

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

June 1, 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 1st day of June 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, except Directors Bentson and Nilsson, 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"); 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"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); Stephen Eustis of Robert W. Baird & Co. Incorporated ("Baird"); David Beyer of Storm Water Solutions, LLC ("Storm Water"); Christie Leighton of Best Trash, LLC; Robert Oliver of SWA Group ("SWA"); Kelly Gard and Justin Bruno of KGA/DeForest Design, LLC ("KGA"); and Brooke Milbauer and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

Director Molina 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 Molina moved to the next agenda item.

GARBAGE/RECYCLING COLLECTION

Ms. Leighton presented and reviewed a 2023 annual consumer price index ("CPI") adjustment letter from Best Trash for the District, a copy of which is attached. She stated the current rate for curbside service with recycling will increase from \$22.15 to \$23.68 per month per residence effective June 1, 2023.

Ms. Leighton then presented and reviewed an additional rate and price adjustment request of \$0.95 to cover changes in cost of operations, labor shortages, supply chain disruptions and rising fuel costs. She stated the current rate for curbside service with recycling would increase to \$24.63 per month per residence.

Following review and discussion, Director Barr moved to authorize the rate increase to \$24.63 per month per residence. Director Green 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 May 2023.

MINUTES

The Board considered approving the minutes of May 4, 2023, regular meeting. Following review and discussion, Director Green moved to approve the minutes, as amended. Director Barr seconded the motion, which passed unanimously.

SERIES 2023 UNLIMITED TAX ROAD BONDS IN DEFINED AREA NO. 2

Mr. Wood presented and reviewed the bids received for the sale of the District's \$7,090,000, Series 2023 Unlimited Tax Road Bonds in Defined Area No. 2 (the "Road Bonds"). A summary of the bids received for the Road Bonds is attached. He stated that the low bid submitted by SAMCO Capital Markets ("SAMCO") with a net effective interest rate of 4.377412% was reviewed and all numbers checked, and everything was found to be correct and consistent with the conditions in the Notice of Sale. Mr. Eustis recommended that the District accept the bid of SAMCO for the Road Bonds as submitted.

The Board next considered adopting a Resolution Authorizing the Issuance of the District's Road Bonds (the "Resolutions"). Ms. Milbauer presented and reviewed the proposed Resolution with the Board which included explanation that the documents set forth the terms and provisions of issuance and delivery of the Road Bonds, the payment of principal and interest over the life of the Road Bonds, and certain District covenants regarding continuing disclosure and the tax-exempt status of the Road Bonds.

The Board next considered execution of the Paying Agent/Registrar Agreement with Zions Bancorporation, National Association ("Zions"). Ms. Milbauer reviewed the agreement and the provisions by which the paying agent/registrar will manage registration, transfer, and payment of the District's Road Bonds.

The Board next considered approving the Official Statement for the Road Bonds. Ms. Milbauer explained that the Preliminary Official Statement 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 Certificate Regarding Provision of Financial Advice certifying that ABHR has not provided financial advice to the Board concerning the issuance of the Road 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 Road 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 Road 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 Barr made a motion to (1) award sales of the Bonds to SAMCO with a net effective interest rate of 4.377412%; (2) adopt the Resolution; (3) approve the Paying Agent/Registrar Agreement; (4) approve the Official Statement; (4) approve the Certificates Regarding Provision of Financial Advice; (5) authorize execution of documents related to the sale and delivery of the Road Bonds and authorize the District's attorney and financial advisor to take all necessary action to deliver the Road 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 passed unanimously.

Ms. Milbauer confirmed that there were no revisions to the previously approved developer reimbursement report and said no action was necessary.

SERIES 2023 UNLIMITED TAX BONDS

Mr. Eustis discussed a proposed sale of Unlimited Tax Bonds in the amount of \$44,800,000 (the "Bonds") and reviewed a draft of the Preliminary Official Statement and Notice of Sale for the Bonds. The Board concurred to authorize the District's financial advisor to advertise the sale of the Bonds on June 29, 2023, at noon, subject to receipt or an order from the Texas Commission on Environmental Quality ("TCEQ") authorizing sale of the Bonds.

