

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

November 3, 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 3rd day of November 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, except Director Barr, 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"); Donnice Hoffman, Wes Alvey 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"); David Wood of Robert W. Baird & Co. Incorporated ("Baird"); Tyler Mueller of KGA/DeForest Design, LLC; Ryan Lesikar of BGE, Inc.; 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.

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.

MINUTES

The Board considered approving the minutes of the October 6, 2022, regular meeting, as amended, and October 18, 2022, special 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.

Ms. Milbauer discussed a requirement to annually review the District's Investment Policy to comply with the Public Funds Investment Act, Chapter 2256, Texas Government Code ("PFIA"). Ms. Holoubek said neither ABHR nor the District bookkeeper is recommending any changes at this time and reviewed a Resolution Regarding Annual Review of the Investment Policy.

Ms. Milbauer next discussed a requirement of the PFIA, to annually review, revise, and adopt a list of qualified broker/dealers with whom the District may engage in investment transactions. She reviewed a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions.

Following review and discussion, Director Molina moved to (1) accept the bookkeeper's report and payment of the bills; (2) approve a Resolution Regarding Annual Review of the Investment Policy; and (3) approve a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. Director Green seconded the motion which passed unanimously.

SERIES 2022 UNLIMITED TAX ROAD BONDS IN DEFINED AREAS NO. 1 AND NO. 2

Mr. Wood presented and reviewed the bids received for the sale of the District's \$6,250,000, Series 2022A Unlimited Tax Road Bonds in Defined Area No. 1 (the "DA1 Bonds"). A summary of the bids received for the DA1 Bonds is attached. He stated that the low bid submitted by SAMCO Capital Markets ("SAMCO") with a net effective interest rate of 5.271060% was reviewed and all numbers checked, and everything was found to be correct and consistent with the conditions in the Notice of Sale. Mr. Wood recommended that the District accept the bid of SAMCO for the DA1 Bonds as submitted.

Mr. Wood also presented and reviewed the bids received for the sale of the District's \$4,200,000, Series 2022A Unlimited Tax Road Bonds in Defined Area No. 2 (the "DA2 Bonds"). A summary of the bids received for the DA2 Bonds is attached. He stated

that the low bid submitted by SAMCO Capital Markets (“SAMCO”) with a net effective interest rate of 5.321588% was reviewed and all numbers checked, and everything was found to be correct and consistent with the conditions in the Notice of Sale. Mr. Wood recommended that the District accept the bid of SAMCO for the DA2 Bonds (hereinafter referred to collectively along with the District’s Series 2022A Unlimited Tax Road Bonds in Defined Area No. 1 as the “Bonds”) as submitted.

The Board next considered adopting Resolutions Authorizing the Issuance of the District’s Bonds (the “Resolutions”). Ms. Milbauer presented and reviewed the proposed Resolutions 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 Agreements with Zions Bancorporation, National Association (“Zions”). Ms. Milbauer reviewed the agreements and the provisions by which the paying agent/registrar will handle registration, transfer, and payment of the District’s Bonds.

The Board next considered approving the Official Statements for the Bonds. Ms. Milbauer explained that the Preliminary Official Statements would be revised to reflect the terms of these sales, including the purchasers, interest rates, and debt service requirements.

Ms. Milbauer presented and reviewed the Certificates 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. Milbauer 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. Milbauer 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 sales of the Bonds to SAMCO with a net effective interest rate of 5.271060% for Defined Area No. 1 and with a net effective interest rate of 5.321588% for Defined Area No. 2; (2) adopt the Resolutions; (3) approve the Paying Agent/Registrar Agreements; (4) approve the Official Statements; (4) approve the Certificates Regarding Provision of Financial Advice; (5) 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 (6) 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 Green seconded the motion, which carried 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.

Following discussion and review of the information provided by the District's tax assessor collector, Director Green moved to (1) accept the tax assessor/collector's report; and (2) authorize payment of the bills. Director Molina 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 October 2022. Mr. Hoffman reported 7 commercial and 51 new residential taps installed during the month of October 2022. He also reviewed routine maintenance and repairs within the District completed and ongoing during the month of October 2022 and requested authorization to repair pump no. 1 at lift station no. 6 for an estimated cost of \$6,233.

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.

Mr. Hoffman reviewed a customer appeal, a copy of which is attached, requesting an adjustment for a water leak pursuant to the District's leak adjustment policy.

