

MINUTES
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

September 12, 2024

The Board of Directors (the "Board") of Fort Bend County Municipal Utility District No. 165 (the "District") met in regular session, open to the public, on the 12th day of September, 2024, at the offices of Municipal District Services, LLC, 406 W. Grand Parkway S., Suite 260, Katy, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

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| Christine Oliver | President |
| Ed Escobar | Vice President |
| Gregory Henry | Secretary |
| Ryan Andrasek | Assistant Vice President |
| Rick Bolanos | Assistant Secretary |

and all of the above were present, thus constituting a quorum.

Also attending the meeting were Constable Abraham Garcia of Fort Bend County Precinct 4 ("Precinct 4"); Ana Quintanilla of Acclaim Energy ("Acclaim"); Brenda Garcia of Municipal Accounts & Consulting, L.P.; Shammarie Leon of Bob Leared Interests, Inc.; Austin Ficken of Masterson Advisors, LLC; Joseph Hopper of Storm Water Solutions, LLC; Austin Muse of Municipal District Services ("MDS"); Justin Waggoner of Touchstone District Services, LLC; Lyndsay Evans of Quiddity Engineering, LLC ("Quiddity"); Stephanie Lee of KGA/DeForest Design, LLC; Josh Wailes of Mike Stone Associates, Inc. ("MSA"); and Whitney Higgins and Caroline Jones of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Director Oliver offered any members of the public attending the meeting the opportunity to make public comment.

The Board reviewed correspondence from the Fieldstone Community Association, Inc. (the "HOA") regarding its September 18, 2024, Board meeting, correspondence regarding an HOA-owned fence, and correspondence from a District resident regarding possible irrigation system damage near recent sidewalk repairs.

The Board received correspondence from the HOA related to the Cost Sharing Agreement Regarding Landscaping Maintenance By and Between the District and the HOA (the "CSA"). The Board concurred to discuss the matter under Park and Landscape matters.

There being no further public comments, Director Oliver moved to the next agenda item.

MINUTES

The Board considered approving the minutes of the August 8, 2024, regular meeting. Following review and discussion, Director Bolanos made a motion to approve the minutes of the August 8, 2024, regular meeting, as written. Director Henry seconded the motion, which passed unanimously.

SECURITY MATTERS AND INTERLOCAL AGREEMENT ("INTERLOCAL AGREEMENT") WITH FORT BEND COUNTY (THE "COUNTY") FOR ADDITIONAL LAW ENFORCEMENT SERVICES

The Board reviewed the security report from Precinct 4, a copy of which is attached. Constable Garcia further updated the Board regarding security matters in the District. The Board discussed potential options for enhanced security services.

It was noted that the Interlocal Agreement from the County had not been received as of the meeting.

Following review and discussion, Director Escobar moved to approve the security report. Director Bolanos seconded the motion, which passed unanimously.

ELECTRICITY CONTRACT AND SERVICES MATTERS

Ms. Quintanilla discussed correspondence regarding electrical service disruption to a District-owned electric meter, and Ms. Quintanilla reviewed the terms of the Contract for Supply of Electricity between the District and TXU Energy Retail Company, LLC ("TXU Contract"). Ms. Quintanilla stated that because the District did not make the request to amend the TXU Contract, the District would not be penalized for the service disruption. The Board then reviewed a request for reimbursement from the HOA in the amount of \$2,095.00 for a new meter can and the replacement of damaged electrical wire at the electricity meter in question. No action was taken.