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

Following review and discussion, Director Barr 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 Bonds for June 29, 2023 at noon, subject to receipt or an order from the TCEQ authorizing sale of the Bonds; (3) appoint Zions, as Pay Agent/Registrar for the Bonds; and (4) engage the District auditor to prepare a developer reimbursement report. Director Green seconded the motion, which passed unanimously.

TRAVEL REIMBURSEMENT GUIDELINES AND ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") SUMMER CONFERENCE

Ms. Milbauer discussed the District's Travel Reimbursement Guidelines (the "Guidelines") in connection with the upcoming AWBD summer conference, and discussion ensued regarding specific expenses eligible and ineligible for the conference. Following discussion, Director Molina made a motion to authorize up to four per diems, three hotel nights, and six meals for each director attending the AWBD summer conference, all to be submitted in accordance with the District's Guidelines. Director Green seconded the motion, which passed 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 Green 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.

Following discussion and review of the information provided by the District tax assessor collector, Director Green moved to (1) accept the tax assessor/collector's report; (2) authorize payment of the bills; and (3) authorize the delinquent tax attorney to proceed with delinquent tax collection when appropriate. 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 51 new residential taps installed during the month of May 2023 and requested authorization to complete the following:

1. Replacement of booster pump no. 3 at water plant no. 4 for an estimated cost of \$33,421, including an authorization for ABHR to request authorization from the TCEQ to replace the cracked discharge head on booster pump no. 3 at wp 4 as an emergency repair;
2. Patch repair potholes in the asphalt drive at water plant no. 1.

Following discussion, the Board concurred to table the proposed pothole repairs and schedule the repairs as part of the District's scheduled planned improvements following completion of water plant no. 6.

Mr. Hoffman reviewed the Consumer Confidence Report ("CCR"), a copy of which is attached, regarding the quality of the District's water and stated that it will be filed with the TCEQ and distributed to District residents by July 1, 2023.

The Board next considered amending the District's Rate Order to add \$2.58 to the District sanitary sewer rate to pass the increase in cost for garbage and recycling to District customers.

The Board took no action on the Texas Water Development Board water loss audit due by May 1, 2023.

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 Barr moved to (1) approve the District operator's report; (2) authorize the replacement of booster pump no. 3 at water plant no. 4 for an estimated cost of \$33,421, including authorization for ABHR to request

authorization from the TCEQ to replace the cracked discharge head on booster pump no. 3 at wp 4 as an emergency repair; (3) approve the CCR and authorize it to be distributed to the District's residents; (4) approve amendment of the Rate Order, as discussed above; (5) authorize the District operator to offer leak adjustments and credits to customers making appeal, as recommended; and (6) 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. Following review and discussion, Director Green moved to approve the Storm Water Management Report. 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 tree replacement in Tealbrook Park for an estimated amount of \$440.28 and a proposal for tree removal and replacement in Remington Grove Park for an estimated cost of \$1,680. He also requested approval of park signage in Amhurst Park. Following review and discussion, Director Green moved to approve the park and landscape management report and the proposals presented. Director Barr seconded the motion, which passed unanimously.

KGA/DEFOREST DESIGN, LLC REPORT

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

Mr. Gard stated that bids were received for construction of landscape improvements to serve Marvida, Section 15. Mr. Gard recommended that the Board award the contract to Triple E. Grower, Inc. d/b/a Triple E Landscapes ("Triple E") in the amount of \$200,257. 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. Gard reported the status of the following projects, and presented the following pay applications and change orders:

1. Bridge Creek Section 6 Landscape Improvements; Change Order No. 2 deducting \$5,500 from the District's contract with Triple E;

