

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 419

Minutes of Meeting of Board of Directors

February 12, 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 February 12, 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, 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"); Paulina Baker of The Howard Hughes Corporation on behalf of Bridgeland Development, LP (the "Developer"); Stephanie Hulbert of Infrastructure Construction Services ("ICS"); Ben Midgette, resident of the District; 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. Mr. Midgette noted that he had no comments for the Board at this time.

Ms. Hulbert introduced herself to the Board and provided a brief overview of the services offered by ICS.

APPROVAL OF MINUTES

The Board reviewed the draft minutes of its meeting held on January 8, 2024. Following discussion, Director Goodspeed moved that the minutes of the January 8, 2024, meeting be approved, as written. Director Thomas 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 February 12, 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 Goodspeed, seconded by Director Fabian and unanimously carried, that the Bookkeeper's Report be approved, as presented, and the disbursements listed therein be approved for payment, with the addition of check no. 8012 in the amount of \$2,450.54, issued for the purchase of solar eclipse glasses in connection with the Earth Day event at Pope Elementary School, as previously authorized by the Board, and the exception of check no. 8011, which was voided.

TAX ASSESSOR COLLECTOR REPORT

Ms. Washington presented to and reviewed with the Board the Tax Assessor Collector Monthly Report for the month of January 2024, a copy of which is attached hereto as **Exhibit B**, including the disbursements presented for approval. After discussion, it was moved by Director Goodspeed, seconded by Director Woodall 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 noted that no Delinquent Tax Report was received nor is due at this time from Perdue, Brandon, Fielder, Collins & Mott, L.L.P, delinquent tax collections attorney for the District.

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. Mr. Lentz then presented to and reviewed with the Board a 2024 Exemption Analysis prepared by Masterson, a copy of which analysis is attached hereto as **Exhibit C**. The Board considered the feasibility of the potential adoption of a 10% homestead exemption by the District. After further discussion on the matter, Director Goodspeed moved that (i) the District grant an exemption in the amount of \$30,000 for residents 65 years of age or older, (ii) the District grant an exemption for persons under a disability in the amount of \$35,000, (iii) the District grant a general homestead exemption of 10%, and (iii) the Resolution Concerning

Exemptions from Taxation, a copy of which is attached hereto as **Exhibit D**, be approved and adopted by the Board and the District. Director Woodall seconded the motion, which unanimously carried.

ADOPTION OF RESOLUTION CONCERNING DEVELOPED DISTRICT STATUS FOR 2024 TAX YEAR

Mr. Page reminded the Board of the tax rate adoption procedures for special districts pursuant to Senate Bill No. 2. He noted that the procedures applicable to a particular district will depend, in part, upon whether it is determined to be a "Developed District" under Texas Water Code Section 49.23602. Mr. Page then reviewed with the Board a worksheet completed by BGE to assist the Board in making this determination, along with a Resolution Concerning Developed District Status for the 2024 Tax Year. Following discussion, it was moved by Director Goodspeed, seconded by Director Fabian and unanimously carried, that the Resolution Concerning Developed District Status for 2024 Tax Year, attached hereto as **Exhibit E**, confirming that the District shall not be considered a "Developed District" for the 2024 Tax Year, be passed and adopted by the Board and the District.

OPERATOR'S REPORT

Ms. Osborne presented to and reviewed with the Board an Operations and Maintenance Report for the month of January 2024, 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 repairs identified during the asset survey recently conducted at the District's Lift Stations, a copy of which is included in the Operations and Maintenance Report.

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. 7, 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.

Ms. Osborne next reported that the third phase of the District's Fire Hydrant Survey has been completed, and that eight (8) hydrants out of the two hundred and thirty-six (236) total hydrants inspected were identified for repair. She then presented to the Board a quote for such repairs, a copy of which is included in the Operations and Maintenance Report.

Following discussion, Director Goodspeed moved that the Operations and Maintenance Report and the action items listed therein be approved, including: (i) the forwarding of three (3) delinquent accounts, in the total amount of \$259.00, to collections; (ii) the completion of the repairs identified during the asset survey of the District's Lift Stations in the amount of \$5,000.00; (iii) the replacement of Lift Pump No. 2 at Lift Station No. 7 in the amount of \$32,944.00; and (iv) the repair of the eight (8) District fire hydrants identified in the third phase of the District's Fire

Hydrant Survey in the amount of \$2,555.00. Director Fabian seconded said motion, which unanimously carried.

