

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

August 8, 2024

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 8th day of August 2024, 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 the above were present, except Director Molina, thus constituting a quorum.

Also attending the meeting were David Keel and Maurice Mullaly of DAC Services, Inc. ("DAC"); Brenda McLaughlin of Bob Leared Interests, Inc. ("BLI"); Lynn Kurtz of Myrtle Cruz, Inc. ("MCI"); Ryan Lesikar of BGE, Inc.; David Colunga of Taylor Morrison of Texas, Inc. ("Taylor Morrison"); Chris Hoffman, Wes Alvey and Donnice Hoffman of H2O Consulting, Inc. ("H2O"); Josh Wailes of Mike Stone Associates, Inc. ("MSA"); David Beyer and Patrick Elliott of Storm Water Solutions, LLC ("Storm Water"); Rob Oliver with SWA Group ("SWA"); Tyler Mueller of KGA/DeForest Design, LLC ("KGA"); Joseph Ellis of McCall Gibson Swedlund Barfoot PLLC; Tim Applewhite and Kevin Garcia of McGrath & Co., PLLC; David Wood of Robert W. Baird & Co. Incorporated ("Baird"); Alex Gross and Anthony Perez of Meritage Homes; Sergeant Michael Bilbrey, Harris County Constable's Office, Precinct 5; 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 a public comment.

Mr. Perez and Mr. Gross commented regarding Meritage's plan to build a gated townhome community in Defined Area No. 3 and set up a homeowner's association to maintain the roads within the gated area.

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

GARBAGE/RECYCLING COLLECTION

The Board discussed garbage collection issues and requested that a representative of Best Trash attend the September Board meeting.

SECURITY REPORT

Sergeant Bilbrey discussed patrol in the District during the month of July 2024 and presented an Interlocal for Law Enforcement Services for 2025. Following review and discussion, Director Barr moved to authorize execution of an Interlocal for Law Enforcement Services for 2025. Director Barr seconded the motion, which passed unanimously.

Discussion ensued regarding sidewalk development and requested that KGA reach out to Harris County Commissioner, Precinct 3 to see what sidewalk projects Harris County has planned.

DISCUSS DISTRICT AUDITING SERVICES

The Board received auditing services presentations from Mr. Applewhite and Mr. Ellis. Following the presentations and discussion of same, Director Barr moved to engage McCall Gibson Swedlund Barfoot PLLC as the District's auditor and to authorize execution of an engagement letter. Director Nilsson seconded the motion, which passed unanimously.

MINUTES

The Board considered approving the minutes of July 11, 2024, regular meeting. Following review and discussion, Director Green moved to approve the minutes. Director Barr seconded the motion, which passed unanimously.

SERIES 2024 DEFINED AREA NO. 2 UNLIMITED TAX PARK BONDS

Mr. Wood presented and reviewed the bids received for the sale of the District's \$11,195,000, Series 2024 Defined Area No. 2 Unlimited Tax Park Bonds (the "Bonds"). A summary of the bids received for the Bonds is attached. He stated that the low bid submitted by UMB Bank, N.A. with a net effective interest rate of 4.238550% was reviewed and all numbers checked, and everything was found to be correct and consistent with the conditions in the Notice of Sale. Mr. Wood recommended that the District accept the bid of UMB Bank, N.A. for the Bonds, as submitted.

The Board next considered adopting the Resolution Authorizing the Issuance of the District's Bonds (the "Resolution"). Ms. Holoubek 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 Bonds, the payment of

principal and interest over the life of the Bonds, and certain District covenants regarding continuing disclosure and the tax-exempt status of the Bonds.

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

The Board next considered approving the Official Statement for the Bonds. Ms. Holoubek explained that the Preliminary Official Statement would be revised to reflect the terms of this sale, including the purchaser, interest rates, and debt service requirements.

Ms. Holoubek 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 Bonds and that the Board has relied on the municipal advisor, Baird, for financial advice.

Ms. Holoubek next explained that there will be various documents related to delivery of the 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 Bonds to the purchaser.

Following review and discussion, Director Barr made a motion to (1) award the sale of the Bonds to UMB Bank, N.A. with a net effective interest rate of 4.238550%; (2) adopt the Resolution; (3) approve the Paying Agent/Registrar Agreement; (4) approve the Official Statement; (5) approve the Certificate Regarding Provision of Financial Advice; and (6) authorize execution of documents related to the sale and delivery of the Bonds and authorize the District's attorney and financial advisor to take all necessary action to deliver the Bonds. Director Green seconded the motion, which carried unanimously.

