

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

December 1, 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 1st day of December 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 Vanessa Hernandez 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"); Wendy Ramirez with Forvis, LLP; 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"); David Morrison of Land Tejas Development Company ("Land Tejas"); Robert Oliver of SWA Group ("SWA"); David Beyer of Storm Water Solutions, LLC ("Storm Water"); Lacey Hamilton of KGA/DeForest Design, LLC ("KGA"); 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 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

There was no discussion for this agenda item.

MINUTES

The Board considered approving the minutes of the November 3, 2022, regular meeting. Following review and discussion, Director Nilsson moved to approve the

minutes, as presented. Director Green seconded the motion, which passed unanimously.

DEVELOPER REIMBURSEMENT REPORT AND AUTHORIZE DISBURSEMENT OF FUNDS

Ms. Ramirez presented and reviewed draft developer reimbursement reports in connection with the sale of the District's Series 2022A Unlimited Tax Road Bonds in Defined Area No. 1 and the Series 2022A Unlimited Tax Road Bonds in Defined Area No. 2 (collectively, the "Bonds"). Following review and discussion, Director Molina made a motion to approve the developer reimbursement reports and authorize disbursement of the funds to the developers upon closing of the Bonds. Director Barr seconded the motion, which carried unanimously.

Ms. Ramirez also reviewed a draft developer reimbursement report in connection with the District's Series 2022 Bond Anticipation Note.

ISSUANCE OF BOND ANTICIPATION NOTE SERIES 2022

Mr. Wood reviewed bids received for the purchase of the Bond Anticipation Note and recommended that the District award the sale to Trustmark National Bank at a net effective interest rate of 4.80% with no costs.

Ms. Holoubek discussed a Resolution Authorizing the Issuance of a Bond Anticipation Note in the amount of \$27,508,000 to fund construction, engineering, materials testing, storm water pollution prevention and land acquisition costs and legal fees, fiscal agent fees, and other bond anticipation note issuance costs.

Ms. Holoubek next discussed the Purchaser's Investment and Bid Letter.

Ms. Holoubek discussed and reviewed with the Board a Certificate Regarding Provision of Financial Advice (the "Certificate").

After review and discussion, Director Molina moved to (1) award the sale of the Bond Anticipation Note to Trustmark National Bank; (2) adopt a Resolution Authorizing the Issuance of the Bond Anticipation Note and Approve the Issuance of the District's \$27,508,000 Bond Anticipation Note, Series 2022 to Trust National Bank at 4.80%, authorize the Board of Directors to sign all documents relating to the Bond Anticipation Note, and authorize the District's attorney and financial advisor to take all necessary action to deliver the Bond Anticipation Note to the Purchaser; (3) authorize the President and Secretary to sign the Purchaser's Investment and Bid Letter; (4) authorize execution of the Certificate and direct that it be filed appropriately and retained in the District's official records; and (5) approve the developer reimbursement report and authorize developer reimbursement subject to receipt of a signed receipt by the developer receiving funds and TCEQ purchase approval and subject to final review by ABHR. Director Barr seconded the motion, which passed unanimously.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR BOARD OF DIRECTORS WINTER CONFERENCE

Ms. Holoubek reviewed the District's Travel Reimbursement Guidelines (the "Guidelines") and the Board discussed expenses for the upcoming Association of Water Board Directors winter conference (the "Conference"). Following review and discussion, Director Molina made a motion to authorize up to two nights of lodging at the Conference rate, up to three days of per diem, and up to six meals for any Director attending the conference, if submitted in accordance with the District's Guidelines. 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. 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 additional check no. 1725 in the amount of \$761.25 payable to Texas Department of State Health Services. 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 taxable 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 Molina moved to (1) accept the tax assessor/collector's report; and (2) authorize payment of the bills. Director Barr seconded the motion, which passed unanimously.

OPERATION OF DISTRICT FACILITIES

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

The Board discussed the District's water accountability for the month of November 2022. Mr. Hoffman reported 45 new residential taps installed during the

month of November 2022. He also reviewed routine maintenance and repairs within the District completed and ongoing during the month of November 2022 and requested authorization install curtain walls around the chlorine containers at the wastewater treatment expansion.

The Board discussed a recent erroneous news release reporting high lead and copper levels in Remington Grove and Yaupon Ranch water supply. Mr. Hoffman confirmed that the District routinely samples the District's water supply, as required by the Environmental Protection Agency ("EPA") and said that all lead and copper levels within the District are within the parameters established by the EPA. Following discussion, the Board concurred to post notice on the District's website that all levels are within the parameter of acceptable levels established by the EPA and to distribute an email notification to District emergency notice subscribers regarding same.

Mr. Hoffman discussed with the Board correspondence from Land Tejas requesting reimbursement in the amount of \$32,952.07 for adjustments to manholes and fire hydrants in Marvida within Defined Area No. 2.

