

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

September 7, 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 7th day of September 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 Director Molina, 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"); 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"); David Beyer of Storm Water Solutions, LLC ("Storm Water"); Kelly Gard of KGA/DeForest Design, LLC ("KGA"); Wendy Ramirez of FORVIS, LLP ("Forvis"); 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 August 2023.

MINUTES

The Board considered approving the minutes of August 3, 2023, regular meeting. Following review and discussion, Director Barr moved to approve the minutes. Director Green seconded the motion, which passed unanimously.

SERIES 2023 UNLIMITED TAX ROAD BONDS IN DEFINED AREA NO. 1

Ms. Holoubek discussed a proposed sale of Unlimited Tax Road Bonds in Defined Area No. 1 (the "2023 DA1 Road Bonds") and requested authorization, on behalf of the District's Financial Advisor, Robert W. Baird & Co. Incorporated ("Baird") to prepare a Preliminary Official Statement (a "POS") in connection with same. Ms. Holoubek also reviewed (1) a proposal from BGE, Inc. ("BGE") to prepare a cost summary for the proposed road bond sale; and (2) a proposal from Forvis to prepare a reimbursement report for funds to be reimbursed to developers following the sale of road bonds. Following review and discussion, Director Barr moved to (1) authorize Baird to prepare a POS for the 2023 DA1 Road Bonds; (2) approve a proposal from BGE to prepare a cost summary for the 2023 DA1 Road Bonds; and (3) approve a proposal from Forvis to prepare a reimbursement report following the sale of the proposed 2023 DA1 Road Bonds. Director Green seconded the motion, which passed unanimously.

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

Ms. Holoubek then discussed a proposed sale of Unlimited Tax Road Bonds in Defined Area No. 2 (the "2023 DA2 Road Bonds") and requested authorization, on behalf of the District's Financial Advisor, Baird, to prepare a POS in connection with same. She 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 to prepare a reimbursement report for funds to be reimbursed to developers following the sale of road bonds. Following review and discussion, Director Barr moved to (1) authorize Baird to prepare a POS for the 2023 DA2 Road Bonds; (2) approve a proposal from Quiddity to prepare a cost summary for the 2023 DA2 Road Bonds; and (3) approve a proposal from Forvis to prepare a reimbursement report following the sale of the proposed 2023 DA2 Road Bonds. 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 and a draft budget for the fiscal year ending September 30, 2024. Copies of the bookkeeper's report, investment report, budgets, and a list of bills presented for payment are attached.

Ms. Ramirez next presented to the Board an engagement letter for conducting the District's audit for fiscal year ending September 30, 2023, a copy of which is attached. She stated that the proposed fee for the annual audit is \$40,500.

Following review and discussion, Director Barr moved to (1) accept the bookkeeper's report and payment of the bills; (2) approve the budget for the fiscal year ending September 30, 2024; and (3) engage Forvis to conduct the audit for fiscal year ending September 30, 2023. Director Green 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, including accounts recommended for termination of water service for nonpayment of property taxes, 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 Barr moved to (1) accept the tax assessor/collector's report; (2) authorize payment of the bills; and (3) authorize termination of water service for nonpayment of delinquent property taxes, as recommended by the District's delinquent tax attorney. Director Green seconded the motion, which passed unanimously.

2023 TAX RATE

The Board concurred to defer discussion until the Board's October 2023 Board meeting.

BOARD OF DIRECTOR ELECTION OF HARRIS CENTRAL APPRAISAL DISTRICT

The Board discussed nominating a candidate to serve on the Harris Central Appraisal District Board of Directors to represent conversation and reclamation

districts. Following discussion, Director Barr moved to nominate Alan Bentson. Director Green 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 113 new residential taps installed during the month of August 2023 and requested authorization to complete the following:

1. Replace the generator controller at water plant no. 1 for an estimated cost of \$2,549.48;
2. Replace the check valves on booster pump nos. 1 and 4 at water plant no. 1 for an estimated cost of \$14,524; and
3. Repair of manhole C1 on Greenhouse for an estimated cost of \$11,400.

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

The Board discussed the West Harris County Regional Water Authority's (the "Authority's") decision to implement Stage 2 of the Authority's Drought Contingency Plan. Following discussion, the Board concurred to implement Stage 2 of the District's Drought Contingency Plan and authorize the District operator to take steps necessary to notify customers of the District's drought status and associated restrictions.