SERIES 2024 DEFINED AREA NO. 1 UNLIMITED TAX ROAD BONDS

Mr. Wood presented and reviewed the bids received for the sale of the District's \$13,610,000, Series 2024 Defined Area No. 1 Unlimited Tax Road Bonds (the "Bonds"). A summary of the bids received for the Bonds is attached. He stated that the low bid submitted by Samco Capital Markets with a net effective interest rate of 4.261167% was reviewed and all numbers checked, and everything was found to be correct and consistent with the conditions in the Notice of Sale. Mr. Wood recommended that the District accept the bid of Samco Capital Markets for the Bonds, as submitted.

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proposed Resolution with the Board which included explanation that the documents set forth the terms and provisions of issuance and delivery of the Bonds, the payment of principal and interest over the life of the Bonds, and certain District covenants regarding continuing disclosure and the tax-exempt status of the Bonds.

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

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Ms. Holoubek next explained that there will be various documents related to delivery of the 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 Bonds to the purchaser.

Ms. Holoubek reviewed an Amendment to the District's Information Form, which he/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 the sale of the Bonds to Samco Capital Markets with a net effective interest rate of 4.261167%; (2) adopt the Resolution; (3) approve the Paying Agent/Registrar Agreement; (4) approve the Official Statement; (5) approve the Certificate Regarding Provision of Financial Advice; (6) authorize execution of documents related to the sale and delivery of the Bonds and authorize the District's attorney and financial advisor to take all necessary action to deliver the Bonds; and (7) 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 carried unanimously.

SERIES 2024 UNLIMITED TAX BONDS AND SERIES 2024A DEFINED AREA NO. 2 UNLIMITED TAX PARK BONDS

The Board concurred to defer discussion and schedule a special meeting on August 22, 2024 at 6:00 p.m.

FINANCIAL AND BOOKKEEPING MATTERS AND BUDGET FOR FISCAL YEAR
END SEPTEMBER 30, 2025

Ms. Kurtz reviewed the bookkeeper's report. 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 Barr moved to (1) accept the bookkeeper's report and payment of the bills, including handwritten checks nos. 2775 in the amount of \$677.50, payable to Rapid Research, 2776 in the amount of \$2,364.75, payable to Director Green and 4037 in the amount of \$920.49, payable to Whataburger; and (2) approve the budget for the fiscal year ending September 30, 2025. Director Green seconded the motion, which passed unanimously.

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 Barr moved to (1) accept the tax assessor/collector's report; and (2) authorize payment of the bills. 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 67 new residential taps installed during the month of July 2024 and requested authorization to make the following purchases, repairs, and replacements:

1. repair the curtain walls at Wastewater Treatment Plant No. 1 for a revised estimated cost of \$9,200; and

2. install a drive gate at 7395 ½ Marvida Terrace Drive for an estimated cost of \$8,515.

Mr. Hoffman and Mr. Alvey reviewed customer appeals, including a water quality complaints log.

Mr. 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 installation and repair listed above, as recommended; (3) authorize the District operator to make the recommended account adjustments and/or arrangements for the customer appeals presented; and (4) authorize termination of delinquent accounts in accordance with the District's Rate Order, with the exception of those customers who appeared to make arrangements with the Board for payment of delinquent accounts and direct that the delinquent customer list be filed appropriately and retained in the District's official records. Director Green seconded the motion, which passed unanimously.

AMEND RATE ORDER

The Board next considered amending the Rate Order to add a security deposit for commercial accounts and add water rates rental communities receiving only water and trash, but no sewer service. Following review and discussion, Director Barr moved to amend the Rate Order. Director Green seconded the motion, which passed unanimously.

REPORT FROM STORM WATER SOLUTIONS

Mr. Beyer reviewed Storm Water Management Program reports, copies of which are attached, and reviewed (1) a proposal in the amount of \$39,540 for Marvida Back of Lot Cleanout from FM 529 to Longenbaugh Road; and (2) a proposal in the amount of \$13,440 for annual maintenance. Mr. Elliott reviewed a Facility Asset Management Plan. Following review and discussion, Director Barr moved to (1) approve the reports; and (2) approve the proposals above, with the initial cleanout work subject to approval of the West Harris County Regional Water Authority. Director Green seconded the motion, which passed unanimously.

