

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

May 5, 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 5th day of May 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 Rob Silva and Lily Silva, District residents; 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"); Daniel Whitton and David Colunga of Taylor Morrison of Texas, Inc. ("Taylor Morrison"); Darrin Fentress of BGE Engineering; Bob DeForest of KGA/DeForest Design, LLC; Robert Oliver of SWA Group; Stephen Eustis of Robert W. Baird & Co. Incorporated ("Baird"); Justin Patton of Land Tejas Development Company; David Beyer of Storm Water Solutions LLC; Dane Turner of Best Trash, LLC; Alex Bibb and George Casarez, developers; and Jessica Holoubek and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

KGA/DEFOREST DESIGN, LLC REPORT

Mr. DeForest reviewed a landscape architect report from KGA, a copy of which is attached.

Mr. DeForest reported that bids were received for construction of Marvida West Road Extension Landscape Improvements and recommended that the Board award the contract to Triple E Growers, Inc. d/b/a Triple E Landscapes ("Triple E") in the amount of \$319,022. The Board concurred that, in its judgment, Triple E 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. DeForest reported regarding construction of Bridge Creek Sections 2 and 3 Landscape Improvements and recommended approval of Pay Estimate No. 7 in the amount of \$689.96, payable to Terry's Landscape.

After review and discussion, Director Molina moved to (1) accept the landscape architect report from KGA; (2) award the contract for construction of Marvida West Road Extension Landscape Improvements to Triple E in the amount of \$319,022, 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; and (3) approve Pay Estimate No. 7 in the amount of \$689.96, payable to Terry's Landscape, as recommended by KGA. Director Barr seconded the motion, which carried unanimously.

PUBLIC COMMENT

Director Bentson offered any members of the public attending the meeting the opportunity to make public comment.

Mr. Silva contested high water use on his water bill for a period during which the house was empty. He said the District operator gave him a leak adjustment after he provided documentation, but said the amount given was not adequate. Following discussion, Mr. Hoffman said that he would gather additional information and follow up with the Board at the June 2022 meeting.

There being no additional members of the public requesting to make public comment, Director Bentson moved to the next agenda item.

MINUTES

The Board considered approving the minutes of the April 7, 2022, regular meeting, minutes of the April 14 and April 26, 2022, special meetings. Following review and discussion, Director Molina moved to approve the minutes presented. Director Barr seconded the motion, which passed unanimously.

SECURITY REPORT

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

SERIES 2022 UNLIMITED TAX BONDS

Mr. Eustis presented and reviewed the bids received for the sale of the District's \$50,450,000, Series 2022 Unlimited Tax Bonds (the "Bonds"). A summary of the bids received for the Bonds is attached. He stated that the low bid submitted by Hilltop

Securities, Inc. ("Hilltop") with a net effective interest rate of 3.9713% was reviewed and all numbers checked, and everything was found to be correct and consistent with the conditions in the Notice of Sale. Mr. Eustis recommended that the District accept the bid of Hilltop for the Bonds as submitted.

The Board next considered adopting the Resolution Authorizing the Issuance of the District's Bonds (the "Resolution"). Ms. Holoubek presented and reviewed the proposed Resolution with the Board which included explanation that the documents set forth the terms and provisions of issuance and delivery of the Bonds, the payment of principal and interest over the life of the Bonds, and certain District covenants regarding continuing disclosure and the tax-exempt status of the Bonds.

The Board next considered execution of the Paying Agent/Registrar Agreement with Zions Bancorporation, National Association. Ms. Holoubek reviewed the agreement and the provisions by which the paying agent/registrar will manage registration, transfer, and payment of the District's Bonds.

The Board next considered approving the Official Statement for the Bonds. Ms. Holoubek explained that the Preliminary Official Statement would be revised to reflect the terms of this sale, including the purchaser, interest rates, and debt service requirements.

Ms. Holoubek presented and reviewed the Certificate Regarding Provision of Financial Advice certifying that ABHR has not provided financial advice to the Board concerning the issuance of the Bonds and that the Board has relied on the municipal advisor, Baird, for financial advice.

Ms. Holoubek next explained that there will be various documents related to delivery of the Bonds requiring execution by the directors prior to closing. She requested that the Board authorize the Board of Directors to execute documents necessary in connection with the transaction and authorize the District's attorney and financial advisor to take all necessary action to deliver the Bonds to the purchaser.

