

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

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

Also attending the meeting were David Keel and Maurice Mullaly of DAC Services, Inc. ("DAC"); Patty Rodriguez of Bob Leared Interests, Inc. ("BLI"); Christie Leighton of Best Trash, LLC; Sherri Greenwood of Forvis Mazars, LLP; Lynn Kurtz of Myrtle Cruz, Inc. ("MCI"); 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"); Patrick Elliott of Storm Water Solutions, LLC ("Storm Water"); Rob Oliver with SWA Group ("SWA"); Tyler Lindgren of KGA/DeForest Design, LLC ("KGA"); Justin Jenkins of McCall Gibson Swedlund Barfoot PLLC ("McCall"); Daniel Gillham of Tri Pointe Homes Texas Inc.; Justin Jenkins of McGrath & Co., PLLC; 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.

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

GARBAGE/RECYCLING COLLECTION

Ms. Leighton discussed trash collection in the District and answered questions from Board members.

SECURITY REPORT

The Board reviewed a report regarding patrol in the District during the month of August 2024, a copy of which is attached.

MINUTES

The Board considered approving the minutes of August 8, 2024, regular meeting and August 22, 2024, special meeting. Following review and discussion, Director Barr moved to approve the minutes. Director Green seconded the motion, which passed unanimously.

AUDITING MATTERS

Mr. Jenkins requested authorization to conduct the District’s audit for fiscal year ending September 30, 2024 for a proposed fee between \$30,000 and \$40,000.

Mr. Jenkins next presented and reviewed a developer reimbursement report in connection with the sale of the Series 2024 Defined Area No. 2 Unlimited Tax Road Bonds (the “DA2 Road Bonds”).

Ms. Greenwood presented and reviewed developer reimbursement reports in connection with the sale of the Series 2024 Defined Area No. 2 Unlimited Tax Park Bonds (the “DA2 Park Bonds”) and the Series 2024 Defined Area No. 1 Unlimited Tax Road Bonds (the “DA1 Road Bonds”).

Following review and discussion, Director Molina made a motion to (1) engage McCall to conduct the audit for fiscal year ending September 30, 2024; (2) approve the developer reimbursement report for the District’s DA2 Road Bonds and authorize disbursement of the funds to the developers upon closing of the Bonds; and (3) approve the developer reimbursement reports for the District’s DA2 Park Bonds and DA1 Road Bonds and authorize disbursement of the funds to developers upon closing of the bonds. Director Barr seconded the motion, which carried unanimously.

2024 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 October 3, 2024; and (2) authorize the tax assessor/collector to publish notice of the District’s meeting on October 3, 2024, to set the proposed 2024 total tax rate of \$0.84 per \$100 of assessed valuation, with \$0.59 allocated for debt service on water, sewer, and drainage bonds, and \$0.25 allocated for operations and maintenance; (3)

authorize the tax assessor/collector to publish notice of the District's meeting on October 3, 2024 to set the proposed 2024 total tax rate of \$0.66 per \$100 of assessed valuation for debt service in Defined Area No. 1; and (4) authorize the tax assessor/collector to publish notice of the District's meeting on October 3, 2024 to set the proposed 2024 total tax rate of \$0.66 per \$100 of assessed valuation for debt service in Defined Area No. 2, with \$0.48 allocated for debt service on road bonds, and \$0.18 allocated for park bonds. Director Barr seconded the motion, which passed unanimously.

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 Molina 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.

Ms. Rodriguez also reviewed a list of delinquent accounts proposed for termination of water service for nonpayment of delinquent property taxes.

Ms. Rodriguez also reviewed a taxpayer appeal requesting waiver of penalty and interest accrued due to a Harris Central Appraisal District ("HCAD") error.

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 authorize payment of the bills; (2) waive penalty and interest charged to the taxpayer making an appeal due to an error made by HCAD and upon the recommendation of the District's tax assessor collector; and (3) upon the recommendation of District's delinquent tax attorney, authorize the District's operator to tag the tax accounts recommended for termination of water service. Director Barr seconded the motion, which passed unanimously.

