

# HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 157

## Minutes of Meeting of Board of Directors April 11, 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 April 11, 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 Nystrom, 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 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").

In the absence of the President, the Vice 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 January 31, 2019 and February 14, 2019. After review and discussion, Director Motejzik moved that the draft minutes of January 31, 2019 and February 14, 2019, be approved, as presented. Director Redburn seconded said motion, and with Directors Redburn, Motejzik and Bueno voting "aye" and Director Dickey abstaining, the motion carried.

### **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 Dickey inquired about the upcoming water district facility tour dates.

### **DISTRICT WEBSITE**

The Board discussed the District website. Director Dickey inquired if any notifications have been sent by OffCinco to the District residents who have signed up to receive e-mail alerts. The Board then discussed the planned Town Hall meeting for May 30, 2019 and requested that a notification be forwarded to residents by OffCinco three weeks prior to the Town Hall, with another reminder one week prior to the Town Hall.

Mr. Page advised that Bridgeland Council ("Council") has inquired if it must continue to post the District's agenda and minutes to their website. The Board requested that Council add a direct link on its website to the District's website, and remove any other content related to the District. Director Bueno advised that he will coordinate with Council on the matter.

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

Mr. Arce presented and reviewed the Tax Assessor Collector Monthly Reports, dated as of February 28, 2019 and March 31, 2019, copies of which are attached hereto as **Exhibit A**, including the disbursements presented for approval and a Delinquent Collections Listing as of March 31, 2019. After discussion, Director Bueno moved that the Tax Assessor Collector Monthly Reports be approved and the disbursements shown therein be authorized for payment. Director Dickey seconded said motion, which carried unanimously.

### **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, Director Redburn moved that for calendar year 2019, the District grant an exemption from ad valorem taxation by the District in the amount of \$10,000 for residents 65 years of age or older and an exemption from ad valorem taxation by the District in the amount of \$20,000 for disabled residents, (ii) the District not grant a general homestead exemption, and (iii) the Resolution Concerning Exemptions from Taxation attached hereto as **Exhibit B**, be approved and the Vice President and Secretary be authorized to execute same. Director Motejzik seconded said motion, which carried unanimously.

### **DELINQUENT TAX COLLECTIONS REPORT**

The Board considered a Delinquent Tax Collections Report prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"), delinquent tax attorneys for the District, a copy of which is attached hereto as **Exhibit C**. The Board determined that no action regarding the Report was necessary at this time.

### **RESOLUTION AUTHORIZING ADDITIONAL PENALTY ON DELINQUENT REAL PROPERTY TAXES**

The Board next considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes. Mr. Page advised that the Board is authorized to impose, under certain conditions on July 1, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on real property taxes that remain delinquent as of July 1 of the year in which they become delinquent. After discussion, it was moved by Director Redburn, seconded by Director Bueno and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes, attached hereto as **Exhibit D**, be adopted by the Board, and that Perdue be authorized to proceed with the collection of real property taxes delinquent as of July 1, 2019.

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

Mr. Baños presented and reviewed with the Board the Bookkeeper's Report dated April 11, 2019, a copy of which is attached hereto as **Exhibit E**, including the disbursements and wire transfers presented for approval. Mr. Baños additionally presented the Quarterly Investment Report for the District for the reporting period ended February 28, 2019, a copy of which is included with the bookkeeper's report.

Mr. Baños next presented to and reviewed with the Board proposed budgets for the District's fiscal year ending May 31, 2020, copies of which are attached to the Bookkeeper's Report. Mr. Baños requested that the Board and District consultants review the proposed budgets and submit any recommendations relative to same to Municipal Accounts prior to the Board's May meeting when the Board will consider the adoption of the budget. Director Dickey inquired about the recreational facilities budget and the inclusion of water credits therein expected to be received from the West Harris County Regional Water Authority during the fiscal year ending May 31, 2020 (the "Authority"). Mr. Page discussed the timing of receipt of same, and cautioned that the District may not receive the credits within the 2020 fiscal year. After due discussion, the Board concurred to use \$0 for the Authority credit line item until the final dollar amount of the credits is determined. Mr. Page advised that the budget could be amended when the Authority credit dollar amount is determined. Mr. Montano noted that the District has saved 20 to 40 million gallons of water annually due to its irrigation and pumping system. The Board requested that such data be compiled for posting on the District's website. Mr. Montano acknowledged same.

