

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 419

### Minutes of Meeting of Board of Directors January 9, 2023

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 419 (the "District") met in regular session, open to the public, on January 9, 2023, at 1300 Post Oak Boulevard, Suite 2500, Houston, Harris County, 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:

Robert G. Thomas, President  
Carissa Fabian, Vice President  
Samuel Goodspeed, Secretary  
Doug Woodall, Assistant Secretary  
Andrea Brazzale-Anderson, Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present were Will Gutowsky of BGE, Inc. ("BGE"); Jordan Weyand of Municipal Accounts & Consulting, L.P. ("MA&C"); Stephanie Dorrrough of Wheeler & Associates, Inc. ("Wheeler"); Mackenzie Osborne of Inframark, LLC ("Inframark"); Greg Lentz of Masterson Advisors, LLC ("Masterson"); Barbara Nussa of Republic Services, Inc. ("Republic"); Ben Midgette, resident of the District; and Mitchell G. Page and Shelby Yllana of Schwartz, Page & Harding, L.L.P. ("SPH"). Kevin Strauss of GOGov joined the meeting via videoconference.

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. Midgette voiced concerns about the Christmas Eve freeze and communications to residents regarding the dripping of their pipes, and messaging regarding water availability during the event. Ms. Osborne and Mr. Gutowsky responded, noting the District was not in danger of losing water service or pressure, and that the interconnect from the West Harris County Regional Water Authority was proactively closed to prevent a possible boil water notice. Director Anderson noted that a communications committee is established and has been working to streamline messaging to the Bridgeland residents.

#### **GO GOV PRESENTATION**

Director Goodspeed advised that he asked Mr. Strauss to attend the meeting today to discuss a smart phone application for the District. Without objection, the Board considered Mr. Strauss' presentation.

Mr. Strauss presented to the Board the various features of a smart phone application available to residents of the District. He noted that the Board has options for custom messaging, and an application can be downloaded to the resident's phone or imbedded on the District's website.

Mr. Strauss then reviewed the incident reporting features through the "311" Portal.

The Board then discussed the efforts by Bridgeland Council, Inc. and the communications committee to develop a community-wide application. Director Anderson raised concerns regarding duplication of efforts between the District, Council and communications committee, and the necessity to integrate all communication channels for ease of resident use.

The Board concurred not to take any action at this time, and that District's communications committee comprised of Directors Fabian and Goodspeed continue evaluation of the application with the larger Bridgeland communications group.

Mr. Strauss thanked the Board, and exited the meeting at this time.

### **APPROVAL OF MINUTES**

The Board reviewed the draft minutes of its special meeting held on December 2, 2022. After discussion, Director Goodspeed moved that the minutes of the December 2, 2022 meeting be approved, as written. Director Fabian seconded said motion, which unanimously carried.

### **BOOKKEEPER'S REPORT**

Mr. Weyand presented to and reviewed with the Board the Bookkeeper's Report dated January 9, 2023, a copy of which is attached hereto as **Exhibit A**, including the disbursements presented for approval and the cash flow forecast for the District's operating account. Director Anderson inquired with Mr. Weyand as to the expenditures noted for the West Harris County Regional Water Authority fees, and the Joint Water Plant to which Mr. Weyand and Ms. Osborne responded. After discussion, Director Goodspeed moved that the Bookkeeper's Report be approved, as presented, and the disbursements listed therein be approved for payment. Director Fabian seconded the motion, which carried unanimously.

Mr. Weyand advised that the annual energy reporting required by Chapter 2265 of the Texas Government Code will be presented at next month's Board meeting.

### **AMENDMENT TO OPERATING BUDGET**

The Board considered the amendment of the operating budget for the District's fiscal year ending May 31, 2023. Mr. Weyand advised that the budget will be amended to capture maintenance tax collections and recommended deferral on this item until February 2023. The Board concurred with same.

### **TAX EXEMPTIONS**

Mr. Page outlined for the Board the various tax exemptions available for adoption by the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Section 11.13 of the Texas 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 2023. In addition, Mr. Page further advised that the District 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 2023, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. Mr. Lentz then presented an exemption analysis prepared by Masterson, a copy of which is attached hereto as **Exhibit B**. The Board discussed the matter at length. After due discussion, Director Goodspeed moved that the District (i) grant an exemption in the amount of \$15,000 for residents 65 years of age or older, (ii) grant an exemption to disabled residents in the amount of \$20,000, (iii) grant a general homestead exemption of 5%, and (iv) the Resolution Concerning Exemptions from Taxation included under **Exhibit C** be approved and the President and Secretary be authorized to execute same. Director Woodall seconded said motion, and with Directors Goodspeed, Woodall, Fabian and Anderson voting 'aye' and Thomas voting 'abstain', the motion carried.

