

## HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 157

### Minutes of Meeting of Board of Directors February 8, 2018

The Board of Directors (the "Board") of Harris County Water Control and Improvement District No. 157 (the "District") met in regular session, open to the public, on February 8, 2018, at 1300 Post Oak Boulevard, Suite 1400, Houston, Harris County, Texas 77056, such address being an office and meeting place of the District, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted members of said Board, as follows:

Keith Nystrom, President  
Shane Bueno, Vice President  
David Redburn, Secretary  
Christopher M. Gilbert, Assistant Secretary  
James Motejzik, Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present were Richard Derr of The Howard Hughes Corporation ("HHC"); Tricia Brasseaux of Bridgeland Development, LP ("Developer"); Will Gutowsky of BGE, Inc. ("BGE"); Charles LaConti of Municipal Accounts & Consulting, L.P. ("Municipal Accounts"); Ray Arce of Wheeler & Associates, Inc. ("Wheeler"); Teri Laguarta of Inframark, LLC ("Inframark"); Julie Peak and Greg Lentz of Hilltop Securities, Inc. ("Hilltop"); and Mitchell G. Page and Shelby Yllana of Schwartz, Page & Harding, L.L.P. ("SPH").

The President called the meeting to order and declared it open for such business as might regularly come before it.

#### **APPROVAL OF MINUTES**

The Board reviewed the draft minutes of its meeting held on January 11, 2018. After review and discussion, Director Redburn moved that the draft minutes be approved, as written. Director Bueno seconded said motion, which carried unanimously.

#### **PUBLIC ANNOUNCEMENTS AND COMMENTS**

The Board had no public announcements at this time and deferred consideration of public comments as it was noted that no members of the public were present. Director Nystrom then advised the Board that several residents have inquired about setting up a district website and holding meetings in Bridgeland. Mr. Page advised that items could be added to the next meeting agenda to discuss same.

## **TAX ASSESSOR-COLLECTOR REPORT**

Mr. Arce presented and reviewed the Tax Assessor Collector Monthly Report, dated as of January 31, 2018, a copy of which is attached hereto as **Exhibit A**, including the checks presented for approval and a Delinquent Collections Listing as of January 31, 2018. After discussion, Director Bueno moved that the Tax Assessor Collector Monthly Report be approved and the checks shown therein be authorized for payment. The motion was seconded by Director Redburn and unanimously carried.

## **DELINQUENT TAX COLLECTIONS REPORT**

The Board deferred consideration of the Delinquent Tax Collections Report as it was noted that no report was received nor is due at this time from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., delinquent tax attorneys for the District.

## **TAX EXEMPTIONS**

Mr. Page outlined for the Board the various tax exemptions available for adoption by the District. He then discussed the tax exemptions granted by the District for tax year 2017, noting that for tax year 2016 the District granted (i) an exemption in the amount of \$10,000 for residents 65 years of age or older, (ii) an exemption in the amount of \$20,000 for disabled residents, and (iii) no general homestead exemption. Ms. Peak presented an analysis prepared by Hilltop on the exemptions that can be granted for the District for tax year 2018, a copy of which is attached hereto as **Exhibit B**. After discussion, Director Gilbert moved that the Board grant: (i) an exemption in the amount of \$10,000 for residents 65 years of age or older, (ii) an exemption in the amount of \$20,000 for disabled residents, and (iii) no general homestead exemption. Director Redburn seconded said motion, and with Directors Bueno and Nystrom voting "nay" and Director Motejik abstaining, the motion failed.

The Board then discussed preparation of a tax exemption survey for the Board members to disseminate to the residents prior to the next meeting. Ms. Peak and Mr. Arce noted that they could prepare a narrative that could be distributed to residents regarding the proposed tax exemptions. Director Bueno advised that he will discuss with neighbors and friends prior to the next meeting.

