

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 157

Minutes of Meeting of Board of Directors

October 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 October 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 Ray Arce of Wheeler & Associates, Inc. ("Wheeler"); Charles LaConti of Municipal Accounts & Consulting, L.P. ("Municipal Accounts"); Juan Montano of Inframark, LLC ("Inframark"); Mike Fitzgerald and Kristen Turkal of BGE, Inc. ("BGE"); Brian Krueger of BKD, LLP ("BKD"); John Howell of The GMS Group ("GMS"); 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.

PUBLIC COMMENTS

The Board considered public comments. Mr. Willingham noted that he had nothing to discuss at this time with the Board. Mr. Page noted that an item has been placed on the agenda to consider the contribution request from Lakeland Village Community Association, as previously presented by Mr. Willingham.

APPROVAL OF MINUTES

The Board reviewed the draft minutes of its meeting held on September 12, 2019. After review and discussion, Director Motejzik moved that the draft minutes of September 12, 2019, be approved, as written. Director Dickey seconded said motion, which unanimously carried.

PROPOSED UNLIMITED PARK TAX BONDS, SERIES 2019

The Board then discussed the proposed issuance of the District's \$3,620,000 Unlimited Tax Park Bonds, Series 2019 (the "Bonds"). Mr. Page advised that the Order of the Texas Commission on Environmental Quality ("TCEQ") approving the issuance of the Bonds has been received, and therefore, the Board may proceed with consideration of the Preliminary Official Statement and Notice of Sale for the Bonds. In connection therewith, Mr. Howell presented and reviewed with the Board the proposed Official Notice of Sale and Preliminary Official Statement in connection with the Bonds, copies of which are attached hereto as **Exhibit A**. Mr. Howell noted that a footnote has been added regarding the setting of the District's tax rate, which has not yet occurred. After discussion, Director Dickey moved that, subject to final review by the District's consultants and SPH, the offering documents be approved, completed and distributed in anticipation of a sale of the Bonds, and that such Official Notice of Sale and Preliminary Official Statement be deemed to be final for all purposes with the exception of any additional materials or information relating to subsequent material events, offering prices, interest rates, selling compensation, identity of the underwriters, aggregate principal amounts and other similar information, terms and provisions to be specified in the competitive bidding process. The motion was seconded by Director Bueno and unanimously carried.

AUTHORIZE THE FINANCIAL ADVISOR TO ADVERTISE FOR THE SALE OF THE BONDS

The Board considered authorizing GMS to advertise for the sale of the Bonds. After discussion on the matter, Director Dickey moved that the Board authorize GMS to advertise for the sale of the Bonds in accordance with the Official Notice of Sale. Director Bueno seconded said motion, which unanimously carried.

APPROVE DESIGNATION OF PAYING AGENT/REGISTRAR IN CONNECTION WITH THE BONDS

The Board next considered the designation of a Paying Agent/Registrar in connection with the Bonds. Mr. Page noted that The Bank of New York Mellon Trust Company, N.A. (the "Bank of New York") acts as paying agent/registrar for the District's outstanding bonds and has proposed to act in such capacity for the Bond issue. After discussion on the matter, Director Dickey moved that the Board designate the Bank of New York as Paying Agent/Registrar in connection with the issuance of the Bonds. Director Bueno seconded said motion, which unanimously carried.

ATTORNEY GENERAL'S FEE

After further discussion concerning the sale and issuance of the Bonds, Director Dickey moved that Municipal Accounts be authorized to issue a check payable to the Attorney General of Texas for payment of transcript review fees for the Bonds. Director Bueno seconded the motion, which carried unanimously.

ENGAGEMENT OF AN AUDITOR FOR PREPARATION OF AUDIT OF PAYMENTS TO THE DEVELOPER OUT OF PROCEEDS OF THE BONDS

The Board next considered the engagement of an auditing firm to prepare an audit report in connection with the payment of funds to Bridgeland Development, L.P. (the "Developer") out of the proceeds of the Bonds. The Board recognized Mr. Krueger of BKD who presented to the Board an engagement letter and made a presentation concerning BKD's qualifications. A copy of said engagement letter is attached hereto as **Exhibit B**. After further discussion of the matter, Director Dickey moved that (i) BKD be engaged to conduct an audit in connection with the payment of funds to the Developer out of the proceeds of the Bonds, (ii) the President be authorized to execute the engagement letter with BKD on behalf of the Board and District, and (iii) BKD's Texas Ethics Commission ("TEC") Form 1295 be accepted and SPH be authorized to acknowledge receipt of same with the TEC. Director Bueno seconded said motion, which carried unanimously.