Mr. Hoffman reviewed a draft Asset Management Plan, a copy of which is attached.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; (2); authorize repair of pump no. 1 at lift station no. 6 for an estimated cost of \$6,233; (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 District operator to offer a leak adjustment to the customer making an appeal, as requested. Director Green seconded the motion, which passed unanimously.

REPORT FROM STORM WATER SOLUTIONS

The Board a Storm Water Management Program report provided by Storm Water Solutions LLC ("SWS"), a copy of which is attached. No action was taken.

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, Director Molina moved to (1) approve the park and landscape management report; (2) approve a proposal in the amount of \$29,806 for replacement of site furnishings in Cypress Springs and Amhurst Park; and (3) approve a proposal in the amount of \$5,002 for replacement of a table in Cypress Springs Park. The Board concurred that all site furnishing should be coated in Hunter Green. Director Green seconded the motion, which passed unanimously.

KGA/DEFOREST DESIGN, LLC REPORT

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

Mr. Mueller discussed plans for multiple projects in Marvida and requested authorization to advertise for bids for construction of the following projects:

1. Marvida, Section 13 Landscape Improvements;
2. Marvida, Sections 17 and 20 Landscape Improvements;
3. Marvida, Sections 18 and 19 Landscape Improvements; and
4. Marvida, Section 21 Landscape Improvements.

Mr. Mueller reported the status of construction of landscape improvements to serve Bridge Creek, Section 5 and recommended that the Board approve Pay Application No. 5 in the amount of \$41,244, payable to Earthcare Management.

Mr. Mueller next reported the status of construction of landscape improvements to serve Marvida Phase I and recommended that the board approve Pay Application No. 6 in the amount of \$250,908.32, payable to Earth First Landscapes, LLC ("Earth First"), Change Order No. 4 increasing the contract amount by \$35,368.76 and Change Order No. 5 adding an additional \$14,241.47 to the contract amount.

Mr. Mueller reported regarding the status of construction of Marvida West Road

Extension Landscape Improvements and recommended that the Board approve Pay Application No. 4 in the amount of \$5,883.34, 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 Green seconded the motion, which passed by unanimous vote.

SWA GROUP REPORT

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

Mr. Colunga discussed the status of construction of Avalon at Cypress Phase 1 Conveyance Channel (West Channel) and, upon the recommendation of SWA, recommended that the Board approve Pay Estimate No. 10 in the amount of \$17,995.74, payable to Earth First.

Mr. Colunga also discussed the status of construction of the public scope for the Avalon at Cypress Recreation Center and, upon the recommendation of SWA, recommended that the Board approve Pay Estimate No. 1 in the amount of \$54,202.10, payable to Millis Development & Construction, LLC.

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 Green seconded the motion, which carried unanimously.

MAINTENANCE AGREEMENT WITH AVALON AT CYPRESS COMMUNITY ASSOCIATION

There was no discussion for this agenda item.

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 8 bids were received for construction of water, sewer, and drainage in Marvida, Section 26 and recommended that the Board award the contract to the low bidder, Texas KB Utilities ("Texas KB") in the amount of \$702,000. The Board concurred that, in its judgment, Texas KB, 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 reviewed 5 bids received for construction of the West Road Interconnection and recommended that the Board award the contract to the low bidder, Sequeira Civil Construction ("Sequeira") in the amount of \$1,733,155. The Board concurred that, in its judgment, Sequeira, 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 2 bids were received for construction of an 8" sanitary sewer connection to serve Fidelis Longenbaugh & Fry Multifamily and recommended that the Board award the contract to the low bidder, AR Turnkee in the amount of \$87,089. The Board concurred that, in its judgment, AR Turnkee, 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 Channel Crossing; Pay Estimate No. 5 in the amount of \$147,385.01, payable to Lonnie Lischka Co. ("Lischka");
2. Avalon at Cypress Lift Station Fencing; Pay Estimate 2 in the amount of \$37,545.07, payable to Republic Masonry and Fencing;
3. Avalon at Cypress, Section 7 water, sewer, and drainage; Pay Estimate No. 5 in the amount of \$27,551.01, payable to Sequiera;
4. Avalon at Cypress, Section 7 paving; Pay Estimate No. 3 in the amount of \$20,174.07, payable to Sequeira;
5. Avalon at Cypress River Road water, sewer, and drainage; Change Order No. 1 with no increase or decrease to the contract with R Construction;
6. Avalon Landing Lane Street Dedication Section 1; Pay Estimate No. 1 in the amount of \$264,359.92, payable to Sequeira;
7. Bridge Creek Mason Road Phase 3; Pay Estimate No. 5 in the amount of \$62,026.41, payable to Lischka;