Ms. Holoubek reviewed an Amendment to the District's Information Form, which she stated reflects the updated total amount of bonds sold by the District and will be filed with the TCEQ and recorded in the official property records of the Harris County Clerk.

Following review and discussion, Director Molina made a motion to (1) award the sale of the Bonds to Hilltop with a net effective interest rate of 3.9713%; (2) adopt the Resolution; (3) approve the Paying Agent/Registrar Agreement; (4) approve the Official Statement; (5) approve the Certificate Regarding Provision of Financial Advice; (6) authorize execution of documents related to the sale and delivery of the Bonds and authorize the District's attorney and financial advisor to take all necessary action to deliver the Bonds; and (7) approve the Amendment to the Information Form and direct

that it be filed with the TCEQ and the official property records of the Harris County Clerk. Director Barr seconded the motion, which carried unanimously.

SUPPLEMENTAL DEVELOPMENT REIMBURSEMENT REPORT

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.

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; and (2) authorize payment of the bills. 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.

Ms. Rodriguez reviewed a taxpayer appeal.

Ms. Rodriguez reviewed tax accounts eligible for write off as uncollectable.

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; (2) authorize payment of the bills; (3) offer a payment plan to the taxpayer making an appeal; and (4) authorize the Tax Assessor Collector to write off eligible accounts, as recommended. Director Barr seconded the motion, which passed unanimously.

STORMWATER POLLUTION PREVENTION PROGRAM AND RATE ORDER AMENDMENT

Mr. Keel reviewed a proposal for stormwater pollution prevention inspection. Following review and discussion, Director Molina moved to approve the proposal. 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, and discussed severe weather event preparedness.

The Board discussed the District's water accountability for the month of April 2022. Mr. Hoffman reported 1 commercial and 88 new residential taps installed during the month of April 2022. He also reviewed routine maintenance and repairs within the District completed and ongoing during the month of April 2022 and requested authorization to repair lift pump no. 1 at lift station no. 4 for an estimated cost of \$9,438.

Mr. Hoffman reviewed a customer appeal 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.

No action was taken regarding the Consumer Confidence Report ("CCR").

Following review and discussion, Director Molina moved to (1) approve the District operator's report; (2) authorize repair of lift pump no. 1 at lift station no. 4 for an estimated cost of \$9,438; (3) authorize termination of delinquent accounts in accordance with the District's Rate Order, with the exception of Mr. Silva who appeared to make arrangements with the Board regarding his account, and direct that the delinquent customer list be filed appropriately and retained in the District's official records; and (4) authorize a leak adjustment, as requested by the customer and as recommended by the District operator, for Customer Account No. 59207. Director Barr seconded the motion, which passed unanimously.

MAINTENANCE AGREEMENT WITH HOMEOWNER'S ASSOCIATION

Ms. Milbauer reviewed a proposed Maintenance Agreement with S-G II Owners Association, Inc. to replace the Amended and Restated Maintenance Agreement with S-G Owners Association, Inc. dated June 6, 2019. Following review and discussion,

Director Molina moved to approve the replacement maintenance agreement. The motion was seconded by Director Barr and passed unanimously.

REPORT FROM STORM WATER SOLUTIONS

Mr. Beyer reviewed a Storm Water Management Program report. Following review and discussion, Director Molina moved to approve the report. 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 requested authorization to:

1. replace drinking fountains in Amhurst and Cypress Springs parks for an estimated amount of \$6,000 each;
2. make irrigation repairs in Amhurst Park for an estimated amount of \$90;
3. make irrigation repairs in Tealbrook Park for an estimated amount of \$400; and
4. make electrical repairs in Remington Grove Park for an estimated amount of \$2,588.

Following review and discussion, Director Molina moved to approve the park and landscape management report and authorize the repairs and replacements, as recommended above. Director Barr seconded the motion, which passed 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. 6 in the amount of \$60,434.34, 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. 4 in the amount of \$199,894.03, payable to Earth First Landscapes LLC.

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

1. Avalon at Cypress, Mason Road Phase 2 landscape; and
2. Avalon at Cypress, West Road, and Avalon River Road landscape.

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; and (3) authorize SWA to advertise for bids for construction of projects listed above. Director Barr seconded the motion, which carried unanimously.

