robert Oliver of SWA Group; Stephen Eustis and David Smalling of Robert W. Baird & Co. Incorporated ("Baird"); and Jessica Holoubek, Brooke Milbauer, and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

Director Bentson offered any members of the public attending the meeting by telephone the opportunity to make public comment. There being no members of the public requesting to make public comment, Director Bentson moved to the next agenda item.

SECURITY REPORT

The Board reviewed a patrol report received from Harris County Constable Precinct 5.

MINUTES

The Board considered approving the minutes of the December 2, 2021, regular meeting. Following review and discussion, Director Molina moved to approve the minutes presented. Director Barr seconded the motion, which passed unanimously.

2022 DIRECTORS ELECTION

Ms. Milbauer discussed procedures related to the 2022 Directors Election. She reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors During the 2022 Directors Election Period.

Ms. Milbauer reported on requirements to post a Notice of Deadline to File Applications for Place on the Ballot for the 2022 Directors Election.

Ms. Milbauer said that the District is required to contract with Harris County for the Election (the "Contract").

Following review and discussion, Director Green moved to (1) adopt a Resolution Designating an Agent of the Secretary of the Board During the 2020 Directors Election Period appointing Jane Miller as the agent of the Secretary of the Board of Directors to perform the duties of the District's Directors Election, authorize the agent to post the related notice as required, and direct that the Resolution be filed appropriately and retained in the District's official records; (2) authorize the Secretary's agent to post the notice as required; and (3) approve the Contract and authorize execution of the Contract when received from Harris County. Director Barr seconded the motion, which was approved by unanimous vote.

SERIES 2021 UNLIMITED TAX REFUNDING BONDS

Mr. Eustis reviewed a refunding issue results report for the District's Series 2021 Unlimited Tax Refunding Bonds, a copy of which is attached.

SERIES 2021 UNLIMITED TAX ROAD BONDS (DEFINED AREA NO. 1)

Mr. Eustis discussed proposed road bond issues for Defined Areas Nos. 1 and 2.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Milbauer reported on the District's compliance activities during the prior calendar year related to bond financings. Ms. Milbauer stated that no corrective action is required at this time.

APPROVE AUDIT AND AUTHORIZE FILING WITH THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Ms. Greenwood reviewed a draft audit of the District's financial information for the fiscal year end September 30, 2021, a copy of which is attached to these minutes. Upon a motion made by Director Molina, seconded by Director Barr, the Board voted unanimously to (1) approve the audit and management letter subject to final review and comments; and (2) authorize ABHR to file the audit and filing affidavit with the Texas Commission on Environmental Quality.

SUPPLEMENTAL REIMBURSEMENT REPORT FOR BOND ANTICIPATION NOTE SERIES 2021 ("BAN")

Ms. Greenwood reviewed a draft of a supplemental developer reimbursement audit setting forth the amounts to be reimbursed to Cypress 856, Ltd. After review and discussion, Director Molina moved to approve the supplemental developer reimbursement report and authorize developer reimbursement, subject to receipt of a signed receipt by the developer receiving funds and confirmation of completion and acceptance of facilities from the District engineer. Director Barr seconded the motion. Followed by a roll call vote, the motion passed unanimously with all Directors voting in favor of the motion.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Buckner reviewed the bookkeeper's report. She discussed current public fund investment markets, reviewed the District's investment report, reviewed budget to actual revenues and expenses and variances.

Ms. Holoubek stated that, in accordance with the District's Investment Policy, Lori Buckner as the bookkeeper and Alan Bentson as the Investment Officer are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. She added that the disclosure statements will be filed with the Texas Ethics Commission and the District Records and updated whenever necessary.

Following review and discussion, Director Molina moved to (1) accept the bookkeeper's report; (2) authorize payment of the bills; and (3) accept the disclosure statements pursuant to the District's Investment Policy and the Public Funds Investment Act. Director Barr seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS AND DELINQUENT TAX COLLECTION

Ms. Rodriguez discussed 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 and reported regarding taxes collected to date and delinquent taxes from previous tax years.

Following discussion and review of the information provided by the District tax assessor collector, Director Molina moved to (1) accept the tax assessor/collector's report; and (2) authorize payment of the bills. Director Barr seconded the motion, which passed unanimously.

OPERATION OF DISTRICT FACILITIES

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

The Board discussed the District's water accountability for the month of December 2021. Mr. Hoffman reported 2 new commercial taps and 65 new residential taps installed during the month of December 2021. He also reviewed routine maintenance and repairs within the District completed and ongoing during the month of December 2021, and request authorization to repair blower no. 1 at wastewater treatment plant no. 1 for an estimated cost of \$5,500.

Ms. 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 or taxes 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.

