

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

### Minutes of Meeting of Board of Directors May 9, 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 May 9, 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 Directors Nystrom and Motejzik, thus constituting a quorum.

Also present were 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"); Brian Krueger of BKD, LLP ("BKD"); Mike Willingham, resident of the District; 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 meeting held on April 11, 2019. With regards to the discussion on the Fry Road landscaping improvements, Director Bueno noted that it was Director Motejzik who inquired about the project during the meeting and suggested the minutes be revised accordingly. After review and discussion, Director Redburn moved that the draft minutes of April 11, 2019, be approved, as revised per Director Bueno's comment. Director Bueno seconded said motion, which unanimously carried.

### **PUBLIC COMMENTS**

Mr. Willingham addressed the Board and advised that the Bridgeland Council, Inc. ("Council") is going to prepare a bid package for landscaping within the Bridgeland development, and inquired if the District would be included in that bid process. Mr. Page advised that an item has been included on the meeting agenda to address the matter. The Board unanimously concurred to proceed with discussion of the matter.

### **SITE MAINTENANCE**

The Board then considered the preparation of a landscaping bid package by Council on behalf of Council, Lakeland Village Community Association, and the District. A discussion

ensued regarding maintenance of District lake edges and reserves upon which the District owns recreational facilities. Director Bueno requested that the District be represented, however, BGE first verify the ownership and maintenance responsibility of the land area to be included in the bid package for each entity. After discussion, Director Bueno moved that the District be included in the landscaping maintenance bid package, and Director Bueno be authorized to act on the behalf of the District during the bid process, subject to BGE verifying the ownership and maintenance of the land area to be included in the bid package. Director Redburn seconded said motion, which unanimously carried.

### **DISTRICT WEBSITE**

The Board discussed the District website. Director Bueno advised that he forwarded the direct link for the District's website to Bridgeland Council to include on the Bridgeland Life website, and requested that District specific content be removed from the Bridgeland Life website. The Board then requested that OffCinco forward an e-blast to all residents providing notice of the change, as wells as notice of the upcoming Town Hall.

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

Mr. Arce presented and reviewed the Tax Assessor Collector Monthly Report, dated as of April 30, 2019, a copy of which is attached hereto as **Exhibit A**, including the disbursements presented for approval and a Delinquent Collections Listing as of April 30, 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 discussed uploading the historical tax collection data onto the District website, and concurred to do so in May and November of each year going forward.

### **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 at this time from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., delinquent tax attorneys for the District.

### **BOOKKEEPER'S REPORT**

Mr. Baños presented and reviewed with the Board the Bookkeeper's Report dated May 9, 2019, a copy of which is attached hereto as **Exhibit B**, including the disbursements and wire transfers presented for approval. The Board considered the application of surplus construction funds towards the next bond application. After due discussion, the Board determined not to apply surplus funds to the next bond issue and to reserve said surplus to pay for unexpected repair projects. Director Dickey then requested clarification about several invoices presented, to which Mr. Baños replied. 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. 2988 and 2989, which were voided. Director Bueno seconded the motion, which carried unanimously.

The Board considered the maintenance contribution request received from Bridgeland Council in the amount of \$130,000. Mr. Page gave a historical overview of the contribution and

purpose for same. Director Dickey raised concerns regarding the lack of clarity in the supporting documentation provided from Council and requested that BGE work with Council to confirm that the contribution amounts requested relate to maintenance of property owned by the District. Mr. Gutowsky agreed to same. The Board additionally requested that Council provide the Board with the total amount that is actually spent on maintenance for District property. The Board deferred further consideration of the matter until the June Board meeting.

### **ADOPTION OF BUDGETS FOR FISCAL YEAR ENDING MAY 31, 2020**

The Board considered adoption of an operating budget for the District's fiscal year ending May 31, 2020, and a separate operating budget for recreational facilities for said period. Copies of the proposed budgets are included with the Bookkeeper's Report attached hereto. After discussion, Director Redburn moved that said budgets be adopted by the Board, as proposed, subject to receipt of further information on the maintenance contribution request previously discussed. Director Bueno seconded said motion, which carried by unanimous vote. Mr. Page reminded the Board that the budget can be reviewed and amended at any time the Board deems necessary.

### **UNCLAIMED PROPERTY**

Mr. Baños advised that Municipal Accounts is finalizing the Unclaimed Property Report and same will be presented at next month's Board meeting.

### **ENGAGEMENT OF AUDITOR**

The Board next considered the engagement of an auditing firm to conduct an audit of the District's financial statements for its fiscal year ending May 31, 2019. Mr. Krueger made a presentation to the Board on behalf of BKD, and advised that the estimated cost to conduct such audit is approximately \$15,600, plus an administrative fee in the amount of \$700. After discussion on the matter, Director Redburn moved that (i) BKD be engaged to conduct the District's audit for its fiscal year ending May 31, 2019, (ii) the engagement letter related to same be approved, and (iii) the accompanying Texas Ethics Commission Form 1295 be accepted. Director Bueno seconded said motion, which carried unanimously. A copy of the District's engagement letter with BKD is attached hereto as **Exhibit C**.

