

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 157

Minutes of Meeting of Board of Directors

February 8, 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 February 8, 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 Director Sillman, thus constituting a quorum.

Also present were Will Gutowsky 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"); Paulina Baker of The Howard Hughes Corporation, on behalf of Bridgeland Development, LP ("Developer"); John Howell of The GMS Group, LLC ("GMS"); and Mitchell G. Page and Peyton Ellis of Schwartz, Page & Harding, L.L.P. ("SPH"). Brad Wander and Jeremy Hitchcock of Spencer Outdoor, LLC ("Spencer") 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. There being no members of the public in attendance, the Board continued to the next item of business.

APPROVAL OF MINUTES

The Board reviewed the draft minutes of its meeting held on January 11, 2024. Director Nystrom requested revisions for clarification of the language describing the status of issuance of requests for qualifications for bookkeeping services and supplemental legal services for the District. Following discussion, Director Dickey moved that the minutes of the January 11, 2024, meeting be approved, as revised. Director Perry seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Mr. Medina presented to and reviewed with the Board the Bookkeeper's Report dated February 8, 2024, a copy of which is attached hereto as **Exhibit A**, including the disbursements and wire transfers presented for approval. He noted two (2) additional checks for approval in connection with the payment of the District's insurance premium, pending the Board's decision with respect to the District's insurance coverages. Mr. Medina additionally presented the Quarterly Investment Inventory Report (the "Investment Report") for the period ended November 30, 2023, a copy of which is included in the Bookkeeper's Report. Upon review of the Investment Report, Director Dickey expressed interest in exploring the possibility of purchasing additional Certificates of Deposit ("CDs") for the District, and noted that he would research and discuss the matter with MA&C prior to the Board's next meeting. Following discussion, it was moved by Director Dickey, seconded by Director Perry and unanimously carried, that (i) the Bookkeeper's Report be approved, as presented, and the disbursements listed therein be approved for payment, with the exception of check no. 4420, which was voided, and the addition of checks for payment of the District's insurance premium, as discussed, and (ii) the Quarterly Investment Inventory Report be approved, as presented, and the District's Investment Officers be authorized to execute same on behalf of the Board and the District.

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 January 31, 2024, including the disbursements presented for approval, and a Delinquent Collections Listing as of January 31, 2024, copies of which are attached hereto as **Exhibit B**. Following discussion, Director Dickey moved that the Tax Assessor Collector Monthly Report be approved, and the disbursements identified therein be authorized for payment. Director Judd seconded said motion, which carried unanimously.

DELINQUENT TAX COLLECTIONS

Mr. Page 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.

EXEMPTION FROM TAXATION

The Board considered granting exemptions from taxation for 2024. In connection therewith, Mr. Page 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. He 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. Mr. Howell then presented to and reviewed in detail with the Board an Exemption Analysis prepared by GMS, a copy of which analysis is attached hereto as **Exhibit C**. The Board considered the feasibility of adopting a 10% homestead exemption. After further discussion on the matter, Director Dickey moved that (i) the District grant an exemption in the amount of \$25,000 for residents 65 years of age or older, (ii) the District grant an exemption for persons under a disability in the amount of \$30,000, (iii) the District grant a general homestead exemption of 5%, and (iii) the Resolution Concerning Exemptions from Taxation, a copy of which is attached hereto as **Exhibit D**, be approved and adopted by the Board and the District. Director Perry seconded the motion, which unanimously carried. The Board noted that tax exemptions are considered annually, and so there will be opportunities to consider increasing the homestead exemption in the future, once development of the District's commercial property has progressed.

