

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

October 3, 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 3rd day of October 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 Nilsson, thus constituting a quorum.

Also attending the meeting were Maurice Mullaly of DAC Services, Inc. ("DAC"); Patty Rodriguez of Bob Leared Interests, Inc. ("BLI"); Lynn Kurtz of Myrtle Cruz, Inc. ("MCI"); Blake Dalton 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"); Stephanie Lee of KGA/DeForest Design, LLC ("KGA"); David Wood of Robert Baird & Co. Incorporated ("Baird"); Alex Gross and Anthony Perez of Meritage Homes; 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. Director Green reported on a tragic accident occurring at a detention pond located in Pine Creek at Canyon Lakes West involving the drowning of a young child.

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 report regarding patrol in the District during the month of September 2024, a copy of which is attached.

MINUTES

The Board considered approving the minutes of September 5, 2024, regular meeting. Following review and discussion, Director Molina moved to approve the minutes. Director Barr seconded the motion, which passed unanimously.

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

Mr. Wood distributed and reviewed a draft of the Preliminary Official Statement and the Notice of Sale for the Series 2024A Defined Area No. 2 Unlimited Tax Park Bonds (the "Bonds").

Ms. Holoubek discussed the duties of the paying agent/registrar for the Bonds and noted the financial advisor recommends that the Board appoint Zions Bancorporation, National Association ("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 7, 2024.

The Board considered authorizing McCall Gibson Swedlund Barfoot PLLC ("McCall") 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) approve the Preliminary Official Statement and Notice of Sale; (2) to appoint Zions as the paying agent/registrar for the Bonds; (3) authorize the District's financial advisor to advertise the sale of the Bonds; and (4) authorize the auditor to begin preparation of the developer reimbursement report. Director Barr seconded the motion, which carried unanimously.

SERIES 2024 UNLIMITED TAX BONDS

Mr. Wood stated that pursuant to the Municipal Securities Rulemaking Board requirements, Baird, as financial advisor to the District, has provided a written disclosure to the Board of Directors related to the Series 2024 Unlimited Tax Bonds. The Board of Directors directed that the written disclosure be filed appropriately and retained in the District's official records.

Mr. Wood presented and reviewed the bids received for the sale of the District's \$45,580,000, Series 2024, Unlimited Tax Bonds (the "Bonds"). A summary of the bids received for the Bonds is attached. He stated that the low bid submitted by SAMCO Capital ("SAMCO") with a net effective interest rate of 3.911424% was reviewed, all numbers were 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 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. 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 Molina made a motion to (1) award the sale of the Bonds to SAMCO with a net effective interest rate of 3.911424%; (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. Director Barr seconded the motion, which carried unanimously.

2024 TAX RATE

The Board considered the District's 2024 tax rate. Ms. Rodriguez stated that the notice was published of the public hearing to be held at today's meeting regarding (1) adoption of the District's proposed 2024 total tax rate of \$0.84; (2) adoption of the District's proposed 2024 total tax rate of \$0.66 in Defined Area No. 1; and (3) adoption of the District's proposed 2024 total tax rate of \$0.66 in Defined Area No. 2.

Director Bentson opened the public hearing. There being no comments from the public, Director Bentson closed the public hearing.

Ms. Holoubek presented (1) an Order Levying Taxes reflecting the proposed 2024 tax rate for the District; (2) an Order Levying Taxes reflecting the proposed 2024 tax rate in Defined Area No. 1; and (3) an Order Levying Taxes reflecting the proposed 2024 tax rate in Defined Area No. 2. She then presented an Amendment to Information Form reflecting the tax rates and stated that the Amendment will be filed with the Texas Commission on Environmental Quality and recorded in the Official Public Records of Harris County.

After review and discussion, Director Molina moved to: (1) adopt an Order Levying Taxes reflecting a total 2024 tax rate of \$0.84 per \$100 of assessed valuation, comprised of \$0.59 to pay debt service on water, sewer, and drainage bonds and \$0.25 for operations and maintenance; (2) adopt an Order Levying Taxes for Defined Area No. 1 reflecting a total 2024 tax rate of \$0.66 for road debt service; (3) adopt an Order Levying Taxes for Defined Area No. 2 reflecting a total 2024 tax rate of \$0.66, with \$0.48 allocated for debt service on road bonds and \$0.18 allocated for debt service on park bonds; (4) authorize execution of the Amendment to Information Form; and (5) direct that the Orders and Amendment be filed appropriately and retained in the District's official records. Director Barr seconded the motion, which passed by unanimous vote.

