

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 419

Minutes of Meeting of Board of Directors

January 8, 2024

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 8, 2024, 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

and all of said persons were present, with the exception of Director Fabian, thus constituting a quorum.

Also present were Ryan Derong of BGE, Inc. ("BGE"); Dona Washington of Wheeler & Associates, Inc. ("Wheeler"); Mackenzie Osborne of Inframark, LLC ("Inframark"); Jordan Weyand of Municipal Accounts & Consulting, L.P. ("MA&C"); Barbara Nussa of Republic Services, Inc. ("Republic"); Kelsey Thorne and Paulina Baker of The Howard Hughes Corporation on behalf of Bridgeland Development, LP (the "Developer"); Michael Willett and Justin Waggoner of Touchstone District Services, LLC ("Touchstone"); Ben Midgette, resident of the District; Richard Lowstetter, resident of the District and Treasurer of the Lakeland Village Homeowners' Association ("Lakeland Village HOA"); and Mitchell G. Page and Peyton Ellis 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, and recognized Mssrs. Midgette and Lowstetter. Mr. Lowstetter noted that he had no comments for the Board at this time.

Mr. Midgette addressed the Board with concerns regarding recent developments with Harris County in connection with the funding of constable patrols.

APPROVAL OF MINUTES

The Board reviewed the draft minutes of its meeting held on December 11, 2023. Following discussion, Director Goodspeed moved that the minutes of the December 11, 2023, meeting be approved, as written. Director Woodall seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT AND QUARTERLY INVESTMENT REPORT

Mr. Weyand presented to and reviewed with the Board the Bookkeeper's Report dated January 8, 2024, 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. Following discussion, it was moved by Director Woodall, seconded by Director Thomas 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. 7951, 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. Mr. Page 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 B**. Mr. Page 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 Goodspeed moved that the Resolution be adopted by the Board and the District, and the President and Secretary be authorized to execute same. Director Woodall seconded said motion, which unanimously carried.

TAX ASSESSOR COLLECTOR REPORT

Ms. Washington presented to and reviewed with the Board the Tax Assessor Collector Monthly Report for the month of December 2023, a copy of which is attached hereto as **Exhibit C**, including the disbursements presented for approval. After discussion, it was moved by Director Woodall, seconded by Director Goodspeed and unanimously carried, that the Tax Assessor Collector Monthly Report be approved, as presented, and the disbursements listed therein be approved for payment.

DELINQUENT TAX COLLECTIONS REPORT

Mr. Page presented to and reviewed with the Board the Delinquent Tax Collections Report received from Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue Brandon"), delinquent tax attorneys for the District, a copy of which is attached hereto as **Exhibit D**. Mr. Page noted that no action was required by the Board in connection with the Delinquent Tax Collections Report.

ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

Mr. Page 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 Goodspeed, seconded by Director Woodall 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.

EXEMPTIONS 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. Following discussion, the Board concurred to defer taking action on this item until its next regular meeting, and requested that Masterson Advisors, LLC, the District's financial advisors, 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

Mr. Page 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 Goodspeed, seconded by Director Woodall 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.

OPERATOR'S REPORT

Ms. Osborne presented to and reviewed with the Board an Operations and Maintenance Report for the month of December 2023, a copy of which is attached hereto as **Exhibit F**, and 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 next presented and discussed with the Board a proposal for the repair or replacement of Lift Pump No. 2 at Lift Station No. 4, a copy of which is included in the Operations

and Maintenance Report, and noted that Inframark is recommending the replacement of said Lift Pump No. 2 at this time.

Following discussion, Director Goodspeed moved that the Operations and Maintenance Report and the action items listed therein be approved, including: (i) the forwarding of seven (7) delinquent accounts in the total amount of \$2,788.29, to collections; and (ii) the replacement of Lift Pump No. 2 at Lift Station No. 4 in the amount of \$19,856.00. Director Woodall seconded said motion, which unanimously carried.

Ms. Osborne reminded the Board that Inframark previously repaired a sinkhole located on Lumberton Drive which was caused by issues related to the storm sewer, and that SPH forwarded correspondence to Harris County, as the entity responsible for maintaining said storm sewer, requesting reimbursement of the invoice for such repair. In that regard, Ms. Osborne reported that Harris County has not remitted payment for said invoice. Mr. Page requested that Inframark provide SPH with the invoice and supporting documentation for the sinkhole repair, and advised that SPH will review such documentation for further discussion at next month's Board meeting.