GARBAGE AND RECYCLING COLLECTION

The Board received and reviewed a Third Amendment to Residential Solid Waste Collection Contract ("Contract") from Best Trash, LLC to (1) extend the term of the Contract until May 31, 2029; and (2) increase the monthly rate of compensation per residence to \$24.66 through May 31, 2025, for the addition of 48 gallon recycle carts. Following review and discussion, Director Bolanos moved to (1) approve the Contract; and (2) approve the monthly rate of \$24.66. Director Andrasek seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Garcia distributed and reviewed the bookkeeper's report, budget comparisons, bills presented for payment, and the investment report from the reporting period for approval. A copy of the bookkeeper's report and the investment report are attached to the minutes. Ms. Garcia discussed options for payroll administration services. No action was taken regarding this matter. Following review and discussion, Director Bolanos made a motion to (1) approve the bookkeeper's report and investment report; and (2) pay the District's bills as submitted. Director Escobar seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Leon distributed and reviewed the tax report, including a list of delinquent accounts, a copy of which is attached. She stated 99.7% of the District's 2023 taxes were collected as of the meeting date. Following review and discussion, Director Escobar made a motion to (1) approve the tax assessor/collector's report; and (2) pay the bills presented for payment from the tax account. Director Henry seconded the motion, which passed unanimously.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ADOPT ORDER LEVYING TAXES, AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Ms. Leon stated that notice was published of the public hearing to be held at today's meeting regarding adoption of the District's proposed 2024 total tax rate of \$0.940.

Ms. Higgins opened the public hearing. There being no comments from the public, Ms. Higgins closed the public hearing.

Ms. Higgins presented an Order Levying Taxes reflecting the proposed 2024 tax rate. She then presented an Amendment to Information Form reflecting the tax rate and stated that the Amendment will be filed with the Texas Commission on Environmental Quality ("TCEQ") and recorded in the Official Public Records of Fort Bend County.

After review and discussion, Director Andrasek moved to: (1) adopt the Order Levying Taxes reflecting a total 2024 tax rate of \$0.940 per \$100 of assessed valuation, comprised of \$0.480 to pay debt service on water, sewer, and drainage bonds and \$0.460 for operations and maintenance; (2) authorize execution of the Amendment to Information Form; and (3) direct that the Order and Amendment be filed appropriately and retained in the District's official records. Director Escobar seconded the motion, which passed unanimously.

DRAINAGE FACILITIES REPORT

Mr. Hopper presented and reviewed a drainage facilities report, a copy of which is attached. Mr. Hopper updated the Board regarding projects under construction at the drainage channel.

Mr. Hopper reported regarding a tree that had fallen on District property.

Following review and discussion, Director Escobar made a motion to (1) approve the drainage facilities report; and (2) authorize SWS to send a demand letter to the property owner regarding removal of the tree from District property. Director Bolanos seconded the motion, which passed unanimously.

OPERATION OF DISTRICT FACILITIES

Mr. Muse presented and reviewed the operator's report and the storm water management report, a copy of which is attached, and updated the Board on repairs and maintenance in the District for the month of September.

Mr. Muse reported that the installation of Smart Meters was complete. Discussion ensued regarding communication methods to inform District residents regarding instructions to download and use the EyeOnWater software. Mr. Muse stated that MDS will include an EyeOnWater link on customers' water bills and that he would also coordinate with the HOA to send an email blast to customers with the EyeOnWater link. Mr. Waggoner reminded the Board that postcards regarding EyeOnWater were approved at the May 9, 2024, meeting, and that the EyeOnWater instructions will be posted to the District's website.

HEARING ON TERMINATION OF WATER SERVICE

Mr. Muse presented to the Board a list of delinquent customers and reported the residents on the termination list were delinquent in payment of their water and sewer bills 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.

After review and discussion, Director Henry moved to (1) approve the operator's report; and (2) authorize termination of delinquent accounts in accordance with the District's Rate Order and direct that the delinquent customer list be filed appropriately and retained in the District's official records. Director Escobar seconded the motion, which passed unanimously.

SERIES 2024 UNLIMITED TAX BONDS

Mr. Ficken presented and reviewed the Preliminary Official Statement and Official Notice of Sale for the District's \$2,540,000 Unlimited Tax Bonds, Series 2024 (the "Series 2024 Bonds"). He then explained the bond sale process to the Board.