ENGINEER'S REPORT

Mr. Fitzgerald presented the Engineer's Report, dated October 10, 2019, a copy of which is attached hereto as **Exhibit C**, and reviewed the status of projects listed therein, including the pay estimate presented for Board action. In connection therewith, Mr. Fitzgerald discussed the status of Phase I & II Landscaping to serve Josey Lake Park noting that the project should be conveyed to the District in November. He then presented Pay Application No. 43 in the amount of \$6,336.00 for same. Mr. Fitzgerald then requested that the Board approve of a Financial Assurance Form to be provided to Harris County in connection with the conveyance of the streets in First Bend, Section 13 to Harris County for maintenance. Mr. Page explained that since the District owns a portion of land within First Bend, Section 13, Harris County requires the District's assurance that the County can retain the financial surety for the project and use such funds to make any necessary repairs in order to accept same for maintenance. In response to a question from Director Dickey, Mr. Fitzgerald confirmed that the Developer had provided the financial surety at no cost to the District.

Mr. Page then presented to the Board Conveyances of Recreational and Drainage Facilities to serve (i) Bridgeland High School Drive, (ii) Parkland Village Section 3, (iii) Parkland Village, Section 6, and (iv) Bridgeland Creek Parkway, Section 4. Director Bueno requested additional information regarding the maintenance costs for these facilities and future facilities conveyed to the District for budgeting purposes. Mr. Fitzgerald advised that he would calculate same and provide to the Board at the next meeting.

After discussion, Director Bueno moved that the Board approve the action items in the Engineer's Report, as recommended by BGE, including the Conveyances of Facilities. Director Redburn seconded the motion, which carried unanimously.

TAX ASSESSOR-COLLECTOR REPORT

Mr. Arce presented and reviewed the Tax Assessor Collector Monthly Report, dated as of September 30, 2019, a copy of which is attached hereto as **Exhibit D**, including the disbursements presented for approval, and a Delinquent Collections Listing as of September 30, 2019, prepared by Wheeler. After discussion, Director Redburn moved that the Tax Assessor

Collector Monthly Report be approved and the disbursements shown therein be authorized for payment. Director Bueno seconded said motion, which carried unanimously.

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 AND QUARTERLY INVESTMENT REPORT

Mr. LaConti presented and reviewed with the Board the Bookkeeper's Report dated October 10, 2019, a copy of which is attached hereto as **Exhibit E**, including the disbursements and wire transfers presented for approval. Mr. LaConti noted check no. 3091 payable to the Attorney General of the State of Texas for the review of the transcript of bond proceedings for the Series 2019 Park Bonds. Director Bueno inquired about the rates of the District's Certificates of Deposit to which Mr. LaConti responded. Director Bueno suggested that Municipal Accounts invest District monies with Independence Bank to capture a more favorable interest rate, and maximize the investment.

Mr. LaConti next presented the Quarterly Investment Report for the investment period ended August 31, 2019, a copy of which is included with the Bookkeeper's Report attached hereto as **Exhibit E**.

Mr. LaConti next presented to the Board the annual energy reporting required to be completed by Chapter 2265 of the Texas Government Code, a copy of which is included with the Bookkeeper's Report attached hereto as **Exhibit E**.

The Board next inquired about an invoice received from Bridgeland Council, Inc. ("Council") for emergency graffiti removal at the Cypress Lakes Bridge. The Board requested that Council explain why the District should pay for same. Director Nystrom expressed concerns that the District continues to receive requests for reimbursement from Council and other entities in Bridgeland after the work has been completed, and the Board is not provided an opportunity to give its feedback on the scope of work or contractors prior to the initiation of the contract. Mr. Page suggested that the Board designate one or two Board members to review emergency repair requests that may be submitted to the District between Board meetings. Following discussion, the Board designated Directors Bueno and Dickey to act on behalf of the Board to review and approve such requests.

