

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 157

Minutes of Meeting of Board of Directors

January 11, 2024

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 11, 2024, at 1300 Post Oak Boulevard, Suite 2500, Houston, Texas 77056, 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
Keith Perry, Secretary
Chad Sillman, Assistant Secretary
Ben Judd, Assistant Secretary

and all of said persons were present, with the exception of Directors Dickey and Sillman, thus constituting a quorum. Director Dickey entered the meeting after it was called to order, as noted herein.

Also present were Kristen Turkal of BGE, Inc. ("BGE"); Mackenzie Osborne of Inframark, LLC ("Inframark"); Miguel Medina of Municipal Accounts & Consulting, L.P. ("MA&C"); Isabel Mata of Wheeler & Associates, Inc. ("Wheeler"); Kelsey Thorne and Paulina Baker of The Howard Hughes Corporation, on behalf of Bridgeland Development, LP ("Developer"); Sam Goodspeed, Bridgeland resident and member of the Board of Directors of Harris County Municipal Utility District No. 419 ("No. 419") and President of the Board of Trustees of the Bridgeland Water Agency (the "Agency"); and Gina Free and Peyton Ellis of Schwartz, Page & Harding, L.L.P. ("SPH"). John Howell of The GMS Group, LLC ("GMS") entered the meeting after it was called to order, as noted herein.

The President called the meeting to order and declared it open for such business as might regularly come before the Board.

PUBLIC COMMENTS

The Board considered public comments and recognized Mr. Goodspeed. Mr. Goodspeed advised the Board that the Agency has launched its new website and smart phone application to serve the Bridgeland community, and noted that such forums do not currently include any information specific to the District. He voiced the concern that the District's residents will be unable to access any District information through the Agency's website or smart phone application. Following discussion, the Board concurred that the District's current website is sufficient to serve the District's residents, and that it would not be necessary for the District to join the Agency's website or smart phone application.

Director Dickey and Mr. Howell entered the meeting during the above discussion.

APPROVAL OF MINUTES

The Board reviewed the draft minutes of its meeting held on December 14, 2023. Following discussion, Director Dickey moved that the minutes of the December 14, 2023, meeting be approved, as written. Director Perry seconded said motion, which unanimously carried.

DEVELOPER'S REPORT

Ms. Thorne noted that she had a scheduling conflict, and inquired as to whether the Board would be amenable to receiving the Developer's Report at this time. Without objection, the Board considered the Developer's Report.

Ms. Thorne presented to and reviewed with the Board the home inventory report through December 2023, as prepared by the Developer, a copy of which is attached hereto as **Exhibit A**. Ms. Thorne then provided an update regarding the commercial activity in the Bridgeland community.

In connection with the Board's prior discussion regarding the construction of the HEB store within the Bridgeland community and the impact of same on the District's facilities, Ms. Thorne advised the Board that the Developer has made HEB aware of the Board's concerns, including its desire to have stormwater quality features included in HEB's construction plans. No action was required by the Board in connection with this matter.

BOOKKEEPER'S REPORT

Mr. Medina presented to and reviewed with the Board the Bookkeeper's Report dated January 11, 2024, a copy of which is attached hereto as **Exhibit B**, including the disbursements and wire transfers presented for approval. Following discussion, it was moved by Director Dickey, seconded by Director Perry and unanimously carried, that the Bookkeeper's Report be approved, as presented, and the disbursements listed therein be approved for payment, with the exception of check no. 4404, which was voided.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

The Board then considered the adoption of a list of qualified brokers authorized to engage in investment transactions with the District. Ms. Free advised that, pursuant to the Public Funds Investment Act, the Board is required to review such list at least annually, and presented to and reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, (the "Resolution"), a copy of which is attached hereto as **Exhibit C**. Ms. Free further noted that the broker list attached to the Resolution was compiled with the input of the District's Investment Officer, and that while it lists potential institutions with which the District may engage in investment transactions, it is ultimately the Board's decision as to where the District's funds are actually placed. Following discussion, Director Dickey moved that the Resolution be adopted by the Board and the District, and the President and Secretary be authorized to execute same. Director Perry seconded said motion, which unanimously carried.

TAX ASSESSOR COLLECTOR MONTHLY REPORT; DELINQUENT COLLECTIONS LISTING

Ms. Mata presented to and reviewed with the Board the Tax Assessor Collector Monthly Report dated as of December 31, 2023, including the disbursements presented for approval, and a Delinquent Collections Listing as of December 31, 2023, copies of which are attached hereto as **Exhibit D**. Following discussion, Director Perry moved that the Tax Assessor Collector Monthly Report be approved, and the disbursements identified therein be authorized for payment. Director Dickey seconded said motion, which carried unanimously.