ADOPTION OF RESOLUTION CONCERNING DEVELOPED DISTRICT STATUS FOR 2024 TAX YEAR

Mr. Page reminded the Board of the tax rate adoption procedures for special districts pursuant to Senate Bill No. 2. He noted that the procedures applicable to a particular district will depend, in part, upon whether it is determined to be a "Developed District" under Texas Water Code Section 49.23602. Mr. Page then reviewed with the Board a worksheet completed by BGE to assist the Board in making this determination, along with a Resolution Concerning Developed District Status for the 2024 Tax Year. Following discussion, it was moved by Director Judd, seconded by Director Dickey and unanimously carried, that the Resolution Concerning Developed District Status for 2024 Tax Year, attached hereto as **Exhibit E**, confirming that the District shall not be considered a "Developed District" for the 2024 Tax Year, be passed and adopted by the Board and the District.

Mr. Howell exited the meeting at this time.

Mr. Wander and Mr. Hitchcock entered the meeting at this time.

ENGINEER'S REPORT

Mr. Gutowsky presented to and reviewed with the Board the Engineer's Report dated February 8, 2024, a copy of which is attached hereto as **Exhibit F**, including the pay estimates and change orders listed therein. Mr. Gutowsky discussed the status of TC East Linear OSR Phase I Landscape Improvements, and presented Pay Application No. 18 for the Board's approval in connection therewith. Mr. Page then presented for the Board's acceptance, a Temporary Drainage, Detention and Recreational Facilities Easement to serve Bridgeland Phase 6B Detention (the "Temporary Easement"), and a Partial Abandonment of Temporary Drainage, Detention and Recreational Facilities Easement to serve Bridgeland Phase 6B Detention (the "Partial Abandonment"). Following discussion, Director Dickey moved that Pay Application No. 18 be approved, and the Temporary Easement and Partial Abandonment be accepted. Director Judd seconded said motion, which unanimously carried.

In connection with the degradation of the wall and step platforms at The First Bend Overlook, Mr. Gutowsky advised the Board that BGE met with contractors to discuss potential repair options and discovered that the cost for replacing the existing stonework with sod/grass planting is substantially higher than the cost for repairing the existing stonework. He reminded the Board that Hoggatt, LP ("Hoggatt") previously provided the quoted cost of \$32,700.00 for repairs to the existing stonework, and noted that the quoted cost for replacing the existing stonework with sod/grass planning is approximately \$52,190.00. Following discussion, the Board concurred that it would be amenable to proceeding with Hoggatt's quote for repairing the existing stonework, subject to Hoggatt agreeing to guarantee such repairs for five (5) years. Mr. Gutowsky noted that he would notify Hoggatt of the Board's request for a 5-year guarantee on the stonework repairs and report back to the Board with Hoggatt's response to such request at next month's meeting.

Mr. Gutowsky next informed the Board of missing stonework reported at the pedestrian bridge located at Josey Lake. He then discussed the options available for the repair of the pedestrian bridge, and noted that he would solicit quotes for such work for the Board's consideration in advance of next month's meeting. Following discussion, it was moved by Director Dickey, seconded by Director Judd and unanimously carried, that Director Judd be authorized to act on the Board's behalf with respect to the repair of the pedestrian bridge at a cost not to exceed \$20,000.00.

Mr. Gutowsky reminded the Board of its previous request for the addition and/or replacement of various signage throughout the District, and requested clarification on the desired locations for such signage. The Board identified the desired locations for placement of the requested additional signage, as well as the locations for the existing signage requiring repair/replacement. Following discussion, Mr. Gutowsky advised the Board that he would coordinate with Bridgeland Council, Inc. ("Council") regarding payment of the costs associated with the purchase and installation of additional signage and the repair/replacement of existing signage, as discussed.

In connection with the construction of the HEB store within the Bridgeland community, Mr. Gutowsky advised the Board that BGE is still waiting to receive HEB's intended plans for stormwater quality features to serve the new store location. He noted that he would send a follow-up request to HEB for such plans, and would also follow up on BGE's prior request for cost estimates in connection with the potential implementation of a stormceptor system at the District's drainage facilities.