After discussion, Director Motejzik moved that: (i) the Bookkeeper's Report be approved as presented, the disbursements and wire transfers listed therein be approved for payment, except for the payment to Council for reimbursement of emergency graffiti removal expenses, (ii) the Quarterly Investment Report for the investment period ended August 31, 2019 be approved, as presented, and the Investment Officers of the District be authorized to execute same on behalf of the Board and the District, (iii) Directors Bueno and Dickey be authorized to review and approve emergency repair requests between Board meetings, as needed, and (iv) Municipal Accounts invest the District's funds in Independence Bank, as discussed. Director Dickey seconded the motion, which carried unanimously.

Director Nystrom inquired about the remaining costs due under the Series 2014 bond issue in the amount of \$34,738, and the Developer has provided supporting documentation for the reimbursement of same to date, to which Mr. Page responded. Director Nystrom requested that such amount be transferred into the District's construction fund and designated as surplus bond proceeds because supporting documentation was not timely received from the Developer. The Board concurred with said request.

LAKELAND VILLAGE COMMUNITY ASSOCIATION CONTRIBUTION REQUEST

The Board considered the request previously presented to the District by Mr. Willingham on behalf of the Lakeland Village Community Association ("LVCA") for additional funds to offset irrigation operations costs paid by LVCA. A discussion ensued regarding the Recreational Facilities Maintenance Agreement between the District and Council. It was noted that the District installed the irrigation system being used by Council and LVCA, and does not charge Council or the LVCA for such irrigation usage. The Board requested that the amount of water utilized by Council and LVCA for irrigation be quantified. The Board additionally requested that SPH work with Council to clarify the responsibilities and obligations of each party under the Agreement.

Director Bueno advised that a meeting has been scheduled with Council to discuss landscaping maintenance for the entire Bridgeland development, and the contribution request can be discussed with Council at that time. The Board concurred to defer further discussion on this item until the November Board meeting.

ANNUAL REVIEW OF ORDER ESTABLISHING POLICY FOR INVESTMENT OF DISTRICT FUNDS AND APPOINTING INVESTMENT OFFICER

The Board considered a review of its Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Investment Policy"), and the adoption of a Resolution in connection therewith. Mr. Page presented to and reviewed with the Board a copy of a Memorandum outlining the proposed revisions. Copies of the Memorandum, Resolution and the amended Investment Policy are attached hereto as **Exhibit F**. After discussion on the matter, Director Bueno moved that the amended Investment Policy be approved, that the Board adopt the Resolution and that the President and Secretary be authorized to execute the amended Investment Policy and the Resolution on behalf of the Board and the District. Director Redburn seconded said motion, which unanimously carried.

OPERATIONS AND MAINTENANCE

Mr. Montano then presented the Operator's Report for the month of September 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.

Per the Board's previous request, Mr. Montano then presented a proposal for the installation of the Fleetzoon monitoring system at the District's Irrigation Pump Station Nos. 1 and 2, noting an installation cost of \$4,950 per pump and a \$460 annual monitoring fee.

Mr. Montano next presented the Preventative Maintenance Report, included within the Operator's Report. Director Nystrom inquired if Mr. Montano could review the Preventative Maintenance Report at another time for clarification purposes. Mr. Montano acknowledged same.

Mr. Montano next advised of pumps that will need to be replaced and presented a cost of \$4,800 to complete the work, and noted that a preventative maintenance program could be considered at a later date.

STORM WATER QUALITY

The Board requested that this item be removed from the monthly meeting agenda until such time that action becomes necessary.

MOWING AND MAINTENANCE REPORTS

The Board considered the status of the Maintenance Agreement with Spencer Outdoor, LLC ("Spencer"). Director Bueno advised the Board that a workshop will be held on Monday October 14th to discuss the master bid package issued by Council for all landscaping within the Bridgeland development and the results of same. Mr. Page presented to the Board a bid tabulation for the landscaping contractors prepared by Council that will be reviewed at such workshop. Director Bueno advised that he will attend such workshop on behalf of the District. The Board acknowledged same. Director Bueno then discussed with the Board the possible implementation of a District-operated mowing team and General Manager for the District's facilities, and the costs for same. The Board additionally discussed engaging a third-party landscape architect to review the mowing frequencies and classes as set forth in the current Agreement with Spencer. The Board concurred to table further discussion regarding the Agreement pending the outcome of the maintenance workshop on October 14th, and requested the SPH provide contact information and an estimated cost for analysis of the mowing frequencies and classes prior to the next Board meeting.