DELINQUENT TAX COLLECTIONS

Ms. Free noted that no Delinquent Tax Report was received nor is due at this time from Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue Brandon"), delinquent tax collections attorney for the District.

ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

Ms. Free advised the Board that it is authorized, pursuant to Section 33.07 of the Tax Code, to impose, under certain conditions, an additional penalty not to exceed 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, in accordance with Section 33.11 of the Tax Code, as amended. Following discussion, it was moved by Director Dickey, seconded by Director Perry and unanimously carried, that: (i) the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit E**, be adopted by the Board, and (ii) Perdue Brandon, the District's delinquent tax collections attorneys, be authorized to proceed with collection of the District's delinquent 2023 personal property tax accounts on April 1, 2024, including the filing of lawsuits, as necessary.

EXEMPTION FROM TAXATION

The Board considered granting exemptions from taxation for 2024. In connection therewith, Ms. Free outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution and Section 11.13 of the Tax Code, as amended. She advised that under said provisions, the District may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the market value of residential homestead improvements for the year 2024, and may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or its successor, or persons sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2024, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. Following discussion, the Board concurred to defer taking action on this item until its next regular meeting, and requested that GMS prepare an analysis on the feasibility of the potential adoption of a 10% homestead exemption by the District.

**TEXAS COMPTROLLER OF PUBLIC ACCOUNTS SPECIAL PURPOSE DISTRICT
PUBLIC INFORMATION DATABASE**

Ms. Free informed the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the District is required to submit information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database. Following discussion, it was moved by Director Dickey, seconded by Director Perry and unanimously carried, that FORVIS, LLP, the District's auditor, be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database.

ENGINEER'S REPORT

Ms. Turkal presented to and reviewed with the Board the Engineer's Report, dated January 11, 2024, a copy of which is attached hereto as **Exhibit F**, including the pay estimates and change orders listed therein. Ms. Turkal discussed the status of TC East Linear OSR Phase I Landscape Improvements, and presented Change Order Nos. 6 and 7 and Pay Application No. 17 relative to such project. Following discussion, Director Dickey moved that Change Order Nos. 6 and 7 and Pay Application No. 17 be approved. Director Perry seconded said motion, which unanimously carried.

Ms. Turkal next advised the Board that Pardalis Industrial Enterprises, Inc. ("Pardalis") has completed the rehabilitation of the rusted bridge railings located at the Hidden Creek Park Lake Crossing, as previously authorized by the Board, and is requesting payment of the invoice for such work in the amount of \$22,000.00. Following discussion, Director Dickey moved to approve the District's payment of the aforesaid invoice in the amount of \$22,000.00. Director Perry seconded the motion, which unanimously carried.

In connection with the degradation of the wall and step platforms at The First Bend Overlook, Ms. Turkal advised the Board that BGE is continuing to explore alternate repair options and that she will present quotes for such repairs at the Board's next meeting.

In connection with the construction of the HEB store within the Bridgeland community, Ms. Turkal advised the Board that BGE is continuing to research potential options for protecting the District's drainage facilities from being harmed by HEB store trash. She noted that she hopes to have options to present to the Board for consideration at its next meeting.

The Board advised that the existing District name signage appears to be in disrepair and needs to be replaced. The Board also requested the addition of signage at the fish habitat site, designating such site as a 'No Fishing Zone', as well as additional signage notifying that lake fishing is for residents only and is only 'catch and release'. Following discussion, it was moved by Director Dickey, seconded by Director Perry and unanimously carried, that BGE be authorized to prepare a design package for the requested signage for the Board's consideration at its next meeting.

Mr. Howell, Ms. Thorne and Ms. Baker exited the meeting at this time.

OPERATIONS AND MAINTENANCE

Ms. Osborne presented the Operator's Report for the month of December 2023, a copy of which is attached hereto as **Exhibit G**, and reviewed the charges, related repairs, and make up well pumpage listed therein.

Ms. Osborne next advised the Board that Inframark conducted a second round of ground testing at each of the District's Irrigation Pump Stations and discovered that, though the units are grounded, they are not up to code. She then presented to and reviewed with the Board a proposal for Irrigation Pump Station grounding in the amount of \$750.00 for each Irrigation Pump Station, totaling \$3,000.00 for all four (4) of the District's Irrigation Pump Stations, a copy of which is attached to the Operator's Report. Following discussion, Director Dickey moved that the proposal for Irrigation Pump Station Grounding in the total amount of \$3,000.00, be approved. Director Judd seconded said motion, which unanimously carried.

