

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 157

Minutes of Meeting of Board of Directors August 9, 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 August 9, 2018, at 1300 Post Oak Boulevard, Suite 1400, Houston, 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
Cameron Dickey, Vice President
David Redburn, Secretary
James Motejzik, Assistant Secretary
Shane Bueno, Director

and all of said persons were present, except Directors Nystrom and Dickey, thus constituting a quorum.

Also present were Richard Derr of The Howard Hughes Corporation ("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"); Shannon Waugh of OffCinco ("OffCinco"); and Mitchell G. Page and Shelby Yllana of Schwartz, Page & Harding, L.L.P. ("SPH"). Craig Rathmann of Rathmann & Associates, L.P. ("Rathmann") entered later in the meeting as indicated herein. Julie Peak and Greg Lentz of Masterson Advisors, LLC ("Masterson") entered later in the meeting as indicated herein. Brad Wander and Jeremy Hitchcock of Spencer Outdoor ("Spencer") entered later in the meeting as indicated herein.

In the absence of the President and Vice President, Director Bueno was appointed as President Pro Tem for purposes of the meeting. Director Bueno 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 July 12, 2018. After review and discussion, Director Redburn moved that the draft minutes be approved, as presented. Director Motejzik seconded said motion, which carried unanimously.

PUBLIC ANNOUNCEMENTS AND PUBLIC COMMENTS

The Board noted that there were no members of the public present. Director Bueno advised that several District residents requested a summary of costs from the 2018 Director's Election. Mr. Page advised that the information has been prepared and he would like to discuss same with Directors Nystrom and Dickey. The Board concurred with same.

WEBSITE CREATION AND ADMINISTRATION

The Board considered the development of the District website. Ms. Waugh presented to and reviewed with the Board the online mock-up of the website. The Board discussed revisions to the website, including adding an item regarding the planned Town Hall meetings, and developing a "Frequently Asked Questions" page. Ms. Waugh requested that the Board provide her with photographs of the District's facilities to include on the website. Mr. Page advised that the District may need to enter into a License Agreement with Bridgeland Development, LP to use photographs of the development and the Bridgeland name on the website. After discussion, Director Motejzik moved that OffCinco be authorized to activate the website for public viewing once the content has been revised and finalized, as discussed, and the License Agreement with Bridgeland Development, LP has been executed and, in such regard, the President be authorized to execute said License Agreement on behalf of the Board and District, subject to approval of same by SPH as to form and content. Director Redburn seconded said motion, which unanimously carried.

Mr. LaConti exited the meeting at this time.

FINANCIAL ADVISORY SERVICES

The Board considered financial advisory services for the District. Director Bueno inquired if the Board could hold a special meeting in the District to discuss the financial advisor proposals and make a determination prior to the next regular Board meeting. The Board inquired about how a change in financial advisor would affect preparation for future bond issues and the 2018 tax rate setting, to which Mr. Page replied.

Ms. Peak and Mr. Lentz entered the meeting at this time.

Ms. Peak and Mr. Lentz presented their proposal for financial advisory services on behalf of Masterson, a copy of which is attached hereto as **Exhibit A**. Ms. Peak advised that she will forward Masterson's current contract terms to the Board after the meeting.

Ms. Peak and Mr. Lentz exited the meeting. Mr. Rathmann entered the meeting.

Mr. Rathmann presented his proposal for financial advisory services on behalf of Rathmann, a copy of which is attached hereto as **Exhibit B**.

Mr. Rathmann exited the meeting.

The Board discussed the merits of the presentations made by Masterson and Rathmann and deferred taking action on same at this meeting.

CONTINUING DISCLOSURE SERVICES

The Board considered continuing disclosure services for the District. Director Bueno inquired if the Board could hold a special meeting in the District to discuss continuing disclosure firms. Mr. Page responded that there is an annual disclosure filing that must be completed no

later than November 30, 2018, that disclosure counsel would need to be engaged to prepare the report, and that the Board could select and engage disclosure counsel at a future meeting.

TAX ASSESSOR-COLLECTOR REPORT

Mr. Arce presented and reviewed the Tax Assessor Collector Monthly Report, dated as of July 31, 2018, a copy of which is attached hereto as **Exhibit C**, including the disbursements presented for approval and a Delinquent Collections Listing as of July 31, 2018. He also presented an Estimate of Appraised Value as of August 1, 2018, received from the Harris Central Appraisal District, a copy of which follows the Tax Assessor Collector Monthly Report attached hereto. After discussion, Director Motejzik moved that the Tax Assessor Collector Monthly Report be approved and the disbursements shown therein be authorized for payment. Director Redburn seconded said motion, which carried unanimously.

