

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

October 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 6th day of October 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. ("MCI"); David Keel and Maurice Mullaly of DAC Services, Inc. ("DAC"); Patty Rodriguez of Bob Leared Interests, Inc. ("BLI"); Wes Alvey, Donnice Hoffman and Chris Hoffman of H2O Consulting, Inc. ("H2O"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); David Colunga and Michael Moyer of Taylor Morrison of Texas, Inc. ("Taylor Morrison"); Stephen Eustis of Robert W. Baird & Co. Incorporated; Travis Benes of Storm Water Solutions, LLC; Lacey Hamilton of KGA/DeForest Design, LLC; Darrin Fentress of BGE, Inc.; Collins Pier of Tri Pointe Homes Texas Inc. ("Tri Pointe"); Robert Oliver of SWA Group ("SWA"); and Jessica Holoubek, Brooke Milbauer and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

GARBAGE/RECYCLING COLLECTION SERVICES

There was no discussion for this agenda item.

PUBLIC COMMENT

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

Mr. Pier updated the Board on negotiation of a proposed annexation agreement to annex property and create a defined area.

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 and discussed a patrol report received from Harris County Constable Precinct 5.

The Board discussed plans and a proposal for design of a District multifunctional, general purpose and training facility building. Following discussion, Director Molina moved to table discussion regarding the proposal and schedule a special meeting on October 18, 2022, at 12:30 p.m. to discuss same. Director Barr seconded the motion, which passed unanimously.

MINUTES

The Board considered approving the minutes of the September 1, 2022, regular meeting. Following review and discussion, Director Molina moved to approve the minutes as presented. Director Barr seconded the motion, which passed 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. Copies of the bookkeeper's report, investment report, budgets, and a list of bills presented for payment are attached. Following review and discussion, Director Molina moved to accept the bookkeeper's report and payment of the bills, including Check No. 1128 in the amount of \$19,388.97, payable to W Industries. Director Barr seconded the motion which passed unanimously.

The Board concurred to place an item on the November 3, 2022, agenda to amend the budget for the fiscal year ending September 30, 2023, to include updated maintenance tax revenues.

SERIES 2022 UNLIMITED TAX ROAD BONDS

Mr. Eustis discussed selling Unlimited Tax Road Bonds in Defined Area Nos. 1 and 2 and distributed and reviewed drafts of the Preliminary Official Statements and Notices of Sale for the Series 2022 Unlimited Tax Road Bonds (the "Bonds").

The Board considered authorizing the District's financial advisor to advertise the sale of the Bonds and concurred to hold the bond sale on November 3, 2022, at 6:00 p.m.

The Board reviewed a proposal from BKD, Inc. to prepare the developer reimbursement reports for amounts to be reimbursed to the developers from the proceeds of the Bonds.

Following review and discussion, Director Molina made the following motion: (1) to approve the Preliminary Official Statements and Notices of Sale; (2) authorize the District's financial advisor to advertise the sale of the Bonds, subject to receipt of certified values and cost summaries; and (3) to authorize the auditor to begin preparation of the developer reimbursement reports. Director Barr seconded the motion, which carried unanimously.

RESOLUTION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECTS AND BONDS

Mr. Keel discussed projects, land acquisitions and other costs included in a proposed bond application to the Texas Commission on Environmental Quality ("TCEQ"). Following review and discussion, Director Green moved to approve a Resolution to the TCEQ for Approval of Projects and Bonds for an amount not to exceed \$50,000,000. 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, reported preliminary values for the District and defined areas within the boundaries of the District, reported regarding taxes collected to date and delinquent taxes from previous tax years.

Ms. Rodriguez reviewed a customer appeal, a copy of which is attached, requesting waiver of penalty and interest due to an alleged error made by the Harris County Appraisal District ("HCAD"). Following discussion and review of information provided by the District's tax assessor collector, the Board determined that an error was made by the HCAD.

