

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 157

Minutes of Meeting of Board of Directors February 14, 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 February 14, 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, except Director Dickey, thus constituting a quorum.

Also present were Mark Gehringer on behalf of Bridgeland Development, LP, a division of The Howard Hughes Corporation ("Developer"); Will Gutowsky of BGE, Inc. ("BGE"); David Baños 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"); John Howell of The GMS Group, L.L.C. ("GMS"); 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 10, 2019. Mr. Page advised that the approval of the January 31, 2019 Town Hall meeting minutes will be deferred until the March meeting of the Board. Director Nystrom noted that he was designated to attest the minutes of the January 31, 2019 meeting of the Board. After review and discussion, Director Redburn moved that the draft minutes of January 10, 2019, be approved, as presented. Director Bueno seconded said motion, which carried unanimously.

PUBLIC ANNOUNCEMENTS AND PUBLIC COMMENTS

The Board deferred consideration of public comments as it was noted that no members of the public were present. Director Nystrom inquired about the House Hahl trail repairs. Mr. Page noted that an item to discuss the matter is included later on the agenda. The Board deferred further discussion.

DISTRICT WEBSITE

The Board discussed the District website. Director Nystrom advised that the District received a resident inquiry through the website regarding tax exemptions and that he responded to same on behalf of the District. Director Nystrom advised that he would forward such

correspondence to SPH to retain in the District's files. The Board determined that no action regarding the website was necessary at this time.

TAX EXEMPTIONS

The Board considered the adoption of tax exemptions for 2019. Mr. Page reminded the Board of the tax exemptions adopted by the District for 2018. Mr. Howell advised that he is not recommending any change to the tax exemptions at this time. After discussion, the Board concurred to defer action on exemptions until the March Board meeting.

POTENTIAL BOND ISSUANCE

Mr. Howell then presented to the Board a request that he received from the Developer to begin preparation of the next application to the Texas Commission on Environmental Quality ("TCEQ") for approval of park projects and the issuance of the District's next series of park bonds to finance same, a copy of which request letter is attached hereto as **Exhibit A**. Mr. Howell presented an analysis prepared by GMS to the Board for the next park bond issuance, a copy of which is attached hereto as **Exhibit B**.

Mr. Howell next discussed with the Board whether to request that the Harris County Appraisal District prepare an Estimate of Value as of February 15, 2019 in preparation for the bond application. After discussion, Director Motejzik moved that (i) the Resolution Requesting Appraisal of Property attached hereto as **Exhibit C**, be approved and the President be authorized to execute same on behalf of the Board and the District, and (ii) the District's consultants be authorized to begin preparation of the next park bond application to be filed with the TCEQ. Director Redburn seconded said motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR REPORT

Mr. Arce presented and reviewed the Tax Assessor Collector Monthly Report, dated as of January 31, 2019, a copy of which is attached hereto as **Exhibit D**, including the disbursements presented for approval and a Delinquent Collections Listing as of January 31, 2019. 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.

The Board then requested that the historical valuation and tax data presented in the Tax Assessor Collector Monthly Report be posted to the District website.

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.

BOOKKEEPER'S REPORT

Mr. Baños presented to and reviewed with the Board the Bookkeeper's Report dated February 14, 2019, a copy of which is attached hereto as **Exhibit E**, including the disbursements and wire transfers presented for approval. Director Nystrom inquired about the amount of

District reserves, to which Mr. Baños responded that the reserves will start decreasing next year. Director. Nystrom noted that the Board may want to focus on increasing the District's reserves next year. Mr. Baños then inquired about the renewal of the District's membership in the Association of Water Board Directors ("AWBD"). After discussion, Director Redburn 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 District's membership renewal be completed for AWBD. Director Motejzik seconded the motion, which carried unanimously.

The Board then discussed the application of surplus park bond funds to either the next bond application or to the proposed House Hahl trail repairs.

QUALIFIED BROKERS

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Page advised that, pursuant to the Public Funds Investment Act, the Board is required to review such list at least annually. He presented and reviewed with the Board the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto, together with a comparison of the list submitted and the list previously adopted by the Board, copies of which are attached hereto as **Exhibit F**. Mr. Page noted that the broker list presented is a list of potential institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officers, but it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Bueno moved that (i) the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, and (ii) the President and Secretary be authorized to execute said Resolution on behalf of the Board and the District. Director Motejzik seconded said motion, which unanimously carried. Mr. Page advised that the Board can revise the broker listing as they feel necessary throughout the year.

The Board inquired about the use of credit unions for the placement of District funds, to which Mr. Baños advised that he would investigate same and report back to the Board.

OPERATIONS AND MAINTENANCE

Mr. Montano then presented the Operator's Report for the month of January 2019, a copy of which report is attached hereto as **Exhibit G**, and reviewed the charges, related repairs, and make up well pumpage listed therein. Mr. Montano advised that one of the repair invoices presented for payment is being corrected to reflect the correct facility, and will be billed to the appropriate district accordingly.

The Board discussed the new Operator's Report format as requested last month and requested that "gallons" be added to the Irrigation Pump Station portion of the chart, and the Year to Date totals be checked for accuracy.

WATER CONSERVATION PLAN AND DROUGHT CONTINGENCY PLAN

Mr. Page advised the Board that in accordance with the Texas Water Code, the District is required to adopt, and file with the appropriate agencies, a water conservation and drought

contingency plan (collectively, the "Plans") and review same every five (5) years. The Board discussed necessary updates, specifically to the trigger amounts for lake levels and implementing a "stop gap" measure requiring that the Board provide its pre-approval before certain measures are taken. After discussion, the Board concurred to authorize Inframark and BGE to complete the five year review of the Plans and report back to the Board with any necessary updates.