ENGINEERING MATTERS

Mr. Mulally 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 one bid was received for Stream and Wetland Restoration Langham Creek Channel and recommended that the Board award the contract to RES in the amount of \$354,940.28. The Board concurred that, in its judgment, RES, 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 Creek Ultimate Channel; Pay Estimate 9 and Final in the amount of \$81,682.87, payable to Allgood Construction ("Allgood");
2. Avalon at Cypress Channel Crossing; Pay Estimate No. 1 in the amount of \$187,254, payable to Lonnie Lischka Co. ("Lischka");
3. Avalon at Cypress Lift Station; Pay Estimate 5 in the amount of \$112,050, payable to Sequiera Civil Construction ("Sequiera");
4. Avalon at Cypress Section 1 Paving; Pay Estimate No. 6 in the amount of \$21,402.55, payable to R Construction Civil ("RCO");
5. Avalon at Cypress Section 2 water, sewer, drainage, and paving; Pay Estimate No. 1 in the amount of \$491,431.50, payable to Fellers & Clark;
6. Avalon at Cypress Section 4 water, sewer, drainage, and paving; Pay Estimate No. 2 in the amount of \$54,019.95, payable to Crostex Construction ("Crostex");
7. Avalon at Cypress Section 5 water, sewer, drainage, and paving; Pay Estimate No. 1 in the amount of \$174,699, payable to Fellers;
8. Avalon at Cypress Section 6 water, sewer, drainage, and paving; Pay Estimate No. 1 in the amount of \$214,398, payable to Fellers;
9. Avalon at Cypress - Avalon River Road paving; Pay Estimate No. 1 in the amount of \$261,356.98, payable to Harris Construction ("Harris"); Change Order No. 1 to add irrigation sleeves with no cost change to the contract;
10. Avalon at Cypress West Road Phase I paving; Pay Estimate No. 2 in the amount of \$311,656.01, payable to Unitas Construction ("Unitas");
11. Bridge Creek Section 6 water, sewer, and drainage; Pay Estimate No. 1 in amount of \$310,508.96, payable to Hurtado Construction Company ("Hurtado");

12. 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;
13. Marvida, Sections 2 and 3, water, sewer, and drainage; Change Order No. 2 increasing the District's contract with Bay Utilities ("Bay") by \$19,132.40;
14. Marvida, Section 8 water, sewer, and drainage; Pay Estimate No. 4 in the amount of \$36,860, payable to Bay;
15. Marvida Section 8, paving; Pay Estimate No. 3 in the amount of \$566,766 and Pay Estimate No. 4 in the amount of \$272,010.64 and Pay Estimate No. 5 in the amount of \$117,527.05, all payable to Beyer Construction ("Beyer");
16. Marvida, Section 9 water, sewer, drainage, and paving; Pay Estimate No. 4 3 in the amount of \$66,875.26, payable to Beyer; Change Order No. 2 increasing the contract total by \$86,352.50;
17. Marvida, Section 10 and 11 paving; Pay Estimate No. 1 in the amount of \$126,576, Pay Estimate No. 2 in the amount of \$405,404.77 and Pay Estimate No. 3 in the amount of \$785,603.25, all payable to Durwood Green Construction;
18. Marvida, Section 11, water, sewer, and drainage; Pay Estimate No. 3 in the amount of \$109,332.44, payable to Fellers;
19. Marvida, Section 12 water, sewer, and drainage; Change Order No. 1 increasing the District's contract with Fellers & Clark ("Fellers") by \$75,730;
20. Marvida, Section 12 paving; Pay Estimate No. 1 in the amount of \$76,648.50, payable to Durwood;
21. Marvida, Section 13 paving; Pay Estimate No. 1 in the amount of \$138,156.30 and Pay Estimate No. 2 in the amount of \$71,452.1, payable to Durwood;
22. Marvida, Section 13 water, sewer, and drainage; Pay Estimate No. 2 in the amount of \$766,095.10, payable to Texasite LLC ("Texasite");
23. Marvida, Section 18 paving; Pay Estimate No. 1 in the amount of \$112,794.03, payable to Beyer;
24. Marvida, Section 19 water, sewer, drainage, and paving; Pay Estimate No. 4 in the amount of \$587,364.36, payable to Principal;
25. Marvida, Section 20 paving; Pay Estimate No. 1 in the amount of \$39,591.58, payable to Beyer;
26. Marvida, Section 21, water, sewer, and drainage; Pay Estimate No. 1 in the amount of \$835,003.80, payable to Texasite;
27. Marvida Terrace Drive Section 1 water, sewer, and drainage; Change Order No. 1 decreasing the District's contract with Fellers by \$366,197.95 and Change Order No. 2 increasing the contract by \$175,410;
28. Marvida Terrace Drive Sections 2 and 3 water, sewer and drainage; Pay Estimate No. 2 in the amount of \$510,435.09;