RESOLUTION REVOKING WAIVER OF SPECIAL APPRAISAL

The Board also considered adopting a Resolution Revoking the Waiver of Special Appraisal for the benefit of LTHO Lakes, LP as it applies to a portion of the property now owned by S-G Owners Association.

Following discussion, Director Barr moved to approve a Resolution Revoking the Waiver of Special Appraisal for the benefit of LTHO Lakes LP as it applies to that portion of the property now owned by S-G Owners Association. Director Molina 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 94 new residential taps and 2 commercial taps installed during the month of August 2024 and requested authorization to make the following repairs, approve the following installations and approve the proposal below:

1. Repair of aeration blower no. 2 at Wastewater Treatment Plant No. 1 for an estimated cost of \$8,675;
2. Proposal from C&C Water Wells in the amount of \$36,900 to _pull 100 feet of pump assembly and the well motor, replace the inner column, and reinstall and start up the well motor at Water Plant No. 5; and
3. Install a new surge arrestor at Lift Station No. 4 for an estimated cost of \$6,450.

Mr. Hoffman reviewed customer appeals.

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 Molina moved to (1) approve the District operator's report; (2) authorize the installation, repair and proposal 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.

REPORT FROM STORM WATER SOLUTIONS

Mr. Elliott reviewed Storm Water Management Program reports, copies of which are attached. Following review and discussion, Director Molina moved to approve the reports. 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 requested that the Board approve replacement of the dog waste stations in Amhurst Park and Cypress Springs Park for an estimated amount of \$332.32 each.

1. Replacement of dog waste station in Amhurst Park for an estimated amount of \$332.32; and
2. Replacement of dog waste station in Cypress Springs Park for an estimated amount of \$332.32.

The Board discussed options for management of the duck population and concurred to approve the proposal from Central Texas Duck Rescue.

Following review and discussion, Director Green moved to (1) approve the park and landscape management report; (2) authorize replacement of dog waste stations in Amhurst Park and Cypress Springs Park; and (3) authorize MSA to move forward with duck population management with Central Texas Duck Rescue. Director Barr seconded the motion, which passed unanimously.

KGA/DEFOREST DESIGN, LLC REPORT

Mr. Lindgren reported the status of the following projects and reported that bids were received for construction of Bridge Creek, Section 13 Landscape Improvements and recommended that the Board award the contract to the lowest bidder, Triple E. Growers, Inc. d/b/a Triple E Landscapes, in the amount of \$271,658. The Board concurred that, in its judgment, Triple E Landscapes 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. Mueller also discussed the status of the following projects and recommended that the Board approve pay estimates listed below:

1. Marvida POD A Phase 2 Landscape Improvements; Pay Application No. 6 in the amount of \$1,474.20, payable to Earth First;

2. Marvida Phase 1 Landscape Improvements; Change Order No. 1 adding \$8,473.35 to the District's contract with Earth First for a sidewalk along Westgreen;
3. Marvida Sections 23 and 24 Landscape Improvements; Pay Application No. 11 and Final in the amount of \$35,832.65, payable to Earth First; and
4. West Road Section 3 Median Landscape Improvements; Pay Application No. 3 in the amount of \$576, payable to Platinum Grass.

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

After review and discussion, Director Molina moved to (1) accept the landscape architect report from KGA; and (2) based upon the recommendation of KGA, approve pay estimates and change orders listed above. Director Barr 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 - Avalon Landing Lane Phase 2 Landscape; Pay Estimate No. 2 in the amount of \$69,069.50, payable to Earth First Landscape;
2. Avalon at Cypress West, Entry Channel Landscape; Pay Estimate No. 2 in the amount of \$129,965.85, payable to Earth First Landscape;

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

ENGINEERING MATTERS , INCLUDING DEEDS AND EASEMENTS

Mr. Mullaly reviewed an engineering report, a copy of which is attached.