In connection with the District's smart meter monitoring program through "EyeOnWater.com", Director Goodspeed requested that Inframark run monthly reports of the data generated by such program to assist the District with identifying and addressing customer water leaks.

Ms. Osborne next presented to and reviewed with the Board a report outlining the monthly average totals of customer water bills over the last twelve (12) months. A copy of such report is included in the Operations and Maintenance Report. The Board considered the adjustment of residential deposits required by the District's Rate Order for service to owners and renters of property within the District. Following discussion, the Board concurred to consider an amendment to the District's Rate Order at next month's meeting for the adjustment of the District's residential deposit amounts from \$100 to \$200 for owners of property within the District, and from \$125 to \$300 for renters of property within the District. The Board noted its desire to offer a credit/discount on the residential deposit amount to owners and renters that subscribe to the District's smart meter monitoring program through "EyeOnWater.com".

In connection with the District's purchase and donation of a utility vehicle ("ATV") to Harris County Constable, Precinct 5 (the "Constable"), the Board considered alternate options for the temporary storage of the ATV until a permanent location can be identified. Director Goodspeed suggested the District's Lift Station No. 2 site at Parkside Haven for storage of the ATV, as such site is fenced in and would serve as a secure storage location. Following discussion, it was moved by Director Goodspeed, seconded by Director Fabian and unanimously carried, that Inframark be authorized to give the Constable a key to the Lift Station No. 2 site for storage of the ATV.

ENGINEER'S REPORT

Mr. Derong presented to and reviewed with the Board the Engineer's Report dated February 12, 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.

QUARTERLY FACILITIES UPDATE

The Board concurred not to continue with the receipt of quarterly facilities updates, and noted that it would request facilities updates on an as-needed basis moving forward.

ANNUAL REVIEW OF CONNECTION CHARGES

Mr. Derong next reported on BGE's review of the connection charges for the purchase of capacity in Master Facilities under the Master Facilities Contract among the District and Harris County Municipal Utility District Nos. 418, 489, 490, 491, 492 and 493. In connection therewith, he noted that BGE is recommending increases to the base water and sanitary sewer connection charges and the sanitary sewer zone charges, as reflected on the recommendation letter presented,

a copy of which is attached hereto as **Exhibit H**. Following discussion, the Board concurred to defer taking action on the matter until the next month's meeting in order to provide the Board members additional time to review the materials provided.

ANNUAL REVIEW OF SURVEY OF WAGE RATE SCALES

The Board next considered the adoption of prevailing wage rate scales for various types of construction projects and the adoption of a Resolution Adopting Prevailing Wage Rate Scale for Construction Projects (the "Resolution") in connection therewith. In that regard, Mr. Page advised the Board that SPH is recommending that the District adopt the United States Department of Labor updated wage rate scales applicable for Harris County, Texas, effective January 1, 2024, as permitted under Section 2258.022 of the Texas Government Code. Following discussion, Director Goodspeed moved that the Resolution, a copy of which is attached hereto as **Exhibit I**, be adopted, and that the President and Secretary be authorized to execute same on behalf of the Board and the District. Director Fabian seconded said motion, which unanimously carried.

GARBAGE AND RECYCLING COLLECTION SERVICES

Ms. Nussa provided a collections update to the Board. In connection therewith, Ms. Nussa presented to and reviewed with the Board a proposed Seventh Amendment to Exclusive Residential Refuse Service Contract (the "Seventh Amendment"), a copy of which is attached hereto as **Exhibit J**, and advised that such amendment provides for additional heavy trash collection service on Wednesday of every week, beginning April 1, 2024. Following discussion, Director Goodspeed moved that the Seventh Amendment be approved, as presented, and the President be authorized to execute same on behalf of the Board and the District. Director Woodall seconded the motion, which carried unanimously. The Board requested that a revised collection calendar be prepared and distributed to the District's residents by including same in the next cycle of customer water bills to advise of the service change and other pertinent information regarding garbage and recycling collection.

Ms. Nussa next confirmed for the Board that the next document shred event is scheduled to occur on May 4, 2024. Following discussion, the Board requested that notice of the scheduled document shred event be included in the next cycle of customer water bills for distribution to the District's resident.

SECURITY MATTERS

The Board considered law enforcement matters for the District. In connection therewith, the Board inquired as to whether the Developer plans to install traffic lights at the intersection of Mason Road and North Bridgeland Creek Parkway. Mr. Derong responded that he would discuss the matter with the Developer and report back to the Board with his findings.