The Board considered engaging Moody's Investors Services ("Moody's") to perform a credit rating analysis for the Series 2024 Bonds.

The Board next considered appointing a Paying Agent/Registrar for the District's Series 2024 Bonds.

The Board then considered authorizing advertisement of the sale of the District's Series 2024 Bonds. Discussion ensued regarding moving the bond sale date to Tuesday, October 8, 2024.

Following review and discussion, Director Escobar moved to (1) approve the Preliminary Official Statement and Official Notice of Sale, subject to final review by District consultants; (2) engage Moody's to perform a credit rating analysis for the Series 2024 Bonds; (3) appoint Bank of New York Mellon Trust Company, N.A. as the Paying Agent/ Registrar for the Series 2024 Bonds; and (4) authorize advertisement of the District's Series 2024 Bonds and to schedule the bond sale for the Board's next regular meeting on October 8, 2024. The motion was seconded by Director Andrasek, which passed unanimously.

WEBSITE MATTERS

Mr. Waggoner presented and reviewed the Communications Report, a copy of which is attached. Discussion ensued regarding correspondence received on the District's website. The Board authorized Mr. Muse to draft an article for the website regarding the sidewalk improvement project. Following discussion, Director Escobar moved to approve the Communications Report. Director Andrasek seconded the motion, which passed unanimously.

NORTH FORT BEND REGIONAL WATER AUTHORITY ("NFBWA") MATTERS

The Board received an NFBWA Memorandum stating that the NFBWA anticipated that there would be no increase to the current Groundwater Reduction Plan Fee or the Surface Water Fee this January 1, 2025, a copy of which is attached.

ENGINEERING MATTERS

Ms. Evans distributed and reviewed the District's engineering report and discussed engineering matters in the District as more fully described in the report, a copy of which is attached.

Ms. Evans stated that Grand Mission Municipal Utility District No. 1 (“GMM1”) approved CDC Unlimited, LLC’s (“CDC”) Invoice Nos. 17171 and 27304 in the total amount of \$6,997.25, of which the District’s share is \$ 1,009.46.

Ms. Evans reported that GMM1 received three bids for the Water Well No. 3 project and awarded the contract to the low bidder, Weisinger Inc. (“Weisinger”), in the amount of \$4,499,900.00, of which the District’s share is anticipated to be \$800,982.00.

DEEDS, EASEMENTS, AND PLATS

There was no discussion regarding this agenda matter.

MS4 STORM WATER MANAGEMENT PLAN

Ms. Evans stated that Quiddity was reviewing the changes to the Texas Pollutant Discharge Elimination System General Permit and will begin preparing the District’s Storm Water Management Plan, as authorized by the Board at the November 9, 2023, meeting.

Following review and discussion, Director Bolanos moved to (1) approve the engineer’s report; and (2) concur with GMM1’s award of the contract for construction of Water Well No. 3 project to Weisinger in the amount of \$4,499,900.00, of which the District’s share is anticipated to be \$800,982.00, based upon the engineer’s recommendation and receipt of the payment and performance bonds and the certificate(s) of insurance and endorsements, if any, provided by the contractor. Director Andrasek seconded the motion, which passed unanimously.

CONFLICT WAIVER FOR FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 146

Ms. Higgins reviewed a Legal Conflicts Waiver (the “Waiver”) regarding ABHR’s representation of the District and Fort Bend County Municipal Utility District No. 146 (“FB MUD 146”) on general legal matters related to an offer from FB MUD 146 to acquire land owned by the District. After review and discussion, Director Oliver moved to approve the Waiver. Director Bolanos seconded the motion, which passed unanimously.

PARK AND RECREATIONAL MATTERS

Ms. Lee presented and reviewed a report regarding recreational development projects in the District, a copy of which is attached.