2. Bridge Creek Section 7 Landscape Improvements; Pay Application No. 3 in the amount of \$83,261.97, payable to Triple E; and Change Order No. 2 adding \$9,540 to the contract total for replacing handicap ramps and adjusting storm manholes and water valves;
3. Bridge Creek Sections 8 and 9 Landscape Improvements; Pay Application No. 4 in the amount of \$74,958.84, payable to Earth First Landscapes, LLC ("Earth First");
4. Marvida Phase 1 Landscape Improvements; Pay Application No. 13 in the amount of \$26,825.49, payable to Earth First;
5. Marvida Recreation Center Facility; Pay Application No. 13 in the amount of \$672,268.38, payable to DL Meacham, LP ("DL Meacham"); Change Order No. 15 adding \$2,500 to the contract total; Change Order No. 16 adding \$2,187.50 to the contract total; and Changes Order Nos. 17 and 18 adding weather days only to the contract;
6. Marvida Pod A Landscape Improvements; Pay Application No. 3 in the amount of \$59,637.02, payable to Earth First;
7. Marvida, Section 9 Landscape Improvements; Pay Application No. 4 in the amount of \$119,751.30, payable to Greenyard Inc.;
8. Marvida, Sections 10 and 11 Landscape Improvements; Pay Application No. 5 in the amount of \$3,950.58, payable to Earth First;
9. Marvida, Sections 18 and 19 Landscape Improvements; Pay Application No. 3 in the amount of \$56,909.16 and Pay Application No. 4 in the amount of \$48,976.52, both payable to Triple E;
10. Marvida, Sections 17 and 20 Landscape Improvements; Pay Application No. 1 in the amount of \$9,800.96, payable to Triple E; Change Order No. 1 adding \$5,953 to the contract total for a linear bore; and
11. Marvida, Section 21 Landscape Improvements; Pay Application No. 2 in the amount of \$21,162.15, payable to Triple E.

After review and discussion, Director Green moved to (1) accept the landscape architect report from KGA; (2) approve the pay estimates presented, as recommended by KGA; (3) approve the change orders presented, upon the recommendation of KGA and finding that the change orders are beneficial to the District; and (4) award the contract for construction of landscape improvements to serve Marvida, Section 15 to Triple E in the amount of \$200,257, based upon KGA's recommendation and receipt of the payment and performance bonds and 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, and recommended that the Board approve Pay Application No. 7 in the amount of \$100,048.45, payable to Millis Development & Construction, LLC. Following

review and discussion, Director Green moved to (1) approve SWA's report; and (2) approve the pay estimate presented. Director Barr seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Mullaly stated that bids were received for construction of water, sewer, drainage and paving to serve Avalon at Cypress, Section 11 and recommended that the Board award the contract to Harris Construction in the amount of \$569,397.70 for paving and to Unitas Construction in the amount of \$686,777 for water, sewer, and drainage. The Board concurred that, in its judgment, Harris Construction and Unitas Construction were responsible bidders who would be most advantageous to the District and would result in the best and most economical completion of the projects.

Mr. Mullaly discussed the engineer's report, a copy of which is attached, and reviewed the status of construction projects in the District and presented the following pay applications and change orders:

1. Avalon at Cypress Lift Station; Pay Estimate No. 17 in the amount of \$143.12 and Pay Estimate No. 18 in the amount of \$179.31, both payable to Sequeira Civil Construction ("Sequeira");
2. Avalon at Cypress West, Section 1 water, sewer, and drainage; Change Order No. 1 with no change in the amount of the contract with AR Turnkey Construction;
3. Avalon at Cypress West, Section 2 water, sewer, and drainage; Change Order No. 1 with no change in the amount of the contract with Bay Utilities;
4. Avalon Landing Lane Street Dedication 1 water, sewer, and drainage; Pay Estimate No. 8 in the amount of \$15,107.46, payable to Sequeira;
5. Avalon Landing Lane Street Dedication 1 paving; Pay Estimate No. 7 in the amount of \$74,401.10, payable to Sequeira; Change Order No. 1 adding \$35,523.18 for replacement of landscaping disturbed by CenterPoint Energy;
6. Bridge Creek Terrace Drive, Section 2 water, and paving; Pay Estimate No. 7 in the amount of \$217,967.75, payable to Harris Construction; and Change Order No. 1 adding \$22,690.17 to the contract total due to a final adjustment of quantities;
7. Bridge Creek Westgreen; Pay Estimate No. 7 and Final in the amount of \$17,753.16, payable to Beyer Construction;
8. Marvida, Section 17 paving; Change Order No. 1 deducting \$30,002.80 from the District's contract with Fellers & Clark;
9. Marvida, Section 20 water, sewer, and drainage; Pay Estimate No. 4 and Final in the amount of \$15,109.97, payable to Fellers & Clark; Change

