

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

October 5, 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 5th day of October 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, thus constituting a quorum.

Also attending the meeting were Jennifer Molina, District resident; Michael Groschke of JP Morgan Company, LLC; Lori Buckner of Myrtle Cruz, Inc. ("MCI"); 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"); Robert Oliver of SWA Group ("SWA"); Tyler Mueller of KGA/DeForest Design, LLC ("KGA"); Stephen Eustis of Robert W. Baird & Co. Incorporated ("Baird"); and 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.

Mr. Groshke introduced himself to the Board.

There being no members of the public requesting to make public comment, Director Bentson moved to the next agenda item.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Buckner reviewed the bookkeeper's report and discussed current public fund investment markets, reviewed the District's investment report, and 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.

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 September 2023.

MINUTES

The Board considered approving the minutes of September 7, 2023, regular meeting. Following review and discussion, Director Molina moved to approve the minutes. Director Barr seconded the motion, which passed unanimously.

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

Mr. Eustis discussed the expected timeline of the upcoming road bond sale for Defined Area No. 1. He then distributed and reviewed a draft of the Preliminary Official Statement and the Notice of Sale for the Series 2023 Unlimited Tax Road Bonds in Defined Area No. 1 (the "Bonds").

Ms. Milbauer discussed the duties of the paying agent/registrars for the Bonds and noted the financial advisor recommends that the Board appoint Zions Bancorporation, National Association, Houston, Texas ("Zions") as the District's paying agent/registrars for the Bonds.

The Board considered authorizing the District's financial advisor to advertise the sale of the Bonds and concurred to hold the bond sale on November 2, 2023.

The Board considered authorizing FORVIS, LLP ("Forvis") to prepare the developer reimbursement report for amounts to be reimbursed to the developers from the proceeds of the Bonds.

Following review and discussion, Director Molina made the following motion: (1) to approve the Preliminary Official Statement and Notice of Sale; (2) to appoint Zions as the paying agent/registrars for the Bonds; (3) to authorize the District's

financial advisor to advertise the sale of the Bonds for an amount not to exceed \$13,250; (4) authorize BGE to finalize a cost summary for the proposed road bond issue; and (5) to authorize the auditor to begin preparation of the developer reimbursement report. Director Barr seconded the motion, which passed unanimously.

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

Mr. Eustis discussed the expected timeline of the upcoming road bond sale for Defined Area No. 2. He then distributed and reviewed a draft of the Preliminary Official Statement and the Notice of Sale for the Series 2023 Unlimited Tax Road Bonds in Defined Area No. 2 (the "Bonds").

Ms. Milbauer discussed the duties of the paying agent/registrar for the Bonds and noted the financial advisor recommends that the Board appoint Zions as the District's paying agent/registrar for the Bonds.

The Board considered authorizing the District's financial advisor to advertise the sale of the Bonds and concurred to hold the bond sale on November 2, 2023.

The Board considered authorizing Forvis to prepare the developer reimbursement report for amounts to be reimbursed to the developers from the proceeds of the Bonds.

Following review and discussion, Director Molina made the following motion: (1) to approve the Preliminary Official Statement and Notice of Sale; (2) to appoint Zions as the paying agent/registrar for the Bonds; (3) to authorize the District's financial advisor to advertise the sale of the Bonds for an amount not to exceed \$27,500; (4) authorize Quiddity to finalize a cost summary for the proposed bond issue; and (5) to authorize the auditor to begin preparation of the developer reimbursement report. Director Barr seconded the motion, which passed unanimously.

2023 TAX RATE

Mr. Eustis reviewed tax rate analyses for the District, Defined Area No. 1, and Defined Area No. 2.

Following review and discussion, Director Molina moved to (1) set the public hearing date for November 2, 2023; and (2) authorize the tax assessor/collector to publish notice of the District's meeting on November 2, 2023, to set the proposed 2023 total tax rate of \$0.88 per \$100 of assessed valuation, with \$0.63 allocated for debt service on water, sewer, and drainage bonds, and \$0.25 allocated for operations and maintenance, set the proposed 2023 total tax rate of \$0.65 per \$100 of assessed valuation for debt service in Defined Area No. 1 and \$0.65 per \$100 of assessed valuation for debt service in Defined Area No. 2. Director Barr seconded the motion, which passed unanimously.

AUDIT FOR THE FISCAL YEAR ENDED SEPTMEBER 30, 2023

Director Barr moved to confirm the District's engagement of Forvis at the September 7, 2023, Board meeting 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 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.

HARRIS CENTRAL APPRAISAL DISTRICT BOARD ELECTION

The Board next considered casting its ballot for the election of a person to the Harris Central Appraisal District Board. Following review and discussion, Director Molina moved to cast the District's ballot for Alan Bentson. The motion was seconded by Director Barr and 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 128 new residential taps installed during the month of September 2023 and requested authorization to repair lift pump no. 3 at Lift Station No. 1 for an estimated cost of \$28,648.