Director Goodspeed next informed the Board that the District has been invited to participate in an Earth Day event at Pope Elementary School, and requested that the Board authorize Inframark to purchase eclipse glasses for the students in attendance at such event. Following discussion, it was moved by Director Thomas, seconded by Director Woodall and unanimously carried, that Inframark be authorized to proceed with the purchase of eclipse glasses in an amount not to exceed \$0.49 per pair.

ENGINEER'S REPORT

Mr. Derong presented to and reviewed with the Board the Engineer's Report dated January 8, 2024, a copy of which is attached hereto as **Exhibit G**. During such review, it was noted that no action was required by the Board in connection with the Engineer's Report.

GARBAGE AND RECYCLING COLLECTION SERVICES

Ms. Nussa provided a collections update to the Board. In connection therewith, Ms. Nussa reminded the Board that it previously expressed that it would be amenable to assuming responsibility for garbage collection services at the Lakeland Activity Center ("LAC"). She then presented proposals for the addition of two (2) 8-yard containers at the LAC in the amounts of \$205.00 per month, per container, copies of which are attached hereto as **Exhibit H**. Following discussion, it was moved by Director Thomas, seconded by Director Goodspeed and unanimously carried, that such proposals for the two (2) additional containers at the LAC, be approved.

The Board inquired as to whether additional dates could be scheduled for heavy trash collection services one or two weeks after each major holiday. Ms. Nussa responded that she would look into the matter and discuss same with the Board at its next meeting.

SECURITY MATTERS

The Board considered law enforcement matters for the District. In connection with the District's purchase and donation of a utility vehicle ("ATV") to Harris County Constable, Precinct 5, the Board expressed concerns regarding the potential storage of the ATV at the development office, and noted its preference that alternate storage options be considered.

BRIDGELAND WATER AGENCY

Director Goodspeed provided the Board with a general update regarding the development of the Agency's website and smart device application. In connection therewith, Mr. Page advised the Board that the Agency has requested certain information from the District's customer database maintained by Inframark, for incorporation in the Agency's platforms for community-wide communications. Following discussion, it was moved by Director Goodspeed, seconded by Director Woodall and unanimously carried, that SPH be authorized to transmit correspondence to Inframark, on behalf of the Board and the District, requesting that the applicable information from the District's customer database be provided to the Agency for incorporation in the Agency's communication platforms. A copy of such correspondence is attached hereto as **Exhibit I**.

WEBSITE UPDATES; PROPOSAL FOR WEBSITE SERVICES

The Board recognized Mr. Willett, who presented to and reviewed with the Board a proposed Consulting Agreement between the District and Touchstone, and a proposed Exhibit A1 to Consulting Agreement, copies of which are attached hereto as **Exhibit J**. Mr. Willett discussed Touchstone's qualifications, and responded to various questions from the Board. Director Goodspeed reminded the Board that the Trustees have selected Touchstone to serve as the Agency's website services provider, and suggested that engaging Touchstone to serve as the District's website services provider would ensure uniformity with the Agency's website. Following discussion, it was moved by Director Woodall, seconded by Director Goodspeed and unanimously carried, that: (i) Touchstone be engaged to serve as the District's website services provider, (ii) the Consulting Agreement between the District and Touchstone, and the Exhibit A1 to Consulting Agreement, be approved, and the President be authorized to execute same on behalf of the Board and the District, (iii) the Texas Ethics Commission ("TEC") Form 1295 submitted by Touchstone in connection therewith, be approved, and SPH be authorized to acknowledge same on behalf of the Board and the District, and (iv) SPH be authorized to prepare and transmit to Off Cinco, the District's current website services provider, a notice of termination of the District's current contract for website services once the District's new website through Touchstone is ready to be launched.

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 K**. Ms. Thorne then provided an update regarding the commercial activity in the Bridgeland community. No action was required by the Board in connection with this matter.

