

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 419

Minutes of Meeting of Board of Directors April 10, 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 April 10, 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, except Directors Brazzale-Anderson and Woodall, thus constituting a quorum.

Also present were Will Gutowsky and Ryan Derong of BGE, Inc. ("BGE"); Jordan Weyand of Municipal Accounts & Consulting, L.P. ("MA&C"); Stephanie Dorrough of Wheeler & Associates, Inc. ("Wheeler"); Mackenzie Osborne of Inframark, LLC ("Inframark"); Barbara Nussa of Republic Services, Inc. ("Republic"); Kelsey Thorne of The Howard Hughes Corporation and Bridgeland Development, LP (the "Developer"); Braxton Goodspeed, son of Director Goodspeed; 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. Director Goodspeed introduced his son to the Board.

ELECTRONIC FUNDS TRANSFERS FOR DIRECTOR PER DIEMS

The Board deferred consideration of a Client Services Agreement with HR&P Company for direct deposit of Director per diems and reimbursable expenses pending receipt of a completed HR&P Agreement for the District, and accompanying Texas Ethics Commission Form 1295 ("TEC Form 1295").

BOOKKEEPER'S REPORT

Mr. Weyand presented to and reviewed with the Board the Bookkeeper's Report dated April 10, 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. Mr. Weyand noted an invoice for installation was received from Flock and a check is included today for signature and would appear on next month's report. Mr. Weyand then presented the Quarterly Investment Report of the period ended February 28, 2023. After discussion, Director Goodspeed moved that (i) the Bookkeeper's Report be approved, as presented, and the disbursements listed therein be approved for payment, except check no. 7633, which was voided, and (ii) the Quarterly Investment Report be approved as presented and the District's Investment Officers be authorized to execute same on behalf of the Board and the District. Director Fabian seconded the motion, which carried unanimously.

APPROVAL OF MINUTES

The Board reviewed the draft minutes of its special meeting held on March 27, 2023. After discussion, Director Goodspeed moved that the minutes of the March 27, 2023 meeting be approved, as written. Director Fabian seconded said motion, which unanimously carried.

APPROVAL OF OPERATING BUDGET FOR THE DISTRICT'S FISCAL YEAR ENDING MAY 31, 2024; JOINT WATER PLANT AND JOINT SEWER PLANT BUDGETS FOR HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 418 ("NO. 418")

Mr. Weyand presented the proposed budget for the District's fiscal year ending May 31, 2024 for the Board's review and approval. He additionally presented the proposed joint water plant and joint sewer plant budgets for No. 418, as required by the Contract for Financing, Operation and Maintenance of Master Water and Sanitary Sewer Facilities among the District, No. 418, and Harris County Municipal Utility District Nos. 489, 490, 491, 492 and 493. Copies of the proposed budgets are included within the Bookkeeper's Report. After discussion, the Board concurred to defer approval of the budgets presented until the May Board meeting to allow time for the Board and consultants to review and provide any comments.

TAX ASSESSOR COLLECTOR REPORT

Ms. Dorrrough presented to and reviewed with the Board the Tax Assessor Collector Monthly Report for the month of March 2023, a copy of which is attached hereto as **Exhibit B**, 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.

RESOLUTION AUTHORIZING ADDITIONAL PENALTY ON DELINQUENT REAL PROPERTY TAXES

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes. Mr. Page advised that the Board is authorized to impose, under certain conditions on July 1, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on real property taxes that remain delinquent as of July

1 of the year in which they become delinquent. After discussion, it was moved by Director Goodspeed, seconded by Director Fabian and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes, attached hereto as **Exhibit C**, be adopted by the Board, and that Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"), be authorized to proceed with the collection of real property taxes delinquent as of July 1, 2023.

DELINQUENT TAX COLLECTIONS REPORT

Mr. Page presented to and reviewed with the Board the delinquent tax collections report received from Perdue, for this month, a copy of which is attached hereto as **Exhibit D**. The Board noted that no action on this item was necessary.

OPERATOR'S REPORT

Ms. Osborne presented to and reviewed with the Board an Operations and Maintenance Report for the month of March 2023, a copy of which is attached hereto as **Exhibit E**. 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 next reviewed the proposals from Inframark and Southern Concrete for the adjustment of District sanitary sewer manholes, as discussed last month. The Board considered the scope of work and available District funds to pay for the project. Ms. Osborne advised that Inframark can set up a temporary meter for Southern Concrete's use for the duration of the project. Director Goodspeed suggested that the condition of the manholes in the District be reviewed every 3-5 years by Inframark.

Ms. Osborne next presented to and reviewed with the Board the annual API rate increase, a copy of which rate schedule is included with the Operator's Report. She noted that meter installations and removals are being billed at a deficit, and suggested an amendment to the District's Rate Order to increase these rates.

Director Goodspeed discussed the sinkhole on Lumberton Drive brought to the District's attention by a resident, and noted that a dye test was completed by Inframark that indicated an issue at the storm sewer, and repairs were made by Inframark. The Board discussed forwarding the invoice for the repairs to Harris County, as it is their facility to maintain, and requested that SPH prepare and forward correspondence on the District's behalf to Harris County for reimbursement of the invoice.