Mr. Rodriguez also reviewed a list of delinquent accounts proposed for termination of water service for nonpayment of delinquent property taxes.

Following discussion and review of the information provided by the District's tax assessor collector, Director Molina moved to (1) accept the tax assessor/collector's report; (2) authorize payment of the bills; (3) waive penalty and interest charged to the taxpayer making an appeal due to an error made by HCAD and upon the recommendation of the District's tax assessor collector; and (4) upon the recommendation of District's delinquent tax attorney, authorize the District's operator to tag the tax accounts recommended for termination of water service. Director Barr seconded the motion, which passed unanimously.

2022 TAX RATE

The Board considered the District's 2022 tax rate. Ms. Rodriguez stated that notice was (1) published of the public hearing to be held at today's meeting regarding adoption of the District's proposed 2022 total tax rate of \$0.93; (2) mailed to all taxpayers in Defined Area No. 1 of the public hearing to be held at today's meeting regarding adoption of the District's proposed 2022 total tax rate of \$0.57; and (3) mailed to all taxpayers in Defined Area No. 2 of the public hearing to be held at today's meeting regarding adoption of the District's proposed 2022 total tax rate of \$0.57.

Director Bentson opened the public hearing. There being no comments from the public, Director Bentson closed the public hearing.

Ms. Holoubek presented (1) an Order Levying Taxes reflecting the proposed 2022 tax rate for the District; (2) an Order Levying Taxes reflecting the proposed 2022 tax rate in Defined Area No. 1; and (3) an Order Levying Taxes reflecting the proposed 2022 tax rate in Defined Area No. 2. She then presented an Amendment to Information Form reflecting the tax rate and stated that the Amendment will be filed with the Texas Commission on Environmental Quality and recorded in the Official Public Records of Harris County.

After review and discussion, Director Molina moved to: (1) adopt an Order Levying Taxes reflecting a total 2022 tax rate of \$0.93 per \$100 of assessed valuation, comprised of \$0.68 to pay debt service on water, sewer, and drainage bonds and \$0.25 for operations and maintenance; (2) adopt an Order Levying Taxes for Defined Area No. 1 reflecting a total 2022 tax rate of \$0.57 for road debt service; (3) adopt an Order Levying Taxes for Defined Area No. 2 reflecting a total 2022 tax rate of \$0.57 for road debt service; (4) authorize execution of the Amendment to Information Form; and (5) direct that the Orders and Amendment be filed appropriately and retained in the District's official records. Director Barr seconded the motion, which passed by unanimous vote.

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 September 2022. Mr. Hoffman reported 2 commercial and 89 new residential taps installed during the month of September 2022. He also reviewed routine maintenance and repairs within the District completed and ongoing during the month of September 2022 and requested authorization to repair booster pump no. 1 at water plant no. 4 for an estimated cost of \$8,814.

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 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 Molina moved to (1) approve the District operator's report; (2) authorize repair of booster pump no. 1 at water plant no. 4 for an estimated cost of \$8,814; (3) 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 (4) authorize the termination of water service for nonpayment of delinquent taxes, as recommended. Director Barr seconded the motion, which passed unanimously.

REPORT FROM STORM WATER SOLUTIONS

Mr. Benes reviewed a Storm Water Management Program report provided by Storm Water Solutions LLC ("SWS"), a copy of which is attached, including a proposal for cleanout of the outfall in Tealbrook, Section 3. Following review and discussion, Director Molina moved to approve the report and proposals. 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 reviewed options for new park tables and benches. Following review and discussion, the Board determined to table discussion and requested a revised proposal, as discussed. Director Molina moved to approve the park and landscape management report. 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 discussed plans for multiple projects in Marvida and requested authorization to design the following projects:

1. Marvida, Section 13 Landscape Improvements;
2. Marvida, Sections 17 and 20 Landscape Improvements; and
3. Marvida, Sections 18 and 19 Landscape Improvements.