## **BOOKKEEPER'S REPORT**

Mr. LaConti presented and reviewed with the Board the Bookkeeper's Report dated February 8, 2018, a copy of which is attached hereto as **Exhibit C**, including the disbursements and wire transfers presented for approval. Mr. LaConti noted check no. 2769 to Brett Rowley for completion of fish studies and removal of invasive fish species from the amenity lakes, which will appear on next month's bookkeeper's report. After discussion, Director Bueno moved that the Bookkeeper's Report be approved as presented, and the disbursements and wire transfers listed therein be authorized, including check no. 2769. Director Redburn seconded the motion, which carried unanimously.

The Board then discussed surplus bond proceeds from the District's Series 2017 Bonds and Series 2017A Bonds and application of same to reimburse the Developer for qualifying project costs that remain unpaid to date.

## **AMENDMENT TO FISCAL YEAR ENDING MAY 31, 2018 BUDGET**

The Board next considered the amendment of the District's budget to include additional service areas within the District to be maintained by Spencer Outdoor, LLC ("Spencer"). Mr. Page advised that the per unit cost charged by Spencer remained the same. Mr. LaConti additionally noted the addition of the Cypress Creek Trail Repair expense line item, and the addition of a line item to account for the debt defeasance of \$185,000 in connection with the Series 2017B Refunding Bonds. The Board requested that the insurance coverage line item for the 2018-2019 policy year be increased to \$15,000. After discussion, Director Bueno moved that the fiscal year ending May 31, 2018 budget be amended, as discussed. Director Redburn seconded said motion, which unanimously carried.

## **OPERATIONS AND MAINTENANCE**

Ms. Laguarda presented the Operator's Report for the month of January 2018, a copy of which report is attached hereto as **Exhibit D**, and reviewed the charges, related repairs, and make up well pumpage listed therein. The Board noted that no action was necessary at this time in connection with the Operator's Report.

## **ENGINEER'S REPORT**

Mr. Gutowsky presented the Engineer's Report, dated February 8, 2018, a copy of which is attached hereto as **Exhibit E**, and reviewed the status of projects listed therein, including the pay estimates noted therein for approval. After review and discussion, Director Redburn moved that the action items listed in the Engineer's Report be approved, as presented. Director Motejzik seconded the motion, which carried unanimously.

Mr. Gutowsky next reported on the proposed amenity lake pump upgrade near Bayou Junction Road, and advised that he is working to reduce certain cost items prior to moving forward with the bidding process.

## **USE OF SURPLUS FUNDS**

The Board next discussed the use of surplus bond proceeds to fund remaining portions of the Cypress Creek Pump Station project. Mr. Page reported that he has discussed same with the Texas Commission on Environmental Quality ("TCEQ") and the TCEQ advised that surplus funds could not be self-authorized for such project. The Board then discussed including the remaining costs in the next bond issuance. Following this discussion, the Board concurred to create a committee comprised of Directors Bueno and Gilbert, to meet with representatives of Hilltop, BGE, Inc., and the Developer to discuss and make recommendations to the full Board at its next meeting regarding (i) tax exemptions for the year 2018, (ii) the District's capital financing plan for 2018, including projects to be bond financed and/or funded with surplus construction funds or available cash reserves, and (iii) the District's financial plans and goals for future years.

In light of the above, following discussion, the Board next discussed rescinding its prior approval of a Resolution Self Authorizing The Use of Surplus Construction Funds to reimburse the developer for the Cypress Creek Pump Station. Director Redburn motioned that such action be rescinded. Director Motejzik seconded said motion, which unanimously carried.

Director Gilber exited the meeting at this time.

### **WAGE RATE SCALES**

The Board considered the review of an annual survey of prevailing wage rates for construction projects and the adoption of a Resolution in connection therewith. In that regard, Mr. Page reported that the United States Department of Labor ("DOL") wage rate scale adopted by the Board in 2017 has been revised. After discussion on the matter, Director Bueno moved that (i) as permitted under Section 2258.022 of the Government Code, the revised DOL wage rate scales be adopted as the District's prevailing wage rate scales for construction projects, and (ii) the Resolution Adopting Prevailing Wage Rate Scales for Construction Projects attached hereto as **Exhibit F** be adopted by the Board. Director Motejzik seconded said motion, which unanimously carried.