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 repairs and updates, as requested above; (3) authorize the District operator to offer leak adjustments and payment plans to customers making appeal, as recommended; (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; and (5) implement Stage 2 of the District's Drought Contingency Plan and authorize the District operator to take steps necessary to notify customers of the District's drought status and associated restrictions. Director Nilsson seconded the motion, which passed unanimously.

RESCIND AND TERMINATE WATER SUPPLY

Ms. Holoubek discussed the status of compliance required as part of the District's Water Supply and Annexation Agreement with Woodmaster Homes (the "Annexation Agreement"). Following discussion, Director Barr moved to (1) terminate the Annexation Agreement; (2) authorize ABHR and the District operator to provide notice to Woodmaster Homes of the District's intent to terminate service if documents requested are not provided to the District, as required in the Annexation Agreement on or before September 15, 2023; and (3) authorize the ABHR and/or the District operator to offer to Woodmaster Homes, as an alternative to termination, an Out of District Services Agreement. Director Green 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 Barr moved to (1) approve the Storm Water Management Report; and (2) authorize repair of the concrete structure around the outfall at the Villas at Canyon Lakes West, as discussed. Director Nilsson seconded the motion, which passed unanimously.

PARK MAINTENANCE

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached. The Board concurred to request that MSA adjust irrigation in the parks to fully comply with Stage 2 of the District's Drought Contingency Plan. Following review and discussion, Director Barr moved to (1) approve the landscape management report; and (2) authorize execution of updated designation and close out documents for the Texas Department of Emergency Management and the Federal Emergency Management Agency. The motion was seconded by Director Green and passed unanimously.

KGA/DEFOREST DESIGN, LLC REPORT

Mr. Gard reviewed a landscape architect report from KGA, a copy of which is attached, and presented a proposal for design of landscape improvements in Marvida Pod A, Phase 2.

Mr. Gard 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. 12 in the amount of \$6,082.35 and Pay Application No. 13 and Final in the amount of \$55,731.49, both payable to Earthcare Management;

2. Bridge Creek Section 6 Landscape Improvements; Pay Application No. 7 in the amount of \$10,047.60, payable to Triple E; and Change Order No. 3 increasing the contract amount by \$9,297 for battery powered controllers;
3. Bridge Creek Section 7 Landscape Improvements; Pay Application No. 6 in the amount of \$12,750.30, payable to Triple E; Change Order No. 3 adding \$6,564 to the contract total for additional irrigation at the end of Avalon Drive; and Change Order No. 4 adding \$12,300 to the contract total for battery powered controllers;
4. Marvida Phase 1 Landscape Improvements; Change Order No. 9 adding \$39,091.60 to the District's contract with Earth First for additional irrigation at the detention ponds;
5. Marvida Recreation Center Facility; Pay Application No. 16 in the amount of \$781,771.81, payable to DL Meacham, LP ("DL Meacham"); and Change Order No. 21 adding \$4,527.90 to the contract total for landscape and irrigation adjustments due to sidewalk changes;
6. Marvida Pod A Landscape Improvements; Pay Application No. 6 in the amount of \$6,196.50, payable to Earth First;
7. Marvida, Section 9 Landscape Improvements; Pay Application No. 7 in the amount of \$5,400 and Pay Application No. 8 and Final in the amount of \$37,903.72, both payable to Greenyard Inc.;
8. Marvida, Sections 10 and 11 Landscape Improvements; Pay Application No. 7 in the amount of \$2,957.53, payable to Earth First;
9. Marvida, Section 12 Landscape Improvements; Pay Estimate No. 9 in the amount of \$3,553.11, payable Triple E; and Change Order No. 1 additional \$19,744 to the contract total for additional irrigation around the detention pond;
10. Marvida, Section 13 Landscape Improvements; Pay Estimate No. 5 in the amount of \$190,871.28, payable to Triple E;
11. Marvida, Section 14 Landscape Improvements; Pay Estimate No. 9 in the amount of \$1,890.01, payable to Triple E; and Change Order No. 1 adding \$8,477 to the contract total for additional irrigation around the detention pond;
12. Marvida, Section 15 Landscape Improvements; Pay Estimate No. 3 in the amount of \$84,485.47, payable to Triple E; and Change Order No. 1 with no net change to the contract total for 30 additional contract days;
13. Marvida, Sections 18 and 19 Landscape Improvements; Pay Application No. 6 in the amount of \$145,127.93 and Pay Application No. 7 in the amount of \$12,033, both payable to Triple E;
14. Marvida, Section 21 Landscape Improvements; Pay Application No. 6 in the amount of \$97,143.48, payable to Triple E; Change Order No. 1 with no net change to the contract total adding 15 days the contract completion date; and Change Order No. 2 adding \$28,334 to the contract total for irrigation around the detention pond;