8. Bridge Creek West Lift Station; Pay Estimate No. 4 in the amount of \$44,775 payable to Peltier Brothers;
9. Marvida, Section 9 water, sewer, and drainage; Pay Estimate No. 6 and Final in the amount of \$175,003.42, payable to Beyer Construction ("Beyer");
10. Marvida, Section 10 water, sewer, and drainage; Pay Estimate No. 3 and Final in the amount of \$112,537.30, payable to Texasite, LLC; Change Order No. 2 deducting \$4,800 from the contract total;
11. Marvida, Section 14 paving; Pay Estimate No. 4 in the amount of \$107,312.94, payable to Principal Paving Contractors; Change Order No. 2 increasing the contract total by \$73,253;
12. Marvida, Section 15 water, sewer, and drainage; Pay Estimate No. 1 in the amount of \$4,612.93, payable to Gonzalez Construction;
13. Marvida, Section 20 paving; Change Order No. 1 increasing the District's contract with Beyer by \$36,724.79;
14. Marvida, Section 20 water, sewer, and drainage; Change Order No. 1 reducing the District's contract with Fellers & Clark ("Fellers") by \$93,351.75;
15. Marvida, Section 21, paving; Change Order No. 1 increasing the contract amount by \$73,997.25;
16. Marvida Terrace Drive, Section 1 water, sewer, and drainage; Pay Estimate No. 6 in the amount of \$11,834.70, payable to Fellers;
17. Marvida Terrace Drive, Sections 2 and 3 paving; Pay Estimate No. 9 in the amount of \$34,368.52, payable to Fellers;
18. Marvida Drainage Phase 2 North; Pay Estimate No. 11 in the amount of \$218,653.07, payable to Paskey Incorporated; Change Order No. 3 increasing the contract amount by \$194,540.98;
19. Wastewater treatment plant no. 2; Pay Estimate No. 22 in the amount of \$129,308.16, payable to ALLCO Constructors; Change Order No. 3 increasing the contract amount by \$47,539;
20. Longenbaugh Road Dedication and Reserves water, sewer, drainage, and paving; Pay Estimate No. 8 in the amount of \$54,968.12, payable to W-Industries;
21. Water Plant No. 6; Pay Estimate No. 4 in the amount of \$229,077, payable to Long & Son;
22. Avalon at Cypress, Section 6 water, sewer, and drainage; Pay Estimate No. 3 and Final in the amount of \$12,405, payable to Fellers; and
23. Bridge Creek Terrace Drive, Section 2 water, and paving; Pay Estimate No. 1 in the amount of \$91,284.30, payable to Harris Construction Company, LLC.

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; (4) based upon the recommendation of Quiddity and DAC, award the contract for construction of water, sewer and drainage in Marvida Section 26 to Texas KB in the amount of \$702,000, 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) based upon the recommendation of DAC, award the contract for construction of a West Road Interconnection to Sequiera in the amount of \$1,733,155, 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) based upon the recommendation of DAC, award the contract for construction of an 8" sanitary sewer connection to serve Fidelis Longenbaugh & Fry Multifamily to AR Turnkey in the amount of \$87,089, 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 Green seconded the motion, which passed by unanimous vote.

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

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

1. Water Line Easement (0.0086 Acre; 0.0103 Acre) from BTR at Avalon Cypress, LLC;
2. Storm Sewer Easement (0.0023 Acre; 0.0180 Acre; 0.1408 Acre) from Taylor Morrison of Texas, Inc.;
3. Water Meter Easement (0.0006 Acre) from BTR at Avalon at Cypress; and
4. Consent to Encroachment (Parcel 36-01, Marvida Section 19).

Following review and discussion, Director Molina moved to accept/approve the conveyances listed above. Director Green seconded the motion which passed unanimously.

DEVELOPER'S REPORT

Mr. Colunga reported regarding development in the District.

GARBAGE/RECYCLING COLLECTION

There was no discussion nor action taken on 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.

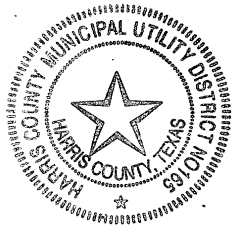
ANNEXATION AGREEMENT

There was no additional discussion for this agenda item.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071 TEXAS GOVERNMENT CODE

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

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



/s/ Wayne Green
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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