

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

April 6, 2023

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 April 2023, 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 of Taylor Morrison of Texas, Inc. ("Taylor Morrison"); Robert Oliver of SWA Group ("SWA"); David Beyer of Storm Water Solutions, LLC ("Storm Water"); Tyler Lindgren of KGA/DeForest Design, LLC ("KGA"); Tim McCamy of Landmark Industries; Collins Pier of Tri Pointe Homes Texas Inc.; Stephen Eustis of Robert W. Baird & Co. Incorporated ("Baird"); and Jessica Holoubek 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.

GARBAGE/RECYCLING COLLECTION

There was no discussion for this agenda item.

SWA GROUP REPORT

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

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 Pay Application No. 6 in the amount of \$112,439.01, payable to Millis Development and Construction, LLC (“Millis”).

After review and discussion, Director Molina moved to (1) accept the landscape architect report from SWA; and (2) approve the pay estimate presented, upon the recommendation of SWA. Director Barr seconded the motion, which passed unanimously.

ANNEXATION MATTERS

Mr. Eustis reviewed a financial feasibility summary for a proposed annexation of approximately 543 acres into the District. The Board then considered accepting a Petition for Addition of Land from TPHTM 529, LLC (“Tri Pointe”) and Landmark Industries Holdings, LTD (“Landmark”). The Board also considered approving a Petition for Consent to Annex Land into the District. Mr. Mulally confirmed that the proposed annexation is feasible. Ms. Holoubek reviewed a proposed Development Financing Agreement with Tri Pointe and Landmark. Following review and discussion, Director Molina moved to (1) accept DAC’s feasibility report for the proposed annexation; (2) accept the Petition for Addition of Land; (3) approve the Petition for Consent to Annex Land and authorize ABHR to submit the documents for the City of Houston for approval; and (4) approve a Development Financing Agreement with Tri Pointe and Landmark. Director Barr seconded the motion, which passed unanimously.

Ms. Holoubek discussed service to Woodmaster Homes and presented a Water Supply and Annexation Agreement with Woodmaster Homes. Following review and discussion, Director Molina moved to approve the agreement. The motion was seconded by Director Barr and passed unanimously.

COST ESTIMATE AND SCHEDULE OF EVENTS FOR SALE OF SERIES 2023 UNLIMITED TAX ROAD BONDS IN DEFINED AREA 2

Mr. Eustis discussed a proposed sale of Unlimited Tax Road Bonds in the amount of \$7,090,000 in Defined Area No. 2 (the “2023 Road Bonds”) and requested authorization to prepare a Preliminary Official Statement (“POS”) in connection with same. Ms. Holoubek also reviewed (1) a proposal from Quiddity Engineering, LLC (“Quiddity”) to prepare a cost summary for the proposed road bond sale; and (2) a proposal from Forvis, LLP (“Forvis”) to prepare a reimbursement report for funds to be reimbursed to developers following the sale of road bonds. Following review and discussion, Director Molina moved to (1) authorize Baird to prepare a POS for the 2023 Road Bonds; (2) approve a proposal from Quiddity to prepare a cost summary for the 2023 Road Bonds; and (3) approve a proposal from Forvis to prepare a reimbursement

report following the sale of the proposed 2023 Road Bonds. Director Barr seconded the motion, which passed unanimously.

SECURITY REPORT

The Board reviewed a patrol report received from Harris County Constable Precinct 5 for the month of March 2023.

MINUTES

The Board considered approving the minutes of March 2, 2023, regular meeting. Following review and discussion, Director Molina moved to approve the minutes, as amended. Director Barr seconded the motion, which passed unanimously.

ARBITRAGE REBATE MATTERS

Ms. Holoubek next reviewed OmniCap Group LLC's arbitrage rebate and yield restriction calculations for the District's Series 2013 Bonds, Series 2014 Refunding Bonds, Series 2014A Bonds and Series 2014B Bonds and said no rebate is due to the Internal Revenue Service.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Buckner reviewed the bookkeeper's report and a proposed budget amendment for the fiscal year ending September 30, 2023. 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. 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.

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

The Board also considered requesting appraisals and certificates of estimated values for the District and Defined Area Nos. 1 and 2.

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) approve resolutions request appraisals and estimates of value from the Harris County Appraisal District for the District and Defined Area Nos. 1 and 2; and (4) authorize the Tax Assessor Collector to write off eligible accounts, as recommended. 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.

Mr. Hoffman reported 164 new residential taps and 2 commercial taps installed during the month of March 2023.

Mr. Hoffman requested authorization to install a signal repeater at lift station no. 13 for an estimated amount of \$11,120 to extend/improve the signal for electronic meter reading.

Mr. Hoffman reviewed customer appeals, copies of which are attached. Following discussion, the Board concurred to authorize action, as recommended by the District operator.

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 a signal repeater at lift station no. 13 for an estimated amount of \$11,120; (3) authorize the District operator to offer payment plans and a leak adjustment to customers making appeal, as recommended; and (4) authorize termination of delinquent accounts in accordance with the District's Rate Order, and direct that the delinquent customer list be filed appropriately and retained in the District's official records. Director Barr seconded the motion, which passed unanimously.