AMENDED AND RESTATED MAINTENANCE AGREEMENT BETWEEN THE DISTRICT AND AVALON AT CYPRESS COMMUNITY ASSOCIATION

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

PARK MAINTENANCE

Mr. Wailes reviewed a park and landscape management report, a copy of which is attached. No action was taken.

KGA/DEFOREST DESIGN, LLC REPORT

Mr. Mueller reported the status of the following projects and presented proposals for design of landscaping improvements in Bridge Creek Sections 10 and 11 Landscape Improvements.

Mr. Mueller also discussed the status of the following projects and recommended that the Board approve pay estimates listed below:

1. Marvida, Section 16 Landscape Improvements; Pay Application No. 5 and Final in the amount of \$14,950, payable to Triple E;
2. Marvida, Section 21 Landscape Improvements; Pay Application No. 12 in the amount of \$35,294.67 and Pay Application No. 13 in the amount of \$13,072.63 and Final, both payable to Triple E; and
3. West Road Section 3 Median Landscape Improvements; Pay Application No. 2 in the amount of \$10,816.20, payable to Platinum Grass.

After review and discussion, Director Barr moved to (1) accept the landscape architect report from KGA; and (2) based upon the recommendation of KGA, approve pay estimates listed above. Director Nilsson seconded the motion, which was passed by unanimous vote.

SWA GROUP REPORT

Mr. Oliver reviewed a landscape architect report , a copy of which is attached, and reported the status of the following projects, and recommended approval of the following pay applications and change orders:

1. Avalon at Cypress - West Road and Avalon River Road Landscape; Pay Estimate No. 9 and Final in the amount of \$38,332.89, payable to Junction Landscape; and Change Order No. 3 adding \$2,961 to the contract total; and
2. Avalon at Cypress West - Avalon Landing Lane Phase I Landscape; Pay Estimate No. 10 in the amount of \$23,122.449, payable to Junction Landscape; and Change Order No. 1 adding \$5,231.26 to the contract total;
3. Avalon at Cypress West - Avalon Landing Lane Phase 2 Landscape; Pay Estimate No. 1 in the amount of \$9,512.10, payable to Earth First Landscape;

4. Avalon at Cypress West, Entry Channel Landscape; Pay Estimate No. 1 in the amount of \$16,276.50, payable to Earth First Landscape;

Mr. Oliver next reported that bids were received for construction of Avalon at Cypress West, Sections 7 and 8 Landscape Improvements and recommended that the Board award the contract to the second lowest bidder, Earthcare Management, in the amount of \$1,260,215.54. The Board concurred that, in its judgment, Earthcare Management 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.

Following review and discussion, Director Barr moved to (1) approve SWA's report; (2) approve the pay estimates presented in the attached report, upon the recommendation of SWA; (3) approve the change orders listed above based upon the Board's finding that the change orders are beneficial to the District and KGA's recommendations; and (4) award the contract for construction of landscape improvements presented above, based upon SWA's recommendations and receipt of the payment and performance bonds and the certificate(s) of insurance and endorsements, if any, provided by the contractors. Director Green seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Mullaly reviewed an engineering report, a copy of which is attached, and requested authorization to design and advertise the following projects for bids for construction:

1. Grand Mason Detention Phase 4;
2. Grand Mason, Section 7 water, sewer, drainage and paving;
3. Grand Mason, Section 8 water, sewer, drainage and paving; and
4. Grand Mason, Section 12 water, sewer, drainage and paving.

Mr. Mullaly next reported that bids were received for construction of Grand Mason Detention Phase 3 and upon the recommendation of BGE, recommended that the Board award the contract in the amount of \$7,450,443.20 to DNT Construction. The Board concurred that, in its judgment, DNT 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 projects.

Mr. Mullaly then reviewed the status of construction projects in the District and presented the following pay applications and change orders:

1. Marvida, Section 30; Pay Estimate No. 4 in the amount of \$38,798.10, payable to Blazey Construction;

2. Bridge Creek, Section 11 water, sewer, drainage and paving; Pay estimate no. 1 in the amount of \$611,872.73, payable to Hurtado Construction;
3. Bridge Creek, Section 12 water, sewer, drainage, and paving; Pay Estimate No. 4 in the amount of \$13,836.42 for water, sewer and drainage and Pay Estimate No. 2 in the amount of \$23,169.60 for paving, both payable to Gonzalez Construction;
4. Bridge Creek, Section 13 water, sewer, drainage and paving; Pay Estimate No. 6 and Final in the amount of \$40,472.75, payable to R Construction Civil;
5. Westgreen Boulevard Street Dedication Section 6 Kinder Morgan Crossing; Pay Estimate No. 1 in the amount of \$45,822.94, Pay Estimate No. 2 in the amount of \$87,132.94 and Pay Estimate No. 3 in the amount of 4224,546.40, all payable to Harris Construction Company, LLC; and Change Order No. 1 adding \$79,760 to the contract total for additional fill material;
6. Wastewater Treatment Plant No. 2; Pay Estimate No. 43 in the amount of \$29,609.28, payable to Allco Constructors;
7. SSOI 2024; Pay Estimate No. 2 in the amount of \$32,047.47, payable to Source Point Solutions;
8. Lancaster Water Line Replacement; Pay Estimate No. 17 in the amount of \$3,947.04, payable to Sequeira Civil; and
9. Traffic Signal Installation for West Road Signals; Pay Estimate No. 1 in the amount of \$25,430.40 and Pay estimate No. 2 in the amount of \$99,659.25, both payable to Statewide Traffic Signal Co.; and Change Order No. 1 adding \$9,650 to the contract total.

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

Following review and discussion, Director Barr moved to (1) approve the engineering report; (2) authorize design of the projects listed above; award the contracts for construction of water, sewer and drainage, paving and other facilities presented above, based upon the BGE's, DAC's and Quiddity's recommendations and 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 Nilsson seconded the motion, which was passed by unanimous vote.

DEEDS AND EASEMENTS

The Board considered accepting/approving the following conveyances:

1. Special Warranty Deed (Part of Restricted Reserve E of Marvida Sec 18) from Astro Marvida, L.P.;

2. Access Easement (0.0310 Acre) from Astro Marvida, L.P.;
3. Water Line Easement (0.182 Acre; 0.219 Acre) from 99 West 570 Partners, LLC, Terra Prima, Ltd., Blossom Development, Inc., and Silvestri Investments of Florida, Inc., collectively ("99 West");
4. Sanitary Sewer Easement (0.130 Acre; 0.146 Acre; 0.193 Acre) from 99 West; and
5. Storm Sewer and Sanitary Sewer Easement (0.5365 Acre) from 99 West.

Following review and discussion, Director Barr moved to accept/approve the conveyances listed above. Director Green seconded the motion, which passed unanimously.

DEVELOPER'S REPORT

Mr. Colunga and Mr. Lesikar reported regarding development in the District.

Ms. Holoubek reviewed amended and restated development financing agreements for Chesmar Homes, LLC, K. Hovnanian Houston Marvida, LLC, Pulte Homes of Texas, LP, Taylor Morrison of Texas, Inc. and M/I Homes of Houston, LLC. Following review and discussion, Director Barr moved to approve the financing agreements. Director Nilsson seconded the motion, which passed unanimously.

2024 DEFINED AREA NO. 3 BOND ELECTIONS AND OPERATION AND MAINTENANCE TAX ELECTIONS

Ms. Holoubek presented and reviewed an Order Calling a Defined Area Election, Bond Elections and Operation and Maintenance Tax Elections (the "Defined Area No. 3 Election"). Mr. Keel reviewed a bond feasibility report, including summary of costs for development of public infrastructure planned for Defined Area No. 3.

The Board also considered contracting with Harris County to conduct the District's November 5, 2024 Defined Area No. 3 Election.

Mr. Holoubek presented and reviewed a Resolution Designating an Agent of the Secretary of the Board of Director's for the Defined Area No. 3 Election, reflecting Jane Miller as the Agent of the Secretary.

Ms. Holoubek then requested authorization to post and publish a Notice of Election and issue a Notice of Writ of Election.

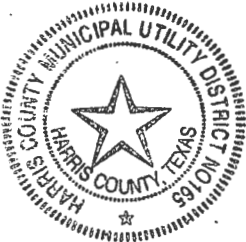
After review discussion, Director Barr moved to (1) adopt the Order Calling the Defined Area No. 3 Election and accept the bond feasibility report for Defined Area No. 3; (2) adopt the Resolution Designating an Agent of the Secretary of the Board of Director's for the Election; (3) authorize the Notice of Election and Notice of Writ of Election (the "Notices"); and (4) direct that the Order, Resolution and Notices be filed

appropriately and retained in the District's official records. Director Green seconded the motion, which passed unanimously.

WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

There was no discussion for this agenda item.

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



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Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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