- Order No. 2 deducting \$1,150 from the contract total for final quantity adjustments;
10. Marvida, Section 21 paving; Change Order No. 3 adding \$342 to the District's contract with Allgood Construction for final quantity adjustments;
 11. Force Main Facilities in Marvida Terrace Drive Street Dedication Section 1; Pay Estimate No. 5 and Final in the amount of \$4,885, payable to Bay Utilities;
 12. Marvida Lift Station No. 2; Pay Estimate No. 10 in the amount of \$60,975 and Pay Estimate No. 11 in the amount of \$58,851.95, both payable to Putnam, Inc.;
 13. Marvida Phase I Grading; Pay Estimate No. 27 in the amount of \$94,925.66, payable to Paskey Incorporated;
 14. Mason Road Bridge at Langham Creek; Pay Estimate No. 1 in the amount of \$137,915.10, payable to Earth Builders;
 15. Westgreen, Section 7 water, sewer, and drainage; Pay Estimate No. 3 and Final in the amount of \$7,797.18, payable to Texas KB Utilities;
 16. West Road Interconnection; Pay Estimate No. 5 in the amount of \$14,395.15 and Pay Estimate No. 5R in the amount of \$35,0544, both payable to Sequeira;
 17. Wastewater Treatment Plant No. 2; Pay Estimate No. 29 in the amount of \$112,329 and Pay Estimate No. 30 in the amount of \$547,239.97, both payable to ALLCO Constructors;
 18. Water Plant No. 6; Pay Estimate No. 10 in the amount of \$222,030, payable to Long & Son; and
 19. Lancaster Water Line Replacement; Pay Estimate No. 3 in the amount of \$101,065, payable to Sequeira;
 20. Emergency Generators at Lift Station Nos. 7, 11, 12 and 16; Pay Estimate No. 2 in the amount of \$43,091, payable to McDonald Municipal;
 21. Bridge Creek, Section 7 water, sewer, and drainage; Change Order No. 6 deducting \$6,750 from the District's contract with Hurtado Construction Company;
 22. Avalon at Cypress West Drainage Channel; Pay Estimate No. 4 in the amount of \$50,470.80, payable to Harris Construction; and
 23. Traffic Signal Installation for Fry Road at Morrison Grove; Pay Estimate No. 7 and Final in the amount of \$33,116.21, payable to CityLynx, Inc.

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

Following review and discussion, Director Green moved to (1) approve the engineering report; (2) award the contract for construction of paving to serve Avalon at Cypress, Section 11 in the amount of \$569,397.70, and to Unitas Construction in the amount of based upon DAC's recommendation and \$686,777 for construction of water,

sewer and drainage, both subject to receipt of the payment and performance bonds and the certificate(s) of insurance and endorsements, if any, provided by the contractors; (3) based upon the recommendation of Quiddity, BGE and DAC, approve pay estimates listed above; and (4) 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. Director Barr seconded the motion which passed unanimously.

Discussion ensued regarding management of the District's electricity accounts. Following review and discussion, the Board directed ABHR to invite Dave Ciarella of Enhanced Energy Services of America, LLC to the July 2023 Board meeting.

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

Following review and discussion, Director Barr moved to accept a Special Warranty Deed for restricted reserves in Marvida, Section 13. The motion was second by Director Green and passed unanimously.

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.

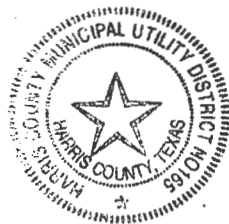
EXECUTIVE SESSION PURSUANT TO SECTION 551.071 TEXAS GOVERNMENT CODE

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

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