Mr. Hoffman next discussed rules adopted by the Public Utility Commission of Texas ("PUC") to implement legislation prohibiting certain retail water or sewer providers from imposing late fees or terminating service for nonpayment of water bills that are due during a period when the previous day's highest temperature and the predicted temperature for the next 24 hours is not higher than 28 degrees Fahrenheit. Mr. Hoffman reviewed and discussed the one-time notice of the requirements that must be sent to utility customers by January 31, 2023.

Mr. Hoffman reviewed a list of multiple customer appeals, a copy of which is attached, all requesting adjustments for water leaks pursuant to the District's leak adjustment policy.

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 installation of curtain walls around the chlorine containers at the wastewater treatment expansion; (3) authorize reimbursement to Land Tejas, as requested, for adjustments to District facilities; (4) authorize the District operator to offer leak adjustments to the customers making an appeal, as requested; and (5) authorize the operator to send the one-time notice to District customers. Director Barr seconded the motion, which passed unanimously.

REPORT FROM STORM WATER SOLUTIONS

Mr. Beyer reviewed a Storm Water Management Program report provided by Storm Water, a copy of which is attached.

Mr. Beyer reviewed a proposal to replace outfall pipe from the Fry Road drainage channel to Langham Creek for estimated amount of \$55,662. Following review and discussion, Director Molina moved to authorize a contract to the lowest and most qualified bidder for the proposed replacement, subject to solicitation of 2 additional 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, Director Molina moved to (1) approve the park and landscape management report; and (2) approve a proposal in the amount of \$6,445 for irrigation repairs in Remington Grove. 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 landscaping improvements on Marvida Terrace Drive Medians and the FM 529 entry and requested authorization to design the facilities.

Ms. Hamilton stated that bids were received for construction of landscape improvements in Marvida, Section 9 and recommended that the Board award the contract to the low bidder, Greenyard, Inc. in the amount of \$379,037.25, which includes Alternate No. 1 for Builder's Risk/Installation Floater coverage in the amount of \$750. The Board concurred that, in its judgment, Greenyard, Inc. 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 next reported the status of construction of landscape improvements to serve Marvida Phase I and recommended that the board approve Pay Application No. 7 in the amount of \$179,157.97, payable to Earth First Landscapes, LLC ("Earth First").

Ms. Hamilton reported the status of construction of landscape improvements on the Marvida West Road Extension and recommended that the Board approve Pay Application No. 5 in the amount of \$10,267.20, payable to Triple E Construction. She

also reviewed and recommended approval of Change Order No. 1 to increase the contract in the amount of \$10,148. The Board determined that the change order is beneficial to the District.

Ms. Hamilton updated the Board regarding construction of the Marvida Recreation Center Facility and reviewed and recommended approval of Pay Estimate No. 5 in the amount of \$542,637.81 and Pay Estimate No. 6 in the amount of \$277,386.21, both payable to DL Meacham. She also reviewed and recommended approval of Change Order No. 7 to increase the contract in the amount of \$45,713 and Change Order No. 8 adding rain days to the contract with no change to the contract amount. The Board determined that the changes orders are beneficial to the District.

Ms. Hamilton 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; and (5) award the contract for construction of Marvida, Section 9 Landscape Improvements to Greenyard, Inc. in the amount of \$379,037.25, 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 Barr 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 Phase 1 Conveyance Channel (West Channel) and recommended that the Board approve Change Order No. 3 deducting \$23,116.60 from the District's contract with Earth First Landscapes, LLC. The Board determined that the changes order is beneficial to the District.

Mr. Oliver also discussed the status of construction of the public scope for the Avalon at Cypress Recreation Center and recommended that the Board approve Change Order No. 1 adding \$12,525.23 to the District's contract with Millis Development & Construction, LLC.

After review and discussion, Director Molina moved to (1) accept the landscape architect report from SWA; and (2) approve the change orders presented, upon the recommendation of SWA and finding that the change orders are beneficial to the District. 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 reported the status of the following projects, and presented the following pay applications and change orders:

1. Avalon at Channel Crossing; Pay Estimate No. 6 in the amount of \$98,492.64, payable to Lonnie Lischka Co. ("Lischka");
2. Avalon at Cypress Lift Station; Pay Estimate 11 in the amount of \$36,308.06, payable to Sequiera Civil Constructors ("Sequiera");
3. Avalon at Cypress Lift Station Fencing; Pay Estimate 3 in the amount of \$12,562.50, payable to Republic Masonry and Fencing;
4. Avalon at Cypress, Section 2 paving; Pay Estimate No. 3 and Final in the amount of \$47,528.30, payable to Harris Construction Co., LLC ("Harris");
5. Avalon at Cypress, Section 7 water, sewer, and drainage; Pay Estimate No. 6 in the amount of \$222.58 and Pay Estimate No. 7 and Final in the amount of \$427,562.72, both payable to Sequiera;
6. Avalon at Cypress, Section 7 paving; Pay Estimate No. 4 and Final in the amount of \$20,174.06, payable to Sequiera;
7. Avalon Landing Lane Street Dedication Section 1; Pay Estimate No. 2.1 in the amount of \$886,723.83 and Pay Estimate No. 2.2 in the amount of \$324,451.30, both payable to Sequiera;
8. Bridge Creek Terrace Drive Street Dedication, Section 2; Pay Estimate No. 2 in the amount of \$163,940.17, payable to Harris;
9. Bridge Creek, Section 5; Change Order No. 3 adding \$48,638 to the District's contract with Blazey Construction Services, LLC;
10. Bridge Creek, Section 6; Pay Estimate No. 4 and Final in the amount of \$7,195.80, payable to Hurtado Construction Company;
11. Bridge Creek, Sections 6 and 7 paving; Pay Estimate No. 4 and Final in the amount of \$15,373.21, payable to Harris; Change Order No. 3 deducting \$3,095.50 from the District's contract with Harris;
12. Bridge Creek, Sections 8 and 9 paving; Change Order No. 2 adding \$42,234.36 to the District's contract with Hassell Construction Group, LLC;
13. Bridge Creek Terrace Drive, Section 2 water and paving; Pay Estimate No. 2 in the amount of \$163,940.17, payable to Harris;
14. Bridge Creek Westgreen; Pay Estimate No. 6 in the amount of \$27,736.49, payable to Beyer Construction, LLC ("Beyer");

15. Bridge Creek West Lift Station; Pay Estimate No. 5 in the amount of \$96,165, payable to Peltier Brothers Construction LLC;
16. Marvida, Sections 6 and 7 water, sewer, drainage and paving; Pay Estimate No. 10 in the amount of \$149,896.08, payable to Park Construction Associates, LLC;
17. Marvida, Section 8 paving; Pay Estimate No. 6 and Final in the amount of \$60,739.18, payable to Beyer;
18. Marvida, Section 15 water, sewer, and drainage; Pay Estimate No. 7 and Final in the amount of \$314,362.85, payable to Gonzalez Construction Enterprise, Inc. ("Gonzalez");
19. Marvida, Section 20 water, sewer, and drainage; Pay Estimate No. 3 in the amount of \$7,325.35, payable to Fellers & Clark ("Fellers");
20. Marvida, Section 24, water, sewer and drainage; Pay Estimate No. 1 in the amount of \$300,614.13, payable to Gonzalez;
21. Marvida Terrace Drive, Section 1 water, sewer, and drainage; Change Order No. 4 adding \$10,000 to the District's contract with Fellers;
22. Marvida Lift Station No. 2; Pay Estimate No. 4 in the amount of \$85,210.80, payable to Putnam Incorporated;
23. Marvida Lift Station No. 3; Pay Estimate No. 2 in the amount of \$289,845, payable to R&B Group, LLC;
24. Marvida Drainage Phase 2 North; Pay Estimate No. 12 in the amount of \$218,941.61, payable to Paskey Incorporated ("Paskey"); Change Order No. 3 increasing the contract amount by \$194,540.98;
25. Westgreen, Section 7 paving; Change Order No. 1 adding \$194,540.98 to the District's contract with Paskey;
26. Wastewater treatment plant no. 2; Pay Estimate No. 23 in the amount of \$255,626.60, payable to ALLCO Constructors;
27. Tealbrook and Amhurst cured-in-place-pipe sanitary sewer rehabilitation; Pay Estimate No. 1 in the amount of \$16,191, payable to Aegion; and
28. Langham Creek Detention Phase 2; Pay Estimate No. 12 in the amount of \$323,937.11 and Pay Estimate No. 13 in the amount of \$814,183.18, both payable to Serco Construction Group.

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) approve a commitment of capacity to Giro Realty Investments, Ltd. to serve a multifamily development; and (5) approve amounts proposed to invoice Cypress Fairbanks Independent School District for taps to serve Elementary School No. 59. 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.

MAINTENANCE AGREEMENT WITH AVALON AT CYPRESS COMMUNITY ASSOCIATION

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

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

The Board concurred to authorize update of the District website to include updated energy usage information.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

Ms. Holoubek discussed the notification from the WHCRWA regarding an increase in fees and implementation dates. Following review and discussion, the Board concurred to authorize posting of notice regarding the increase in utility bills and on the District website.

ANNEXATION AGREEMENT

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

ADMINISTRATION BUILDING

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

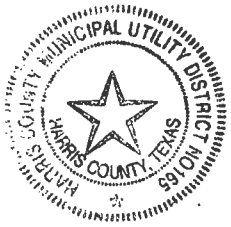
EXECUTIVE SESSION PURSUANT TO SECTION 551.071 TEXAS GOVERNMENT CODE


At 7:50 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 was also present during executive session.

RECONVENE IN OPEN SESSION

The Board reconvened in open session at 8:03 p.m. Following discussion in executive session, Director Molina moved to authorize execution of a settlement agreement subject to acceptance of the offer discussed in executive session. Director Barr seconded the motion, which passed unanimously.

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.....	3
tax assessor/collector’s report and delinquent tax report.....	3
Management and operations report	3
park and landscape management report.....	5
landscape architect report	5
landscape architect report	6
engineer’s report	7