

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

April 7, 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 7th day of April 2022, 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, thus constituting a 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, LLP ("BKD"); Wes Alvey, Donnice Hoffman, and Chris Hoffman of H2O Consulting, Inc. ("H2O"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); David Colunga of Taylor Morrison of Texas, Inc. ("Taylor Morrison"); Darrin Fentress of BGE Engineering; Lacey Hamilton of KGA/DeForest Design, LLC; Robert Oliver of SWA Group; David Wood and Stephen Eustis of Robert W. Baird & Co. Incorporated; Justin Patton and David Morrison of Land Tejas Development Company; David Beyer, Blake Kridel and Travis Benes of Storm Water Solutions LLC; 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 and discussed sponsoring the Katy Area Safety Fest. Following review and discussion, Director Molina moved to approve a sponsorship in the amount of \$500. Director Barr seconded the motion, which passed unanimously.

MINUTES

The Board considered approving the minutes of the March 3, 2022, regular meeting. Following review and discussion, Director Molina moved to approve the minutes presented. Director Barr seconded the motion, which passed unanimously.

SERIES 2022 UNLIMITED TAX BONDS

Ms. Holoubek stated that the District's bond application has been reviewed and approved by the Texas Commission on Environmental Quality (the "TCEQ"), and she discussed the expected timeline of the upcoming bond sale. Mr. Wood distributed and reviewed a draft of the Preliminary Official Statement and the Notice of Sale for the Series 2022 Unlimited Tax Bonds (the "Bonds"). Following review and discussion, Director Molina moved to approve the Preliminary Official Statement and Notice of Sale and to authorize the advertisement of the Bonds for sale. Director Barr seconded the motion, which carried unanimously.

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. Following review and discussion, Director Molina moved to (1) accept the bookkeeper's report; (2) authorize payment of the bills; (3) amend the budget for the fiscal year ending September 30, 2022, for adjustments to line items for tap and patrol expenses; and (4) approve an Amended and Restated Agreement for Bookkeeping Services. Director Barr seconded the motion, which passed unanimously.

Ms. Greenwood reviewed a draft of a supplemental developer reimbursement audit setting forth the amounts to be reimbursed to Astro Marvida LP. 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. Director Barr seconded the motion, which passed unanimously. Followed by a roll call vote, the motion passed unanimously with all Directors voting in favor of the motion.

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 AND AMEND RATE ORDER

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 March 2022. Mr. Hoffman reported 77 new residential taps installed during the month of March 2022. He also reviewed routine maintenance and repairs within the District completed and ongoing during the month of March 2022 and reviewed proposals to haul approximately 10 boxes of sludge from the wastewater treatment plant expansion site during digester and aeration basin cleaning.

Mr. Hoffman also recommended adding a repeater to water plant no. 5 to expand the meter reader service area for an estimated amount of \$11,120.

Mr. Hoffman reviewed two (2) customer appeals requesting a leak adjustment.

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.

The Board reviewed the District's critical load spreadsheet, which had been previously provided to the District's operator, engineer, and bookkeeper for review. A copy of the critical load spreadsheet is attached. Mr. Hoffman noted that the critical load information on the District's facilities is required to be reviewed at least annually and provided to certain entities, which include the District's electricity provider, the Public Utility Commission, and other governmental entities.

Mr. Hoffman presented and reviewed the annual report on the District's Identity Theft Prevention Program, a copy of which is included in the operator's report. Mr. Hoffman stated that the annual report indicates no significant incidents of identity theft detection and recommended no changes to the program at this time.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; (2) approve the sludge hauling proposal in the amount of \$813.19 per load from Wastewater Transport Services; (3) authorize installation of a signal repeater at water plant no. 5 for an estimated amount of \$11,120; (4) 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; (5) authorize a leak adjustment, as requested by the customer and as recommended by the District operator, for Customer Account No. 28288; (6) approve the critical load spreadsheet, authorize providing it to the appropriate entities, and direct that a copy be retained in the District's official records; and (7) accept the annual report on the Identity Theft Prevention Program, continue the program as currently operating, and direct that the report be filed appropriately and retained in the District's official records. Director Barr seconded the motion, which passed unanimously.

STORM WATER QUALITY PERMITS AND OTHER STORM WATER ISSUES

Mr. Beyer reviewed a Storm Water Management Program report and reviewed revised budgets for District storm water facility maintenance schedules. Following review and discussion, Director Molina moved to approve the report and to amend budgets for maintenance of District storm water facilities maintenance. Director Barr seconded the motion, which passed unanimously.

Mr. Beyer next reviewed a proposal for inspection of all housing construction to inspect and manage stormwater pollution prevention weekly, including notifying builders of any deficiencies and working with the builders to bring them into compliance. Following review and discussion, Director Molina moved to approve the proposal. Director Barr seconded the motion, which passed unanimously.

