

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

### Minutes of Meeting of Board of Directors December 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 December 13, 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 and Tricia Brasseaux 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, LLP ("BKD"); Mike Willingham, resident of the District; and Gina M. Free and Shelby Yllana of Schwartz, Page & Harding, L.L.P. ("SPH"). Mitchell G. Page of SPH entered after the meeting had been called to order.

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 October 11, 2018. After review and discussion, Director Redburn moved that the draft minutes of October 11, 2018, be approved, as presented. Director Bueno seconded said motion, which carried unanimously.

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

The Board recognized Mr. Willingham. Mr. Willingham inquired about the response time for inquiries sent through the District website, to which Ms. Free responded. He advised that he forwarded a request for repairs and maintenance costs and would like to receive responsive documentation regarding same.

Director Bueno advised that several residents have shared concerns about fish being trapped in the outfall screen at Bridge Cove Drive, and asked if a preventative measure could be installed in order to keep fish from being trapped. Mr. Gutowsky advised that BGE could prepare a rendering for the Board's review at the January meeting. The Board concurred with same.

Director Bueno then inquired about the responsibility of janitorial services at the Lakeland Activity Center, to which Ms. Brasseaux replied.

### **WEBSITE CREATION AND ADMINISTRATION**

The Board considered the development of the District website. Director Nystrom advised that he has worked on the "Frequently Asked Questions" page for the District website and will forward same to the Board for their review. Ms. Free then advised that an inquiry was received from OffCinco about District information and notifications to forward to residents who have signed up through the website for e-mail and text alerts. The Board noted that no action on this was necessary as Harris County Municipal Utility District No. 419 would be the provider of any such notifications.

Director Nystrom requested that the topic of providing the tax rate on the website be revisited next month.

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

Mr. Arce presented and reviewed the Tax Assessor Collector Monthly Report, dated as of November 30, 2018, a copy of which is attached hereto as **Exhibit A**, including the disbursements presented for approval and a Delinquent Collections Listing as of November 30, 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**. The Board determined that no action was necessary regarding the report.

### **APPROVAL OF AUDITS RELATIVE TO THE PAYMENT OF PROCEEDS OF THE DISTRICT'S \$8,550,000 UNLIMITED TAX BONDS, SERIES 2018 AND \$1,190,000 UNLIMITED TAX PARK BONDS, SERIES 2018A (COLLECTIVELY, THE "BONDS")**

The Board considered the approval of audit reports prepared by BKD in connection with the issuance of the Bonds and the disbursement of proceeds of the Bonds. Mr. Krueger reviewed with the Board the draft audit reports, copies of which are attached hereto as **Exhibit C**. He noted interest on land acquisition costs paid to the District's developer must be limited due to the size of the Series 2018 bond issue, and the remaining unfunded amounts will be included in a future bond issue.

After review and discussion of the draft audit reports, it was moved by Director Bueno, seconded by Director Redburn and unanimously carried, that the draft audit reports prepared by BKD be approved, and that the Board authorize the disbursement of the proceeds of the Bonds in

accordance with same, subject to obtaining executed receipts regarding payment of same from Bridgeland Development, LP.

**REVIEW, APPROVAL AND AUTHORIZATION OF THE FILING OF INTERNAL REVENUE SERVICE FORMS 8038-G RELATIVE TO THE BONDS**

The Board considered the execution and filing of Internal Revenue Service Forms 8038-G relative to the Bonds. After discussion, Director Bueno moved that (i) the Forms 8038-G be approved as presented, (ii) the President be authorized to execute same on behalf of the Board and the District, and (iii) SPH be authorized to file same with the appropriate entities by the deadline required. Director Redburn seconded said motion, which unanimously carried.