RENEWAL OF DISTRICT INSURANCE COVERAGES

Mr. Page reported to the Board that the District's current insurance coverage through Arthur J. Gallagher & Co. ("Gallagher"), will expire on March 31, 2024. He 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, the Board concurred that SPH be authorized to solicit a renewal proposal from Gallagher, its current provider, for consideration at the next meeting Board meeting.

BRIDGELAND COUNCIL, INC.

The Board noted that it had nothing new to discuss in regards to Bridgeland Council, Inc.

LAKELAND VILLAGE HOMEOWNERS' ASSOCIATION ("HOA")

The Board next discussed various matters relative to the Lakeland Village HOA's proposed park and landscaping repairs/improvements to serve Lakeland Village. No action was required by the Board in connection with this matter.

TRACE AIR FLYOVER

Mr. Page 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.

MATTERS RELATED TO MAY 4, 2024 DIRECTORS ELECTION

Mr. Page reported on issues related to the District's Election to be held on May 4, 2024. In connection therewith, Mr. Page presented to and discussed with the Board a memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit L**, regarding administering an independent election or participating in a joint election with Harris County (the "County") if the County offers such services. He 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 Goodspeed, seconded by Director Woodall 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

Mr. Page 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. He 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 Goodspeed, seconded by director Woodall 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, Mr. Page presented the Order Calling Directors Election (the "Order"), attached hereto as **Exhibit M**, calling the Election to be held on May 4, 2024. It was noted that the terms of office of Directors Thomas and Fabian will expire in May of this year. In reviewing the Order with the Board, Mr. Page 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"). Mr. Page further advised the Board that notice of the Election must be given in accordance with the requirements of the Texas Election Code. He 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. He 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 Goodspeed 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 Woodall seconded said motion, which unanimously carried. Mr. Page 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. Mr. Page 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 Goodspeed moved that the judges and clerks for the Election, including early voting clerks, be paid \$10.00 per hour. Director Woodall seconded said motion, which unanimously carried.

Mr. Page 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.

Mr. Page 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 Harris County Water Control and Improvement District No. 157 ("No. 157"), if No. 157 also holds a contested directors election, for the purpose of sharing election equipment, election officials, and precinct polling locations. After discussion, it was moved by Director Goodspeed, seconded by Director Woodall and unanimously carried, that SPH be authorized to proceed with preparation of a Joint Elections Agreement by and among the District and No. 157.

ATTORNEY'S REPORT

The Board considered the attorney's report. Mr. Page 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 N**. In connection therewith, Mr. Page 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 Woodall moved that Inframark be authorized to submit the annual Water Usage Report for 2023 to the WHCRWA. Director Goodspeed seconded said motion, which unanimously carried.

CLOSED SESSION

The President noted that the Board would enter into Closed Session at 12:40 p.m. Those in attendance other than Directors Thomas, Goodspeed and Woodall, Ms. Osborne, Mr. Page and Ms. Ellis, exited the meeting at this time.

Ms. Osborne exited the meeting during Closed Session.

RECONVENE IN OPEN SESSION

The Board reconvened into Open Session at 1:09 p.m. and noted that there was no action resulting from discussion in Closed Session.

SCHEDULE FOR FUTURE BOARD MEETINGS

The Board made note of its next meeting to be held in the offices of SPH on February 12, 2024, at 11:00 a.m.

MATTERS FOR PLACEMENT ON FUTURE AGENDAS

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 Woodall, seconded by Director Goodspeed, and unanimously carried, the meeting was adjourned.

Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A** – Bookkeeper's Report
- Exhibit B** – Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
- Exhibit C** – Tax Assessor-Collector Monthly Report
- Exhibit D** – Delinquent Tax Collections Report
- Exhibit E** – Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit F** – Operations and Maintenance Report
- Exhibit G** – Engineer's Report
- Exhibit H** – Proposals for Additional Containers at Lakeland Activity Center
- Exhibit I** – Request for Customer Data
- Exhibit J** – Touchstone District Services Consulting Agreement and Exhibit A1 to Consulting Agreement
- Exhibit K** – Home Inventory Report through December 2023
- Exhibit L** – Memorandum regarding Joint and Independent Elections with Harris County
- Exhibit M** – Order Calling Directors Election
- Exhibit N** – WHCRWA Memorandum regarding 2024 Appointment Process for Authority Directors