

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

### Minutes of Meeting of Board of Directors January 10, 2019

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 January 10, 2019, 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, thus constituting a quorum.

Also present were Dan Kolkhorst and Mark Gehringer on behalf of Bridgeland Development, LP, a division of the Howard Hughes Corporation ("Developer"); Will Gutowsky of BGE, Inc. ("BGE"); Kayla Crigger of Municipal Accounts & Consulting, L.P. ("Municipal Accounts"); Ray Arce of Wheeler & Associates, Inc. ("Wheeler"); Juan Montano and Mirna Bonilla-Odums of Inframark, LLC ("Inframark"); Jeremy Hitchcock and Kevin Brown of Spencer Outdoor, LLC ("Spencer"); Mike Willingham, resident of the District; 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 meetings held on November 29, 2018 and December 13, 2018. Director Dickey discussed his requested revisions to both sets of meeting minutes. After review and discussion, Director Dickey moved that the draft minutes of November 29, 2018 and December 13, 2018, be approved, as revised. Director Motejzik seconded said motion, which carried unanimously.

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

The Board recognized Mr. Willingham who requested that the Board consider posting its fiscal year ended May 31, 2018 audit report and 2019 budget to the website.

### **DISTRICT WEBSITE**

The Board discussed the District website. Director Nystrom advised that he has worked on a "Frequently Asked Questions" page and will forward same to the Board members for their review. The Board additionally concurred to add the documentation requested by Mr. Willingham to the District's website.

Director Bueno inquired about the installation of security cameras at District entry points. Mr. Willingham noted that the Lakeland Village Community Association is already planning to discuss same at their upcoming Board meeting. The Board determined that no action regarding the security cameras was necessary at this time.

The Board also requested that OffCinco send an e-mail notification to the District's subscribers informing the subscribers that (i) a Town Hall meeting will be held, and (ii) the District's audit and budget information have been added to the District's website. Director Nystrom advised that he and Director Dickey will coordinate with OffCinco to prepare the message for said e-mail notification.

Director Bueno additionally suggested that the tax rate collection history be added to the District's website. The Board concurred with same.

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

Mr. Arce presented and reviewed the Tax Assessor Collector Monthly Report, dated as of December 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 December 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.

Mr. Arce additionally presented a tax exemption analysis prepared by Wheeler, a copy of which is included with **Exhibit A**.

### **DELINQUENT TAX COLLECTIONS REPORT**

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

### **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 2018, noting that the District granted (i) an exemption in the amount of \$10,000 for residents 65 years of age or older, (ii) an exemption for disabled residents in the amount of \$20,000, and (iii) no general homestead exemption. Mr. Page advised that GMS Group, LLC will prepare an analysis on the exemptions that can be granted for the District for tax year 2019 for presentation at the next Board meeting. The Board deferred consideration of tax exemptions until the next Board meeting.

### **ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES**

Mr. Page advised the Board that it is authorized pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on personal property that become delinquent after February 1 of a year and that remain delinquent sixty (60) days after said date, to defray the costs of collection of said delinquent taxes. The Board next considered the adoption of a resolution authorizing such additional penalty. After discussion, it was moved by Director Nystrom, seconded by Director Dickey, and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit B**, be approved and adopted.

### **BOOKKEEPER'S REPORT AND QUARTERLY INVESTMENT REPORT**

Ms. Crigger presented to and reviewed with the Board the Bookkeeper's Report dated January 10, 2019, a copy of which is attached hereto as **Exhibit C**, including the disbursements and wire transfers presented for approval. Director Dickey inquired about items noted under the Actual vs. Budget Comparison, to which Ms. Crigger responded. Director Bueno then inquired about the reinvestment of district funds into CDs, to which Ms. Crigger responded. Mr. Crigger next presented a Quarterly Investment Report for the period ended November 30, 2018. After discussion, Director Bueno moved that (i) the Bookkeeper's Report be approved as presented, and the disbursements and wire transfers listed therein be approved for payment and (ii) the Quarterly Investment Report for the period ended November 30, 2018, be approved and the District's Investment Officers be authorized to execute same on behalf of the Board and the District. Director Motejzik seconded the motion, which carried unanimously.

### **TEXAS COMPTROLLER OF PUBLIC ACCOUNTS INFORMATION DATABASE**

Mr. Page reminded the Board that, pursuant to provisions of Chapter 403, Texas Government Code, and Chapter 203, Texas Local Government Code, the District is required to submit annually information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database. Mr. Page advised the Board that, BKD, LLP, the District's auditor, has included this work in its engagement letter previously approved by the Board and the work will be performed on an hourly basis at an estimated cost of \$400 to \$500. After discussion, on the matter, it was moved by Director Dickey, seconded by Director Bueno and unanimously carried, that BKD, LLP be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database.