DELINQUENT TAX COLLECTIONS REPORT

The Board deferred consideration of the Delinquent Tax Collections Report as it was noted that none was received nor is due at this time from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., delinquent tax attorneys for the District.

OPERATIONS AND MAINTENANCE

Ms. Laguarta presented the Operator's Report for the month of July 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. Ms. Laguarta noted that awnings were installed at the irrigation pump stations as a capital improvement item previously approved by the Board. Director Bueno requested that Ms. Laguarta provide photographs and additional information regarding the awnings that were installed. The Board took no action on the Operator's Report.

Mr. Page advised that Director Nystrom inquired about the amenity lake levels during periods of drought and heavy rain events. The Board discussed same with Mr. Gutowsky and determined that no action at this time was necessary.

Messrs. Hitchcock and Wander entered the meeting at this time. Mr. Arce exited the meeting at this time.

SITE MAINTENANCE

The Board considered the status of site maintenance within the District. The Board inquired about a recent irrigation repair invoice received from Spencer Outdoor, to which Mr. Wander replied. The Board then discussed maintenance standards for the Bridgeland development and amenity lakes. The Board then discussed two addendums received from Spencer to be included in the Maintenance Agreement. Mr. Wander reviewed same with the Board, copies of which are attached hereto as **Exhibit E**. Mr. Gutowsky presented a map to the Board illustrating the locations of the additional service area in Hidden Creek, Section 32, a copy of which is included with Exhibit E. Director Bueno then inquired with Mr. Wander about the maintenance that can be anticipated for calendar year 2019, to which he replied. After discussion, Director Redburn moved that the (i) addenda presented by Spencer Outdoor be

approved, (ii) an Amendment to the Site Maintenance Agreement to include same be approved, and the Vice President be authorized to execute same on behalf of the Board and the District, subject to receipt of a TEC Form 1295, and (iii) SPH be authorized to acknowledge the TEC Form 1295 upon receipt. Director Motejzik seconded said motion, which unanimously carried.

Messrs. Hitchcock and Wander exited the meeting. Mr. LaConti re-entered the meeting at this time.

BOOKKEEPER'S REPORT

Mr. LaConti presented to and reviewed with the Board the Bookkeeper's Report dated August 9, 2018, a copy of which is attached hereto as **Exhibit F**, including the disbursements and wire transfers presented for approval. After discussion, Director Motejzik moved that the Bookkeeper's Report be approved as presented, and the disbursements and wire transfers listed therein be approved for payment, except check nos. 2858 and 2861, which was voided. Director Redburn seconded the motion, which carried unanimously.

ENGINEER'S REPORT

Mr. Gutowsky presented the Engineer's Report, dated August 9, 2018, a copy of which is attached hereto as **Exhibit G**, and reviewed the status of projects listed therein, including the pay estimates and change orders noted therein for approval. Mr. Page presented an Irrigation Easement to serve Summit Point Crossing, Section 3. After review and discussion, Director Redburn moved that (i) the action items listed in the Engineer's Report be approved, including the pay estimates and change orders presented, as recommended by BGE, and (ii) the Easement be accepted, and the Vice President be authorized to execute same on behalf of the Board and the District. Director Motejzik seconded said motion, which unanimously carried.

The Board considered repairs to the low water crossing at Cypress Creek. Mr. Gutowsky advised that the contractor has repaired the drainage issues through that area and is working to establish turf to mitigate future drainage issues. The Board determined that no action was necessary on this item.

The Board considered the annual maintenance of the headwalls within the District. Mr. Page advised the Board that Director Nystrom is discussing with Bridgeland Council to enlarge the scope of work to include capstones and brick walls throughout Lakeland Village. The Board deferred taking action on this item pending further information from Council.

STATUS OF PREPARATION AND FILING OF APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND BONDS AND FOR USE OF SURPLUS FUNDS AND INTEREST EARNED ON CONSTRUCTION FUNDS

Mr. Page reported that SPH filed the bond application report for the proposed issuance of the District's Series 2018 Bonds for drainage and detention facilities and Series 2018A Bonds for park and recreational facilities with the Texas Commission on Environmental Quality ("TCEQ") on July 13, 2018, and that such report was declared administratively complete on July 17, 2018. The Board took no action regarding this item.

