

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 419

Minutes of Meeting of Board of Directors
May 9, 2022

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 May 9, 2022, 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
Shea Thielen, Vice President
Sandra Kalb, Secretary
Carissa Fabian, Assistant Secretary
Andrea Brazzale-Anderson, Assistant Secretary

and all of said persons were present, except Directors Thielen and Brazzale-Anderson, thus constituting a quorum.

Also present were Mike Fitzgerald of BGE, Inc. ("BGE"); Charles LaConti and Jordan Weyand of Municipal Accounts & Consulting, L.P. ("MA&C"); Stephanie Dorrough of Wheeler & Associates, Inc. ("Wheeler"); Mackenzie Osborne of Inframark ("Inframark"); Barbara Nussa of Republic Services, Inc. ("Republic"); Greg Lentz of Masterson Advisors, LLC ("Masterson"); Brian Krueger of BKD, LLP ("BKD"); Doug Woodall and Samuel Goodspeed, residents of the District; Dan Kolkhorst of Howard Hughes Corporation on behalf of Bridgeland Development, LP (the "Developer"); 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, and recognized Mssrs. Goodspeed and Woodall. Mssrs. Goodspeed and Woodall noted that they had no comments for the Board at this time.

APPROVAL OF MINUTES

The Board reviewed the draft minutes of its meeting held on April 11, 2022. After discussion, Director Fabian moved that the minutes of the April 11, 2022 meeting be approved, as written. Director Kalb seconded said motion, which unanimously carried.

SECOND AMENDED AND RESTATED BOOKKEEPING SERVICES AGREEMENT

The Board next considered a Second Amended and Restated Bookkeeping Services Agreement with MA&C (the "Agreement"). Mr. LaConti presented to and reviewed with the Board the Agreement, a copy of which is attached hereto as **Exhibit A**, noting the fee schedule

attached as Exhibit "A". Mr. LaConti additionally presented a new format of bookkeeping report that will be used going forward, a copy of which is included with **Exhibit A**. After discussion, Director Fabian moved that the Agreement be approved, as presented, and the President and Secretary be authorized to execute same on behalf of the Board and the District. Director Kalb 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 May 9, 2022, a copy of which is attached hereto as **Exhibit B**, including the disbursements presented for approval and the cash flow forecast for the District's operating account. Mr. Weyand then presented the Quarterly Investment Report of the period ended February 28, 2022. After discussion, Director Fabian moved that (i) the Bookkeeper's Report be approved, as presented, and the disbursements listed therein be approved for payment, except check nos. 7262 and 7266, which were 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 Kalb seconded the motion, which carried unanimously.

Mr. LaConti presented to the Board

APPROVAL OF OPERATING BUDGET FOR THE DISTRICT'S FISCAL YEAR ENDING MAY 31, 2023; 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, 2023 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, Director Fabian moved that (i) the operating budget for the District's fiscal year ending May 31, 2023 and (ii) the joint water plant and joint sewer plant budgets for Harris County Municipal Utility District No. 418 be approved, as presented. Director Kalb seconded said motion, which unanimously carried.

ENGAGEMENT OF AUDITOR

The Board next considered the engagement of an auditing firm to conduct an audit of the District's financial statements for the fiscal year ending May 31, 2022. In that regard, Mr. Krueger made a presentation to the Board on behalf of BKD, and advised that the cost to conduct such audit is approximately \$19,800, plus an administrative fee in the amount of \$1,000. After discussion on the matter, Director Fabian moved that (i) BKD be engaged to conduct the audit for the District's fiscal year ending May 31, 2022, (ii) the engagement letter related to same be approved, and (iii) the accompanying Texas Ethics Commission ("TEC") Form 1295 from BKD be accepted. Director Kalb seconded said motion, which carried unanimously. A copy of the BKD engagement letter is attached hereto as **Exhibit C**.

UNCLAIMED PROPERTY

The Board considered approval of an Unclaimed Property Report as of March 1, 2022 from the bookkeeper, noting that \$1,317.20 would be escheated to the Comptroller of the State of Texas, a cop . A copy of the Unclaimed Property Report is attached hereto as **Exhibit D**. After discussion on the matter, Director Fabian moved that MA&C be authorized to timely file an Unclaimed Property Report with the Comptroller, and escheat said funds to the Comptroller. Director Kalb seconded said motion, which unanimously carried.

TAX ASSESSOR COLLECTOR REPORT

Ms. Dorrough presented to and reviewed with the Board the Tax Assessor Collector Monthly Report for the month of April 2022, a copy of which is attached hereto as **Exhibit E**, including the disbursements presented for approval. She then noted that Unclaimed Property as of March 1, 2022 in the amount of \$528.46 would be escheated from the District's tax account to the Comptroller of the State of Texas. After discussion, Director Fabian moved that the Tax Assessor Collector Monthly Report be approved, as presented, and the disbursements listed therein be approved for payment. Director Kalb seconded the motion, which carried unanimously.

DELINQUENT TAX COLLECTIONS REPORT

The Board deferred consideration of a delinquent tax collections report received from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., as it was noted that no report was received nor is due at this time.

OPERATOR'S REPORT

Ms. Osborne presented to and reviewed with the Board an Operations and Maintenance Report for the month of April 2022, a copy of which is attached hereto as **Exhibit F**. 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 presented to and reviewed with the Board a proposed Televising and Air Scouring Plan for the District's pipes, a copy of which plan is included with the Operator's Report, noting the cost per linear foot of pipe for said service and costs for the program were already included in the District's general operating budget just approved by the Board.