Mr. Beyer next reviewed an updated Master Services Agreement. Following review and discussion, Director Molina moved to approve the updated Master Services Agreement. Director Barr seconded the motion, which passed unanimously.

PARK MAINTENANCE

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached, and request authorization to replace a damaged rocker toy at Remington Grove Park for an estimated amount of \$2,584.75. Following review and discussion, Director Molina moved to approve the park and landscape management report and authorize a rocker toy replacement at Remington Grove Park for an estimated amount of \$2,54.75. Director Barr 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 reported that bids were received for construction of Bridge Creek Section 5 Landscape Improvements and recommended that the Board award the contract to Earthcare Management, Inc. ("Earthcare") in the amount of \$515,025.41 with alternate no. 1 in the amount of \$750 for Builder's Risk/Installation Floater insurance for a total award amount of \$515,775.41. The Board concurred that, in its judgment, Earthcare 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.

Ms. Hamilton stated that bids were received for construction of Marvida Recreation Center Facility and recommended that the Board award the contract to DL Meacham LP ("DL Meacham") in the amount of \$8,039,901.67 which includes alternate nos. 1 through 7. The Board concurred that, in its judgment, DL Meacham 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.

Ms. Hamilton updated the Board regarding construction of the Bridge Creek Recreational Facility and reviewed and recommended approval of Pay Estimate No. 12 in the amount of \$11,285.85 and Pay Estimate No. 13 and Final in the amount of \$19,430.85, both payable to Millis Development.

Ms. Hamilton reported regarding construction of Bridge Creek Sections 2 and 3 Landscape Improvements and recommended approval of Pay Estimate No. 6 in the amount of \$2,831.16, payable to Terry's Landscape. She reviewed and recommended approval of Change Order No. 1 to the contract as an increase to the contract in the amount of \$2,405.55. The Board determined that Change Order No. 1 is beneficial to the District.

Ms. Hamilton reported regarding construction of Miramesa South Phase 2 Landscape Improvements and recommended approval of Pay Estimate No. 4 in the amount of \$11,044.35, payable to Triple E. Ms. Hamilton reviewed and recommended approval of Change Order No. 2 to the contract to increase the contract in the amount of \$1,529. The Board determined that Change Order No. 1 is beneficial to the District.

After review and discussion, Director Molina moved to (1) accept the landscape architect report from KGA; (2) award the contract for construction of Bridge Creek Section 5 Landscape Improvements to Earthcare in the amount of \$515,775.41, based upon the 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; (3) award the contract for construction of Marvida Recreation Center Facility to DL Meacham in the amount of \$8,039,901.67, 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; (4) approve all pay estimates, as recommended by KGA; and (5) approve all change orders presented as contract increases, based upon the Board's

finding that the change orders are beneficial to the District and KGA's recommendation. Director Barr seconded the motion, which carried unanimously.

SWA GROUP REPORT

Mr. Oliver discussed the status of construction of Avalon at Cypress West Road and Mason Road landscape project and recommended that the Board approve Pay Estimate No. 5 in the amount of \$80,358.46, payable to Earthcare Management, Inc.

Mr. Oliver discussed the status of construction of Avalon at Cypress Phase 1 Conveyance Channel (West Channel) and recommended that the Board approve Pay Estimate No. 3 in the amount of \$269,788.12, payable to Earth First Landscapes LLC.

After review and discussion, Director Molina moved to (1) accept the landscape architect report from SWA; and (2) approve all pay estimates presented, as recommended by SWA. Director Barr seconded the motion, which carried 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 requested authorization to design the following facilities:

1. Bridge Creek, Section 10 water, sewer, drainage, and paving (WLH Communities Texas - LLC);
2. Bridge Creek, Section 11 water, sewer, drainage, and paving (WLH Communities Texas - LLC);
3. Bridge Creek, Section 12 water, sewer, drainage, and paving (WLH Communities Texas - LLC); and
4. Bridge Creek, Section 13 water, sewer, drainage, and paving (WLH Communities Texas - LLC).

Mr. Mullaly stated that bids were received for construction of the Marvida Section 22, water, sewer, drainage, and paving and recommended that the Board award the contract to Principal Services ("Principal") in the amount of \$1,202,238.46. 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 Avalon at Cypress Section 7 water, sewer and drainage and recommended that the Board award the contract to Sequiera Civil Construction ("Sequiera") in the amount of \$514,681. The