### **OPERATIONS AND MAINTENANCE**

Ms. Bonilla-Odums then presented the Operator's Report for the month of December 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 requested additional information be added to the Report to reflect (i) the fiscal year end year-to-date costs for repairs and maintenance, and (ii) the permit year year-to-date flow information for the pump stations. Ms. Bonilla-Odums and Mr. Montano noted that they would prepare same for review next month,

and that the information presented in the report can be adjusted at any time as requested by the Board.

Director Dickey inquired about the elevated chlorine levels discussed last month, to which Ms. Bonilla-Odums responded that no resident complaints have been received regarding same since the last Board meeting.

### **ENGINEER'S REPORT**

Mr. Gutowsky presented the Engineer's Report, dated January 10, 2019, a copy of which is attached hereto as **Exhibit E**, and reviewed the status of projects listed therein, including the pay estimates, change orders, and conveyances presented for Board action. After review and discussion, Director Dickey 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 for (a) Westgreen Boulevard, Section One Landscaping, and (b) Hidden Creek Sections 5 and 8 Landscaping, and the President be authorized to execute same on behalf of the Board and the District. Director Motejik seconded said motion, which unanimously carried.

Director Bueno inquired about the warning signage to be installed at the outfall. Mr. Gutowsky noted that he would investigate same and report back.

Mr. Gutowsky next presented renderings prepared at the Board's request for a protective screen at the outfall at Bridge Cove Drive, a copy of which are included with the Engineer's Report. Mr. Gutowsky discussed the proposed scope of work and costs for same. After discussion, the Board determined that no action is necessary on the Board's part at this time, and requested that the operator monitor the outfall.

### **SITE MAINTENANCE**

The Board considered of the status of site maintenance within the District and recognized Mssrs. Hitchcock and Brown. Director Nystrom inquired about a revised invoice dated from January 2018 that was received in October 2018, to which Mr. Hitchcock responded that such invoice was a result of an internal audit and a correction of the entities billed. Director Nystrom requested that the Board be provided notice if a revised invoice will be issued. The Board then discussed multiple irrigation repair invoices received during 2018 to which Mr. Brown responded. Director Dickey then inquired about language in the Site Maintenance Agreement between the District and Spencer which would limit the District's obligation to pay invoices that are not timely received from Spencer. Mr. Page advised that he could review the District's Site Maintenance Agreement and prepare language to address same in connection with the next amendment to said Agreement. The Board thanked Mssrs. Hitchcock and Brown for their time and noted that no additional action was necessary at this time regarding site maintenance.

### **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.

## **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.

## **DEVELOPER'S REPORT**

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

## **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, following the last Board meeting, correspondence was prepared and forwarded to the two homeowners that own property where the boundary line of the District and Harris County Water Control and Improvement District No. 159 bisects their lots. Mr. Page noted that one of the homeowners responded and advised that he is willing to work with the District to annex his tract into the District's boundaries. Mr. Page noted that SPH has not received a response from the second homeowner. After discussion, the Board requested that SPH prepare and forward a second notice to the second homeowner. Director Nystrom advised that he could also discuss matter with the second homeowner, if necessary.

## **INSURANCE**

Mr. Page reported to the Board that the District's current insurance coverage and directors and consultants bonds, issued through Arthur J. Gallagher, will expire on March 31, 2019. He informed the Board that other insurance companies provide such policies to water districts and inquired as to whether the Board wished to solicit proposals from other companies for insurance to review prior to the expiration of the current policies. After discussion, the Board concurred that SPH be authorized to obtain a renewal proposal for insurance coverage and bonds for the District from Arthur J. Gallagher, and if the premium increase is greater than 5%, SPH is directed to obtain an additional quote from another provider.

The Board additionally requested that two scenarios be presented in the renewal proposal:

- (i) the coverage assumes no additional facilities were added for the 2019-2020 policy year, and
- (ii) the coverage assumes additional facilities were added.

## **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 during the meeting.

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

The Board discussed the scheduling of future meetings. Director Nystrom reminded the Board of the Town Hall meeting scheduled for January 31<sup>st</sup> at 7:00 p.m. at Pope Elementary School. Mr. Willingham requested that during the Town Hall meeting, the Board explain the responsibilities of the municipal utility district versus the water control and improvement district, and also review the assets for each. The Board additionally discussed future Town Hall meetings to be held March 28, 2019 and May 30, 2019 at Pope Elementary School.

Director Bueno next inquired about discussing SPH's fees to the District. Mr. Page advised that such discussion can be held at the pleasure of the Board at an upcoming meeting.

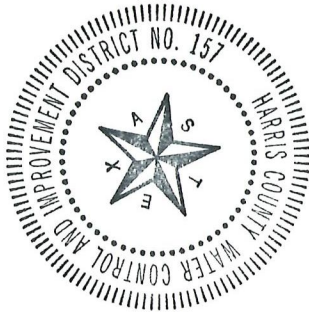
## **FUTURE AGENDA ITEMS**


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 Motejzik 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 - Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes

Exhibit C – Bookkeeper's Report

Exhibit D – Operator's Report

Exhibit E – Engineer's Report

Exhibit F – Inventory Report