APPROVE AMENDMENT TO MASTER PARK PLAN

Ms. Lee reviewed an updated Master Parks Plan prepared by KGA, including Defined Area No. 3, a copy of which is attached to these minutes. Following discussion, Director Molina moved to adopt the updated Master Parks Plan, as amended, and direct that it be filed appropriately and retained in the District's official records. Director Barr seconded the motion, which carried 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 (1) accept the bookkeeper's report and payment of the bills, including additional handwritten check nos. 2864 in the amount of \$45,723.89, payable to Today's Integration, and check no. 2865 in the amount of \$612.27, payable to Director Molina for Directors fees and expenses for the month of September 2024; and (2) approve the budget for the fiscal year ending September 30, 2025; Director Barr seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS AND DELINQUENT TAX COLLECTION

Ms. Rodriguz 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 tagged for termination of water service for nonpayment of delinquent property taxes.

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; and (2) upon the recommendation of District's delinquent tax attorney, authorize the District's operator to terminate service for those tax accounts recommended for termination of water service. Director Barr seconded the motion, which passed unanimously.

OPERATION OF DISTRICT FACILITIES

Mr. Hoffman reported 81 new residential taps and 2 commercial taps installed during the month of September 2024 and requested authorization to make the following repairs, approve the following repairs and replacement recommended below:

1. repair of the curtain walls damaged at the Wastewater Treatment Plant damaged during Hurricane Beryl for an estimated cost of \$18,647.60;
2. repair of clarifier no. 1, repair of the metal rake arms and effluent weir boxes and epoxy coat the concrete where aggregate is surfacing at the Wastewater Treatment Plant; and
3. replace the well capacitator at Water Plant No. 5 for an estimated cost of \$5,300.

Mr. Alvey reviewed a bid received from Wright Solutions for emergency repair

of a sanitary manhole at Greenhouse Road and Longenbaugh Road for an estimated cost of \$175,599.86. Mr. Alvey said that relocation of the signal light, and any necessary dewatering or relocation of dry utilities.

Mr. Hoffman reviewed and discussed water quality complaints, copies of which are attached to these minutes.

Mr. Alvey reviewed customer appeals, copies of which are attached to these minutes.

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 repairs and replacement listed above, as recommended, including authorization for ABHR to send notice to the Texas Commission on Environmental Quality ("TCEQ") of emergency repair of a sanitary manhole discussed above; (3) authorize the District operator to make the recommended account adjustments and/or arrangements for the customer appeals presented, with the exception of account no. 72678; 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 Barr seconded the motion, which passed unanimously.

The Board took no action regarding the customer appeal for account no. 72678.

REPORT FROM STORM WATER SOLUTIONS

Mr. Beyer reviewed Storm Water Management Program reports, copies of which are attached, and reviewed proposals for (1) continued maintenance to Marvida Drainage Phase 2 South ponds; and (2) additional clearing for easements north of Longenbaugh Road and Water Plant to the western boundary of the District. Following review and discussion, Director Molina moved to approve the reports and proposals 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 (1) retrofitting of light structures in

Lancaster Park for an estimated cost of \$1,455.00 and (2) repairs of the play structure in Lancaster Park for an estimated cost of \$2,731.50.

Following review and discussion, Director Molina moved to (1) approve the park and landscape management report and (2) authorize updates and repairs in Lancaster Park, as discussed. Director Barr seconded the motion, which passed unanimously.

KGA/DEFOREST DESIGN, LLC REPORT

Ms. Lee reported the status of the following projects and reported that bids were received for construction of Bridge Creek, Section 12 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 \$147,318. 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.

Ms. Lee also discussed the construction of West Road Section 3 Median Landscape Improvements and recommended that the Board approve Pay Application No. 4 in the amount of \$827.24, payable to Platinum Grass.

After review and discussion, Director Molina moved to (1) accept the landscape architect report from KGA; (2) award the contract for landscaping improvements presented above, based upon KGA's recommendations and receipt of the payment and performance bonds and the certificate(s) of insurance and endorsements, if any, provided by the contractors; and (3) based upon the recommendation of KGA, approve the pay estimate presented above. Director Barr seconded the motion, which was passed by unanimous vote.

SWA GROUP REPORT

Mr. Dalton 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. 3 in the amount of \$112,731.30, payable to Earth First Landscape;
2. Avalon at Cypress West, Entry Channel Landscape; Pay Estimate No. 3 in the amount of \$172,980, payable to Earth First Landscape; and
3. Avalon at Cypress, Sections 7 and 8 Landscape Improvements; Pay Estimate No. 1 in the amount of \$210,985.24, payable to Earthcare Management, Inc.

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

Mr. Mullaly reviewed an engineering report, a copy of which is attached, and requested authorization to advertise for bids for construction of (1) Grand Mason, Detention Phase 4; (2) Grand Mason, Section 7 paving; and (3) Grand Mason, Section 8 water, sewer and drainage.