RATE ORDER AMENDMENT

The Board concurred to defer the amendment of the District's Rate Order to provide additional requirements for stormwater collection systems at high volume developments until the information needed to calculate the appropriate new rate for commercial customers is received.

Ms. Mata exited the meeting at this time.

DEVELOPER'S REPORT

Ms. Baker 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. Baker presented to and reviewed with the Board the home inventory report through January 2024, as prepared by the Developer, a copy of which is attached hereto as **Exhibit G**. Ms. Baker then provided an update regarding the commercial activity in the Bridgeland community.

USE OF SURPLUS FUNDS

The Board next considered the use of surplus park and recreational bond proceeds to reimburse the District's General Operating Fund for repairs and rehabilitation work performed at the District's Irrigation Pump Stations, and the adoption of a Resolution in connection therewith. In that regard, Mr. Medina advised the Board that he is in the process of verifying the costs for the rehabilitation and repair work that has been completed at the District's Irrigation Pump Stations to date. Following discussion, the Board concurred to reconsider the matter at next month's meeting, pending verification of the aforementioned rehabilitation and repair work costs.

ANNUAL REVIEW OF SURVEY OF WAGE RATE SCALES

The Board next considered the adoption of prevailing wage rate scales for various types of construction projects and the adoption of a Resolution Adopting Prevailing Wage Rate Scale for Construction Projects (the "Resolution") in connection therewith. In that regard, Mr. Page advised the Board that SPH is recommending that the District adopt the United States Department of Labor updated wage rate scales applicable for Harris County, Texas, effective January 1, 2024, as permitted under Section 2258.022 of the Texas Government Code. Following discussion, Director Judd moved that the Resolution, a copy of which is attached hereto as **Exhibit H**, be adopted, and that the President and Secretary be authorized to execute same on behalf of the Board and the District. Director Perry seconded said motion, which unanimously carried.

OPERATIONS AND MAINTENANCE

Ms. Osborne presented the Operator's Report for the month of January 2024, a copy of which is attached hereto as **Exhibit I**, and reviewed the charges, related repairs, and make up well pumpage listed therein.

Ms. Osborne next presented and discussed with the Board a proposal for the repair or replacement of Booster Pump No. 3 at Irrigation Pump Station No. 1, a copy of which is included in the Operations and Maintenance Report, and noted that Inframark is recommending the replacement of said Booster Pump No. 3 at this time.

Ms. Osborne next presented to and reviewed with the Board the annual API Rate Schedule prepared by Inframark in accordance with the Professional Services Agreement with the District, a copy of which is included in the Operations and Maintenance Report.

Following discussion, Director Dickey moved that the Operator's Report and the action items listed therein be approved, including: (i) acknowledgement of the 2024 API Rate Schedule, as presented; and (ii) the replacement of Booster Pump No. 3 at Irrigation Pump Station No. 1 in the amount of \$31,671.00. Director Perry seconded the 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, and recalled the District's prior receipt of communications concerning the sprinkler system serving The Cove neighborhood within the District, a copy of which is attached hereto as **Exhibit J**. In connection therewith, Director Nystrom reminded the Board that a District resident voiced concerns regarding the condition of the greenspaces located within The Cove neighborhood following the District's implementation of its Drought Contingency Plan ("DCP"). He further reminded the Board that said resident requested that the Board reevaluate the District's DCP to incorporate site specific restrictions in order to provide reduced watering schedules at The Cove's greenspaces. Mr. Wander and Mr. Hitchcock then addressed the Board with their views on the matter, and noted that the resident's suggested addition of bubblers for irrigation of The Cove's green spaces would not resolve the issue, and suggested that the Board could instead consider revising the District's DCP to allow the greenspaces to be watered by hand during drought periods. The Board discussed the matter at length and concurred not to amend the District's DCP at this time. The Board also concurred that Director Nystrom should coordinate with Mr. Wander and Mr. Hitchcock to develop and provide a written response to the District resident.