Mr. Hoffman reviewed a customer appeal requesting a leak adjustment pursuant to the District's leak adjustment policy, confirmed that the customer provided adequate proof to qualify for the adjustment requested and recommended that the Board approve the leak adjustment requested.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; (2) 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; (3) authorize H2O to prepare and submit a Water Usage Reporting from to the West Harris County Regional Water Authority by the March 1, 2022 deadline; (4) authorize H2O to submit the District's Emergency Preparedness Plan to the Texas Commission on Environmental Quality ("TCEQ") by the March 1, 2022 deadline; and (5) authorize a leak adjustment, as

requested by the customer and as recommended by the District operator. Director Barr seconded the motion, which passed unanimously.

AMEND RATE ORDER

The Board next considered amending the District's Rate Order to include a paragraph clarifying that, pursuant to Senate Bill 3 adopted during the last legislative session, the District will not impose late fees or terminate service for nonpayment of water bills that are due during an extreme weather emergency and will work with customers who request a payment plan for unpaid bills that become due during the extreme weather emergency. Following review and discussion, Director Molina moved to approve the Rate Order amendment. Director Barr seconded the motion, which unanimously.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

Mr. Keel reviewed a proposal in the amount of \$20,400 from Storm Water Solutions to repair slope erosion on Miramesa Detention Pond. Following review and discussion, Director Molina moved to approve the proposal. Director Green seconded the motion, which passed unanimously.

PARK MAINTENANCE

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached. The Board considered estimates for repair of fencing and replacement of a play structure panel in the Remington Grove Park. Following review and discussion, Director Molina moved to (1) approve the park and landscape management report; and (2) authorize repairs and replacements, as proposed. Director Scott seconded the motion, which passed unanimously.

KGA/DEFOREST DESIGN, LLC REPORT

Ms. Hamilton reviewed a landscape architect report from KGA, a copy of which is attached.

Ms. Hamilton discussed the status of design for the following projects and requested authorization to advertise for bids for construction:

1. public improvements for the Marvida Recreation Center Facility; and
2. Marvida Pod A Landscape Improvements.

Ms. Hamilton stated that bids were received for construction of Marvida Phase I landscape improvements and recommended that the Board award the contract to Earth First Landscapes, LLC ("Earthfirst") in the amount of \$2,752,757. The Board concurred that, in its judgment, Earthfirst was a responsible bidder who would be most

advantageous to the District and would result in the best and most economical completion of the project. The Board also considered an Alternate No. 1 in the amount of \$665 for a Builder's Risk/Installation floater, Alternate No. 2 in the amount of \$125,962 for hardscape, landscape and irrigation located inside the community gates and Alternate No. 3 in the amount of \$34,350 for sod in road medians. The Board concurred that Alternates 1, 2 and 3 were beneficial to the District.

Ms. Hamilton reported regarding construction of Miramesa South Phase 2 Landscape Improvements and recommended approval of Pay Estimate No. 2 in the amount of \$90,139.05, payable to Triple E.

After review and discussion, Director Molina moved to (1) accept the landscape architect report from KGA; (2) authorize advertisement for bids for construction of the projects discussed above, as recommended by KGA; (3) approve Pay Estimate No. 2 in the amount of \$90,139.05, payable to Triple E for Miramesa South Phase 2 Landscape Improvements, as recommended by KGA; and (4) award the contract for construction of Marvida Phase I landscape improvements, to Earthfirst for the base bid amount of \$2,752,757, with all alternates, based upon KGA's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor. Director Barr seconded the motion, which carried unanimously.

SWA GROUP REPORT

Mr. Oliver discussed the status of construction of Avalon at Cypress West & Mason Road and recommended that the Board approve payment of Pay Application No. 1 in the amount of \$48,539.80 and Pay Application No. 2 in the amount of \$36,397.35, both payable to Earthcare Management. Following review and discussion, Director Molina moved to authorize payment of the pay applications. Director Barr seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Mullaly discussed the engineer's report, a copy of which is attached, and reviewed the status of construction projects in the District.