**REVIEW AND DISCUSSION OF CORRESPONDENCE FROM BOND COUNSEL REGARDING EXPENDITURE AND INVESTMENT OF BOND PROCEEDS AND INTERNAL REVENUE SERVICE RESTRICTIONS ON SAME**

Ms. Free next presented and reviewed correspondence from SPH, as Bond Counsel, regarding certain provisions of the federal tax law and regulations of the Internal Revenue Service pertaining to the expenditure and investment of proceeds of the Bonds, a copy of which is attached hereto as **Exhibit D**. She advised the Board that certain periodic reviews and reports are required to monitor compliance with the requirements set forth therein and that arbitrage rebate or yield reduction payments could be required to be made based on said review and reports. Ms. Free also advised the Board that the District's bookkeepers would monitor investment rates and that the District's financial advisor would review the debt service fund balance and coverage in connection with the annual tax rate recommendation. Ms. Free advised the Board, however, that compliance with the requirements is ultimately the responsibility of the Board.

**APPROVAL AND EXECUTION OF AMENDMENT TO AMENDED AND RESTATED DISTRICT INFORMATION FORM**

Ms. Free next presented and discussed with the Board an Amendment to the Amended and Restated District Information Form relative to the District's Bonds. After discussion on the matter, Director Redburn moved that said Amendment be approved and that the Board members present be authorized to execute same on behalf of the Board and the District. Director Bueno seconded said motion, which carried unanimously.

**CONSIDER AND ACT UPON ANY OTHER MATTERS IN CONNECTION WITH THE ISSUANCE OF THE DISTRICT'S BONDS**

As the next order of business, the Board considered the approval of various documents to be executed by the Board in connection with the closing of the sale of the District's Bonds. In that regard, Ms. Free presented and reviewed various closing documents with the Board, including the No-Litigation Certificate, the District's Receipt, and a Federal Tax Certificate, and advised that the closing was scheduled for December 27, 2018, at 10:00 a.m. After discussion of the closing documents, it was moved by Director Bueno, seconded by Director Redburn and unanimously carried that the above-referenced documents be approved by the Board, that the President and Secretary be authorized to execute same on behalf of the Board and the District, and that SPH be authorized to deliver same, as appropriate, upon the closing of the Bonds.

## **BOOKKEEPER'S REPORT**

Ms. Crigger presented to and reviewed with the Board the Bookkeeper's Report dated December 13, 2018, a copy of which is attached hereto as **Exhibit E**, including the disbursements and wire transfers presented for approval. After discussion, Director Bueno 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. 2918 and 2920, which were voided. Director Bueno seconded the motion, which carried unanimously. Director Bueno inquired about a legal fee line item appearing in the Bookkeeper's Report, to which Ms. Crigger replied.

## **OPERATIONS AND MAINTENANCE**

Ms. Bonilla-Odums then presented the Operator's Reports for the months of October and November 2018, a copy of which reports are attached hereto as **Exhibit F**, and reviewed the charges, related repairs, and make up well pumpage listed therein. The Board took no action regarding the Operator's Reports, as no action was requested from the District's Operator at this time.

Director Nystrom raised concerns regarding the recent elevated chlorine levels in the water and resident complaints regarding same, to which Ms. Odums and Mr. Gutowsky responded. Director Bueno suggested that a notification to residents be added to the District website when a plant or other district facility is taken off or put on line, so they are aware of any potential water quality issues that may be experienced during the transition period.

## **ENGINEER'S REPORT**

Mr. Gutowsky presented the Engineer's Report, dated December 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 conveyances for acceptance. Director Bueno requested that information regarding the District's pro-rata share of a construction project being conveyed to the District, and information regarding such project's placement in a future bond issue be added to future Engineer's Reports. Director Nystrom inquired about the change orders presented for Josey Lake Park, to which Ms. Brasseaux replied. The Board requested that SPH forward copies of the change orders presented today to the Board for review. After review and discussion, Director Bueno 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 conveyances presented, and the President be authorized to execute same on behalf of the Board and the District. Director Redburn seconded said motion, which unanimously carried.

## **SITE MAINTENANCE**

The Board deferred consideration of the status of site maintenance within the District, as it was noted that no representative from Spencer Outdoor was present. Director Nystrom requested that a representative from Spencer Outdoor attend the January 2019 Board meeting.