DETENTION/AMENITY POND MANAGEMENT

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

DEVELOPER'S REPORT

The Board considered the Developer's Report. Mr. Page presented the home inventory report as prepared by Bridgeland Development, L.P., a copy of which is attached hereto as **Exhibit H**.

ATTORNEY REPORT

The Board considered the attorney's report. In connection therewith, Mr. Page presented the Final Report as prepared by Arbitrage Compliance Specialists, Inc. for the District's \$5,100,000 Unlimited Tax Bonds, Series 2010, a copy of which cover letter is attached hereto as

Exhibit I. The Board noted that no action or payment to the Internal Revenue Service regarding same was necessary at this time based on the findings in the report.

Mr. Page next presented a notice received from the West Harris County Regional Water Authority ("WHCRWA") of increase in pumpage and surface water fees effective as of January 1, 2020. Mr. Page then advised that a Notice of Credits was received from the WHCRWA, and once the calculations are verified, the District and Harris County Municipal Utility District No. 418 will be provided further instruction as to implementation of same. Mr. Page then advised that the WHCRWA will be holding a Town Hall meeting on October 23, 2019.

Mr. Page then advised that the Developer restructured its loan with KeyBank and assigned the reimbursement rights for all Bridgeland districts from Bank of the Ozarks to KeyBank. Mr. Page advised that an Acknowledgement of Notice of Assignment of MUD Receivables has been prepared for the District's drainage and detention reimbursement agreements, and noted that same will be ready for execution prior to the next Board meeting. The Board authorized Director Nystrom to execute said Acknowledgement once complete and to ratify said action at the November Board meeting.

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. Mr. Page advised the Board that the executed documentation from the last homeowner has been received by SPH. He then advised that during the preparation of the tax assessor's valuation analysis for the annexation and exclusion tracts, it was determined that the value of the land being removed from the boundaries of District was now greater than the value of the land being annexed into the boundaries of the District. Mr. Page noted that one of the requirements for completion of the land swap is that the value of the land being removed from the District must be equal to or less than the value of the land being annexed into the District. Mr. Page advised that SPH and BGE are discussing the next steps and will report back to the Board regarding same. The Board took no action regarding this item at this time.

DISTRICT WEBSITE

The Board considered the administration of the District website. Mr. Page presented and reviewed a website analytics report prepared by OffCinco, a copy of which is attached hereto as **Exhibit J.** Director Nystrom requested the BGE provide an updated District boundary map for posting to the District website.

FUTURE AGENDA ITEMS

The Board discussed items for future Board meeting agendas. The Board noted that it would hold its next Town Hall in January 2020, and requested that SPH coordinate same with Cypress-Fairbanks I.S.D. The Board additionally requested that an item be placed on next month's agenda to designate Smith Elementary as a meeting place of the District. The Board

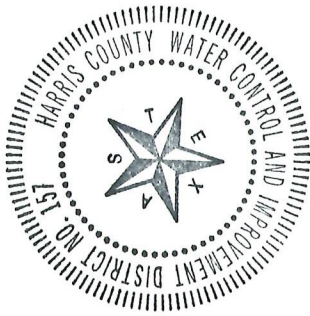
then noted that the planned October 21, 2019 special meeting of the District can be cancelled because the land swap can no longer be completed.

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.

Shane Bueno
~~Assistant Secretary~~ *Pro Tem*

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LIST OF ATTACHMENTS TO MINUTES

Exhibit A – Official Notice of Sale and Preliminary Official Statement –Series 2019 Bonds

Exhibit B – BKD Engagement Letter

Exhibit C – Engineer's Report

Exhibit D – Tax Assessor-Collector Report; Delinquent Collections Listing

Exhibit E – Bookkeeper's Report

Exhibit F – Resolution and Investment Policy

Exhibit G– Operator's Report

Exhibit H – Inventory Report

Exhibit I – Final Arbitrage Report letter

Exhibit J – Website Analytics Report