### **QUALIFIED BROKERS**

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Page advised that, pursuant to the Public Funds Investment Act, the Board is required to review such list at least annually. He presented and reviewed with the Board the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto, together with a comparison of the list submitted and the list previously adopted by the Board, copies of which are attached hereto as **Exhibit D**. Mr. Page noted that the broker list presented is a list of potential institutions with which the District may engage in investment transactions, that the list was compiled with the input of the District's Investment Officers, but that it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Goodspeed moved that (i) the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, and (ii) the President and Secretary be authorized to execute said Resolution on behalf of the Board and the District. Director Fabian seconded said motion, which unanimously carried. Mr. Page noted that the list of qualified brokers could be revised throughout the year as the Board feels necessary.

### **TAX ASSESSOR COLLECTOR REPORT**

Ms. Dorough presented to and reviewed with the Board the Tax Assessor Collector Monthly Report for the month of December 2022, a copy of which is attached hereto as **Exhibit E**, including the disbursements presented for approval. After discussion, Director Goodspeed moved that the Tax Assessor Collector Monthly Report be approved, as presented, and the disbursements listed therein be approved for payment. Director Fabian seconded the motion, which carried unanimously.

### **DELINQUENT TAX COLLECTIONS REPORT**

The Board considered the delinquent tax collections report received from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's delinquent tax collections attorneys, a copy of which is included with the Tax Assessor Collector Report. The Board noted that no action regarding same was necessary.

### **ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES**

Mr. Page advised the Board that it is authorized pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on personal property accounts 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. The Board next considered the adoption of a resolution authorizing such additional penalty. After discussion, it was moved by Director Goodspeed, seconded by Director Fabian, and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit F**, be approved and adopted.

### **TEXAS COMPTROLLER OF PUBLIC ACCOUNTS INFORMATION DATABASE**

Mr. Page reminded the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the District is required to submit annually information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database. Mr. Page advised the Board that, FORVIS, LLP, the District's auditor, has included this work in its engagement letter previously approved by the Board. He noted that the work will be performed on an hourly basis at an estimated cost of \$400 to \$500. After discussion, on the matter, it was moved by Director Goodspeed, seconded by Director Fabian and unanimously carried, that FORVIS be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database.

### **ANNUAL ENERGY REPORT**

Mr. Weyand advised that the annual energy reporting required by Chapter 2265 of the Texas Government Code was just received, and presented same to the Board, a copy of which is included with the Bookkeeper's Report.

### **INSURANCE**

Mr. Page reported to the Board that the District's current insurance coverage and the directors and consultants bonds, issued through Arthur J. Gallagher, will expire on March 31, 2023. He informed the Board that other insurance companies provide such policies to water districts and inquired as to whether the Board wished to solicit proposals from other companies for insurance to review prior to the expiration of the current policies. After discussion, the Board concurred that SPH be authorized to obtain a proposals from Arthur J. Gallagher, Brown & Brown, and McDonald & Wessendorf for review at the next Board meeting, and proposals be forwarded in advance to Director Thomas for review prior to the meeting.

## **OPERATOR'S REPORT**

Ms. Osborne presented to and reviewed with the Board an Operations and Maintenance Report for the month of December 2022, a copy of which is attached hereto as **Exhibit G**. She reported on the status of repairs and replacements made to the water and wastewater facilities, facility inspections, and the issuance of new residential and commercial taps.

Ms. Osborne then discussed with the Board the proposal previously received from IMS Landscaping to continue the mowing of the District's facilities. She noted that, at the Board's direction at last month's meeting, she is working with Spencer Outdoor Company to obtain a quote for the mowing work and will present same at the February meeting. The Board took no action regarding this item.

Director Goodspeed noted that there have been water quality issues reported by the residents and, in conjunction with Harris County Municipal Utility District No. 489, would like to hold a Town Hall meeting to address comments. Mr. Page advised that SPH can check with Pope Elementary School to host the Town Hall event.

Director Thomas advised that he would be attending the upcoming West Harris County Regional Water Authority ("WHCRWA") Board meeting and inquired if there were any comments that the Board members wanted to convey to the WHCRWA. Director Goodspeed requested that Director Thomas inquire with the WHCRWA Board about winterization procedures for future weather events, and policies and procedures for communication and dissemination of messaging to the public during an extreme weather event.

After due discussion, Director Goodspeed moved that the Operator's Report and the actions therein be approved, as presented. Director Fabian seconded said motion, which unanimously carried.

