

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

March 6, 2025

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 6th day of March 2025, 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 Oliver Holoubek; David Keel and 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"); Phillip Smith and Josh Wailes of Mike Stone Associates, Inc. ("MSA"); David Beyer and Drew Anderson of Storm Water Solutions, LLC ("SWS"); Tyler Lindgren of KGA/DeForest Design, LLC ("KGA"); Justin Jenkins of McCall Gibson Swedlund Barfoot Ellis PLLC ("McCall"); Robert Oliver of SWA Group ("SWA"); Sergeant Mike Flores of Harris County Constable's Office Precinct 5 ("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.

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

GARBAGE/RECYCLING COLLECTION

There was no discussion for this agenda item.

MINUTES

The Board considered approving the minutes of February 6, 2025, regular meeting. Following review and discussion, Director Molina moved to approve the minutes. Director Barr seconded the motion, which passed unanimously.

SECURITY REPORT

Sergeant Flores discussed patrol in the District during the month of February, 2025, and presented patrol reports, copies of which are attached. Discussion ensued regarding security equipment.

DEVELOPER REIMBURSEMENT REPORT AND AUTHORIZE DISBURSEMENT OF FUNDS

Mr. Jenkins presented and reviewed a developer reimbursement report in connection with the sale of the Series 2025 Unlimited Tax Bonds (the "Bonds"). Following review and discussion, Director Molina made a motion to approve the developer reimbursement report and authorize disbursement of the funds to the developers upon closing of the Bonds, provided that disbursement of funds due Chesmar Homes being subject to receipt of payment for outstanding builder back charges. Director Barr seconded the motion, which carried unanimously.

RENEWAL OF DISTRICT INSURANCE POLICIES

There was no discussion for this agenda item.

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 Molina moved to (1) accept the bookkeeper's report and payment of the bills; and (2) approve additional handwritten check no. 3144 in the amount of \$408.18 payable to David Molina for additional per diems. Director Barr seconded the motion, which passed unanimously.

No action was taken to approve a proposed Resolution Authorizing Bookkeeper to Sign Certain Disbursements.

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, and 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 accept the tax assessor/collector's report and authorize payment of the bills. Director Barr seconded the motion, which passed unanimously.

OPERATION OF DISTRICT FACILITIES

Mr. Alvey reported 50 new residential taps installed during the month of February 2025. He updated the Board regarding coating of clarifier no. 1 at the Wastewater Treatment Plant and recommended that the Board approve a change order 1 adding \$9,850 to the scope of work previously approved to remove excess concrete slag and wooden form boards, apply cement grout bench material to resurface the seam around the perimeter and apply hydraulic cement to inhibit water infiltration.

Mr. Hoffman reviewed options to either replace or modify the step screen at Wastewater Treatment Plant No. 1. Following discussion and upon the recommendation of H2O, the Board concurred to approve an estimate from Vision Equipment in the amount of \$205,500 for an upgraded system to match the current system plus a proposal from in the amount of \$45,000 from NTS for installation.

Mr. Hoffman next reviewed a performance testing report from GM Services for the District's water wells and discussed the condition of the well at Water Plant No. 4. He reviewed a quote from C&C Water Services in the amount of \$271,449 to replace the pump and assembly at well no. 4. Ms. Holoubek reviewed correspondence to the Texas Commission on Environmental Quality (the "TCEQ") notifying the TCEQ of the District's emergency repair of well no. 4 and the District's intent to use surplus bond funds to pay for the emergency repair.

Mr. Alvey next recommended that the Board approve repair of the check valves on booster pumps 3 and 4 at Water Plant No. 2 for an estimated cost of \$14,960.

Mr. Alvey next discussed proposed repair to pump no. 1 at Lift Station No. 1 for an estimated cost of \$7,273. He also recommended that the Board authorize replacement of the automatic transfer switch at Lift Station No. 17 for an estimated cost of \$7,900.

Mr. Hoffman reviewed a draft rate order analysis and said analysis is ongoing and will be finalized for discussion at the August Board meeting.

Mr. Alvey reviewed a customer appeal report, a copy of which is attached to these minutes.

