

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

May 4, 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 4th day of May 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"); Brenda McLaughlin of Bob Leared Interests, Inc. ("BLI"); Blake Dalton and David Colunga of Taylor Morrison of Texas, Inc. ("Taylor Morrison"); Wes Alvey, Donnice Hoffman and Chris Hoffman of H2O Consulting, Inc. ("H2O"); Bear Oakley with Acclaim Energy Advisors ("Acclaim"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Justin and Destiny Patton of Academy Development LLC; David Wood of Robert W. Baird & Co. Incorporated ("Baird"); David Beyer of Storm Water Solutions, LLC ("Storm Water"); Brian Krueger of Forvis, LLP; Robert Oliver of SWA Group ("SWA"); 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 a 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.

SECURITY REPORT

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

MINUTES

The Board considered approving the minutes of April 6, 2023, regular meeting. Following review and discussion, Director Molina moved to approve the minutes, as amended. Director Green seconded the motion, which passed unanimously.

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

Mr. Wood 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 reviewed a draft of the Preliminary Official Statement and Notice of Sale for the 2023 Road Bonds. The Board concurred to authorize the District's financial advisor to advertise the sale of the 2023 Road Bonds on June 1, 2023, at 6:00 p.m.

Mr. Wood also recommended that the Board appoint Zions Bancorporation, National Association ("Zions") as the Paying Agent/Registrar for the 2023 Road Bonds.

Mr. Krueger reviewed a preliminary developer reimbursement report, and the Board reviewed a final cost summary for the 2023 Road Bonds.

Following review and discussion, Director Molina made the following motion: (1) to approve the Preliminary Official Statements; (2) approve the Notice of Sale and authorize the District's financial advisor to advertise the sale of the 2023 Road Bonds for June 1, 2023 at 6:00 p.m.; (3) appoint Zions, as Pay Agent/Registrar for the 2023 Road Bonds; and (4) approve a final cost summary and preliminary for the 2023 Road Bonds. Director Green seconded the motion, which carried unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Buckner reviewed the bookkeeper's report and 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.

Mr. Krueger reviewed a supplemental reimbursement report for the Board's Unlimited Tax Bonds, Series 2022.

Following review and discussion, Director Molina moved to approve the supplemental developer reimbursement report and authorize the District bookkeeper to distribute funds subject to receipt of an executed receipt for funds distributed. Director Barr seconded the motion, which passed unanimously.

ACCLAIM ENERGY MANAGEMENT AGREEMENT

Mr. Oakley discussed changes in the electricity market and noted the standard electricity broker fee, which had previously been built into the electricity rate, no longer covers Acclaim's costs. He requested approval of a Consulting Agreement with Acclaim, which includes flat rate costs billed to District for meter additions and other services.

Following review and discussion, the Board concurred to table discussion of this agenda item.

TAX ASSESSMENT AND COLLECTIONS MATTERS AND DELINQUENT TAX COLLECTION

Ms. McLaughlin 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 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.

Mr. Hoffman reported 71 new residential taps installed during the month of April 2023 and requested authorization to complete the following:

1. Installation of a sampler at wastewater treatment plant no. 2 for an estimated cost of \$11,500 and with a back up chlorine sampler for an estimated cost of \$77,566; and

2. Installation of a new pumping assembly at Water Well No. 2 for an estimated cost of \$239,472.

Mr. Hoffman also reviewed the first draft of a proposed District Asset Management Plan.

Mr. Hoffman reviewed the Water Conservation Plan Annual Report with the Board.

Mr. Hoffman stated that all retail public water suppliers are required to submit to the Texas Water Development Board a water loss audit once every five years. He said the next scheduled audit is for the year 2022 and is due by May 1, 2023. He then reviewed the Water Loss Audit with the Board.

Discussion ensued regarding a request from a resident in Harris County Municipal Utility District No. 157 to remove trees from a District drainage easement. Mr. Hoffman said he would get a proposal from Mr. Beyer for the Board's consideration at the June 1, 2023, Board meeting.

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.

Mr. Hoffman presented and reviewed the annual report on the District's Identity Theft Prevention Program, a copy of which is included in the operator's report. Mr. Hoffman stated that the annual report indicates no significant incidents of identity theft detection and recommended no changes to the program at this time.

The Board took no action regarding the District's Critical Load List or Consumer Confident Report for 2023.

The Board also considered amending the District's Rate Order to include a category for a customer receiving water only.