### **FILING OF ANNUAL AUDIT REPORT WITH COMPTROLLER**

Mr. Page reminded the Board that Section 140.008 of the Texas Local Government Code, as amended, 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. He advised that 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 said requirement. Upon a motion made by Director Redburn, seconded by Director Bueno, and carried unanimously, the Board elected to authorize SPH to file its annual audit for the fiscal year ending May 31, 2019, with the Comptroller and add same to the District's website.

## **OPERATIONS AND MAINTENANCE**

Mr. Montano then presented the Operator's Reports for the month of May 2019, a copy of which report is attached hereto as **Exhibit D**, and reviewed the charges, related repairs, and make up well pumpage listed therein. Mr. Montano advised the Board that the sluice gate at Irrigation Pump Station No. 2 is in need of repair; however, the area in question is submerged. He then requested the Board's authorization to engage a diver to complete the underwater repair for a cost of \$2,745. After discussion, Director Bueno moved that Inframark be authorized to engage a diver to complete the underwater repair, as discussed. Director Redburn seconded said motion, which unanimously carried.

The Board then discussed the irrigation of District property, and Director Dickey inquired if a message could be added to the District's website to notify residents of the savings they are receiving through the use of the specialized irrigation system and subsequent credit program through the West Harris County Regional Water Authority. Mr. Montano advised that he could prepare a narrative and Mr. Baños could quantify the cost savings for Director Dickey to review. Mr. Page offered to assist Director Dickey and provide language for use in the narrative, as needed.

## **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 "Plan") and review same every five (5) years. Mr. Page presented the revised Plan to the Board, a copy of which is attached as **Exhibit E**, noting that the Board's prior comments, have been included. After discussion, Director Bueno moved that (i) the revised Plan be approved, as presented, (ii) the Resolution regarding review of Water Conservation and Drought Contingency Plan, included under **Exhibit E**, be approved, and the Vice 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 authorities following the Board meeting. Director Redburn seconded said motion, which unanimously carried. Mr. Page advised that the Plan could be revised as the Board deemed necessary.

## **ENGINEER'S REPORT**

Mr. Gutowsky presented the Engineer's Report, dated May 9, 2019, a copy of which is attached hereto as **Exhibit F**, and reviewed the status of projects listed therein, including the pay estimate, change order, and conveyances presented for Board action. In connection with Josey Lake Park, Mr. Gutowsky presented to and discussed with the Board correspondence from Bridgeland Development, LP regarding the purpose of Change Order No. 19, a copy of which is included with **Exhibit F**. The Board raised concerns regarding the change made to the Josey Lake drainage plan by Clark Condon, and requested that BGE obtain written confirmation from Clark Condon that the drainage plan as originally designed was not adequate, and therefore the change discussed in Change Order No. 19 is necessary. After 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 estimate and Change Order No. 19, as presented, subject to receipt of confirmation from Clark Condon, as discussed, and (ii) acceptance of the

conveyances, as discussed, and the Vice President be authorized to execute same on behalf of the Board and the District. Director Redburn seconded said motion, which unanimously carried.

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

Mr. Page advised that the bond application report for the issuance of bonds in an amount not to exceed \$4,000,000 will be prepared by BGE in the coming weeks. Mr. Page then presented to the Board the Order Authorizing Application to the TCEQ for Approval of Project and Bonds attached hereto as **Exhibit G**. He noted that, with Board approval of the Order, the District's consultants would prepare and file an application with the TCEQ for approval of the projects and the issuance of the bonds as discussed. After discussion, Director Bueno moved that (i) the Order be approved as presented, and the Vice President and Secretary be authorized to execute same on behalf of the Board and the District, and (ii) the District's consultants be authorized to proceed with the preparation and filing of a bond application report and related documentation with the TCEQ. Director Redburn seconded said motion, which unanimously carried.

### **DETENTION/AMENITY POND MANAGEMENT**

The Board considered the status of amenity pond management and wildlife management. Mr. Page advised that Council has reported that sixteen nutria have been relocated since the last reporting period. The Board took no action regarding pond and wildlife management.

### **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. Page presented to the Board a summary of sales for the District for April 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 he had nothing of a legal nature to report that had not already been discussed.

### **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 SPH is awaiting the receipt of the second homeowner's paperwork to effect the transfer, and confirmation of payment of the 2018 property taxes for the second homeowner's lot. 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, as well as a future in-District meeting to discuss the tax rate setting. The Board generally discussed scheduling the next set of Town Hall meetings, but determined to defer same due to the upcoming summer holiday and possible unavailability of the school facilities.

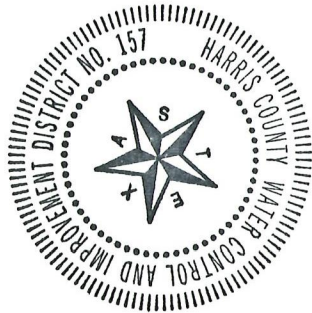
## **FUTURE AGENDA ITEMS**

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 – Bookkeeper's Report

Exhibit C – BKD Engagement Letter

Exhibit D – Operator's Report

Exhibit E – Resolution Regarding Review of Water Conservation Plan and Drought Contingency Plan  
with Plan Attached

Exhibit F – Engineer's Report

Exhibit G – Order Authorizing Application to the Texas Commission on Environmental Quality for  
Approval of Project and Bonds

Exhibit H – Inventory Report