The Board took no action regarding the annual review and receive report from operator on Identity Theft Prevention Program and adopt Identity Theft Prevention Program Amendment.

REPORT FROM STORM WATER SOLUTIONS

Mr. Beyer reviewed a Storm Water Management Program report provided by Storm Water, a copy of which is attached, and presented the following proposals for Board review and approval:

1. Proposal in the amount of \$6,600 to excavate and repair a swale and outfall at the ground storage tank at Water Plant No. 3;
2. Proposal in the amount of \$7,100 to clean the outfalls at Towne Lake Green; and
3. Proposal in the amount of \$5,500 to repair manholes in Canyon Lakes West.

Following review and discussion, Director Molina moved to approve the Storm Water Management Report and all proposals presented, as recommended by Mr. Beyer. 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 presented a proposal for wildlife management. Following review and discussion, Director Molina moved to approve the park and landscape management report and the proposal presented. Director Barr seconded the motion, which passed unanimously.

KGA/DEFOREST DESIGN, LLC REPORT

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

Mr. Lindgren first reported regarding design of landscaping improvements in Marvida, Sections 15 and 16 and requested authorization to advertise for bids for construction.

Mr. Lindgren reported that bids were received for landscaping improvements in Marvida, Sections 23 and 24 and recommended that the Board award the contract to the lowest qualified bidder, Earth First Landscapes, LLC ("Earth First") in the amount of \$330,000. The Board concurred that, in its judgment, Earth First, 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. Lindgren reported that bids were received for landscaping improvements in the Marvida Terrace Drive Medians and FM 529 Entry and recommended that the Board award the contract to the low bidder, Triple E. Growers, Inc, d/b/a Triple E. Landscapes ("Triple E") in the amount of \$301,148. 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. Lindgren reported the status of the following projects, and presented the following pay applications and change orders:

1. Bridge Creek Section 5 Landscape Improvements; Pay Application No. 10 in the amount of \$7,786.80, payable to Earthcare;
2. Bridge Creek Section 6 Landscape Improvements; Pay Application No. 2 in the amount of \$44,013.83 and Pay Application No. 3 in the amount of \$91,883.30, both payable to Triple E; and Change Order No. 1 in the amount of \$2,257 to add a bore and sleeve to the contract total;
3. Bridge Creek Section 7 Landscape Improvements; Change Order No. 1 in the amount of \$6,544 to add a bore and sleeve to the District's contract with Triple E;
4. Bridge Creek Sections 8 and 9 Landscape Improvements; Pay Application No. 2 in the amount of \$81,846.80, payable to Earth First Landscapes, LLC ("Earth First");
5. Marvida Phase 1 Landscape Improvements; Pay Application No. 11 in the amount of \$9,000, payable to Earth First;
6. Marvida Recreation Center Facility; Pay Application No. 10 in the amount of \$328,424.72 and Pay Application No. 11 in the amount of \$136,732.93, both payable to DL Meacham, LP ("DL Meacham"); Change Order No. 13 adding \$19,872,25 to the contract total for removal of the generator and adding data and waterline relocations; and Change Order No. 14 deducting \$3,400 from the contract total;
7. Marvida, Section 9 Landscape Improvements; Pay Application No. 1 in the amount of \$10,394.10 and Pay Application No. 2 in the amount of \$94,817.93, both payable to Greenyard Inc.;
8. Marvida, Section 14 Landscape Improvements; Pay Application No. 2 in the amount of \$40,187.69, Pay Application No. 3 in the amount of \$33,597.01, and Pay Application No. 4 in the amount of \$40,316.40, each payable to Triple E;
9. Marvida, Sections 18 and 19 Landscape Improvements; Pay Application No. 1 in the amount of \$36,376.22, payable to Triple E; and
10. Marvida, Section 21 Landscape Improvements; Pay Application No. 1 in the amount of \$45,540.28, payable to Triple E.

After review and discussion, Director Molina moved to (1) accept the landscape

architect report from KGA; (2) approve the pay estimates presented, as recommended by KGA; and (3) approve the change orders presented, upon the recommendation of KGA and finding that the change orders are beneficial to the District. Director Barr seconded the motion, which passed by unanimous vote.