Ms. Osborne next presented a proposed educational handout for distribution to District residents to educate on usage of their home irrigation systems on alternating days of the week during summer months. Mr. Page advised on the irrigation structure set forth in the District's Drought Contingency Plan under Stage 2 Drought triggers. The Board requested that action on this item be tabled, and the District's Drought Contingency Plan be reviewed prior to finalizing the educational materials for distribution to the District.

After discussion Director Fabian moved that (i) the Operations and Maintenance Report and the items reflected therein be approved, including the forwarding of delinquent accounts to

collections, as presented, and (ii) discussion on the Televising and Air Scouring Plan be deferred until the June Board meeting. Director Kalb seconded said motion, which unanimously carried.

CONSUMER CONFIDENCE REPORT

The Board then considered the approval of the District's Consumer Confidence Report ("CCR") for 2021. In connection therewith, Ms. Osborne distributed a draft CCR for the Board's review, a copy of which is attached to the Operations and Maintenance Report. After discussion on operational matters, it was moved by Director Fabian, seconded by Director Kalb and unanimously carried, that the CCR be approved and that Inframark be authorized to distribute the CCR electronically to all customers of the District and that the CCR be posted to the District's website prior to the July 1, 2022 deadline, subject to SPH's final review and approval of the CCR.

AMENDMENT OF DISTRICT RATE ORDER

Ms. Osborne presented and reviewed with the Board the annual API Rate Schedule and recommended adjustments from Inframark, a copy of which is included with the Operator's Report. Mr. Page then presented to and reviewed with the Board redlined pages to the District's Rate Order reflecting the proposed revisions. After discussion, Director Fabian moved that the District's Rate Order be amended to reflect the proposed revisions. Director Kalb seconded said motion, which unanimously carried. The Rate Order is attached hereto as **Exhibit G**.

ENGINEER'S REPORT

Mr. Fitzgerald presented the Engineer's Report dated May 9, 2022, a copy of which is attached hereto as **Exhibit H**, and reviewed with the Board the items listed therein, including the pay estimate No. 3 included for Board approval. After discussion, Director Fabian moved that the Engineer's Report and actions recommended therein be approved, as presented. Director Kalb seconded said motion, which unanimously carried.

GARBAGE AND RECYCLING COLLECTION SERVICES

Ms. Nussa provided the Board with the garbage and recycling collections update for the District.

Ms. Nussa next addressed the Board regarding the proposed amendment to the Residential Refuse Services Contract with Republic to add the automated side load service. She noted that the final form of amendment is under review and will be presented at the June Board meeting. The Board took no action regarding this item. Ms. Nussa noted that an educational flyer and revised calendar will be prepared for forwarding to the residents to advise of the service change.

DISCUSSION OF POLICIES AND PROCEDURES FOR RESIDENT COMMUNICATIONS

Mr. Page advised the Board that a landing page for all Bridgeland districts is under development. Mr. Page then noted that information regarding the defined irrigation schedule,

garbage collection service change, and facilities readiness for the summer months will be discussed at the next committee meeting.

WEBSITE UPDATES

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

DEVELOPER'S REPORT

The Board considered the Developer's Report. The Board recognized Mr. Kolkhorst on behalf of the Developer. He introduced himself to the Board and discussed the recent representative change for Bridgeland.

ARBITRAGE COMPLIANCE

The Board reviewed the annual arbitrage maintenance report prepared by Municipal Risk Management Group and noted engagement letters presented for the completion of arbitrage compliance for the District's (i) Series 2011 Bonds, (ii) Series 2012 Bonds, (iii) Series 2017 Bonds, (iv) Series 2017A Park Bonds, and (v) Series 2017B Refunding Bonds, a copy of which is attached hereto as **Exhibit I**. After discussion, Director Fabian moved that ACS be engaged to completed the arbitrage rebate reports as discussed, the President be authorized to execute the engagement letters on behalf of the Board and the District, and the Texas Ethics Commission Form 1295 be acknowledged for same. Director Kalb seconded said motion, which unanimously carried.

ATTORNEY'S REPORT

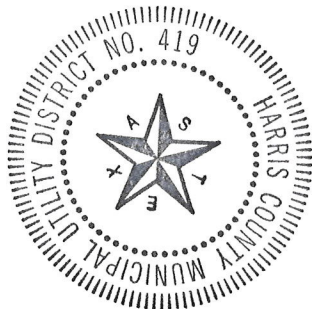
The Board considered the attorney's report. Mr. Page presented to the Board the unofficial results of the May 7, 2022 Director Election as provided by Harris County Elections.

MATTERS FOR FUTURE AGENDAS

Mr. Page reminded the Board of the special meeting to be held on May 18, 2022 at 2:00 pm at SPH to canvass the election results. He noted that Msrs. Woodall and Goodspeed would be seated to the Board at that time.

ADJOURNMENT

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



Samuel R. Goodspeed
Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Amended and Restated Agreement; New Format of Bookkeeping Report
- Exhibit B – Bookkeeper's Report
- Exhibit C – BKD Engagement
- Exhibit D – Unclaimed Property
- Exhibit E – Tax Assessor-Collector Report
- Exhibit F – Operator's Report
- Exhibit G – Rate Order
- Exhibit H – Engineer's Report
- Exhibit I – Arbitrage Compliance

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