UTILITY COMMITMENT LETTERS

The Board considered issuance of utility commitments for detention capacity and deferred action on same as it was noted that no additional commitments for capacity were received at this time.

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.

DETENTION/AMENITY POND MANAGEMENT

The Board considered the status of amenity pond management and wildlife management. Mr. Page advised that the nutria and hog trapping and relocation is underway. The Board took no action regarding this item.

DEVELOPER'S REPORT

The Board considered the Developer's Report. Mr. Derr presented to the Board a home inventory summary for Harris County Municipal Utility District Nos. 419 ("No. 419") and Harris County Municipal Utility District No. 489 ("No. 489"), a copy of which is attached hereto as **Exhibit H**. The Board inquired about the completion of the District and remaining homes to be built to which Mr. Derr replied.

ORDER ESTABLISHING ADDITIONAL MEETING PLACE INSIDE THE DISTRICT

The Board considered the adoption of an Order Establishing Additional Meeting Place Inside the District to designate Director Nystrom's residence as an additional meeting place of the Board. After discussion, Director Redburn moved that Director Nystrom's residence be designated as an additional meeting place of the District, and the Order Establishing Additional Meeting Place Inside the District, attached hereto as **Exhibit I**, be approved as presented and the Vice President and Secretary be authorized to execute same on behalf of the Board and the District. Director Motejzik seconded said motion, which unanimously carried.

PROPOSED ANNEXATION OF CERTAIN LAND INTO AND EXCLUSION OF LAND FROM THE DISTRICT

Mr. Page reported that the District's application to the City of Houston for consent to annex 47.08 acres of land remains pending at the City of Houston (the "City"). Mr. Page suggested, so as to not cause further delay, that the Board authorize SPH to make the appropriate publications for an exclusion hearing to be held at the September 13, 2018, regular Board meeting in the event that the pending annexation is placed on the City Council agenda for consideration prior to that time. After discussion, Director Motejzik moved that the Order Calling Exclusion Hearing, attached hereto as **Exhibit J**, be approved as presented, the Vice President and Secretary be authorized to execute same on behalf of the Board and the District, and SPH be authorized to make the appropriate publication in the newspaper regarding same. Director Redburn seconded said motion, which unanimously carried.

ATTORNEY REPORT

The Board considered the attorney's report. Mr. Page advised that Ms. Peak forwarded the fee schedule via e-mail after she exited the Board meeting and he presented copies of same to the Board for its review.

FUTURE MEETINGS WITHIN THE BOUNDARIES OF THE DISTRICT

The Board discussed the scheduling of future meetings. The Board then requested that SPH provide Director Bueno with contact information for a representative of R.W. Baird & Co. so a presentation can be made at a special meeting to be held prior to the next Board meeting. Mr. Page advised that he would provide the contact information to Director Bueno.

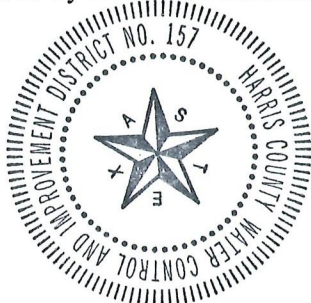
The Board discussed the scheduling of a special Board meeting to be held in the District. Director Bueno advised that he would contact the Lakeland Activity Center to check meeting room availability and, if there is no availability in the following week, the Board could meet at Director Nystrom's residence. Director Bueno requested that SPH assist in coordinating the meeting with the Board members.

FUTURE AGENDA ITEMS

The Board discussed items for future Board meeting agendas and noted that had no additional items to add.

ADJOURNMENT

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





David Redburn, Secretary

LIST OF ATTACHMENTS TO MINUTES

Exhibit A – Masterson Service Proposal

Exhibit B – Rathmann Service Proposal

Exhibit C – Tax Assessor-Collector Report

Exhibit D – Operator's Report

Exhibit E – Addendum 16 and 17; location map; Amendment to Site Maintenance Agreement

Exhibit F – Bookkeeper's Report

Exhibit G – Engineer's Report

Exhibit H – Home Inventory Summary

Exhibit I – Order Establishing Additional Meeting Place

Exhibit J – Order Calling Exclusion Hearing