Board concurred that, in its judgment, Sequiera, 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 Avalon at Cypress Section 7 paving and recommended that the Board award the contract to Sequiera in the amount of \$394,260.50. The Board concurred that, in its judgment, Sequiera, 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 Cypress Lift Station; Pay Estimate 4 in the amount of \$134,744.40, payable to Sequiera; Change Order No. 1 increasing the District's contract in the amount of \$54,399.90; Change Order No. 2 increasing the District's contract in the amount of \$32,901.83; and Change Order No. 3 increasing the District's contract in the amount of \$14,209.51;
2. Avalon at Cypress Section 1 Paving; Pay Estimate No. 5 in the amount of \$53,798.54, payable to R Construction Civil ("RCO"); Change Order No. 2 increasing the District's contract in the amount of \$22,529;
3. Avalon at Cypress - Avalon River Road water, sewer, and drainage; Pay Estimate No. 2 in the amount of \$777,540.69, payable to RCO;
4. Avalon at Cypress West Road Phase I paving; Pay Estimate No. 1 in the amount of \$23,760, payable to Unitas Construction ("Unitas");
5. Avalon at Cypress West Road Phase I water, sewer, and drainage; Pay Estimate No. 1 in the amount of \$219,397.50, payable to AR Turnkee Construction ("Turnkee");
6. Bridge Creek Section 5; Pay Estimate No. 5 in amount of \$219,397.50, payable to Blazey Construction ("Blazey");
7. Bridge Creek West Green; Pay Estimate No. 1 in the amount of \$189,210.02 and Pay Estimate No. 2 in the amount of \$42,196.86, both payable to Blazey;
8. Marvida, Section 9 water, sewer, drainage, and paving; Pay Estimate No. 1 in the amount of \$649,192.14; Pay Estimate No. 2 in the amount of \$346,322.56; and Pay Estimate No. 3 in the amount of \$449,280.77, all payable to Beyer Construction ("Beyer");
9. Marvida, Section 10 paving; Pay Estimate No. 1 in the amount of \$126,576, payable to Durwood Green Construction;
10. Marvida, Section 12 water, sewer, and drainage; Pay Estimate No. 2 in the amount of \$798,808.17 and Pay Estimate No. 3 in the amount of \$71,943.50, both payable to Fellers & Clark ("Fellers");
11. Marvida, Section 13 water, sewer, and drainage; Pay Estimate No. 2 in the amount of \$766,095.10, payable to Texasite LLC ("Texasite");

12. Marvida, Section 14 water, sewer, and drainage; Pay Estimate No. 1 in the amount of \$906,359.68, payable to Texasite;
13. Marvida, Section 14 paving; Change Order No. 1 increasing the amount of the District's contract with Principal Paving Contractors in the amount of \$29,075;
14. Marvida, Section 15 water, sewer, drainage, and paving; Pay Estimate No. 1 in the amount of \$28,800 and Pay Estimate No. 2 in the amount of \$688,759.36, both payable to Gonzalez Construction;
15. Marvida, Section 17 water, sewer, and drainage; Pay Estimate No. 1 in the amount of \$339,851.56 and Pay Estimate No. 2 in the amount of \$688,759.36, both payable to Fellers;
16. Marvida, Section 18 water, sewer, and drainage; Pay Estimate No. 2 in the amount of \$494,753.40 and Pay Estimate No. 3 in the amount of \$61,53.05, both payable to Principal;
17. Marvida, Section 19 water, sewer, drainage, and paving; Pay Estimate No. 2 in the amount of \$393,780.60 and Pay Estimate No. 3 in the amount of \$127,853.73, both payable to Principal;
18. Marvida, Section 20 paving; Pay Estimate No. 1 in the amount of \$655,980.52, payable to Allgood Construction ("Allgood");
19. Marvida Terrace Drive Section 1 water, sewer, and drainage; Pay Estimate No. 3 in the amount of \$502,841.66 and Pay Estimate No. 4 in the amount of \$349,257.90, both payable to Fellers;
20. Marvida Terrace Drive Sections 2 and 3 water, sewer and drainage; Pay Estimate No. 2 in the amount of \$417,349.20, payable to Fellers;
21. Marvida Lift Station No. 1; Pay Estimate No. 8 in the amount of \$35,770.77, payable to Reddico Construction;
22. Marvida Drainage Phase I Grading; Pay Estimate No. 18 in the amount of \$160,379.78 and Pay Estimate No. 19 in the amount of \$121,205.75, both payable to Paskey Incorporated ("Paskey");
23. Marvida Drainage Phase I; Pay Estimate No. 15 in the amount of \$55,105.18 and Pay Estimate No. 16 in the amount of \$152,532.02, both payable to Paskey;
24. Marvida Drainage Phase 2 North; Pay Estimate No. 7 in the amount of \$162,782.52 and Pay Estimate No. 8 in the amount of \$55,266.59, both payable to Paskey;
25. Marvida Drainage Phase 2 South; Pay Estimate No. 7 in the amount of \$508,327.47, payable to Allgood Construction ("Allgood");
26. Westgreen, Section 7; Pay Estimate No. 1 in the amount of \$337,778.48, payable to Texas KB Utilities;
27. Westgreen, Section 6 paving; Pay Estimate No. 4 in the amount of \$292,466.76 and Pay Estimate No. 5 in the amount of \$361,722.60, both payable to Allgood;