After due discussion, Director Goodspeed moved that the Operator's Report and the actions therein be approved, as presented, including (i) approval of proposals for manhole adjustments, (ii) the API rate increase be approved, and an item be placed on the May meeting agenda to amend the Rate Order to reflect the revised rates, as discussed, and (iii) correspondence be prepared and forwarded to Harris County with repair invoicing for the Lumberton Drive sinkhole. Director Fabian seconded said motion, which unanimously carried.

Ms. Osborne then presented Inframark's annual report regarding the District's Identity Theft Prevention Program (the "Program"), a copy of which is attached to the Operations and Maintenance Report, including the District's experience with identity theft during the prior year, current methods to detect identity theft, the types of accounts maintained by the District and the District's business arrangements with other entities. Ms. Osborne advised that Inframark is not recommending any changes be made to the Program this year. After discussion on the matter, the Board concurred that no changes be made to the Program at this time.

AUTHORIZE PREPARATION OF DRAFT CONSUMER CONFIDENCE REPORT

The Board considered authorizing Inframark to prepare the annual Consumer Confidence Report ("CCR") for the District to be provided to all customers of the District by July 1, 2023. After discussion on the matter, it was moved by Director Goodspeed, seconded by Director Fabian and unanimously carried, that Inframark be authorized to prepare a draft CCR and SPH be authorized to review same for compliance with all applicable regulatory requirements and the Texas Commission on Environmental Quality's 2023 CCR template.

ENGINEER'S REPORT

Mr. Derong presented the Engineer's Report dated April 10, 2023, a copy of which is attached hereto as **Exhibit F**. The Board noted that no action on its part was necessary on the Engineer's Report.

Mr. Derong noted a request to repair the decorative pavers at Mount Hope Drive was received and BGE will obtain proposals for repair of same for review at the next Board meeting.

The Board then considered repairs necessary for House Hahl Trail. Mr. Derong noted that the Lakeland Village Homeowners' Association owns the facilities and will be responsible for repairs.

USE OF SURPLUS CONSTRUCTION FUNDS

The Board then discussed the use of 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 final pro rata share summary for said project, and provide same to the Board at a future Board meeting.

GARBAGE AND RECYCLING COLLECTION SERVICES

Ms. Nussa then advised that the document shred event has been moved to May 13, 2023. The Board then discussed an electronics recycling event. Ms. Nussa advised that a representative of UWaste will attend the next Board meeting to make a presentation. The Board additionally requested that Ms. Nussa clarify the protocol for disposal of yard waste, and asked if there is a composting program that can be researched. Ms. Nussa acknowledged same.

Ms. Nussa then requested five key fobs to the restroom facilities at the park for her collection crews. It was noted that Bridgeland Council and Melissa Hargrove would provide same. After discussion, the Board concurred with Ms. Nussa's request.

SECURITY MATTERS

The Board considered law enforcement matters for the District. Mr. Page advised that the Agreement for twelve license plate readers was executed prior to the April 1, 2023 contract price increase date and is in the District's files. Mr. Weyand noted the District received its first invoice from Flock for payment today. The Board took no action regarding this item.

BRIDGELAND EMERGENCY COMMUNICATIONS COMMITTEE

The Board then considered an Emergency Communications Committee Charter ("Charter"). Mr. Page noted that all participants have approved of a Charter, and the Committee will complete a test run of procedures in advance of hurricane season.

ADMINISTRATIVE AGENCY CREATION

The Board discussed the status of formation of a proposed Bridgeland water administrative agency to be comprised of one Board member from each Bridgeland district to make decisions relative to communications messaging to residents. Mr. Page advised that the Interlocal Agreement amongst the participant districts is in preparation and will be presented at a future Board meeting. The Board noted no action was necessary regarding same at this time.

WEBSITE UPDATES

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

DEVELOPER'S REPORT

The Board then considered the Developer's Report. Ms. Thorne presented to the Board the monthly home inventory report as prepared by the Developer, a copy of which report is attached hereto as **Exhibit G**.

Mr. Page noted that a Final Arbitrage Rebate Report will need to be prepared for the District's outstanding \$3,570,000 Unlimited Tax Bonds, Series 2012, and presented an engagement letter from Arbitrage Compliance Specialists, Inc. ("ACS") for the preparation of said report, and discussed the fees for preparation of the report, a copy of which engagement letter is attached hereto as **Exhibit H**. After discussion, Director Goodspeed moved that (i) ACS be engaged to prepare the report as discussed, and (iii) the accompanying TEC Form 1295 from ACS be accepted, as presented. Director Woodall seconded said motion, which unanimously carried.

ATTORNEY'S REPORT

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

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

Secretary

DRAFT

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Bookkeeper's Report
- Exhibit B – Tax Assessor-Collector Report
- Exhibit C – Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes
- Exhibit D – Delinquent Tax Collections Report
- Exhibit E – Operator's Report
- Exhibit F – Engineer's Report
- Exhibit G – Inventory Report
- Exhibit H – Arbitrage Engagement

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