ENGINEER'S REPORT

Mr. Gutowsky presented the Engineer's Report, dated February 14, 2019, a copy of which is attached hereto as **Exhibit H**, and reviewed the status of projects listed therein, including the pay estimate, change order, conveyances, and easement presented for Board action. Mr. Page advised that the conveyance of the Irrigation Pump Station No. 4 site and facilities to the District should be deferred pending receipt of a commitment of title insurance for the site. The Board determined to defer action on the Engineer's Report until after the Closed Session.

The Board next discussed the scheduling of a facilities tour for the directors and interested residents.

HOUSE HAHL REPAIRS

The Board next discussed House Hahl trail repairs, including the materials attached hereto as **Exhibit I**. Director Nystrom advised that several residents have complained about the condition of the House Hahl trail and inquired about the entity responsible for the repair of same. Director Nystrom also advised that the Lakeland Village Community Association ("LVCA") recently discussed same and BGE provided four options to LVCA to correct the trail. Director Bueno noted that there are areas of erosion leading from the trail area up to the neighboring home property lines. Mr. Page noted that in order for the District to repair same, the District would need to secure a drainage easement over the trail area. He further advised that BGE would need to investigate the impact said repairs would have on the drainage of the neighboring lots. Mr. Page additionally advised that the repairs requested serve a storm water collection and conveyance (as compared to regional detention) function, which is within the purview of Harris County Municipal Utility District No. 419 and not the District. After due discussion, the Board concurred to defer same until further investigation of the site can be completed.

SITE MAINTENANCE

The Board considered the status of site maintenance and noted that no action was necessary at this time regarding same.

DETENTION/AMENITY POND MANAGEMENT

The Board considered the status of amenity pond management and wildlife management and noted that no action on its part was necessary 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.

DEVELOPER'S REPORT

The Board considered the Developer's Report. Mr. Gehringer presented to the Board a summary of sales for the District for January 2019 and year-to-date, a copy of which is attached hereto as **Exhibit J**.

FINANCIAL ADVISOR'S REPORT

Mr. Howell noted that he had nothing to report that had not already been discussed during the meeting.

ATTORNEY REPORT

The Board considered the attorney's report. Mr. Page advised that the Fifth Year Rebate Report for the District's Series 2013 Park Bonds was received, a copy of which is attached hereto as **Exhibit K**, and no payment is due to the Internal Revenue Service, or other action necessary regarding same 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 2018 has been revised. After discussion on the matter, Director Motejzik 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 L** be adopted by the Board. Director Bueno seconded said motion, which unanimously carried.

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 and the bisecting of two homeowner lots by the proposed boundary line of the District and Harris County Water Control and Improvement District No. 159. He advised that, following the last Board meeting, follow up correspondence was prepared and forwarded to one of the homeowners, and Mr. Page noted that SPH has not received a response from the second homeowner. After discussion, the Board requested that SPH defer the calling of the exclusion hearing until the second homeowner has provided their response. Director Nystrom advised that he could also discuss matter with the second homeowner.

INSURANCE

In response to the Board's request for a proposal from Arthur J. Gallagher for renewal of the Districts insurance policies and bonds, Mr. Page presented the Board with the proposal attached hereto as **Exhibit M**. Mr. Page reported that the premium amount quoted increased from last policy year due to an increase in property value. After discussion, Director Redburn moved that the proposal from Arthur J. Gallagher for renewal of the District's insurance policies

and bonds, for a term expiring March 31, 2020, be accepted. Director Bueno seconded the motion, which carried unanimously. Director Bueno requested that if the premium increases again next year, the District obtain bids from other providers.

FUTURE MEETINGS WITHIN THE BOUNDARIES OF THE DISTRICT

The Board discussed the scheduling of future Town Hall meetings to be held March 28, 2019 and May 30, 2019 at Pope Elementary School.

CLOSED SESSION

The President called the Board into Closed Session at 1:15 p.m., pursuant to Texas Government Code, Section 551.071, for consultation with Mr. Page.

RECONVENE

The Board reconvened in Open Session at 1:55 p.m. 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 estimate and change order presented, except for that portion of Change Order No. 17 relating to the purchase and installation of additional trees for Josey Lake, and (ii) acceptance of the conveyances and easement, except for the conveyance of the Irrigation Pump Station No. 4 site and facilities as previously discussed, and the President be authorized to execute same on behalf of the Board and the District. Director Motejzik seconded said motion, which unanimously carried.

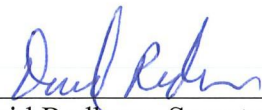
FUTURE AGENDA ITEMS

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.




David Redburn, Secretary

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LIST OF ATTACHMENTS TO MINUTES

Exhibit A – Bond Application Request

Exhibit B – Park Bond Analysis

Exhibit C – Request for Appraisal of Property

Exhibit D – Tax Assessor-Collector Report

Exhibit E – Bookkeeper's Report

Exhibit F – Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions, and comparison of broker lists

Exhibit G – Operator's Report

Exhibit H – Engineer's Report

Exhibit I – House Hahl Trail Improvement

Exhibit J – Inventory Report

Exhibit K – Fifth Year Rebate Report for Series 2013 Park Bonds

Exhibit L – Resolution Adopting Prevailing Wage Rate Scale for Construction Project

Exhibit M – Insurance Proposal – 2019-2020