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 Molina moved to (1) approve the District operator's report; (2) approve a change order to add \$9,850 to the scope of work for coating of clarifier no. 1 at the Wastewater Treatment Plant; (3) approve an estimate from Vision Equipment in the amount of \$205,500 for an upgraded system to match the current screening system at Wastewater Treatment Plant No. 1 plus a proposal from in the amount of \$45,000 from NTS for installation; (4) approve a quote from C&C Water Services in the amount of \$271,449 to replace the pump and assembly at well no. 4 and authorize ABHR to send correspondence to the TCEQ notifying the TCEQ of the District's emergency repair of well no. 4 and the District's intent to use surplus bond funds to pay for the emergency repair; (5) authorize repair of the check valves on booster pumps 3 and 4 at Water Plant No. 2 for an estimated cost of \$14,960; (6) authorize repair to pump no. 1 at Lift Station No. 1 for an estimated cost of \$7,273; (7) authorize replacement of the automatic transfer switch at Lift Station No. 17 for an estimated cost of \$7,900; (8) authorize leak adjustments for customer appeals presented; and (9) 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.

EMERGENCY PREPAREDNESS

There was no discussion for this agenda item.

REPORT FROM STORM WATER SOLUTIONS

Mr. Beyer and Mr. Anderson reviewed Storm Water Management Program reports, copies of which are attached, and provided an update regarding the District's asset management plan and permitting of District facilities. He also reviewed a

proposal in the amount of \$7,810 to clean out CDS4045 and CDS4040 storm units and a proposal in the amount of \$3,115 to clean out STC1800 storm unit.

Following review and discussion, Director Molina moved to approve the report and the proposals presented. 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 recommended repair of the fence and column at Cypress Springs Park for an estimated cost of \$7,775. Following review and discussion, Director Molina moved to approve the park and landscape management report, including repair of the fence and column at Cypress Springs Park for an estimated cost of \$7,775. Director Barr seconded the motion, which passed unanimously.

KGA/DEFOREST DESIGN, LLC REPORT

Mr. Lindgren reviewed a report from KGA, a copy of which is attached to these minutes, and requested authorization to advertise for bids for construction of Bridge Creek Section 10 Landscape Improvements.

Mr. Lindgren requested that the Board approve (1) a proposal for design of Mason Woods, Phase 4 Landscape Improvements; and (2) a proposal for technical assistance related to the Mason Woods Sports Court Preliminary Planning.

Mr. Lindgren also discussed the status of construction of Bridge Creek Westgreen Phase II Landscape Improvements and recommended that the Board approve Change Order No. 1 accounting for weather delays with no net change to the contract amount for the District's contract with Triple E.

Mr. Lindgren also discussed the construction of Bridge Creek, Section 13 Landscape Improvements and recommended that the Board approve Pay Application No. 3 in the amount of \$3,375, payable to Triple E and Change Order No. 2 with no net change to the contract total and adding 9 days to the time to complete the contract.

After review and discussion, Director Molina moved to (1) accept the landscape architect report from KGA; (2) based upon the recommendation of KGA, approve the design proposals presented above; (3) authorize KGA to advertise for bids for construction of Bridge Creek Section 10 Landscape Improvements; (4) based upon the recommendation of KGA, approve the pay estimates presented above; and (5) upon the recommendation of KGA and finding that the change orders presented are beneficial to the District, approve the change orders presented 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, reported the status of the following projects, and recommended approval of the following pay applications and change orders:

1. Avalon at Cypress West, Entry Channel Landscape; Pay Estimate No. 8 in the amount of \$1,620, payable to Earth First Landscape; and
2. Avalon at Cypress, Sections 7 and 8 Landscape Improvements; Pay Estimate No. 6 in the amount of \$20,926.87, 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, based 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 the following projects:

1. Grand Mason, Section 9 water, sewer, drainage, and paving;
2. Grand Mason, Section 10 water, sewer, drainage, and paving;
3. Grand Mason, Section 11 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 installation of an emergency generator at Lift Station No. 13 and recommended that the Board award the contract in the amount of \$221,145 to McDonald Municipal and Industrial. The Board concurred that, in its judgment, McDonald Municipal and Industrial 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 Lift Station No. 19 and recommended that the Board award the contract in the amount of \$1,436,559 to Gael, Inc. The Board concurred that, in its judgment, Gael, 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. Grand Mason Detention Phase 3; Pay Estimate No. 6 in the amount of \$2,359,443.67, payable to DNT Construction; and Change Order No. 1 adding \$90,700 to the contract total;
2. Grand Mason, Section 7 water, sewer, and drainage; Pay Estimate No. 1 in the amount of \$432,482.71, payable to Gonzalez Construction Enterprise, Inc.;
3. Grand Mason, Section 8 water, sewer, and drainage; Pay Estimate No. 3 in the amount of \$9,074.19, payable to Gonzalez Construction Enterprise, Inc.;
4. Marvida, Sections 6 and 7 water, sewer and drainage; Pay Estimate No. 11 and Final in the amount of \$51,987.38, payable to Park Construction Associates LLC;
5. Amhurst Waterline Replacement; Pay Estimate No. 4 in the amount of \$107,991, payable to Underground Construction Solutions;
6. Stream and Wetland Restoration Langham Creek Channel Pond Excavation; Pay Estimate No. 5 in the amount of \$31,441.04, payable to Sterling Site Services;
7. West Road Deep Sanitary Sewer Lines to serve Defined Area No. 3; Pay Estimate No. 3 in the amount of \$529,242.12, payable to Blazey Construction Services; and
8. Marvida Drainage Phase 2 North Rehab; Pay Estimate No. 1 in the amount of \$138,135.83, payable to Champions Hydro-Lawn, Inc.

Following review and discussion, Director Molina moved to (1) approve the engineering report; (2) authorize BGE to advertise for bids for construction of facilities listed above; (3) 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; (4) based upon the recommendation of Quiddity, BGE and DAC, approve pay estimates listed above; and (5) based upon the recommendation of Quiddity, BGE and DAC, and finding that the change order is beneficial to the District, approve the change order listed above. Director Barr seconded the motion, which was passed by unanimous vote.

RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR USE OF SURPLUS FUNDS

Ms. Holoubek next reviewed Resolution Authorizing Application to the Texas Commission on Environmental Quality ("TCEQ") for Use of Surplus Funds to reimburse the developer for funds advanced for the Avalon at Cypress Channel Crossing project. Following review and discussion, Director Molina moved to approve the resolution authorizing filing of the resolution along with an application to the TCEQ. Director Barr seconded the motion, which passed unanimously.

ATTORNEY'S REPORT

Ms. Holoubek reviewed an Annual Report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the District's bond resolutions.

The Board reviewed the District's procedures for continuing disclosure compliance. Ms. Holoubek stated that no changes are required at this time.

The Board reviewed the District's critical load spreadsheet, which had been previously provided to the District's operator, engineer, and bookkeeper for review. A copy of the critical load spreadsheet is attached. Ms. Holoubek noted that the critical load information on the District's facilities is required to be reviewed at least annually and provided to certain entities, which include the District's electricity provider, the Public Utility Commission, and other governmental entities.

Ms. Holoubek stated that all retail public water suppliers are required to submit to the Texas Water Development Board a water loss audit once every five years. She said the next scheduled audit is for the year 2024 and is due by May 1, 2025.

Following review and discussion, Director Molina moved to (1) approve the Annual Report, authorize the attorney to submit the District's updated financial and operating data in compliance with the continuing disclosure provisions contained in the bond resolutions, and direct that the Annual Report be filed appropriately and retained in the District's official records; (2) approve the critical load spreadsheet, authorize providing it to the appropriate entities, and direct that a copy be retained in the District's official records; and (3) approve the Water Loss Audit, direct that the audit be filed appropriately and retained in the District's official records, and authorize the District's Operator to submit the audit to the Texas Water Development Board. Director Barr seconded the motion, which passed by unanimous vote.

DEEDS, EASEMENTS, ENCROACHMENTS AND OTHER RIGHT OF WAY CROSSINGS

The Board next considered accepting the following easements:

1. Avalon at Cypress-Meadows Crossing Easement and Grand Mason Sec 11 Easements;
2. Offsite Water Line Easement (0.0458 Acre); and
3. Mason Road Sanitary Sewer Easement (0.3376 Acre).

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

DEVELOPER'S REPORT

Mr. Dalton 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

The Board determined that it was not necessary to convene in executive session.

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

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