

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

### Minutes of Meeting of Board of Directors September 13, 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 Dickey and Motejzik, thus constituting a quorum.

Also present were Mark Gehringer of Bridgeland Development, LP ("Developer"); Will Gutowsky of BGE, Inc. ("BGE"); Kayla Crigger of Municipal Accounts & Consulting, L.P. ("Municipal Accounts"); Ray Arce of Wheeler & Associates, Inc. ("Wheeler"); Mirna Bonilla-Odums of Inframark, LLC ("Inframark"); Brian Krueger of BKD, LLD ("BKD"); John Howell of GMS Group ("GMS"); and Mitchell G. Page and Shelby Yllana of Schwartz, Page & Harding, L.L.P. ("SPH"). Jana Cogburn of McCall Parkhurst & Horton, LP ("MPH") entered later in the meeting.

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 meetings held on August 9, 2018 and August 17, 2018. Director Nystrom requested a revision to the minutes to correctly reflect Cameron Dickey as the Vice President. Mr. Page noted the same revision should be made to the minutes of the Board meeting held July 12, 2018, as well. After review and discussion, Director Redburn moved that the draft minutes of August 9, 2018 and August 17, 2018, be approved, as revised, and that the minutes of July 12, 2018 be revised, as noted. Director Bueno seconded said motion, which carried unanimously.

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

The Board noted that there were no members of the public present.

### **WEBSITE CREATION AND ADMINISTRATION**

The Board considered the development of the District website. Mr. Page advised that SPH has reviewed and provided comments to OffCinco to the draft website layout, and that

OffCinco can provide the draft to the Board for its review and approval. Mr. Page additionally advised that the Developer has consented to the use of the Bridgeland name and photographs on the District website and a separate license agreement between the District and Developer will not be necessary. The Board then considered the creation of a committee of the Board to review and approve the content to be placed on the website. After discussion, Director Redburn moved that Directors Dickey and Nystrom be authorized to review and approve the District's website content and discuss same with OffCinco. Director Bueno seconded said motion, which unanimously carried.

### **TAX ASSESSOR-COLLECTOR REPORT**

Mr. Arce presented and reviewed the Tax Assessor Collector Monthly Report, dated as of August 31, 2018, a copy of which is attached hereto as **Exhibit A**, including the disbursements presented for approval and a Delinquent Collections Listing as of August 31, 2018. After discussion, Director Bueno 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 considered the Delinquent Tax Collections Report received from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., delinquent tax attorneys for the District, a copy of which Report is attached hereto as **Exhibit B**.

### **BOOKKEEPER'S REPORT**

Ms. Crigger presented to and reviewed with the Board the Bookkeeper's Report dated September 13, 2018, a copy of which is attached hereto as **Exhibit C**, including the disbursements and wire transfers presented for approval. After discussion, Director Redburn 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. 2871 and 2873, which were voided. Director Bueno seconded the motion, which carried unanimously.

### **2018 TAX RATE**

Mr. Howell presented the recommendation of GMS for the District's proposed levy of a 2018 debt service tax rate in the amount of \$0.3165 per \$100 of assessed valuation, as reflected in the pro forma attached hereto as **Exhibit D**. Mr. Howell then discussed with the Board the roll-back tax rate calculations and the maintenance tax for the District. A lengthy discussion ensued after which Director Nystrom suggested that the District publish its intent to levy a total tax rate for the District not to exceed \$0.455 with the understanding that the Board would re-visit the tax rate at the October Board meeting. After further discussion, Director Redburn moved that the Board provide notice of its intent to levy a total 2018 tax rate of \$0.455 per \$100 of assessed valuation, and re-evaluate the tax rate at the October Board meeting. Director Bueno seconded the motion, which unanimously carried. Mr. Howell advised that he would update his calculations for further discussion next month.

There followed a discussion concerning the requirements for providing notice of the District's intention to adopt its 2018 tax rate. Mr. Page advised that, pursuant to Section 49.236 of the Texas Water Code, the District is required to provide a notice containing certain tax-related information in connection with each meeting at which the adoption of a tax rate will be considered. Mr. Page further advised that the information to be included in the notice is set forth in the Texas Water Code and includes the proposed tax rate to be adopted. He advised that the District must provide the notice by either (1) publishing it at least once in a newspaper having general circulation in the District at least seven days before the date of the meeting at which the tax rate will be adopted, or (2) mailing it to each owner of taxable property in the District, at the address shown on the most recently certified tax roll of the District, at least 10 days before the date of the meeting. After discussion, Director Redburn moved that Wheeler be authorized to publish notice of the District's intention to adopt its 2018 tax rate at its next meeting, as discussed above, in the form and at the time required by law. Director Bueno seconded said motion which unanimously carried. The Board concurred that Wheeler should publish said notice in *The Houston Chronicle*.

### **CONTINUING DISCLOSURE SERVICES**

The Board considered continuing disclosure services for the District. Director Bueno advised that he has contacted McCall Parkhurst & Horton, LP ("MPH"), Allen Boone Humphries Robinson ("ABHR"), and Norton Rose Fulbright US, LP. ("NRF") to obtain qualifications for continuing disclosure services, and invited all firms to attend today's meeting; however due to scheduling conflicts, only Jana Cogburn with MPH attended to provide a presentation on her firm's services. Ms. Cogburn entered the meeting at this time.

Ms. Cogburn with MPH introduced herself to the Board and provided an overview of her qualifications as disclosure counsel and the services to be provided by disclosure counsel for the District.