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 14 bids were received for construction of the Marvida 8" Waterline Interconnect and recommended that the Board award the contract to the low bidder, Bull G Construction, in the amount of \$161,103. The Board concurred that, in its judgment, Bull G Construction, 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, Section 2 water, sanitary sewer and drainage; Pay Estimate No. 6 in the amount of \$61,499.39, payable to Bay Utilities, LLC;
2. Avalon at Cypress - Avalon River Road water, sanitary sewer and drainage; Pay Estimate No. 4 and Final in the amount of \$57,296.03, payable to R Construction;
3. Avalon Landing Lane Street Dedication 1 water, sewer and drainage; Pay Estimate No. 6 in the amount of \$8,864.10, payable to Sequeira Civil Construction ("Sequeira"); and Change Order No. 2 with \$0.00 change to the contract amount;
4. Avalon Landing Lane Street Dedication 1 paving; Pay Estimate No. 4 in the amount of \$200,573.33, payable to Sequeira;
5. Bridge Creek Terrace Drive, Section 2 water and paving; Pay Estimate No. 6 in the amount of \$408,592.24, payable to Harris Construction;
6. Bridge Creek Terrace Drive, Section 3 paving; Change Order No. 2 deducting \$20,577.80 from the District's contract with R Construction;
7. Bridge Creek West Lift Station; Change Order No. 1 adding \$16,877.93 to the District's contract with Peltier Brothers;
8. Marvida, Section 18 paving; Change Order No. 2 adding \$4,173.70 to the District's contract with Beyer Construction;
9. Marvida, Section 25 water, sewer and drainage; Change Order No. 1 deducting \$535,887.68 from the District's contract with Texas KB Utilities due to the terms and conditions under Section 11.03 of the contract General Conditions;

10. Marvida, Section 26 water, sewer and drainage; Change Order No. 1 deducting \$656,536.14 from the District's contract with Texas KB Utilities due to the terms and conditions under Section 11.03 of the contract General Conditions;
11. Marvida Terrace Drive, Section 2 and 3; Change Order No. 6 adding \$32,645.27 to the District's contract with Fellers & Clark;
12. Marvida Lift Station No. 2; Pay Estimate No. 8 in the amount of \$126,000, payable to Putnam, Inc.; and Change Order No. 2 adding \$7,500 to the contract;
13. Mason Road Bridge at Langham Creek; Change Order No. 1 adding \$10,000 to the District's contract with Earth Builders;
14. West Road Interconnection; Pay Estimate No. 3 in the amount of \$533,029.26, payable to Sequeira;
15. Expansion of Wastewater Treatment Plant No. 1; Pay Estimate No. 24 in the amount of \$91,780.33, payable to R.P. Constructor;
16. Wastewater Treatment Plant No. 2; Pay Estimate No. 27 in the amount of \$126,000, payable to ALLCO Constructors; and Change Order No. 4 adding \$36,413 to the contract total;
17. Lift Station SCADA System; Pay Estimate No. 6 in the amount of \$29,098.73, payable to W-Industries;
18. Water Plant No. 6; Pay Estimate No. 8 in the amount of \$247,509, payable to Long & Son; and
19. Tealbrook and Amhurst cured-in-place-pipe sanitary sewer rehabilitation; Pay Estimate No. 4 in the amount of \$169,319.61, payable to Insituform; and Change Order No. 1 adding \$30,367.20 to the contract total;
20. Langham Creek Detention Phase 2; Pay Estimate No. 16 in the amount of \$1,006,836.23, payable to Serco Construction;
21. Lancaster Water Line Replacement; Pay Estimate No. 1 in the amount of \$76,390.56, payable to Sequeira;
22. Bridge Creek Section 8 and 9 paving; Change Order No. 3 deducting \$11,335 from the District's contract with Hassell Construction Group, LLC; and
23. Avalon at Cypress West Drainage Channel; Pay Estimate No. 1 in the amount of \$55,665.90 and Pay Estimate No. 2 in the amount of \$181,585.50, both payable to Harris Construction.

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

Mr. Mullaly presented a request for service to retail store and car wash at Mason Road and West Road. Following discussion, the Board concurred to authorize DAC to provide a letter of capacity availability to the tract owner.

Following review and discussion, Director Barr 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) award the contract discussed above, based upon the recommendation of Quiddity and DAC, subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractors. Director Molina seconded the motion which passed unanimously.

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

The Board considered accepting the following conveyances to the District:

1. Special Warranty Deed (0.0017-acre; 0.0046-acre) from Devon Street Homes;
2. Special Warranty Deed (Marvida South Lift Station) from Astro Marvida, LP; and
3. Special Warranty Deed (Reserve A of Miramesa, Section 4) from West Homes and Properties, LP.

The Board also considered changes requested by the Lone Star College System District ("Lone Star") regarding a previously approved (0.0229 Acre; 0.0229 Acre) Drainage Easement.

Following review and discussion, Director Molina moved to (1) accept the conveyances listed above; and (2) accept changes request by Lone Star. The motion was seconded by Director Barr and passed unanimously.

DEVELOPER'S REPORT

Mr. Colunga reported regarding development in the District.

The Board also considered approving an Amended and Restated Development Financing Agreement with Clay Residential - Marvida, LP. Following review and discussion, Director Molina moved to approve the amended and restated agreement. Director Nilsson seconded the motion, which passed unanimously.

DISTRICT WEBSITE

There was no discussion or action taken on this agenda item.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The Board considered approving a Right of Entry Agreement with West Harris County Regional Water Authority for access to Well No. 16125 for meter reading. Following review and discussion, Director Molina moved to approve the Right of Entry Agreement. Director Barr seconded the motion, which passed unanimously.

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.



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

Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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