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 repair, as requested above; (3) authorize the District operator to offer leak adjustments and payment plans 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 Molina 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 reviewed the following proposals:

1. a proposal in the amount of \$3,100 to repair the outfall in Canyon Lakes West, Section 2 at 8515 Cape Royal Drive;
2. a proposal in the amount of \$9,015 to repair the swale at ground storage tank no. 2 at Water Plant No. 3;
3. a proposal in the amount of \$2,560 for inlet to inlet televising and cleaning on West Road.

Following review and discussion, Director Molina moved to (1) approve the Storm Water Management Report; and (2) approve the proposals listed above, as recommended by Storm Water. 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. Following review and discussion, Director Barr moved to approve the landscape management report. The motion was seconded by Director Molina and passed unanimously.

KGA/DEFOREST DESIGN, LLC REPORT

Mr. Mueller reviewed a landscape architect report from KGA, a copy of which is attached, and requested authorization to advertise for bids for construction of Marvida Pod A Phase 2 Landscape Improvements.

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

1. Bridge Creek Section 6 Landscape Improvements; Pay Application No. 8 in the amount of \$10,655.70, payable to Triple E; and Change Order No. 4 increasing the contract amount by \$10,595 for additional irrigation and Change Order No. 5 deducting \$5,040 for overseeding;
2. Marvida Recreation Center Facility; Pay Application No. 17 in the amount of \$288,088.32, payable to DL Meacham, LP ("DL Meacham"); and Change Order No. 22 adding \$3,335.83 to the contract total for a maintenance gate, base covers, an electrical bore, and miscellaneous credits;
3. Marvida Pod A Landscape Improvements; Pay Application No. 7 in the amount of \$6,249.12, payable to Earth First;
4. Marvida, Sections 10 and 11 Landscape Improvements; Pay Application No. 8 in the amount of \$1,755, payable to Earth First;
5. Marvida, Section 12 Landscape Improvements; Pay Estimate No. 10 in the amount of \$17,769.60, payable Triple E;
6. Marvida, Section 13 Landscape Improvements; Pay Estimate No. 6 in the amount of \$17,446.27, payable to Triple E;
7. Marvida, Section 14 Landscape Improvements; Pay Estimate No. 10 in the amount of \$20,562.44, payable to Triple E;
8. Marvida, Sections 18 and 19 Landscape Improvements; Pay Application No. 8 in the amount of \$4,148.77, payable to Triple E;
9. Marvida, Sections 17 and 20 Landscape Improvements; Pay Application No. 4 in the amount of \$90,478.53 and Pay Application No. 5 in the amount of \$39,028.68, both payable to Triple E; and Change Order No. 2 with no net change to the contract total adding 45 days to the contract;
10. Marvida, Section 21 Landscape Improvements; Pay Application No. 7 in the amount of \$126,099.54, payable to Triple E; and
11. Marvida Terrace Drive Medians and FM 529 Entry Landscaping Improvements; Pay Application No. 5 in the amount of \$7,029.90, payable to Triple E.

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.

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. 13 in the amount of \$57,714.15, payable to Millis;
2. Avalon at Cypress - West Road & Avalon River Road Landscape; Pay Estimate No. 3 in the amount of \$48,979.20, payable to Junction Landscape (“Junction”);
3. Avalon at Cypress - Mason Road Phase 2 Landscape; Pay Estimate No. 3 in the amount of \$95,938.20, payable to Gulf Coast Landscape Services, Inc.; and
4. Avalon at Cypress West - Avalon Landing Lane Phase I Landscape; Pay Estimate No. 1 in the amount of \$27,957.25, payable to Junction.

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 Molina 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 Bridge Creek, Section 13 and recommended that the Board award the contract to Gonzalez Construction Enterprise, Inc. (“Gonzalez”) in the amount of \$749,850.99. 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 presented Certificates of Substantial Completion for the following projects:

1. Marvida, Section 13, water, sewer, and drainage;
2. Marvida, Section 21, water, sewer, and drainage;
3. Marvida, Section 25, water, sewer, and drainage;
4. Marvida, Section 26, water, sewer, and drainage;
5. Westgreen, Section 6, water, sewer, and drainage; and
6. West Road, Section 2 and Morrison Grove Drive Phase I, water, sewer, and drainage.

