

MINUTES  
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

November 7, 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 7<sup>th</sup> day of November 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 Directors Bentson and Molina, thus constituting a quorum.

Also attending the meeting were Maurice Mullaly and David Keel of DAC Services, Inc. ("DAC"); Patty Rodriguez of Bob Leared Interests, Inc. ("BLI"); Lynn Kurtz of Myrtle Cruz, Inc. ("MCI"); Blake Dalton and 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"); Tyler Lindgren of KGA/DeForest Design, LLC ("KGA"); David Wood of Robert Baird & Co. Incorporated ("Baird"); Robert Oliver of SWA Group; Sherri Greenwood of Forvis Mazars, LLP; and Jessica Holoubek, Brooke Milbauer and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENT

Ms. Holoubek 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, the Board moved to the next agenda item.

SWA GROUP REPORT

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

1. Avalon at Cypress West – Avalon Landing Lane Phase 2 Landscape; Pay Estimate No. 4 in the amount of \$91,584, payable to Earth First Landscape;
2. Avalon at Cypress West, Entry Channel Landscape; Pay Estimate No. 4 in the amount of \$120,085.43, payable to Earth First Landscape; and
3. Avalon at Cypress, Sections 7 and 8 Landscape Improvements; Pay Estimate No. 2 in the amount of \$98,267.39, payable to Earthcare Management, Inc.; and Change Order No. 1 increasing the contract amount by \$31,222.24.

He also updated the Board regarding design of the Recreation Center for Avalon at Cypress West and requested authorization to advertise for bids for construction.

Following review and discussion, Director Barr moved to (1) approve SWA's report; (2) approve the pay estimates and change order presented in the attached report, based upon the recommendation of SWA and finding that the change order is beneficial to the District; and (3) authorize SWA to advertise for bids for construction of the Recreation Center at Avalon at Cypress West. Director Nilsson seconded the motion, which passed unanimously.

#### 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 October 2024, a copy of which is attached.

#### MINUTES

The Board considered approving the minutes of October 4, 2024, regular meeting. Following review and discussion, Director Green 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 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 Defined Area No. 2 Unlimited Tax Park 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 \$6,985,000, 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 SAMCO Capital Market ("SAMCO") with a net effective interest rate of 4.460671% 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, explaining that the document sets 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 updated 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 Green made a motion to (1) award the sale of the Bonds to SAMCO with a net effective interest rate of 4.460671%; (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 (7) 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.

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 Green moved to authorize execution of the Amendment to Information Form; and direct that the Amendment be filed appropriately and retained in the District's official records. Director Barr seconded the motion, which passed by unanimous vote.

#### DEVELOPER REIMBURSEMENT REPORT FOR SERIES 2024 UNLIMITED TAX BONDS

Ms. Greenwood presented and reviewed a developer reimbursement report in connection with the sale of the Series 2024 Unlimited Tax Bonds (the "Bonds"). Following review and discussion, Director Green moved to approve the developer reimbursement report for the Bonds and authorize disbursement of funds, subject to receipt of executed receipts from developers receiving reimbursement. Director Barr seconded the motion, which passed unanimously.

#### FINANCIAL AND BOOKKEEPING MATTERS

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 Green moved to (1) accept the bookkeeper's report and payment of the bills, including additional handwritten check no. 2932 in the amount of \$72,900, payable to Underground Construction Solutions and (2) void check no. 2907. Director Barr seconded the motion, which passed unanimously.

Ms. Holoubek discussed a requirement to annually review the District's Investment Policy to comply with the Public Funds Investment Act, Chapter 2256, Texas Government Code ("PFIA"). Ms. Holoubek said neither ABHR nor the District bookkeeper is recommending any changes at this time and reviewed a Resolution Regarding Annual Review of the Investment Policy.

Ms. Holoubek next discussed a requirement of the PFIA to annually review, revise, and adopt a list of qualified broker/dealers with whom the District may engage in investment transactions. She reviewed a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions.