29. Force Main Facilities in Marvida Terrace Drive Street Dedication Service 1; Pay Estimate No. 1 in the amount of \$259,685.28, Pay Estimate No. 2 in the amount of \$101,745 and Pay Estimate No. 3 in the amount of \$102,644.72, all payable to Bay;
30. Marvida Lift Station No. 1; Pay Estimate No. 9 in the amount of \$31,662.72, payable to Reddico Construction; Change Order No. 3 decreasing the contract by \$15,099;
31. Marvida Drainage Phase I Grading; Change Order No. 4 with no net change to the District's contract total and Change Order No. 5 increasing the District's contract with Paskey Incorporated ("Paskey") by \$223,916.18;
32. Marvida Drainage Phase 2 South; Pay Estimate No. 8 in the amount of \$890,982.60, payable to Allgood;
33. Westgreen, Section 6 paving; Change Order No. 1 increasing the District's contract with Allgood by \$307,198.82;
34. West Road, Section 1; Pay Estimate No. 5 in the amount of \$8,689.65, payable to Lindsey Construction ("Lindsey");
35. West Road from Highway 99 to Mason Road Paving; Pay Estimate No. 3 and Final in the amount of \$82,158, payable to Hurtado;
36. Detention and drainage to serve the southwest corner of Fry and Longenbaugh Road; Pay Estimate No. 1 in the amount of \$294,244.65;
37. Expansion of wastewater treatment plant no. 1; Pay Estimate No. 18 in the amount of \$269,301.16, payable to R.P. Constructors;
38. Wastewater treatment plant no. 2; Pay Estimate No. 16 in the amount of \$457,317, payable to ALLCO;
39. Longenbaugh Road Dedication and Reserves water, sewer, drainage, and paving; Change Order No. 2 increasing the District's contract with Fellers by \$51,525 and Change Order No. 3 decreasing the contract by \$30,663.23;
40. Force main and Waterline to serve Wastewater Treatment Plant No. 2; Change Order No. 2 increasing the District's contract with Sequiera by \$9,100.38;
41. Langham Creek Detention from Grand Parkway to Trunkline Pipeline; Pay Estimate No. 33 and Final and Change order No. 12 resulting a net amount of \$0.0 to Lischka; and
42. 12" waterline along Mason Road to Bridge Creek Terrace Drive; Pay Estimate No. 2 and Final in the amount of \$14,201.50, payable to Ballast Point Construction.

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

The Board discussed purchase of a 1.9 acre of detention capacity for \$35,000 and an annual maintenance cost of \$1,175. Ms. Holoubek reviewed and discussed a proposed cost sharing agreement with Harris County Municipal Utility District no. 173 to share the cost of maintenance of the detention area.

The Board also considered approving a utility capacity commitment to Michael Crouch for service at 8020 Fry Road.

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 LJA Engineering Group, and DAC, award the contracts for Stream and Wetland Restoration Langham Creek Channel to RES, 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) authorize purchase of a 1.9 acre of detention capacity for \$35,000 and approve a cost sharing agreement with Harris County Municipal Utility District no. 173 to share the annual cost of maintenance of the detention area; and (6) approve a utility capacity commitment to Michael Crouch for service at 8020 Fry Road. Director Barr seconded the motion, which passed by unanimous vote.

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

Mr. Fentress discussed a proposed offsite utility easement for overhead pole relocation to bring power to Avalon Landing on the west side of Mason Road. Following review and discussion, Director Molina moved to approve the easement. Director Barr seconded the motion, which passed unanimously.

DEVELOPMENT IN THE DISTRICT

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

GARBAGE/RECYCLING COLLECTION SERVICES

Mr. Turner presented a proposed contract amendment incorporating and implementing a fuel recovery fee. Following review and discussion, Director Molina moved to approve the proposed amendment. Director Barr seconded the motion, which passed unanimously.

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

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

LIST OF ATTACHMENTS TO MINUTES

Minutes
Page

landscape architect report.....	1
summary of the bids	2
tax assessor/collector's report and delinquent tax report	4
Management and operations report.....	5
Consumer Confidence Report.....	5
park and landscape management report.....	6
Engineer's report.....	7