### **UTILITY COMMITMENT LETTERS**

The Board considered issuance of utility commitments for detention capacity, and noted that no new requests for commitments have been received. Mr. LaConti advised that the third installment of the tap fees due from First Baptist Church has been received.

### **DELTA WEST ENVIRONMENTAL REPORT**

The Board deferred consideration of the storm water quality report after noting that no representative of Delta West Environmental was present at the meeting.

### **SITE MAINTENANCE**

The Board considered landscape maintenance for the District and the proposed maintenance budgets received from both Spencer and Southern Green Lawn, LLC ("Southern Green") for the 2018 calendar year. Mr. Page presented an Amendment to Site Maintenance Agreement with Spencer to include an addition to the service area in April, as discussed previously in the Board meeting. After discussion, Director Redburn moved that the Amendment to Site Maintenance Agreement be approved and the President and Secretary be authorized to execute same on behalf of the Board and the District. Director Motejzik seconded said motion, which unanimously carried.

### **ECOSYSTEM MANAGEMENT**

The Board deferred consideration of ecosystem management within the District.

## **DEVELOPER'S REPORT**

The Board considered the Developer's Report. Mr. Derr presented to the Board a home inventory summary, a copy of which is attached hereto as **Exhibit G**, and noted the upcoming grand openings of Parkland Village and Josey Lake Park.

## **CONSIDER PROPOSED ANNEXATION OF CERTAIN LAND INTO AND EXCLUSION OF LAND FROM THE DISTRICT**

Mr. Page advised the Board of the status of the proposed annexation of three tracts totaling 47.08 acres into the boundaries of the District, noting that the application requesting the City of Houston's (the "City") consent to annexation is pending with the City.

## **INSURANCE**

In response to the Board's request for proposals, Mr. Page presented to the Board proposals from Arthur J. Gallagher & Co. and McDonald & Wessendorf for the District's insurance policies and bonds, copies of which are attached hereto as **Exhibit H**. Mr. Page noted that a third company, Aquasurance, LLC declined to submit a proposal. The Board discussed the addition of the optional business travel accident coverage. After discussion, Director Bueno moved that (i) the proposal from Arthur J. Gallagher & Co. for the District's insurance policies and bonds, for a term expiring March 31, 2019, be accepted, and the accompanying TEC Form 1295 be approved, and (ii) the business travel accident coverage be added. Director Redburn seconded the motion, which carried unanimously.

The Board then discussed the status of fabrication of the warning signage at the outfall facility in light of recent resident activity at the outfall. It was noted that this would be included in a future landscaping project. The Board requested that the fabrication and installation move forward as soon as possible. Ms. Brasseaux advised that she will coordinate with BGE on fabrication and installation of the signage.

## **RATIFICATION OF PRIOR ACTION**

The Board next considered ratification of its prior approval of a Right of Entry Agreement with West Harris County Regional Water Authority for the installation of meters at certain well sites within the District. Director Redburn moved that the prior action be approved and ratified in all respects. Director Motejzik seconded said motion, which unanimously carried.

## **ATTORNEY REPORT**

The Board next considered the attorney's report. Mr. Page advised that he had nothing of a legal nature to report that had not already been discussed.

## **FUTURE AGENDA ITEMS**

The Board requested that items be placed on the next agenda to discuss implementation of a District website and holding Board meetings within the boundaries of the District.

**ADJOURNMENT**

There being no further business to come before the Board, on motion made by Director Redburn, seconded by Director Bueno and unanimously carried, the meeting was adjourned.



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David Redburn, Secretary



LIST OF ATTACHMENTS TO MINUTES

- Exhibit A Tax Assessor-Collector Report
- Exhibit B Tax Exemption Analysis
- Exhibit C Bookkeeper's Report
- Exhibit D Operator's Report
- Exhibit E Engineer's Report
- Exhibit F Resolution Adopting Prevailing Wage Rate Scale for Construction Project
- Exhibit G Inventory Report
- Exhibit H Insurance Proposals – McDonald & Wessendorf and Arthur J. Gallagher & Co.