## **ENGINEER'S REPORT**

Mr. Gutowsky presented the Engineer's Report dated January 9, 2023, a copy of which is attached hereto as **Exhibit H**, and presented the pay estimate included therein. After discussion, Director Goodspeed moved that (i) the Engineer's Report and the actions recommended therein be approved, as presented. Director Fabian seconded said motion, which unanimously carried.

Mr. Gutowsky next advised that BGE is performing a review of the bridges in the District, and pedestrian bridges within Harris County Water Control and Improvement District No. 157. He then reported that, per discussion with Pardalis, there will be no cost benefit if all bridges are included in one proposal for repainting, due to costs of mobilization and distance between sites. Director Woodall advised that he contacted a second painting company and obtained a quote in the amount of \$8,600 with a five-year warranty. A discussion ensued regarding the scope of work necessary and obtaining additional quotes for the repainting. Director Goodspeed requested that a list be compiled of all painting vendors used by BGE, Inframark, and Bridgeland Council, and

proposals be obtained from two or more of those companies for review at a future Board meeting. The Board concurred with same.

The Board then discussed using surplus construction funds to reimburse the Developer for certain approved projects, such as the Bridgeland Creek Parkway Utility Extension. Mr. Gutowsky noted he would compile a Summary of Costs, and provide same at a future Board meeting.

### **GARBAGE AND RECYCLING COLLECTION SERVICES**

Ms. Nussa provided the Board with an update on collection services and noted that a 2023 collections calendar is presented today and has been uploaded to the District's website. She additionally advised that the next document shred event is tentatively scheduled for May 6, 2023. Director Anderson requested that Ms. Nussa investigate an electronics recycling or paint recycling for the District.

### **SECURITY MATTERS**

The Board considered law enforcement matters for the District. Director Goodspeed raised concerns regarding delays to patrol response due to there being only one thoroughfare crossing Grand Parkway into the western part of Bridgeland. He suggested that Harris County Municipal Utility District No. 491 consider funding one deputy to service their district. Director Goodspeed additionally requested that Bridgeland Development, LP (the "Developer") reconsider the pause on construction of Mason Road northbound and North Bridgeland Lake Parkway westbound to aid in traffic flow and law enforcement response. Mr. Page advised that he would discuss the request with the Developer.

### **WEBSITE UPDATES**

The Board noted that it had no updates to the District's website at this time.

### **DEVELOPER'S REPORT**

The Board then considered the Developer's Report. Mr. Page presented to the Board the monthly home inventory report as prepared by Bridgeland Development, LP, a copy of which report is attached hereto as **Exhibit I**.

Mr. Page advised the Board that the Developer recently restructured its development loan and assigned its rights to receivables under the District's Utility Development Agreements to U.S. Bank Trust Company, National Association. In connection therewith, Mr. Page presented to the Board Acknowledgments of Notice of Assignment of Receivables for water, sewer and drainage facilities and recreational and road facilities, copies of which are attached hereto as **Exhibit J**. After discussion, Director Goodspeed moved that the Acknowledgments be approved, as presented, and the President be authorized to execute same on behalf of the Board and the District. Director Fabian seconded said motion, which unanimously carried.

Director Anderson exited the meeting.

**DISCUSSION OF POLICIES AND PROCEDURES FOR RESIDENT COMMUNICATIONS**

Mr. Page advised the Board that committee meetings have recommenced to discuss a proposed Bridgeland communication smart phone application for residents. The Board discussed delegating additional representatives to serve on the emergency communications committee. Director Thomas moved that Directors Goodspeed and Anderson be delegated to serve on behalf of the District. Director Woodall seconded said motion, which unanimously carried.

Director Goodspeed requested a contact list of all committee members for use during emergency events.

**ATTORNEY'S REPORT**

Mr. Page noted that he had no other legal matters to report that had not already been discussed.

**TRACE AIR**

Mr. Page advised that SPH is awaiting the results of the Trace Air flyover conducted earlier this month, and results will be distributed to the Board upon receipt.

**MATTERS FOR FUTURE AGENDAS**

The Board noted that it had no other matters for future agendas other than the items already discussed.

**ADJOURNMENT**

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

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Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Bookkeeper's Report
- Exhibit B – Tax Exemption Analysis
- Exhibit C – Tax Exemption
- Exhibit D – Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions, and comparison of broker lists
- Exhibit E – Tax Assessor-Collector Report
- Exhibit F – Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit G – Operator's Report
- Exhibit H – Engineer's Report
- Exhibit I – Inventory Report
- Exhibit J – Acknowledgment of Notice

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