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, except check no. 2973, which was voided, and (ii) the Quarterly Investment Report for the reporting period ended February 28, 2019 be approved and the District's Investment Officers of the District be authorized to execute same on behalf of the Board and the District. Director Motejzik seconded the motion, which carried unanimously.

## **UNCLAIMED PROPERTY**

The Board considered authorizing certain District consultants to research the District's accounts for unclaimed property and authorizing the District's bookkeeper to prepare an Unclaimed Property Report as of March 1, 2019. Mr. Page advised the Board that the District's operator and tax assessor-collector, in addition to the bookkeeper, will review their records and provide the bookkeeper with a current listing of any unclaimed property in the District's accounts for preparation of the Unclaimed Property Report. He further advised the Board that the District's bookkeeper will file the report with the Comptroller of Public Accounts and escheat any unclaimed funds to the State of Texas. After discussion on the matter, Director Motejzik moved that the District's operator and tax assessor-collector, in addition to the bookkeeper, be authorized to provide current listings of any and all unclaimed property to the bookkeeper and that, should any unclaimed property exist, the bookkeeper be authorized to timely file an Unclaimed Property Report with the Comptroller of Public Accounts. Director Bueno seconded said motion, which unanimously carried.

## **OPERATIONS AND MAINTENANCE**

Mr. Montano then presented the Operator's Reports for the months of March and April 2019, copies of which reports are attached hereto as **Exhibit F**, and reviewed the charges, related repairs, and make up well pumpage listed therein. Mr. Montano advised that he will verify the values in the report to ensure accuracy. Mr. Gutwosky noted that information in the report with regards to water usage must be kept on a calendar year reporting basis in order to remain consistent with the Authority's reporting. The Board took no action regarding the Operator's Reports.

## **IDENTITY THEFT PREVENTION PROGRAM**

Mr. Montano presented Inframark's annual report regarding the District's Identity Theft Prevention Program (the "Program"), a copy of which is attached to the Operator's Report, including the District's experience with identity theft during the prior year, current methods to detect identity theft, the types of accounts maintained by the District and the District's business arrangements with other entities. Mr. Montano advised that Inframark is not recommending any changes be made to the District's Program this year. After discussion on the matter, the Board concurred that no changes be made to the Program at this time.

## **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. Mr. Page advised that the Bridgeland team is currently reviewing the plans and recommended changes will be discussed with the Board at the May meeting. Mr. Page advised that a draft of the revised plans will be forwarded to the Board for review prior to the next meeting.

The Board then considered authorizing Inframark to file the annual water conservation implementation report for the District with the appropriate authorities. After discussion, Director Bueno moved that Inframark be authorized to file same. Director Redburn seconded said motion, which unanimously carried.

## **ENGINEER'S REPORT**

Mr. Gutowsky presented the Engineer's Report, dated April 11, 2019, a copy of which is attached hereto as **Exhibit G**, and reviewed the status of projects listed therein, including the pay estimate, change order, conveyances, and Special Warranty Deed presented for Board action. Mr. Page advised that the conveyance of Irrigation Pump Station No. 4 should be deferred pending receipt of a final affidavit of all bills paid. In connection with Josey Lake Park, Mr. Gehringer presented to and discussed with the Board correspondence from the Developer regarding the purpose of Change Order No. 18, a copy of which is included with **Exhibit G**. The Board and Mr. Gehringer discussed the maintenance and ownership obligations for Josey Lake Park upon completion of the project. After discussion, Director Motjezik 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 No. 18, as presented, and (ii) acceptance of the conveyances and Special Warranty Deed, except for the conveyance of the Irrigation Pump Station No. 4 as

previously discussed, and the Vice President be authorized to execute same on behalf of the Board and the District.

The Board requested that it be advised of any modifications to District projects made at the request of Council before work commences. Mr. Gehringer acknowledged same.