Mr. Wander and Mr. Hitchcock exited the meeting at this time.

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 that the recent invoices for the District's website services appear to be higher than usual, and suggested that such invoices be monitored to confirm the amounts listed therein.

RENEWAL OF DISTRICT INSURANCE COVERAGES

Mr. Page reminded the Board that the District's current insurance coverage through Arthur J. Gallagher & Co. ("Gallagher"), will expire on March 31, 2024. In connection therewith, Mr. Page advised that, as requested by the Board at its last meeting, SPH obtained proposals for renewal of the District's insurance coverages from Gallagher, the District's current provider, and from McDonald & Wessendorff Insurance for the Board's consideration, copies of which are attached hereto as **Exhibit K**. Following review and discussion, the Board concurred to defer the

approval of a proposal for renewal of the District's insurance coverages at this time, and noted that it would reconsider the matter at next month's meeting.

ATTORNEY'S REPORT

The Board considered the attorney's report. Mr. Page presented to and reviewed with the Board the annual MSRB Rule G-10 Disclosures provided by GMS, a copy of which is attached as **Exhibit L**. Following discussion, the Board concurred to formally acknowledge the District's receipt of such disclosures.

Mr. Page provided the Board with an update relative to the District's Directors Election (the "Election") to be held on May 4, 2024. In connection therewith, Mr. Page advised that Harris County has determined that it will not offer joint election services to political subdivisions for the May 4, 2024 election, and therefore, the District will be required to hold an independent election. Mr. Page next advised the Board that, in the event the District's independent election is contested, the District may enter into a Joint Election Agreement with other water district serving the Bridgeland community, if any of such districts also hold contested directors elections, for the purpose of sharing election equipment, election officials, and precinct polling locations. He then presented to and reviewed with the Board a draft of the proposed Joint Election Agreement, a copy of which is attached hereto as **Exhibit M**, and requested that the Board consider delegating authority to two (2) Directors to assist with the completion of the draft Joint Election Agreement in the event the District's Election is contested. Following discussion, it was moved by Director Perry, seconded by Director Dickey and unanimously carried, that a committee be formed, comprised of Directors Dickey and Nystrom, to address matters associated with the completion of the draft Joint Election Agreement, as and if necessary.

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

The Board concurred that further discussion regarding the issuance of RFQs for bookkeeping services and for supplemental legal services for the District be tabled until further notice.

ANY OTHER BUSINESS

The Board noted seeing various resident inquiries on social media regarding whether the District has plans for managing the coyotes sighted throughout the Bridgeland community. Mr. Page suggested that residents with such concerns be referred to Council for further handling, as this has been the practice in the past for wildlife issues outside District property.

CLOSED SESSION

The President noted that the Board would enter into Closed Session at 1:24 p.m. Those in attendance other than Directors Nystrom, Dickey and Perry, Mr. Page and Ms. Ellis, exited the meeting at this time.

RECONVENE IN OPEN SESSION

The Board reconvened into Open Session at 1:33 p.m. and noted that there was no action resulting from discussion in Closed Session.

ADJOURNMENT

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

717647.1



Secretary

LIST OF ATTACHMENTS TO MINUTES

Exhibit A –	Bookkeeper's Report
Exhibit B –	Tax Assessor-Collector Monthly Report; Delinquent Collections Listing
Exhibit C –	Exemption Analysis
Exhibit D –	Resolution Concerning Exemptions from Taxation
Exhibit E –	Resolution Concerning Developed District Status for the 2024 Tax Year
Exhibit F –	Engineer's Report
Exhibit G –	Home Inventory Report through January 2024
Exhibit H –	Resolution Adopting Prevailing Wage Rate Scale for Construction Projects
Exhibit I –	Operator's Report
Exhibit J –	Resident Communications
Exhibit K –	Insurance Proposals
Exhibit L –	MSRB Rule G-10 Disclosures
Exhibit M –	Draft Joint Election Agreement