28. West Road, Section 1; Pay Estimate No. 3 in the amount of \$308,416.50 and Pay Estimate No. 4 in the amount of \$386,555.79, both payable to Lindsey Construction ("Lindsey");
29. West Road, Section 2 paving; Pay Estimate No. 6 in the amount of \$450,142.96 and Pay Estimate No. 7 in the amount of \$171,588.97, both payable to Lindsey;
30. Mason Road Phase 2 Drainage; Pay Estimate No. 2 in the amount of \$4,860, payable to Crostex Construction;
31. Water Plant No. 2 Fence Replacement; Pay Estimate No. 7 in the amount of \$9,200 and Pay Estimate No. 8 and Final in the amount of \$9,192.68, both payable to Republic Masonry & Fencing ("Republic"); and Change Order No. 1 decreasing the District's contract with Republic by \$3,315;
32. Water Plant No. 5; Pay Estimate No. 18 in the amount of \$32,799.99, payable to Long & Son, Inc.;
33. Expansion of wastewater treatment plant no. 1; Pay Estimate No. 17 in the amount of \$230,162.21, payable to R.P. Constructors;
34. Wastewater treatment plant no. 2; Pay Estimate No. 15 in the amount of \$976,905.90, payable to ALLCO;
35. Lift Station SCADA System; Pay Estimate No. 3 in the amount of \$58,463.33, payable to W-Industries;
36. Emergency generators at lift station nos. 6, 8 and 9; Pay Estimate No. 2 in the amount of \$49,476.60, payable to McDonald Industries;
37. Longenbaugh Road Dedication and Reserves water, sewer, drainage, and paving; Pay Estimate No. 3 in the amount of \$203,158.13 and Pay Estimate No. 4 in the amount of \$237,023.31, both payable to Fellers;
38. Force main and Waterline to serve Wastewater Treatment Plant No. 2; Pay Estimate No. 6 in the amount of \$8,787.50, payable to Sequeira;
39. 12" waterline along Mason Road to Bridge Creek Terrace Drive; Pay Estimate No. 1 in the amount of \$127,813.50, payable to Ballast Point Construction; and
40. Langham Creek Phase 2; Pay Estimate No. 5 in the amount of \$1,333,823.55 and Pay Estimate No. 6 in the amount of \$536,037.61, both payable to Serco Construction.

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

Ms. Holoubek reviewed Resolutions Authorizing Application to the Texas Commission on Environmental Quality ("TCEQ") for Authorization to Use Surplus Funds to pay engineering fees associated with construction of a 12" waterline along Mason Road to Bridge Creek north of Water Plant No. 5 and installation of the lift station SCADA system.

Following review and discussion, Director Molina moved to (1) approve the engineering report; (2) based upon the recommendation of J&C, 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) based upon the recommendation of J&C, BGE, and DAC, award the contracts for construction of projects listed above, based upon the recommendations of J&C, BGE and DAC, 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 (5) approve Resolutions Authorizing Application to the TCEQ for Authorization to Use Surplus Funds. Director Barr seconded the motion, which passed by unanimous vote.

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

There was no discussion for this agenda item.

DEVELOPMENT IN THE DISTRICT

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

GARBAGE/RECYCLING COLLECTION SERVICES

There was no discussion for this agenda item.

DISTRICT WEBSITE

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

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

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

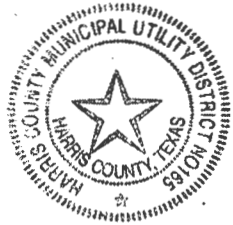
EXECUTIVE SESSION PURSUANT TO SECTION 551.071 TEXAS GOVERNMENT CODE

At 8:20 p.m., Director Bentson announced the Board would convene in executive session to conduct a private consultation with attorney to discuss pending or contemplated litigation, or a settlement offer. Ms. Miller, Ms. Holoubek, Ms. Milbauer, Mr. Mulally, and Mr. Keel were also present in executive session.

RECONVENE IN OPEN SESSION

The Board reconvened in open session at 8:29 p.m. Director Molina moved to engage Mark Breeding with Hunton, Andrews & Kurth. The motion was seconded by Director Barr and passed unanimously.

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



A handwritten signature in black ink, consisting of several loops and strokes, positioned above a horizontal line.

Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

Minutes
Page

tax assessor/collector's report and delinquent tax report	2
Management and operations report.....	3
critical load spreadsheet.....	3
annual report on the District's Identity Theft Prevention Program.....	3
park and landscape management report.....	4
landscape architect report.....	4
Engineer's report.....	6