MOWING AND MAINTENANCE; INSTALLATION OF SECURITY CAMERAS; GRAFITTI REMOVAL; PRESSURE WASHING; EROSION CONTROL; TREE PRUNING; GENERAL MATTERS

The Board considered general maintenance matters for the District. In connection therewith, Director Judd reported that a section of landscaping located near Josey Lake appears to have been changed without the Board's knowledge or approval. The Board requested that SPH contact Spencer Outdoor to inquire about the landscaping change.

In connection with the previously discussed addition of 'No-Fishing Zone' signage, Director Perry inquired as to whether the Board could distribute notice to the District's residents informing of the no-fishing zone through the Lakeland Village Homeowners' Association ("HOA") weekly newsletter. Following discussion, it was moved by Director Dickey, seconded by Director Judd and unanimously carried, that Directors Judd and Nystrom be authorized to prepare and transmit to the HOA an exhibit depicting the no-fishing zone and correspondence informing the District's residents of same for inclusion in the HOA's weekly newsletter.

COMMUNICATIONS

The Board concurred that there were no emergency or other communication items to discuss.

WEBSITE UPDATES

The Board discussed the District's website. In that regard, Director Dickey noted various items that need to be updated on the District's website, including any information pertaining to the District's upcoming Directors Election (the "Election"), the District's current water pumpage totals, and the District's current tax rate. Director Dickey additionally requested that the District's tax exemptions be included on the website, if and when approved. Following discussion, it was moved

by Perry, seconded by Director Judd and unanimously carried, that Director Nystrom be authorized to work with SPH and Inframark to update the District's website accordingly.

TRACE AIR FLYOVER

Ms. Free advised the Board that Trace Air conducted the aerial flyover of the Bridgeland development on January 4, 2024, and that the results of said flyover will be distributed to the Board upon receipt of same from Trace Air.

RENEWAL OF DISTRICT INSURANCE COVERAGES

Ms. Free reported to the Board that the District's current insurance coverage through Arthur J. Gallagher & Co. ("Gallagher"), will expire on March 31, 2024. She informed the Board of the other insurance companies available to the District that provide coverage to water districts, and inquired as to whether the Board desired to solicit proposals from such companies for review prior to the expiration of the District's current policies. Following discussion, it was moved by Director Dickey, seconded by Director Judd and unanimously carried, that SPH be authorized to solicit proposals from Gallagher, its current provider, and McDonald & Wessendorff Insurance for the District's insurance coverages and various directors and consultants bonds for the term ending March 31, 2025.

MATTERS RELATED TO MAY 4, 2024 DIRECTORS ELECTION

Ms. Free reported on issues related to the District's Election to be held on May 4, 2024. In connection therewith, Ms. Free presented to and discussed with the Board a memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit H**, regarding administering an independent election or participating in a joint election with Harris County (the "County") if the County offers such services. Ms. Free noted that the County has not yet decided whether it will administer a joint election with other entities, and that, due to timing, SPH recommends that the District call an independent election, but also authorize SPH to notify the County of the District's intent to participate in the joint Election if the County subsequently decides to offer joint election services. Following discussion, it was moved by Director Dickey, seconded by Director Judd and unanimously carried, that SPH be authorized to notify the County of the District's intent to participate in the joint Election if the County offers joint election services.

ACCESSIBLE VOTING SYSTEM

Ms. Free noted that if the District administers an independent Election, Section 49.111, Texas Water Code, provides an exemption from the requirement to provide certain electronic voting systems at the Election if the District's previous directors election was uncontested and subsequently cancelled, or if fewer than 250 voters voted in the District's previous directors election. She advised that the District does not qualify for such exemption and will therefore have to provide an accessible voting system at the District's polling location. Following discussion, it was moved by Director Dickey, seconded by director Judd and unanimously carried, that SPH be authorized to obtain a proposal and contract from Election Systems & Software for a voting machine and related services, including programming, training, and testing for presentation at the Board's next meeting.