Following review and discussion, Director Green moved to (1) approve a Resolution Regarding Annual Review of the Investment Policy and (2) approve a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. Director Barr seconded the motion, which passed unanimously.

#### ARBITRAGE REBATE REPORT FOR SERIES 2019 BONDS

Ms. Holoubek next reviewed OmniCap Group LLC's arbitrage rebate and yield restriction calculation for the District's Series 2019 Bonds and said no rebate is due to the Internal Revenue Service.

#### 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.

Following discussion and review of the information provided by the District tax assessor collector, Director Green moved to accept the tax assessor/collector's report and 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 Green moved to cast the District's ballot for Jonathan Cowen. The motion was seconded by Director Nilsson and passed unanimously.

#### OPERATION OF DISTRICT FACILITIES

Mr. Hoffman reported 96 new residential taps installed during the month of October 2024 and requested authorization to install an ultrasonic level indicator for the dichlorination tank at Wastewater Treatment Plant No. 1 for an estimated cost of \$3,915.

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

Mr. Hoffman updated the Board on the District's lead and copper service line inventory (the "Lead & Copper Inventory"), as reflected in the operator's report.

Discussion ensued and the Board concurred to post the following notice to the public as part of these minutes:

Harris County Municipal Utility District has completed the Lead & Copper Inventory as required by the EPA. Through records research and field investigation of the distribution system, it has been determined that the system has no lead service lines or galvanized requiring replacement service lines. If you would like a copy of the Lead & Copper Inventory, please submit your request to har165@txdistricts.info.

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 Green moved to (1) approve the District operator's report; (2) authorize the repair listed above, as recommended; (3) authorize the District operator to make the recommended account adjustments and/or arrangements for the customer appeals presented; (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; and (5) approve the District's Lead & Copper Inventory notice.

#### REPORT FROM STORM WATER SOLUTIONS

Mr. Beyer reviewed Storm Water Management Program reports, copies of which are attached. Following review and discussion, Director Green moved to approve the report and proposals. 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, and requested that the Board approve repair of the roof pavilion in Cypress Springs Park for an estimated cost of \$874.

Following review and discussion, Director Green moved to (1) approve the park and landscape management report and (2) authorize repair of the Cypress Springs Park pavilion roof, as discussed. Director Nilsson seconded the motion, which passed unanimously.

## KGA/DEFOREST DESIGN, LLC REPORT

Mr. Lindgren reported the status of West Road Section 3 Median Landscape Improvements and recommended that the Board approve Pay Application No. 5 in the amount of \$1,154.34 and Pay Application No. 6 and Final in the amount of \$14,076.65, both payable to Platinum Grass. He also recommended that the Board approve Change Order No. 1 deducting \$100 from the contract total.

After review and discussion, Director Green moved to (1) accept the landscape architect report from KGA and (2) based upon the recommendation of KGA and finding that the change order is beneficial to the District, approve the pay estimates and change order presented above. Director Nilsson seconded the motion, which was passed by unanimous vote.

## ENGINEERING MATTERS

Mr. Mullaly reviewed an engineering report, a copy of which is attached, and requested authorization to advertise for bids for the installation of a generator at Lift Station No. 13.

Mr. Mullaly next reported that bids were received for construction of Grand Mason, Section 8 paving and, upon the recommendation of BGE, recommended that the Board award the contract in the amount of \$1,479,898.75 to Harris Construction Company, LLC. The Board concurred that, in its judgment, Harris Construction Company, LLC, is 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 water, sewer and drainage in Avalon at Cypress West, Section 4 and upon the recommendation of DAC, recommended that the Board award the contract in the amount of \$734,441 to Texasite, LLC. The Board concurred that, in its judgment, Texasite, LLC is 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 in Avalon at Cypress West, Section 4, and recommended that the Board award the contract in the amount of \$621,162.50 to Harris Construction Company, LLC. The Board concurred that, in its judgment, Harris Construction Company, LLC is 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 Avalon Landing Lane Street Dedication, Section 2 and upon the recommendation of DAC, recommended that the Board award the contract in the amount of \$527,707 to Unitas Construction, Inc. The Board concurred that, in its judgment, Unitas Construction, Inc.