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 - West, Section 1, water, sewer, and drainage; Pay Estimate No. 3 in the amount of \$33,761.88, payable to Gonzalez;
2. Avalon at Cypress West, Section 1, paving; Pay Estimate No. 1 in the amount of \$836,089.60, payable to Gonzalez;
3. Avalon at Cypress West, Section 2, water, sewer, and drainage; Pay Estimate No. 1 in the amount of \$723,341.70, payable to Bay Utilities;
4. Avalon at Cypress, Section 11, paving; Pay Estimate No. 1 in the amount of \$119,628.90, payable to Bay Utilities;
5. Avalon Landing Street Dedication 1, water, sewer, and drainage; Pay Estimate No. 10 and Final in the amount of \$57,012.87, payable to Sequeira Civil Construction ("Sequeira");
6. Bridge Creek West Lift Station; Pay Estimate No. 12 in the amount of \$93,368.63, payable to Peltier Brothers;
7. Marvida, Sections 4 and 5, water, sewer, and drainage; Change Order No. 3 adding \$12,000 to the District's contract with Bay Utilities for final quantity adjustments;
8. Marvida, Section 13, water, sewer, and drainage; Pay Estimate No. 3 and Final in the amount of \$110,735, payable to Texasite, LLC;
9. Marvida, Section 16, water, sewer, and drainage; Pay Estimate No. 2 in the amount of \$333,026.64, payable to Blazey Construction Services, LLC;
10. Marvida, Section 21, water, sewer, and drainage; Pay Estimate No. 3 and Final in the amount of \$108,752.63;
11. Marvida Terrace Drive; Pay Estimate No. 7 and Final in the amount of \$28,962.67, payable to Fellers & Clark;
12. Marvida Drainage Phase 2 North; Pay Estimate No. 15 in the amount of \$2,975.04, payable to Paskey, Inc.;
13. Mason Road Bridge at Langham Creek; Pay Estimate No. 5 in the amount of \$118,360.75, payable to Earth Builders;
14. Westgreen, Section 6 paving; Pay Estimate No. 9 and Final in the amount of \$18,101.76, payable to Clearwater Utilities;
15. West Road, Section 1; Pay Estimate No. 8 in the amount of \$336,422.86, payable to Lindsey Construction;
16. West Road, Section 2 and Morrison Grove Drive Phase I, water, sewer, and drainage; Pay Estimate No. 7 and Final in the amount of \$123,479.55, payable to Bay Utilities and Change Order No. 3 deducting \$18,822.19 from the contract total;
17. Wastewater Treatment Plant No. 2; Pay Estimate No. 34 in the amount of \$101,018.25, payable to ALLCO Constructors;
18. Water Plant No. 6; Pay Estimate No. 14 in the amount of \$280,060, payable to Long & Son;
19. Lancaster Water Line Replacement; Pay Estimate No. 7 in the amount of \$121,094.80, payable to Sequeira;

20. 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
21. Langham Creek Detention Phase 2; Pay Estimate No. 17 in the amount of \$652,123.03, payable to Serco Construction.

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

Mr. Eustis and Mr. Keel discussed a proposed bond application no. 21 and Ms. Milbauer reviewed a draft Resolution Authorizing Application to the Texas Commission on Environmental Quality ("TCEQ) for Approval of Projects and Bonds for a maximum amount of \$55,000,000.

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) award the contract for construction of water, sewer, drainage and paving to serve Bridge Creek, Section 13 to Gonzalez in the amount of \$749,850.99, 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; and (5) approve a Resolution Authorizing Application to the TCEQ for Approval of Projects and Bonds for a maximum amount of \$55,000,000. 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 a Special Warranty Deed (2.532 Acres) from Astro Marvida, LP. Following review and discussion, Director Barr moved to accept the Special Warranty Deed. Director Green seconded the motion, which passed unanimously.

ELECTRICITY CONSUMPTION AND ENERGY EFFICIENCY MEASURES

Ms. Milbauer stated that the District has an annual electricity expense of \$200,000 or more and is required to prepare a report on the District's electricity consumption and energy efficiency measures this year and every five years thereafter. Following review and discussion, Director Barr moved to authorize the District's engineer and operator to prepare a report on electricity consumption and energy efficiency measures. Director Green seconded the motion, which passed by unanimous vote.

ANNEXATION MATTERS

The Board next discussed the status of finalizing proposed annexation of 1.657 acres into the District and considered accepting a Petition for Addition of Land from Cypress 856, Ltd. The Board also considered approving a Petition for Consent to Annex Land into the District. Mr. Mulally confirmed that the proposed annexation is feasible. Following review and discussion, Director Barr moved to (1) accept DAC's feasibility report for the proposed annexation; (2) accept the Petition for Addition of Land; and (3) approve the Petition for Consent to Annex Land and authorize ABHR to submit the documents for the City of Houston for approval. Director Green seconded the motion, which 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.

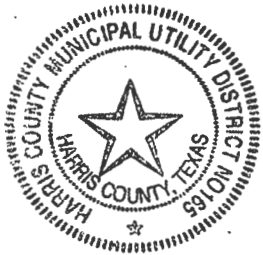
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

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

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



Secretary, Board of Directors



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