Discussion ensued regarding an unpermitted well installed at a new car wash at Longenbaugh and Fry Road.

Following review and discussion, Director Molina moved to (1) approve the District operator's report; (2) authorize installation of a sampler at wastewater treatment plant no. 2 for an estimated cost of \$11,500 and a backup chlorine sampler for an estimated cost of \$77,566, including authorization for ABHR to send notice to the Texas Commission on Environmental Quality ("TCEQ") of the District's intent to award a contract for these installations in the amount of \$89,066 to a contractor who is a single source contractor/provider for the equipment and services required; (3) authorize installation of a new pumping assembly at Water Well No. 2 for an estimated cost of \$239,472, including authorization for ABHR to send notice to the TCEQ of the District's intent to proceed without bidding the project due to the emergency nature of the work necessary; (4) accept the annual report on the Identity Theft Prevention Program, continue the program as currently operating, and direct that the report be filed appropriately and retained in the District's official records; (5) approve the Water Conservation Annual Report, direct that the report be filed appropriately and retained in the District's official records, and authorize the District's Operator to submit the report to the appropriate government agencies (6) approve the Water Loss Audit, direct that the audit be filed appropriately and retained in the District's official records, and authorize the District's Operator to submit the audit to the Texas Water Development Board; (7) authorize the District operator to offer payment plans and a leak adjustment to customers making appeal, as recommended; and (8) 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.

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 \$7,250 for repair of the Yaupon Ranch storm water quality feature; and
2. Proposal in the amount of \$3,000 to hydroexcavate the top of the broken Villas of Canyon Lakes West Oil Grit Trash Separator and pump out the water.

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 light pole repair and placement in Cypress

11. Marvida, Section 26 water, sewer, and drainage; Pay Estimate No. 1 and final in the amount of \$45,463.86, payable to Texas KB Utilities;
12. Marvida Lift Station No. 2; Pay Estimate No. 9 in the amount of \$32,490, payable to Putnam, Inc.;
13. Westgreen, Section 7 water, sewer, and drainage; Change Order No. 1 deducting \$4,141 from the District's contract with Texas KB Utilities due to adjustment of final quantities;
14. West Road Interconnection; Pay Estimate No. 4 in the amount of \$266,273 and the Final payment to release retainage in the amount of \$69,330.71, both payable to Sequeira;
15. Mason Road Phase I Drainage; Change Order No. 8 deducting \$42,666.96 from the District's contract with D.L. Elliott Enterprises due to adjustment of final quantities to reflect actual field quantities;
16. Water Plant No. 5; Pay Estimate No. 22 and Final in the amount of \$320,891.50, payable to Long & Son, Inc.;
17. Wastewater Treatment Plant No. 2; Pay Estimate No. 28 in the amount of \$131,020.87, payable to ALLCO Constructors;
18. Lift Station SCADA System; Pay Estimate No. 7 in the amount of \$42,671.71, payable to W-Industries;
19. Water Plant No. 6; Pay Estimate No. 9 in the amount of \$254,565, payable to Long & Son; and
20. Lancaster Water Line Replacement; Pay Estimate No. 2 in the amount of \$176,017.82, payable to Sequeira;
21. Emergency Generators at Lift Station Nos. 7, 11, 12 and 16; Pay Estimate No. 1 in the amount of \$18,000, payable to McDonald Municipal;
22. Avalon at Cypress West Drainage Channel; Pay Estimate No. 3 in the amount of \$286,472.70, payable to Harris Construction; and
23. Longenbaugh Road Detention Pond; Pay Estimate No. 6 in the amount of \$78,129, payable to Rebel Contractors, Inc.

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

Mr. Mullaly presented a request for service to a proposed dental office off Fry Road.

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) approve a capacity commitment for proposed service to a dental office off of Fry Road. Director Barr seconded the motion which passed unanimously.

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

There was no discussion for this agenda item.

DEVELOPER'S REPORT

Mr. Colunga reported regarding development in the District.

DISTRICT WEBSITE

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

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

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

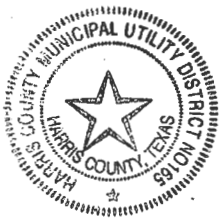
ANNEXATION MATTERS


There was no discussion or 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

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.....	3
annual report on the District’s Identity Theft Prevention Program	4
park and landscape management report.....	5
landscape architect report.....	6
landscape architect report.....	7
engineer’s report	7