Mr. Mullaly next reported that bids were received for construction of water, sewer, and drainage to serve Avalon at Cypress Section 10 and upon the recommendation of BGE, recommended that the Board award the contract in the amount of \$987,777 to Unitas Construction. The Board concurred that, in its judgment, Unitas 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 next reported that bids were received for paving to serve Avalon at Cypress Section 10 and upon the recommendation of BGE, recommended that the Board award the contract in the amount of \$570,072 to Unitas Construction. The Board concurred that, in its judgment, Unitas 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 next reported that bids were received for construction of water, sewer, and drainage to serve Grand Mason, Section 7 and upon the recommendation of BGE, recommended that the Board award the contract in the amount of \$798,547.44 to Gonzalez Construction Enterprise. The Board concurred that, in its judgment, Gonzalez Construction Enterprise 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 next reported that bids were received for construction of water, sewer, and drainage to serve Grand Mason, Section 8 and upon the recommendation of BGE, recommended that the Board award the contract in the amount of \$1,933,735.71 to Gonzalez Construction Enterprise. The Board concurred that, in its judgment, Gonzalez Construction Enterprise 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. Avalon at Cypress, Section 8 paving; Pay Estimate No. 4 and Final in the amount of \$28,899, payable to Harris Construction;
2. Avalon View Drive water, sewer, drainage, and paving; Pay Estimate No. 1 for paving in the amount of \$275,190.30, payable to Unitas Construction;
3. Westgreen Boulevard Street Dedication Section 6 Kinder Morgan Crossing; Pay Estimate No. 4 in the amount of \$96,034.50, payable to Harris Construction Company, LLC;
4. Wastewater Treatment Plant No. 1 Fence Replacement; Pay Estimate No. 5 in the amount of \$37,115.89, payable to Perea Masonry;
5. Lancaster Water Line Replacement; Pay Estimate No. 18 in the amount of \$39,242.26 and Pay Estimate No. 18R in the amount of \$109,314.80, both payable to Sequeira Civil;
6. Traffic Signal Installation for West Road Signals; Pay Estimate No. 3 in the amount of 4339,336.90 payable to Statewide Traffic Signal Co.;
7. Bridge Creek, Section 12 paving; Change Order No. 1 deducting \$66,911.42 from the District's contract with to remove offsite paving facilities; and
8. Bridge Creek Westgreen Phase II; Pay Estimate No. 4 and Final in the amount of \$15,305.39, payable to Park Construction.

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

The Board considered accepting a temporary access easement from Taylor Morrison to access to utilities that are not within the public right-of-way within Avalon at Cypress, Section 10, which will be abandoned when Avalon at Cypress, Section 13 is designed.

The Board also considered water, sanitary and storm easements to serve Grand Mason, Section 8.

Following review and discussion, Director Molina moved to (1) approve the engineering report; (2) 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; (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; and (5) accept the access easement and multiple easement to serve Grand Mason, Section 8, discussed above, as recommended by BGE and DAC. Director Barr seconded the motion, which was passed by unanimous vote.

RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECTS AND BONDS

Ms. Milbauer and Mr. Eustis discussed upcoming bond applications and issues. The Board also considered approving a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Projects and Bonds for an amount not to exceed \$54,850,000. Following review and discussion, Director Molina moved to approve a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Projects and Bonds for an amount not to exceed \$54,850,000. Director Barr seconded the motion, which passed unanimously.

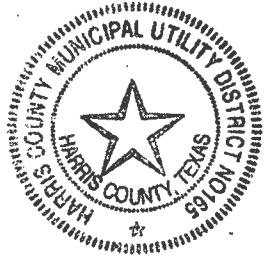
DEVELOPER'S REPORT

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

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.



A handwritten signature in black ink, consisting of several loops and strokes, positioned above a horizontal line.

Secretary, Board of Directors

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