BRIDGELAND WATER AGENCY (THE "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, Director Goodspeed presented and reviewed with the Board a Monthly Communications Report, which had

been prepared by Touchstone District Services, LLC ("Touchstone") and presented at the last meeting of the Agency's Board of Trustees, a copy of which is attached hereto as **Exhibit K**. No action was required by the Board in connection with said Communications Report.

WEBSITE UPDATES; PROPOSAL FOR WEBSITE SERVICES

Mr. Page presented to and reviewed with the Board a proposed Exhibit A2 to the District's Consulting Agreement with Touchstone, the District's new provider for website services, a copy of which is attached hereto as **Exhibit L**. Mr. Page advised that said Exhibit A2 proposes the addition of individual Director email accounts, and noted the costs associated with the implementation of same. Following discussion, it was moved by Director Thomas, seconded by Director Woodall and unanimously carried, that (i) Exhibit A2 to Consulting Agreement be approved, as presented, and the President be authorized to execute same on behalf of the Board and the District, and (ii) 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.

DEVELOPER'S REPORT

Ms. Baker presented to and reviewed with the Board the home inventory report through January 2024, as prepared by the Developer, a copy of which is attached hereto as **Exhibit M**. Ms. Baker then provided an update regarding the commercial activity in the Bridgeland community. No action was required by the Board in connection with this matter.

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 are now available for the Board's review.

RENEWAL OF DISTRICT INSURANCE COVERAGES

In connection with the renewal of the District's insurance coverages for 2024-2025, Mr. Page presented to and reviewed with the Board a proposal from Arthur J. Gallagher ("Gallagher"), the District's current provider, a copy of which is attached hereto as **Exhibit N**. Following review and discussion, the Board concurred to defer the approval of a proposal for renewal of the District's

insurance coverages at this time, and requested that SPH solicit a proposal from McDonald & Wessendorff Insurance for the Board's consideration at next month's meeting.

ATTORNEY'S REPORT

The Board considered the attorney's report. Mr. Page provided the Board with an update relative to the District's Directors Election (the "Election") to be held on May 4, 2024. In connection therewith, Mr. Page advised that Harris County has determined that it will not offer joint election services to political subdivisions for the May 4, 2024 election, and therefore, the District will be required to hold an independent election. Mr. Page next advised the Board that, in the event the District's independent election is contested, the District may enter into a Joint Elections Agreement with other water district serving the Bridgeland community, if any of such districts also hold contested directors elections, for the purpose of sharing election equipment, election officials, and precinct polling locations. He then presented to and reviewed with the Board a draft of the proposed Joint Election Agreement, a copy of which is attached hereto as **Exhibit O**, and requested that the Board consider delegating authority to two (2) Directors to assist with the completion of the draft Joint Election Agreement in the event the District's Directors Election is contested. Following discussion, it was moved by Director Goodspeed, seconded by Director Woodall and unanimously carried, that Directors Goodspeed and Woodall be authorized to act on behalf of the Board and the District in connection with the completion of the draft Joint Election Agreement, as necessary.

SCHEDULE FOR FUTURE BOARD MEETINGS

The Board concurred to reschedule its regular meeting dates in March and April to March 4, 2024, at 11:00 a.m., and April 1, 2024, at 11:00 a.m., respectively.

CLOSED SESSION

The President noted that the Board would enter into Closed Session at 12:50 p.m. Those in attendance other than Directors Thomas, Fabian, Goodspeed and Woodall, Mr. Page and Ms. Ellis, exited the meeting at this time.

RECONVENE IN OPEN SESSION

The Board reconvened into Open Session at 1:00 p.m. and noted that there was no action resulting from discussion in Closed Session.

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** – Tax Assessor-Collector Monthly Report
- Exhibit C** – 2024 Tax Exemption Analysis
- Exhibit D** – Resolution Concerning Exemptions from Taxation
- Exhibit E** – Resolution Concerning Developed District Status for 2024 Tax Year
- Exhibit F** – Operations and Maintenance Report
- Exhibit G** – Engineer's Report
- Exhibit H** – Annual Review of Connection Charges
- Exhibit I** – Resolution Adopting Prevailing Wage Rate Scales for Construction Projects
- Exhibit J** – Seventh Amendment to Exclusive Residential Refuse Service Contract
- Exhibit K** – Monthly Communications Report for Bridgeland Water Agency
- Exhibit L** – Exhibit A2 to Consulting Agreement with Touchstone District Services, LLC
- Exhibit M** – Home Inventory Report through January 2024
- Exhibit N** – Insurance Proposal by Arthur J. Gallagher
- Exhibit O** – Draft Joint Election Agreement