is 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 Avalon Landing Lane Street Dedication, Section 2 paving and upon the recommendation of DAC, recommended that the Board award the contract in the amount of \$279,920 to Unitas Construction, Inc. The Board concurred that, in its judgment, Unitas Construction, Inc. is 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 View Drive Street Dedication Section 1; Pay Estimate No. 3 in the amount of \$26,005.95 for water, sewer and drainage, Pay Estimate No. 3 in the amount of \$35,587.95 for paving, both payable to Unitas Construction, Inc.;
2. Avalon at Cypress, Section 12, water, sewer and drainage; Pay Estimate No. 1 in the amount of \$447,715.80, payable to Unitas Construction, Inc.;
3. Grand Mason Detention Phase 3; Pay Estimate No. 1 in the amount of \$263,473.56 and Pay Estimate No. 2 in the amount of \$953,269.92, both payable to DNT Construction, LLC;
4. Wastewater Treatment Plant No. 2; Pay Estimate No. 44 in the amount of \$479,827.40, payable to Allco Constructors;
5. Stream and Wetlands Restoration Langham Creek Pond Excavation; Pay Estimate No. 2 in the amount of \$203,277.72, payable to Sterling Site Services;
6. Water Plant No. 6; Pay Estimate No. 24 in the amount of \$166,250, payable to Long & Son, Inc.;
7. Amhurst Water Line Replacement; Pay Estimate No. 1 in the amount of \$72,900, payable to Underground Construction Solutions, LLC;
8. Bridge Creek, Section 12, water, sewer and drainage; Certificate of Substantial Completion;
9. Water Treatment Plant 2<sup>nd</sup> waterline connection; Change Order No. 1 adding \$32,970 to the District's contract with GM Vera's Construction for an additional pipeline casing required by Kinder Morgan;
10. Bridge Creek, Section 11 paving; Pay Estimate No. 1 in the amount of \$672,270.55, payable to Hurtado Construction;
11. Marvida Lift Station; Pay Estimate No. 17 and Final in the amount of \$149,250, payable to Putnam, Inc.; and Certificate of Substantial Completion; and
12. Westgreen Boulevard Street Dedication 6; Pay Estimate No. 5 in the amount of \$108,104.85, payable to Harris Construction Company, LLC.



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

Following review and discussion, Director Green 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, BGE'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 order 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.

#### RESOLUTION REGARDING INTENT TO REIMBURSE

The Board next considered approving funding of the replacement of the Amhurst Water Line and the acquisition of land necessary to construction Regional Lift Station No. 18 and determined to advance funds from the District's operating account and reimburse the operating account from future bond proceeds. Ms. Holoubek reviewed Resolutions Regarding Intent to Reimburse the District's operating account from future bond proceeds for each of these projects. Following review and discussion, Director Nilsson moved to approve the Resolutions 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 an Abandonment of Sanitary Sewer Easement (0.0201 Acre; 0.0468 Acre; 0.0701 Acre). Mr. Mullaly confirmed that there are no facilities constructed on the parcel and that the District no longer needs the sanitary sewer easement. Following review and discussion, Director Green moved to accept the abandonment. Director Barr seconded the motion, which passed unanimously.

#### DEVELOPER'S REPORT

Mr. Colunga reported regarding development in the District.

#### WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

There was no discussion for this agenda item.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071 TEXAS GOVERNMENT CODE

At 8:08 p.m., Ms. Holoubek announced the Board would convene in executive session to conduct a private consultation with attorney to discuss pending or contemplated litigation, or a settlement offer.

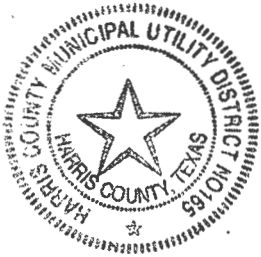
RECONVENE IN OPEN SESSION

The Board reconvened in open session at 8:10 p.m. No action was taken.

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



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Secretary, Board of Directors



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