Ms. Cogburn thanked the Board for its time and exited the meeting.

After discussion, the Board concurred to defer action on engagement of disclosure counsel and receive presentations at the October Board meeting from ABHR and NRF.

### **AUDIT REPORT**

Mr. Krueger presented and reviewed the draft of the District's audit of financial statements prepared for the District's fiscal year ending May 31, 2018, a copy of which is attached hereto as **Exhibit E**. In connection with the requirements of Statement on Auditing Standards No. 115, Mr. Krueger also presented the Board with a Management Letter prepared by BKD concerning the Board's internal controls over financial reporting, and correspondence from BKD to the District concerning significant accounting policies and practices, copies of which are attached hereto with the audit report. Mr. Page noted the proposed Management Response recommended by SPH and included in the draft Management Letter. After discussion, it was moved by Director Bueno, seconded by Director Nystrom and unanimously carried, that (i) said Management Response be approved and adopted by the Board and the District, (ii) the audit report for the District's fiscal year ended May 31, 2018, be approved subject to final review by SPH, (iii) the President be authorized to execute the Annual Filing Affidavit on behalf of the

Board and the District, and (iv) the final audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the TCEQ.

### **COMPTROLLER FILING**

Mr. Page next reminded the Board that Section 140.008, Texas Local Government Code requires political subdivisions, such as the District, to file certain financial information with the Texas Comptroller of Public Accounts (the "Comptroller") upon the conclusion of each fiscal year. This information may be submitted as a separate report or as an alternative, districts subject to Chapter 49 of the Texas Water Code, including the District, may submit to the Comptroller copies of their annual audit. Mr. Page further explained that those districts with a website should also make the financial information available on such website or provide a link to the information on the Comptroller's website. Lastly, Mr. Page advised that the Board will need to select a method of compliance with the requirement. Upon a motion made by Director Bueno, seconded by Director Nystrom, and carried unanimously, the Board elected to authorize SPH to file its annual audit for the fiscal year ended May 31, 2018, with the Comptroller.

### **OPERATIONS AND MAINTENANCE**

Ms. Bonilla-Odums presented the Operator's Report for the month of August 2018, a copy of which report is attached hereto as **Exhibit F**, and reviewed the charges, related repairs, and make up well pumpage listed therein. Ms. Bonilla-Odums notified the Board that Irrigation Pump Station No. 4 was recently brought online and she discussed with the Board the associated costs in connection with that process. The Board took no action regarding the Operator's Report, as no action was requested from the District's Operator at this time.

### **ENGINEER'S REPORT**

Mr. Gutowsky presented the Engineer's Report, dated September 13, 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, and easements and conveyances for acceptance. Director Nystrom raised concerns regarding the payment of Pay Estimate No. 12 in connection with Josey Lake Park, and a discussion ensued regarding same. After review and discussion, Director Redburn moved that the action items listed in the Engineer's Report be approved, as recommended by BGE, including (i) approval of the pay estimates and change orders presented, and (ii) acceptance of the easements and conveyances presented, and the President be authorized to execute same on behalf of the Board and the District. Director Bueno seconded said motion, which unanimously carried.

### **SITE MAINTENANCE**

The Board considered the status of site maintenance within the District. Mr. Page presented for the Board's review a proposed 2019 Maintenance Budget received from Spencer Outdoor, LLC, a copy of which is attached hereto as **Exhibit H**. The Board took no action on the budget at this time.

## **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. Gehringer presented to the Board a summary of sales for the District for August and year-to-date. Mr. Gehringer additionally provided an overview of planned development for Bridgeland.

Director Nystrom inquired about plans for a dedicated meeting space within Bridgeland for the utility and water control and improvement districts, to which Mr. Gehringer replied.

## **ATTORNEY REPORT**

The Board 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 MEETINGS WITHIN THE BOUNDARIES OF THE DISTRICT**

The Board discussed the scheduling of future meetings. Director Nystrom advised that the planned September 25, 2018 meeting date as discussed at prior meetings is not available at the Lakeland Activity Center. The Board discussed an alternate meeting location within the boundaries of the District. Director Nystrom suggested that Pope Elementary School be designated as a meeting place. After discussion, Director Bueno moved that Pope Elementary School be designated as an additional meeting place inside the boundaries of the District, the Resolution attached hereto as **Exhibit I** be approved, and the President be authorized to execute the Resolution on behalf of the Board and the District. Director Redburn seconded said motion, which unanimously carried.

A discussion then ensued regarding the coordination of a town hall meeting at Pope Elementary School. The Board determined that Directors Dickey and Nystrom would coordinate the meeting, and SPH would prepare and post the public meeting agenda for same.

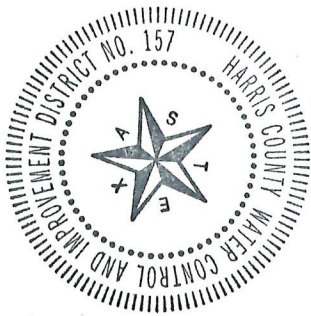
## **FUTURE AGENDA ITEMS**

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 Bueno, seconded by Director Redburn 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 – Delinquent Tax Collections Report

Exhibit C – Bookkeeper's Report

Exhibit D – 2018 Tax Rate Recommendation

Exhibit E – Draft Audit

Exhibit F – Operator's Report

Exhibit G – Engineer's Report

Exhibit H – 2019 Maintenance Budget

Exhibit I – Order Designating Additional Meeting Place Inside the Boundaries of the District