

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 419

Minutes of Meeting of Board of Directors October 10, 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 October 10, 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
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 Fabian, thus constituting a quorum.

Also present were Mike Fitzgerald and Ryan Derong of BGE, Inc. ("BGE"); Jordan Weyand of Municipal Accounts & Consulting, L.P. ("MA&C"); Stephanie Dorrrough of Wheeler & Associates, Inc. ("Wheeler"); Todd Burrer of Inframark, LLC ("Inframark"); Barbara Nussa of Republic Services, Inc. ("Republic"); Greg Lentz of Masterson Advisors, LLC ("Masterson"); Sergeant Joe Duke of Harris County Constable's Office, Precinct 4 ("Constable"); Kelsey Thorne of The Howard Hughes Corporation, on behalf of Bridgeland Development, LP ("Developer"); and Mitchell G. Page and Shelby Yllana of Schwartz, Page & Harding, L.L.P. ("SPH"). Dan Kolkhorst on behalf of the Developer entered later in the meeting as noted hereinafter.

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. After noting there were no members of the public in attendance, the Board moved to the next item of business.

SECURITY MATTERS

Mr. Page noted that an item for the discussion of security matters was included on the agenda and, without objection, the Board moved to such agenda item and considered a report from Sergeant Duke. Sergeant Duke addressed the Board regarding the status of patrol activity in the District. He additionally noted improvements that would assist the Constable in providing security for the District, such as license plate readers at the entry points of the District, as well as creating median cuts and parking areas for patrol vehicles to monitor traffic on major thoroughfares. It was noted that a security subcommittee would be formed in conjunction with the other utility districts in the Bridgeland community, and such subcommittee could continue dialogue separately with the Constable's office regarding security improvements and security concerns for the community.

Mr. Kolkhorst entered during the above discussion.

Sergeant Duke thanked the Board and exited the meeting.

APPROVAL OF MINUTES

The Board reviewed the draft minutes of its special meeting held on September 12, 2022. After discussion, Director Goodspeed moved that the minutes of the September 12, 2022 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 October 10, 2022, 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 then presented the Quarterly Investment Report of the period ended August 31, 2022. After discussion, Director Goodspeed moved that (i) the Bookkeeper's Report be approved, as presented, and the disbursements listed therein be approved for payment, 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 Woodall 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.

ANNUAL REVIEW OF ORDER ESTABLISHING POLICY FOR INVESTMENT OF DISTRICT FUNDS AND APPOINTING INVESTMENT OFFICER

The Board considered a review of its Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Investment Policy"), and the adoption of a Resolution in connection therewith. Mr. Page presented to and reviewed with the Board redlined pages of the Investment Policy reflecting the proposed revisions. The Resolution and the amended Investment Policy are attached hereto as **Exhibit B**. After discussion on the matter, Director Goodspeed moved that the amended Investment Policy be approved, that the Board adopt the Resolution and that the President and Secretary be authorized to execute the amended Investment Policy and the Resolution on behalf of the Board and the District. Director Woodall seconded said motion, which unanimously carried.

TAX ASSESSOR COLLECTOR REPORT

Ms. Dorrrough presented to and reviewed with the Board the Tax Assessor Collector Monthly Report for the month of September 2022, a copy of which is attached hereto as **Exhibit C**, 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 Woodall seconded the motion, which carried unanimously.

Ms. Dorrough advised that items relative to the approval of a Collateral Security Agreement with Frost Bank will be deferred until March of 2023, and such items can be removed from the meeting agenda until such time.

PUBLIC HEARING REGARDING ADOPTION OF THE DISTRICT'S 2021 TAX RATE, LEVY OF THE DISTRICT'S 2022 TAX RATE, AND ADOPTION OF AN ORDER IN CONNECTION THEREWITH

The President next convened a hearing regarding the imposition of a proposed debt service tax rate and a maintenance tax rate for 2022. It was noted that no members of the public were present. Upon motion by Director Goodspeed, seconded by Director Woodall and unanimously carried, the hearing was closed.

The Board then discussed the setting of the 2022 tax rate including the cost benefit of building the District's operating reserves versus continuing to reduce the District's tax rate. Ms. Dorrough confirmed that notice of the District's intent to adopt and levy a 2022 tax rate had been published in the *Houston Chronicle* in accordance with all legal requirements and as directed at the previous meeting. After discussion on the matter, Director Goodspeed moved that: (i) the Board levy a 2022 debt service tax rate of \$0.67 per \$100 of assessed valuation and a 2022 maintenance tax rate of \$0.22 per \$100 of assessed valuation, resulting in a total 2022 tax rate of \$0.89 per \$100 of assessed valuation; and (ii) the Order Levying Taxes attached hereto as **Exhibit D** be adopted in connection therewith and the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District. Director Woodall seconded said motion, which carried unanimously.

AMENDMENT TO DISTRICT INFORMATION FORM

Mr. Page presented and discussed with the Board an Amendment to the Fourth Amended and Restated District Information Form relative to the levy of the District's 2022 tax rate. After discussion, Director Goodspeed moved that said Amendment be approved and that the Board members present be authorized to execute same on behalf of the Board and the District. Director Woodall seconded said motion which carried unanimously.

CONTINUING DISCLOSURE REPORT

Mr. Page reported to the Board that the annual Continuing Disclosure Report, required relative to the District's outstanding bonds, has not yet been filed.

DELINQUENT TAX COLLECTIONS REPORT

Mr. Page presented the delinquent tax collections report prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., a copy of which is attached to the Tax Assessor Collector Monthly Report. The Board noted that no action was required or requested in connection with such report.