Mr. Mullaly stated that bids were received for construction of Marvida Section 14 paving and recommended that the Board award the contract to Principal Paving Contractors ("Principal") in the amount of \$1,032,644. The Board concurred that, in its judgment, Principal, was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Mullaly stated that bids were received for construction of Marvida Section 17 paving and recommended that the Board award the contract to Unitas Construction

("Unitas") in the amount of \$639,330.60. The Board concurred that, in its judgment, Unitas, was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Mullaly stated that bids were received for construction of Marvida Section 20 paving and recommended that the Board award the contract to Beyer Construction ("Beyer") in the amount of \$549,610.10. The Board concurred that, in its judgment, Beyer, was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Mullaly stated that bids were received for construction of Marvida Section 21 paving and recommended that the Board award the contract to Allgood Construction ("Allgood") in the amount of \$998,548.50. The Board concurred that, in its judgment, Allgood, was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Mullaly next reported that bids were received for construction of the Force Main in Marvida Terrace Drive Street Dedication and recommended that the Board award the contract to Fellers & Clark ("Fellers") in the amount of \$488,500. The Board concurred that, in its judgment, Fellers, was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Mullaly stated that bids were received for construction of the Marvida South Lift Station and recommended that the Board award the contract to R&B Group ("R&B") in the amount of \$1,183,600. The Board concurred that, in its judgment, R&B was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Mullaly said bids were received for construction of Avalon at Cypress - West Road Phase I water, sewer and drainage and recommended that the Board award the contract to AR Turnkey ("Turnkey") in the amount of \$268,525. The Board concurred that, in its judgment, Turnkey was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Mullaly reported that BGE received bids for construction of Avalon at Cypress Avalon River Road Street Dedication, Section 1 Water Distribution System, Sanitary Collection System, Storm Drainage, and recommended that the Board award the contract to R Construction Civil, LLC ("R Construction") in the amount of \$969,710.60. The Board concurred that, in its judgment, R Construction was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Mullaly reported the status of the following projects, and presented the following pay applications and change orders:

1. Avalon at Bridge Creek Ultimate Channel; Pay Estimate 7 in the amount of \$159,240.17, payable to Allgood;
2. Avalon at Cypress Section 1 Paving; Pay Estimate No. 2 in the amount of \$343,154.93, payable to Lindsey Construction, Inc. and Change Order No. 1 as a contract increase in the amount of \$241,063.64;
3. Marvida Section 1 water, sewer and drainage; Pay Estimate No. 3 and Final in the amount of \$40,655.74, payable to _____;
4. Marvida, Section 2 and 3 water, sewer and drainage; Pay Estimate No. 5 in the amount of \$26,487.90, payable to Bay Utilities;
5. Marvida, Section 6 and 7 water, sewer and drainage; Pay Estimate No. 7 in the amount of \$110,826.10, payable to Park Construction;
6. Marvida, Section 8 water, sewer and drainage; Pay Estimate No. 3 in the amount of \$169,091.06, payable to Bay Utilities;
7. Marvida, Section 10 water, sewer and drainage; Pay Estimate No. 1 in the amount of \$1,068,558.30 and Change Order No. 1 increasing the contract in the amount of \$274,372;
8. Marvida, Section 11 water, sewer and drainage; Change Order No. 1 increasing the contract in the amount of \$233,760;
9. Marvida Lift Station No. 1; Pay Estimate No. 5 in the amount of \$42,435 payable to Reddico Construction;
10. Marvida Drainage Phase I; Pay Estimate No. 12 in the amount of \$63,076.20 payable to Paskey Incorporated;
11. Westgreen, Section 6 paving; Pay Estimate No. 1 in the amount of \$58,309.79, payable to Allgood Construction Co.;
12. West Road Section 1 Conspan; Pay Estimate No. 6 in the amount of \$99,099, payable to John Reed & Co.;
13. West Road, Section 1; Change Order No. 1 increasing the contract amount by \$199,324.30;
14. West Road, Section 2 paving; Change Order No. 1 increasing the contract amount by \$521,143.84;
15. Mason Road Phase 1 Paving; Pay Estimate No. 4 in the amount of \$21,253.40, payable to Unitas Construction and Change Order No. 1 increasing the contract by \$17,440;
16. Mason Road Phase 2 Paving; Pay Estimate No. 1 in the amount of \$109,520.10, payable to _____ and Change Order No. 1 increasing the contract total by \$49,500;
17. Langham Creek Detention from Grand Parkway to Trunkline Pipeline; Pay Estimate No. 32 in the amount of \$143,990 payable to Allgood Construction Co.;
18. Langham Creek Mass Grading in U500-02 Basin Phase 2; Pay Estimate No. 1 in the amount of \$195,643.45, payable to Serco Construction Group;

19. Water Plant No. 2 Fence Replacement; Pay Estimate No. 4 in the amount of \$51,511.50, payable to Republic Masonry & Fencing, LLC;
20. Water Plant No. 5: Pay Estimate No. 16 in the amount of \$59,660, payable to Long & Sons;
21. Expansion of wastewater treatment plant no. 1; Pay Estimate No. 14 in the amount of \$900,014.06, payable to R.P. Constructors;
22. Wastewater treatment plant no. 2; Pay Estimate No. 12 in the amount of \$312,114.35, payable to ALLCO, LLC;
23. Lift station to serve wastewater treatment plant No. 2; Pay Estimate No. 11 and Final in the amount of \$5,000 payable to C4 Partners, LLC;
24. Force main and Waterline to serve Wastewater Treatment Plant No. 2; Pay Estimate No. 2 in the amount of \$22,522.99, payable to Sequira Civil Construction dba SC2;
25. Langham Creek Phase 2; Pay Estimate No. 2 in the amount of \$879,875.05 payable to Serco Construction; and
26. Lift Station No. 16; Change Order No. 1 increasing the contract amount by \$269,987.15.