15. Marvida, Sections 23 and 24 Landscape Improvements; Pay Application No. 4 in the amount of \$49,912.74, payable to Earth First; and
16. Marvida Terrace Drive Medians and FM 529 Entry Landscaping Improvements; Change Order No. 1 adding \$6,411 to the District's contract with Triple E for an upgrade in planting size.

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

After review and discussion, Director Barr moved to (1) accept the landscape architect report from KGA; (2) approve the design proposal presented by KGA; (3) approve the pay estimates presented, as recommended by KGA; and (4) approve the change orders presented, upon the recommendation of KGA and finding that the change orders are beneficial to the District. Director Green seconded the motion, which was passed by unanimous vote.

The Board took no action on Change Order No. 2 for Marvida, Sections 17 and 20 Landscape Improvements.

SWA GROUP REPORT

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

Mr. Oliver reported the status of the following projects, and presented the following pay applications and change orders:

1. Avalon at Cypress Recreation Center - Public Scope; Change Order No. 4 deducting \$4,210.21 from the District's contract with Millis Development & Construction, LLC ("Millis"); Pay Estimate No. 12 in the amount of \$1,507.67, payable to Millis;
2. Avalon at Cypress - West Road & Avalon River Road Landscape; Pay Estimate No. 2 in the amount of \$227,805.67, payable to Junction Landscape ("Junction"); and
3. Avalon at Cypress - Avalon Landing Lane Phase I Landscape; Pay Estimate No. 2 in the amount of \$117,308.70, payable to Gulf Coast Landscape Services, Inc.

Following review and discussion, Director Barr moved to (1) approve SWA's report; and (2) approve the pay estimates presented in the attached report, upon the recommendation of SWA. Director Green seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Mullaly stated that bids were received for construction of reinforced concrete paving to serve Avalon at Cypress, Section 8 and recommended that the Board award the contract to Harris Construction Company ("Harris Construction") in the amount of \$597,515.75. The Board concurred that, in its judgment, Harris 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 stated that bids were received for construction of water, sewer, and drainage to serve Avalon at Cypress, Section 8 and recommended that the Board award the contract to Bay Utilities, LLC ("Bay Utilities") in the amount of \$908,428.70. The Board concurred that, in its judgment, Bay Utilities 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 stated that bids were received for construction of drainage and paving to serve Bridge Creek Westgreen Phase II and recommended that the Board award the contract to Park Construction in the amount of \$302,527.90. The Board concurred that, in its judgment, Park 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 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. 19 in the amount of \$15,105, payable to Sequiera Civil Constructors ("Sequiera");
2. Avalon at Cypress, Section 1 water, sewer, and drainage; Pay Estimate No. 7F in the amount of \$38,721.49, payable to R Construction Civil;
3. Avalon at Cypress - West Section 1 water, sewer, and drainage; Pay Estimate No. 2 in the amount of \$394,686.47, payable to Gonzalez Construction Enterprise, Inc. ("Gonzalez");
4. Avalon at Cypress, Section 11 water, sewer, drainage, and paving; Pay Estimate No. 2 in the amount of \$525,300.72, payable to Unitas Construction, Inc. ("Unitas");
5. Bridge Creek West Lift Station; Pay Estimate No. 11 in the amount of \$44,550, payable to Peltier Brothers;
6. Marvida, Section 14 water, sewer, and drainage; Change Order No. 2 deducting \$66,683 from the District's contract with Texasite, LLC;
7. Marvida, Section 16 water, sewer, and drainage; Pay Estimate No. 1 in the amount of \$157,666.30, payable to Blazey Construction Services, LLC;