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

1. Bridge Creek, Section 6 Landscape Improvements;
2. Bridge Creek, Section 7 Landscape Improvements; and
3. Bridge Creek, Sections 8 and 9 Landscape Improvements.

Ms. Hamilton stated that bids were received for construction of Marvida, Section 12 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 \$422,869. 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.

Ms. Hamilton stated that bids were received for construction of Marvida, Section 14 Landscape Improvements and recommended that the Board award the contract to Triple E in the amount of \$367,692. 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.

Ms. Hamilton reported the status of construction of landscape improvements to serve Bridge Creek, Section 5 and recommended that the Board approve Pay Application No. 3 in the amount of \$35,679.27 and Pay Application No. 4 in the amount of \$189,581.24, both payable to Earthcare Management.

Ms. Hamilton next reported the status of construction of landscape improvements to serve Marvida Phase I and recommended that the board approve Pay Application No. 4 in the amount of \$408,353.69 and Pay Application No. 5 in the amount of \$208,619.09, both payable to Earth First Landscapes, LLC ("Earth First").

Ms. Hamilton updated the Board regarding the status of construction of the Marvida Recreation Center Facility and recommended approval of Pay Application No. 4 in the amount of \$99,441.77, payable to DL Meacham LP ("DL Meacham"), and Change Order No. 6 with no change to the contract amount and allowing 14 additional contract days for weather.

Ms. Hamilton reported regarding the status of construction of Marvida West Road Extension Landscape Improvements and recommended that the Board approve Pay Application No. 3 in the amount of \$96,160.55, payable to Triple E.

The Board determined, upon the recommendation of KGA, that all change orders presented are beneficial to the District.

After review and discussion, Director Molina moved to (1) accept the landscape architect report from KGA; (2) authorize design of landscape improvements and approve proposals for same for projects listed above; (3) approve the pay estimates presented, as recommended by KGA; (4) approve the change orders presented, upon the recommendation of KGA and finding that the change orders are beneficial to the District; (5) award the contract for construction of Marvida, Section 12 Landscape

Improvements to Triple E in the amount of \$422,869, 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 (6) award the contract for construction of Marvida, Section 14 Landscape Improvements to Triple E in the amount of \$367,692, 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. Director Nilsson seconded the motion, which passed by unanimous vote.

SWA GROUP REPORT

Mr. Oliver reviewed a landscape architect report from SWA, a copy of which is attached.

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. 9 in the amount of \$13,178.73, payable to Earthcare Management, Inc. and Change Order No. 2 reducing the District's contract amount by \$13,178.73.

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. 9 in the amount of \$4,914, payable to Earth First.

The Board determined, upon the recommendation of SWA, that the change order presented is beneficial to the District.

After review and discussion, Director Molina moved to (1) accept the landscape architect report from SWA; (2) approve the pay estimates presented, as recommended by SWA; and (3) approve the change order presented, upon the recommendation of SWA and finding that the change order is beneficial to the District. Director Barr seconded the motion, which carried unanimously.

Mr. Colunga discussed development in the District and introduced Michael Moyer.

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

Mr. Mullaly discussed the engineer's report, a copy of which is attached, reviewed the status of construction projects in the District and requested authorization to advertise for bids for construction of a West Road Interconnection.