### **FINANCIAL ADVISOR'S REPORT**

Mr. Howell advised that, based on the most recent Estimate of Value prepared by the Harris County Appraisal District as of February 15, 2019 for the District, the District now has the flexibility to sell up to \$4,000,000 in park bonds. The Board then reviewed the preliminary summary of costs for the park bond issuance, a copy of which is included under **Exhibit G**. After discussion, the Board concurred to authorize the District's consultants to prepare a bond application report in an amount not to exceed \$4,000,000.

Director Motejzik next inquired about the Fry Road median improvements included on the park bond summary of costs and why the District is now reimbursing the Developer for such costs, when the project was initially deemed to be solely a developer project. Mr. Gutowsky advised that he would research same and report back to the Board.

### **FACILITY TOURS**

The Board then discussed the upcoming Bridgeland plant facilities tours to occur on April 26<sup>th</sup> and May 3<sup>rd</sup> from 2 to 4 pm. Mr. Page advised that if three or more directors plan to attend either of the tours, they notify SPH of same so that a meeting agenda can be timely posted prior to the tour date.

### **CRITICAL LOAD UPDATE**

The Board next considered authorizing the engineer to prepare and complete a submission to electric utility providers regarding District facilities that qualify for critical load status. Director Motejzik moved that the engineer be authorized to prepare and complete said filing on behalf of the Board and the District. Director Redburn seconded said motion, which unanimously carried.

### **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. The Board requested that Mr. Gehringer obtain an update on the nutria trapping within the District for discussion at the May Board meeting.

## **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 March 2019 and year-to-date, a copy of which is attached hereto as **Exhibit H**.

## **ATTORNEY REPORT**

The Board considered the attorney's report. Mr. Page advised that Harris County Municipal Utility District No. 419 Board concurred to post the facilities tour dates and information on its website, and inquired if the Board desires to do the same for the District's website. The Board concurred to post the facilities tour information to its website. Mr. Page advised the SPH would coordinate same with OffCinco.

## **ARBITRAGE MAINTENANCE REPORT**

Mr. Page presented to the Board an Annual Arbitrage Maintenance Report, prepared by MRMG, LLP and reviewed same, a copy of which is attached hereto as **Exhibit I**. Mr. Page noted that a 5<sup>th</sup>-Year Arbitrage Report will need to be prepared for the District's outstanding \$6,500,000 Unlimited Tax Bonds, Series 2014. Mr. Page then presented an engagement letter provided by Arbitrage Compliance Specialists, Inc. ("ACS") for the preparation of said report for a fee in the amount of \$2,950, a copy of which is included with **Exhibit I**. After discussion, Director Bueno moved that (i) the Annual Arbitrage Maintenance Report be approved, as presented, (ii) ACS be engaged to prepare the 5<sup>th</sup>-Year Arbitrage Report for the bond series discussed, and (iii) the accompanying TEC Form 1295 be approved, as presented. Director Redburn 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 the second homeowner, and Mr. Page noted that the second homeowner has advised that he would execute his paperwork to effect the transfer. Mr. Page additionally noted that payment of the 2018 property taxes for the second homeowner's lot will need to be verified before the transfer can be completed. The Board deferred action on this item at this time.

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

The Board discussed the Town Hall meeting to be held May 30, 2019 at Pope Elementary School.

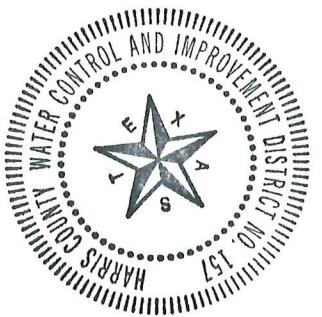
## **FUTURE AGENDA ITEMS**

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 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 – Resolution Concerning Exemptions from Taxation

Exhibit C – Delinquent Tax Collections Report

Exhibit D – Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes

Exhibit E – Bookkeeper's Report; Quarterly Investment Report

Exhibit F – Operator's Report

Exhibit G – Engineer's Report

Exhibit H – Inventory Report

Exhibit I – Annual Arbitrage Maintenance Report, Engagement Letter, Form 1295