Mr. Mullaly next reported that bids were received for construction of Marvida Drainage Phase 2 North Rehabilitation and upon the recommendation of Quiddity, recommended that the Board award the contract in the amount of \$99,173.98 to Erosion Services. The Board concurred that, in its judgment, Erosion Services 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 Northwest Corner Mason Road water, sewer, drainage and paving and upon the recommendation of DAC, recommended that the Board award the contract in the amount of \$1,364,262.11 to Precise Services. The Board concurred that, in its judgment, Precise Services 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 West Road Sanitary to serve Defined Area No. 3 and upon the recommendation of DAC, recommended that the Board award the contract in the amount of \$1,513,190 to Blazey Construction. The Board concurred that, in its judgment, Blazey 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. Bridge Creek, Section 12, water, sewer and drainage; Pay Estimate No. 5 and Final in the amount of \$128,952.17, payable to Gonzalez Construction; and Change Order No. 2 reducing the contract by \$10,558.98 for adjustment of final quantities;
2. Traffic Signal Installation for West Road Signals; Pay Estimate No. 4 in the amount of \$59,668.65 payable to Statewide Traffic Signal Co.;
3. Avalon View Drive Street Dedication Section 1; Pay Estimate No. 2 in the amount of \$51,780.05 for water, sewer and drainage, Pay Estimate No. 2 in the amount of \$27,543.35 for paving, both payable to Unitas Construction,

Inc.; and Change Order No. 1 with no net change to the contract total for removal of rip rap from the drainage channel and regrading to reroute the drainage to a new storm sewer system;

4. Bridge Creek, Section 13; final certification of substantial completion; and
5. Stream and Wetlands Restoration Langham Creek Pond Excavation; Pay Estimate No. 1 in the amount of \$74,041.23, payable to Sterling Site Services.

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

The Board considered providing a letter to the City of Houston accepting responsibility for the operation and maintenance of a dead end to an 8" waterline along the northern side of West Road near the Grand Parkway.

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 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) authorize DAC to send a letter to the City of Houston accepting responsibility for the operation and maintenance of a dead end to an 8" waterline along the northern side of West Road near the Grand Parkway. Director Barr seconded the motion, which was passed by unanimous vote.

AMENDED AND RESTATED PARTIAL ASSIGNMENT OF RIGHT TO REIMBURSEMENT PROCEEDS

The Board next considered consenting to an Amended and Restated Partial Assignment of Right to Reimbursement Proceeds between Cypress 856, Ltd., a Texas limited partnership ("Cypress 856") and Astro Marvida, LP. Following review and discussion, Director Molina moved to consent to the proposed assignment. Director Barr seconded the motion, which passed unanimously.

PURCHASE AND SALE AGREEMENT FOR LIFT STATION SITE

Ms. Holoubek reviewed a proposed Purchase and Sale Agreement for purchase of a site for future Lift Station No. 5 to serve Defined Area No. 3 from CILB 2018, LP. Following review and discussion, Director Molina moved to approve the Purchase and Sale Agreement. Director Barr seconded the motion, which passed unanimously.

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

Mr. Mullaly, Mr. Wood and Ms. Holoubek discussed an upcoming bond application. 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 \$58,400,000. 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 \$58,400,000. Director Barr seconded the motion, which passed unanimously.

RESOLUTION REGARDING INTENT TO REIMBURSE

The Board next considered approving funding of the District's share of the the cost of construction of the Grand Mason Detention, Phase 3 and determined to advance funds from the District's operating account and reimburse the operating account from future bond proceeds. Ms. Holoubek reviewed a Resolution Regarding Intent to Reimburse the District's operating account from future bond proceeds. Following review and discussion, Director Molina moved to approve the Resolution Regarding Intent to Reimburse. Director Barr seconded the motion, which passed unanimously.

DEEDS, EASEMENTS, ENCROACHMENTS AND OTHER RIGHT OF WAY CROSSINGS

The Board next considered accepting the following easements:

1. Sanitary Sewer Easement (0.0035 Acre) from VPTM Avalon LB LLC; and
2. Storm Sewer Easement (0.1328 Acre; 0.2063 Acre) from VPTM Avalon LB LLC.

Following review and discussion, Director Molina moved to accept the easements. Director Barr seconded the motion, which passed unanimously.

DEVELOPER'S REPORT

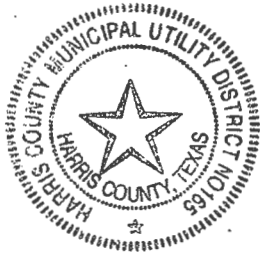
Mr. Dalton reported regarding development in the District.

Ms. Holoubek reviewed a Development Financing Agreement with Meritage Homes of Texas, LLC. Following review and discussion, Director Molina moved to approve the Development Financing Agreement. Director Barr 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.



A handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

Minutes
Page

summary of the bids.....	3
summary of the bids received.....	3
bookkeeper’s report, investment report, budgets, and a list of bills presented for payment.....	5
tax assessor/collector’s report and delinquent tax report.....	5
park and landscape management report.....	6
landscape architect report	7
landscape architect report	8