Mr. Mullaly stated that 4 bids were received for paving in Westgreen, Section 7 and recommended that the Board award the contract to the low bidder, Allgood Construction ("Allgood") in the amount of \$616,487.86. 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 reported the status of the following projects, and presented the following pay applications and change orders:

1. Avalon at Cypress Lift Station; Pay Estimate 10 in the amount of \$11,250, payable to Sequiera Civil Construction ("Sequiera");
2. Avalon at Cypress, Section 1 water, sewer, drainage, and paving; Change Order No. 3 increasing the amount of the District's contract with R Construction Civil ("R Construction") by \$3,597;
3. Avalon at Cypress, Section 4 water, sewer, drainage, and paving; Pay Estimate No. 3 and Final in the amount of \$35,713.95, payable to Crostex Construction ("Crostex");
4. Avalon at Cypress Section 7 water, sewer, and drainage; Pay Estimate No. 4 in the amount of \$58,643.98, payable to Sequiera; Change Order No. 2 with no change to the contract; Pay Estimate No. 2 in the amount of \$24,288.97 for paving, payable to Sequiera; and Change Order No. 1 increasing the paving contract amount by \$9,220.75;
5. Avalon at Cypress - West Road Phase I Paving; Pay Estimate No. 6 in the amount of \$42,641.76, payable to Unitas Construction, Inc. ("Unitas");
6. Bridge Creek, Section 9 water, sewer, and drainage; Pay Estimate No. 2 in the amount of \$40,767.70, payable to Fellers & Clark ("Fellers");
7. Bridge Creek Mason Road Phase 3; Pay Estimate No. 4 in the amount of \$34,481.54, payable to Lischka;
8. Bridge Creek West Lift Station; Pay Estimate No. 3 in the amount of \$79,740 payable to Peltier Brothers;
9. Marvida, Sections 10 and 11 paving; Pay Estimate No. 6 and Final in the amount of \$32,595.40, payable to Durwood Greene Construction ("Durwood Greene");
10. Marvida, Section 13 paving; Pay Estimate No. 6 in the amount of \$52,249.23, payable to Durwood Greene;
11. Marvida, Section 17 water, sewer, drainage; Pay Estimate No. 3 in the amount of \$128,136.77, payable to Fellers;
12. Marvida, Section 17 paving; Pay Estimate No. 4 in the amount of \$64,872.90 and Pay Estimate No. 5 in the amount of \$16,629.84, both payable to Fellers;
13. Marvida, Section 18 water, sewer, drainage; Pay Estimate No. 5 and Final in the amount of \$21,356.71, payable to Principal Services;
14. Marvida, Section 18 paving; Pay Estimate No. 5 in the amount of \$30,012.40, payable to Beyer Construction ("Beyer");
15. Marvida, Section 20 paving; Pay Estimate No. 5 in the amount of \$19,947.06, payable to Beyer;
16. Marvida, Section 20 water, sewer, and drainage; Pay Estimate No. 3 in the amount of \$7,325.35, payable to Fellers;