Ms. Lee discussed two options to purchase and install shade sail covers at the Atmos Energy easement playground as follows: (1) two single sail shades in the amount of \$55,000.00; and (2) a double sail shade in the amount of \$52,00.00. Ms. Lee stated that the proposed design fee would be \$6,200.00. The Board requested that Ms. Lee obtain a

proposal for a shade pavilion for review at a future meeting. The Board deferred action on the matter.

ATTORNEY'S REPORT

There was no discussion regarding this agenda matter.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS REGARDING CORRESPONDENCE AND/OR REPORTS RECEIVED AND EVENTS AND/OR ACTIVITIES ATTENDED DURING THE MONTH

Director Oliver stated that the Interlocal Agreement between the District and Precinct 4 for the sidewalk improvement project had been approved by Precinct 4.

MEETING SCHEDULE

The Board concurred to hold a special meeting on Tuesday, October 2, 2024, at 9:00 a.m. at the offices of MDS and to hold the next regular meeting on Tuesday, October 8, 2024, at 9:00 a.m. at the offices of MDS.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.072, TEXAS GOVERNMENT CODE, TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

The Board convened in Executive Session at 11:14 a.m. pursuant to Section 551.072, Texas Government Code, to deliberate the purchase, exchange, lease, or value of real property. In attendance were Directors Oliver, Escobar, Henry, Andrasek, and Bolanos, Mr. Chapline, Ms. Evans, Ms. Higgins, and Ms. Jones.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

The Board reconvened in Open Session at 11:28 a.m. No action was taken by the Board.

PARK AND LANDSCAPE MATTERS, INCLUDING PROPOSALS FOR ADDITIONAL WORK AND COST SHARING AGREEMENTS REGARDING LANDSCAPE MAINTENANCE

The Board first discussed the CSA. After review and discussion, Director Escobar moved to (1) renew the CSA for 2025 through 2026; (2) increase the contract contribution amount for 2025 to \$150,000.00; (3) authorize Mr. Wailes to notify the HOA of the CSA renewal; and (4) designate Mr. Wailes as the point of contact for landscape maintenance

between the District and the HOA. Director Andrasek seconded the motion, which passed unanimously.

Director Bolanos left the meeting.

Mr. Wailes presented and reviewed the MSA Report as more fully described in the report, a copy of which is attached. He reviewed general maintenance, common area landscaping, irrigation, inspections, and splash pad maintenance.

Mr. Wailes stated that he is coordinating with CenterPoint Energy ("CenterPoint") regarding street light outages and repairs. Mr. Wailes stated that several streetlights had been repaired, and six inoperable streetlights have been re-reported to CenterPoint. Mr. Wailes stated that MSA sent a request for information to CenterPoint regarding streetlight upgrades and the addition of streetlights to address poor light coverage and dark areas. Mr. Wailes added that MSA is coordinating with CenterPoint to obtain a cost estimate for additional streetlights.

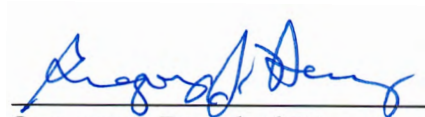
Mr. Wailes stated that MSA obtained two proposals for the replacement of the shade canopies at Stonerose Park: (1) a proposal from McKenna Construction ("McKenna") in the amount of \$24,000.00; and (2) a proposal from Lone Star Recreation in the amount of \$25,600.00.

Mr. Wailes reviewed three proposals to prune trees along Mason Road: (1) a proposal in the amount of \$2,700.00 to prune trees around streetlights; (2) a proposal in the amount of \$2,700.00 to prune trees to even out tree canopies; and (3) a proposal in the amount of \$3,000.00 to prune all trees along Mason Road from Bellfort to Stonegate Grove.

After review and discussion, Director Henry moved to (1) approve the shade canopy proposal from McKenna in the amount of \$24,000.00; and (2) approve the three proposals to prune trees in the total amount of \$8,440.00. Director Andrasek seconded the motion, which passed unanimously.

There being no further business to come before the Board, the meeting was adjourned.




Secretary, Board of Directors

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