8. Marvida Section 24, water, sewer, and drainage; Pay 3F in the amount of \$109,159.52, payable to Gonzalez; and Change Order No. 2 deducting \$2,110 from the contract total for final quantity adjustments;
9. Marvida Lift Station No. 2; Pay Estimate No. 12 in the amount of \$17,325, payable to Reddico;
10. Marvida Drainage Phase 2 North; Pay Estimate No. 13 in the amount of \$84,337.41 and Pay Estimate No. 14 in the amount of \$181,852.93, both payable to Paskey, Inc.;
11. Marvida Drainage Phase 2 South; Pay Estimate No. 10 in the amount of \$168,774.37, payable to Allgood Construction; and Change Order No. 6 adding \$68,525.01 to the contract total to comply with changes required by Harris County;
12. Mason Road Bridge at Langham Creek; Pay Estimate No. 4 in the amount of \$308,146.28, payable to Earth Builders;
13. Westgreen, Section 6 paving; Change Order No. 2 deducting \$51,509.44 from the District's contract total with Clearwater Utilities for final quantity adjustments;
14. Westgreen, Section 6 water, sewer, and drainage; Change Order No. 4 adding \$9,999 to the District's contract with Clearwater Utilities for final quantity adjustments;
15. Westgreen, Section 7 paving; Pay Estimate No. 4F in the amount of \$13,755.75, payable to Allgood Construction; Change Order No. 2 adding \$7,000 to the District's contract for cleaning of storm sewer manhole and inlet and removal of debris;
16. West Road Interconnect; Pay Estimate No. 6 in the amount of \$1,316.25, payable to Sequiera;
17. Wastewater Treatment Plant No. 2; Pay Estimate No. 33 in the amount of \$64,595.25, payable to ALLCO Constructors ("ALLCO");
18. Water Plant No. 6; Pay Estimate No. 13 in the amount of \$275,851.50, payable to Long & Son;
19. SSOI 2022; Pay Estimate No. 1 in the amount of \$40,941.62 and Pay Estimate No. 2 in the amount of \$15,211.56, both payable to Source Point Solutions;
20. Lancaster Water Line Replacement; Pay Estimate No. 6 in the amount of \$115,166, payable to Sequeira;
21. Marvida 8" Water Line Interconnect; Pay Estimate No. 1 in the amount of \$131,942.70 and Pay Estimate No. 2 in the amount of \$27,660.30, both payable to Bull G Construction; and
22. Langham Creek Detention Phase 2; Pay Estimate No. 17 in the amount of \$652,123.03, payable to Serco Construction.

Mr. Keel requested authorization to design:

1. Water Plant No. 7;

2. Lift Station No. 19; and
3. sanitary sewer lines to serve future and proposed Defined Area No. 3.

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

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; (4) authorize design of the projects listed above, as recommended and requested by DAC; (5) award the contract for construction of reinforced concrete paving to serve Avalon at Cypress, Section 8 to Harris Construction in the amount of \$597,515.75, based upon BGE's recommendation and receipt of the payment and performance bonds and the certificate(s) of insurance and endorsements, if any, provided by the contractor; (6) award the contract for construction of water, sewer and drainage to serve Avalon at Cypress, Section 8 to Bay Utilities in the amount of \$908,428.70, based upon BGE's recommendation and receipt of the payment and performance bonds and the certificate(s) of insurance and endorsements, if any, provided by the contractor; and (7) award the contract for construction of drainage and paving to serve Bridge Creek Westgreen Phase II to Park Construction in the amount of \$302,527.90, based upon Quiddity'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 Green seconded the motion, which was passed by unanimous vote.

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

The Board next considered accepting the following conveyances to the District:

1. Water Line Easement (0.0095 Acre) conveyed by Taylor Morrison of Texas, Inc.;
2. Sanitary Sewer Easement (0.0069 Acre) conveyed Taylor Morrison of Texas, Inc.;
3. Storm Sewer Easement (0.0059 Acre; 0.0411 Acre) conveyed by Taylor Morrison of Texas, Inc; and
4. Storm Sewer Easement (0.0007 Acre) conveyed by Taylor Morrison of Texas, Inc.

Following review and discussion, Director Barr moved to accept the conveyances listed above from Taylor Morrison of Texas, Inc. Director Green seconded the motion, which passed unanimously.

The Board took no action concerning a request received for conveyance of pipeline open space to serve the Marvida Center at West Road.

DEVELOPER'S REPORT

Mr. Colunga reported regarding development in the District.

DISTRICT WEBSITE

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

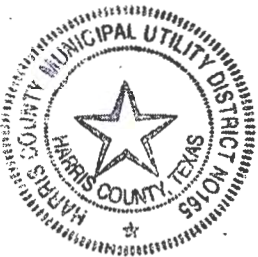
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

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

ANNEXATION MATTERS

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

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



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Secretary, Board of Directors

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