## **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. Ms. Brasseaux advised the Board regarding progress in nutria and hog management. The Board took no action regarding this item.

## **DEVELOPER'S REPORT**

The Board considered the Developer's Report. Mr. Gehringer then presented to the Board a summary of sales for the District for November and year-to-date, a copy of which is attached hereto as **Exhibit H**.

Mr. Page entered and Ms. Free exited the meeting at this time.

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

Mr. Page reported on the proposed annexation of land into and exclusion of land from the District boundaries. He advised that, due to the delays experienced with the City of Houston, ownership of much of the area to be annexed is now within the names of builders and two homeowners. Mr. Page advised that there are a group of lots in question where the boundary line of the District and Harris County Water Control and Improvement District No. 159 bisects the lots of which two lots have been sold to homeowners. Mr. Page then presented maps to the Board depicting two scenarios, copies of which are attached hereto as **Exhibit H**: (i) the two homeowners agree to the annexation of their property into the District and their property tax bill is adjusted accordingly, or (ii) the two homeowners do not agree to the annexation of their property into the District, their lots will remain bisected by the boundary line, and they will continue to receive two property tax bills, one for each water control and improvement district. The Board discussed same and authorized SPH to prepare and forward correspondence to the two homeowners in question explaining the boundary situation and requesting their assistance. Director Nystrom advised that he could also speak to those residents if they had any concerns.



Director Bueno inquired about the legal fee bill for the bond issuance discussed earlier in the meeting and requested that SPH and the Board discuss the fee structure for future bond issues.

### **EMINENT DOMAIN FILING**

Mr. Page advised the Board that all political subdivisions with the power of eminent domain, including the District, are required to file an annual eminent domain report by February 1 of each year with the Texas Comptroller of Public Accounts (the "Comptroller"). After discussion, it was moved by Director Redburn, seconded by Director Bueno and unanimously carried, that the Board authorize SPH to file the annual eminent domain report with the Comptroller on behalf of the District prior to February 1, 2019.

### **ATTORNEY REPORT**

The Board considered the attorney's report. Mr. Page addressed a previously raised concern regarding conflicts of interests between SPH and Bridgeland districts. In particular, Mr. Page noted that a conflict of interest waiver would be required under certain circumstances where SPH represented both the District and another party to a proposed transaction. He noted that while SPH represents other districts serving the Bridgeland community, they rarely contract with each other such that a conflict of interest waiver is necessary. He did note that that a conflict of interest waiver was executed by the District and by Harris County Municipal Utility District No. 418 in connection with the purchase and sale of treated wastewater effluent to maintain water levels in the District's lakes. After discussion, the Board determined that no further action was necessary regarding same.

### **FUTURE MEETINGS WITHIN THE BOUNDARIES OF THE DISTRICT**

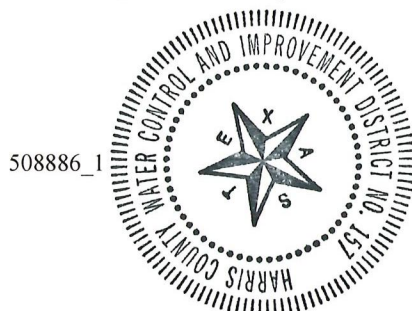
The Board discussed the scheduling of future meetings. Mr. Page advised that an inquiry was received at the Harris County Municipal Utility District No. 419 Board meeting to hold a joint town hall meeting. After discussion, the Board concurred to revisit this request in January 2019.

### **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 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 – Delinquent Tax Collections Report

Exhibit C – Developer Reimbursement Audits – Series 2018 Bonds; Series 2018A Bonds

Exhibit D – Arbitrage Correspondence

Exhibit E – Bookkeeper's Report

Exhibit F – Operator's Report

Exhibit G – Engineer's Report

Exhibit H – Inventory Report

Exhibit I – Boundary scenario maps