The Board concurred that the change orders listed above are beneficial to the District.

The Board also considered approving a Maintenance Agreement for the Longenbaugh Detention Facility.

Following review and discussion, Director Molina moved to (1) approve the engineering report; (2) based upon the recommendation of Jones & Carter, Inc. ("J&C"), BGE, Inc. ("BGE") and DAC, approve pay estimates listed above; (3) approve the change orders listed above based upon the Board's finding that the change orders are beneficial to the District and BGE's, J&C's and DAC's recommendations; (4) award the contract for construction of Marvida Section 14 paving to Principal in the amount of \$1,032,644, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor; (5) award the contract for construction of Marvida Section 17 paving and recommended that the Board award the contract to Unitas in the amount of \$639,330.60, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor; (6) award the contract for construction of Marvida Section 20 paving and recommended that the Board award the contract to Beyer in the amount of \$549,610.10, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor; (7) award the contract for construction of Marvida Section 21 paving to Allgood in the amount of \$998,548.50, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and

review of the certificate(s) of insurance and endorsements, if any, provided by the contractor; (8) award the contract for construction of the Force Main in Marvida Terrace Drive Street Dedication to Fellers in the amount of \$488,500, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor; (9) award the contract for construction of the Marvida South Lift Station to R&B in the amount of \$1,183,600, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor; (10) award the contract for construction of Avalon at Cypress - West Road Phase I water, sewer and drainage to Turnkey in the amount of \$268,525, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor; (11) award the contract for construction of Avalon at Cypress Avalon River Road Street Dedication, Section 1 Water Distribution System, Sanitary Collection System, Storm Drainage, to R Construction in the amount of \$969,710.60, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor; and (12) approve a Maintenance Agreement for the Longenbaugh Detention Pond. Director Barr seconded the motion, which passed by unanimous vote.

DISTRICT ADMINISTRATIVE BUILDING

There was no discussion for this agenda item.

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

There was no discussion for this agenda item.

DEVELOPMENT IN THE DISTRICT

Mr. Patton and Mr. Colunga discussed development in the District.

GARBAGE/RECYCLING COLLECTION SERVICES

There was no discussion for this agenda item.

RESOLUTION ESTABLISHING ADDRESSES AND METHODS FOR TEXAS PUBLIC INFORMATION ACT REQUESTS

Ms. Milbauer reviewed with the Board a memorandum regarding designating addresses and methods for receipt of requests for public information under the Texas

Public Information Act ("TPIA Requests"), a copy of which is attached. The Board considered designating a mailing address and an email address and approving other methods for receipt of TPIA Requests, pursuant to Section 552.234 of the Texas Government Code. After review and discussion, Director Molina moved to: (1) adopt a Resolution Establishing Addresses and Methods for Texas Public Information Act Requests ("Resolution") to (a) designate the address of the District's official office as the mailing address and har165@txdistricts.info as the email address for receipt of TPIA Requests to the District, (b) approve electronic submission through the District's website, www.hcmud165.com, as a method for submittal of TPIA Requests to the District, and (c) direct that the designated addresses and methods be printed on the sign displayed by the District under Section 552.205, Texas Government Code, and posted continuously on the District's Internet website; and (2) direct the Resolution to be filed appropriately and retained in the District's official records. Director Barr seconded the motion, which passed unanimously.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Milbauer reported that the District's current insurance policies expire in April 2022 and asked if the Board would like to request multiple proposals for renewal. Following discussion, the Board concurred to request a renewal proposal from the District's current insurance provider only.

DISTRICT WEBSITE

There was no discussion nor action taken on this agenda item.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The Board next considered adopting a Resolution Nominating a Candidate to serve as a Director on the Board of Directors of the WHCRWA. Following review and discussion, Director Molina moved to nominate Michael Owens to serve on the Board of Directors of the WHCRWA. Director Barr seconded the motion, which passed unanimously.

Mr. Hoffman confirmed that H2O will submit the WHCRWA required Water Usage Reporting by the March 1, 2022 deadline.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071 TEXAS GOVERNMENT CODE

The Board determined that it was not necessary to convene in executive session.

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




Secretary, Board of Directors

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