SUPPLEMENTAL AGENDA

The Board next considered calling the Election in accordance with the requirements of the Texas Water Code. In connection therewith, Ms. Free presented the Order Calling Directors Election (the "Order"), attached hereto as **Exhibit I**, calling the Election to be held on May 4, 2024. It was noted that the terms of office of Directors Perry, Judd and Sillman will expire in May of this year. In reviewing the Order with the Board, Ms. Free advised that the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Election, and that the Order names Peyton Ellis as such agent (the "Election Agent"). Ms. Free further advised the Board that notice of the Election must be given in accordance with the requirements of the Texas Election Code. She explained that notice of the Election could be given by one or more of the following methods: (i) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before the election; (ii) posting the notice at a public place in each election precinct that overlaps the District at least twenty-one (21) days before the election; or (iii) mailing the notice to each registered voter in the District at least ten (10) days before the election. She further explained that, in addition to the above, notice must be posted on the District's website at least twenty-one (21) days before the Election. Following discussion of the aforementioned options, the Board concurred that notice of the Election be given by posting same at a public place in each election precinct that overlaps the District and on the District's website. After discussion on the matter, Director Dickey moved that said Order be passed and adopted, that the President and Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Election in accordance with the Order. Director Judd seconded said motion, which unanimously carried. Ms. Free advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 20, 2024, the Board may thereafter cancel the Election in accordance with the Texas Election Code.

The Board considered the establishment of fees to be paid to officials for the Election. Ms. Free advised the Board that in accordance with the Texas Election Code, the rate of pay for judges and clerks shall be determined by the Board, but shall not be less than the federal minimum wage rate. After discussion on the matter, Director Dickey moved that the judges and clerks for the Election, including early voting clerks, be paid \$15.00 per hour. Director Judd seconded said motion, which unanimously carried.

Ms. Free next advised that if the County offers joint election services, the District will need to amend and restate the Order at its next meeting to provide for the conduct of the Election by the County, jointly with elections of other political subdivisions, using County election officials, voting equipment, and polling locations.

Ms. Free next advised the Board that, in the event the County does not offer joint election services and the District must administer the Election independently, the District may enter into a Joint Elections Agreement with No. 419, Harris County Municipal Utility District No. 489 and Harris County Water Control and Improvement District No. 159, if any of such districts also hold contested directors elections, for the purpose of sharing election equipment, election officials, and

precinct polling locations. The Board discussed the matter in detail, and inquired as to whether a joint election could be held with the Harris County Emergency Services District No. 9 ("ESD No. 9"), as it is expected that ESD No. 9 will be administering an election on May 4, 2024. Ms. Free responded that she would research the matter further and provide the Board with her findings at its next meeting. After discussion, it was moved by Director Dickey, seconded by Director Judd and unanimously carried, that SPH be authorized to proceed with preparation of a Joint Elections Agreement by and among the District and the applicable participants.

ATTORNEY'S REPORT

The Board considered the attorney's report. Ms. Free presented a memorandum prepared by the West Harris County Regional Water Authority ("WHCRWA") regarding the nomination process for candidates to the WHCRWA Board of Directors, a copy of which is attached hereto as **Exhibit J**. In connection therewith, Ms. Free requested that the Board authorize Inframark to submit to the WHCRWA the annual Water Usage Report for 2023 on behalf of the District. After discussion, Director Dickey moved that Inframark be authorized to submit the annual Water Usage Report for 2023 to the WHCRWA. Director Perry seconded said motion, which unanimously carried.

STATUS OF REQUESTS FOR QUALIFICATIONS ("RFQs") FOR BOOKKEEPING SERVICES AND FOR SUPPLEMENTAL LEGAL SERVICES

The Board considered the status of the issuance of RFQs for bookkeeping services and for supplemental legal services for the District. In that regard, Director Nystrom requested that SPH provide him with a form of RFQ to assist in his preparation of same. No action was required by the Board in connection with this matter.

FUTURE AGENDA ITEMS

The Board considered items for placement on future agendas. No other specific agenda items other than routine and ongoing matters, or those discussed above, were requested.

ADJOURNMENT

There being no further business to come before the Board, on motion made by Director Dickey, seconded by Director Perry, and unanimously carried, the meeting was adjourned.

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Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Home Inventory Report through December 2023
- Exhibit B – Bookkeeper's Report
- Exhibit C – Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
- Exhibit D – Tax Assessor-Collector Monthly Report; Delinquent Collections Listing
- Exhibit E – Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit F – Engineer's Report
- Exhibit G – Operator's Report
- Exhibit H – Memorandum regarding Joint and Independent Elections with Harris County
- Exhibit I – Order Calling Directors Election
- Exhibit J – WHCRWA Memorandum regarding 2024 Appointment Process for Authority Directors