17. Marvida, Section 21, paving; Pay Estimate No. 4 in the amount of \$33,280.82, payable to Allgood; Change Order No. 2 increasing the contract amount by \$14,621.05;
18. Marvida, Section 22, water, sewer, and drainage; Pay Estimate No. 2 in the amount of \$762,200.82, payable to Principal Services; Change Order No. 2 increasing the contract amount by \$22,000;
19. Marvida, Section 23, water, sewer, and drainage; Pay Estimate No. 1 in the amount of \$874,441.75, payable to Fellers;
20. Marvida Terrace Drive, Section 1 water, sewer, and drainage; Change Order No. 3 adding \$23,038.40 to the District's contract with Fellers;
21. Marvida Terrace Drive, Sections 2 and 3 paving; Change Order No. 5 adding \$4,800 to the District's contract with Fellers;
22. Marvida Lift Station No. 1; Pay Estimate No. 10 in the amount of \$86,932.29, payable to Reddico Construction;
23. Marvida Lift Station No. 2; Pay Estimate No. 2 in the amount of \$82,800 and Pay Estimate No. 3 in the amount of \$70,695, both payable to Putnam, Inc.;
24. Marvida Lift Station No. 3; Pay Estimate No. 1 in the amount of \$281,925, payable to R&B Group;
25. Marvida Phase I Grading; Pay Estimate No. 23 in the amount of \$57,327.48 and Pay Estimate No. 24 in the amount of \$71,625.25, both payable to Paskey Incorporated;
26. Marvida Drainage Phase 2 North; Pay Estimate No. 10 in the amount of \$14,994, payable to Paskey Incorporated; Change Order No. 2 reducing the contract amount by \$1,406.56;
27. Westgreen, Section 6 water, sewer, and drainage; Pay Estimate No. 5 in the amount of \$50,193.25 and Pay Estimate No. 6 in the amount of \$27,919.06, both payable to Clearwater Utilities;
28. Westgreen, Section 6 paving; Pay Estimate No. 7 in the amount of \$98,227.40, payable to Allgood;
29. Westgreen, Section 7 water, sewer, and drainage; Pay Estimate No. 2 in the amount of \$44,283.34, payable to Texas KB Utilities;
30. Westgreen, Section 7 paving; Pay Estimate No. 1 in the amount of \$182,688.57, Pay Estimate No. 2 in the amount of \$386,776.30 and Pay Estimate No. 3 in the amount of \$99,354.25, all payable to Allgood;
31. Traffic Signal at Marvida Terrace Drive and FM 529; Pay Estimate No. 2 in the amount of \$110,755.80, payable to Traf-Tex, Inc.;
32. West Road, Section 1; Pay Estimate No. 7 in the amount of \$8,193.75, payable to Lindsey Construction;
33. Water Plant No. 5; Pay Estimate No. 21 in the amount of \$32,276, payable to Long & Son, Inc.;
34. Expansion of wastewater treatment plant no. 1; Pay Estimate No. 23 in the amount of \$160,645.87, payable to R.P. Constructors;
35. Wastewater treatment plant no. 2; Pay Estimate No. 21 in the amount of \$311,861.63, payable to ALLCO Constructors;

36. Lift Station SCADA system; Pay Estimate No. 4 in the amount of \$19,388.97, payable to W-Industries; Change Order No. 1 adding \$28,228.07 to the contract amount;
37. Longenbaugh Road Dedication and Reserves water, sewer, drainage, and paving; Pay Estimate No. 7 in the amount of \$177,437.99; and
38. Water Plant No. 6; Pay Estimate No. 3 in the amount of \$1,058,517, payable to Long & Son.

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

Following review and discussion, Director Molina moved to (1) approve the engineering report; (2) based upon the recommendation of Quiddity, 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, Quiddity's and DAC's recommendations; and (4) based upon the recommendation of Quiddity and DAC, award the contract for construction of paving in Westgreen, Section 7 to Allgood in the amount of \$616,487.86, 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 passed by unanimous vote.

The Board also considered accepting and/or conveying the following instruments:

1. Drainage Easement (0.0229 Acre; 0.0229 Acre) from Lone Star College System; and
2. Drainage Easement (0.0051 Acre; 0.0053 Acre) from Windhaven Homeowners Association.

Following review and discussion, Director Molina moved to accept/approve the conveyances listed above. Director Green 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

At 8:15 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. ABHR and DAC were also present during executive session.

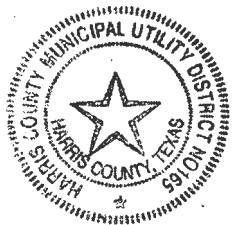
RECONVENE IN OPEN SESSION

The Board reconvened in open session at 8:45 p.m. Director Molina moved to approve a legal services engagement letter with Feldman & Feldman, and direct that the legal services engagement letter be filed appropriately and retained in the District's official records. Director Barr seconded the motion, which passed unanimously.

ANNEXATION AGREEMENT

There was no additional discussion for this agenda item.

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





Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

Minutes
Page

bookkeeper's report, investment report, budgets, and a list of bills presented for payment.....	2
tax assessor/collector's report and delinquent tax report	3
Management and operations report.....	4
park and landscape management report.....	5
landscape architect report.....	5
landscape architect report.....	7
Engineer's report.....	7