OPERATOR'S REPORT

Mr. Burrer presented to and reviewed with the Board an Operations and Maintenance Report for the month of September 2022, a copy of which is attached hereto as **Exhibit E**. He 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.

Mr. Burrer advised that the second of three surveys of the District's fire hydrants was recently completed, and noted that 242 hydrants were identified for painting in the amount of \$6,836.50, and 6 hydrant repairs were identified and recommended in the amount of \$4,200. He additionally noted that the valve survey was completed and presented a proposal for repairs to 51 valves in the amount of \$35,750. Copies of the proposals are included with the Operator's Report.

The Board then discussed the status of preparations for the informational booth at NatureFest. Director Goodspeed and Mr. Burrer apprised the Board of the current arrangements for the booth including the promotional items, providing a water meter device to demonstrate proper usage, and tablets to assist residents in signing up for their Eyeonwater.com smart meter account.

Mr. Burrer then reported on recent increased flows experienced at Water Plant No. 2. He explained that the pumps at the plant were found to be running consistently, and upon investigation, Inframark identified a valve open between the District and Harris County Municipal Utility District No. 489. He noted that the valve was closed and Inframark will monitor flows to ensure that levels at the plant normalize. The Board discussed security of the valves, and Mr. Burrer noted that lockboxes can be installed at critical valve locations and Harris County Municipal Utility District No. 418 has authorized same at its Board meeting.

After discussion Director Goodspeed moved that the Operations and Maintenance Report and the items reflected therein be approved, including the forwarding of delinquent accounts to collections, as presented. Director Woodall seconded said motion, which unanimously carried.

Mr. Page noted the amount of delinquent accounts listed in the Operator's Report, and inquired about the application of security deposits against amounts owed. The Board suggested that Inframark review its delinquent accounts, apply deposits where necessary, and, if needed, a recommendation be made to consider increasing the security deposit imposed in the Rate Order at a future meeting. Mr. Burrer acknowledged same.

ENGINEER'S REPORT

Mr. Fitzgerald presented the Engineer's Report dated October 10, 2022, a copy of which is attached hereto as **Exhibit F**, noting there were no action items for the Board's consideration.

USE OF SURPLUS FUNDS

The Board discussed the potential use of surplus funds to reimburse for the Bridgeland Creek Parkway Utility Extension project. Mr. Fitzgerald noted that the project is not yet 100% complete, and the pro-rata share to the District have not yet been determined and, until such time, there will not be any costs to present for the surplus funds package. The Board deferred consideration on this item until certified completion of the project.

GARBAGE AND RECYCLING COLLECTION SERVICES

Ms. Nussa provided the Board with the garbage and recycling collections update for the District. Ms. Nussa advised that she will forward a link regarding garbage collection for uploading to the District's website. Mr. Page then presented to the Board the annual CPI increase, a copy of which notice is attached hereto as **Exhibit G**. He noted that the garbage increase is \$0.62, and the recycling increase is \$0.17 for a total increase of \$0.79.

AMENDMENT OF DISTRICT'S RATE ORDER

The Board considered the amendment of the District's Rate Order to reflect the annual CPI increase as directed by Republic. After discussion on the matter, it was moved by Director Goodspeed, seconded by Director Woodall, and unanimously carried that: (i) the District's Rate Order be amended, as discussed above, (ii) any and all Rate Orders heretofore adopted be revoked, and (iii) the Rate Order, a copy of which is included in **Exhibit H**, be passed and adopted.

DISCUSSION OF POLICIES AND PROCEDURES FOR RESIDENT COMMUNICATIONS

Mr. Page advised the Board that a landing page for all Bridgeland districts is under development, and regular committee meetings will need to commence to discuss the landing page and proposed Bridgeland communication i-phone application for residents.

WEBSITE UPDATES

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

SECURITY MATTERS (CONTINUED)

The Board discussed security measures for the District, including the addition of one deputy. The Board additionally discussed concerns on visibility of patrols throughout the District and obtaining patrol data to confirm the presence of deputies within the District at 70% time in accordance with the law enforcement contract. Director Goodspeed requested an item be placed on the next meeting agenda to establish a security subcommittee to further discuss security matters and data with Sergeant Duke. Director Goodspeed additionally noted that he will contact a representative of a security camera company to provide a presentation to the Board at a future meeting.

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 Bridgeland Development, LP, a copy of which report is attached hereto as **Exhibit I**.

ATTORNEY'S REPORT

Mr. Page noted that a 5th-Year Arbitrage Rebate Report will need to be prepared for the District's outstanding \$11,615,000 Unlimited Tax Bonds, Series 2017B, 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 J**. After discussion, Director Goodspeed moved that (i) ACS be engaged to prepare the report as discussed, and (iii) the accompanying Texas Ethics Commission Form 1295 from ACS be accepted, as presented. Director Woodall seconded said motion, which unanimously carried.

MATTERS FOR FUTURE AGENDAS

The Board noted that it had no other matters for future agendas other than the items already discussed. Mr. Weyand requested an item be placed on the November or December meeting agenda to amend the District's general operating budget to account for the tax rate. The Board concurred with same.

ADJOURNMENT

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

Secretary

LIST OF ATTACHMENTS TO MINUTES

- Exhibit A – Bookkeeper's Report
- Exhibit B – Resolution and Investment Policy
- Exhibit C – Tax Assessor-Collector Report
- Exhibit D – Order Levying Taxes
- Exhibit E – Operator's Report
- Exhibit F – Engineer's Report
- Exhibit G – CPI Increase
- Exhibit H - Rate Order
- Exhibit I – Inventory Report
- Exhibit J – Arbitrage Engagement

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