

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 419

Minutes of Special Meeting of Board of Directors February 12, 2018

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 419 (the "District") met in special session, open to the public, on February 12, 2018, at 16902 Bridgeland Landing Drive, Cypress, Harris County, Texas 77433, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted members of said Board, as follows:

Stephanie Gay, President
Radney Poole, Vice President
Pamela Gray, Secretary
Robert G. Thomas, Assistant Secretary
Ed Conger, Director

and all of said persons were present, except for Director Gray, thus constituting a quorum.

Also present were Richard Derr of The Howard Hughes Corporation ("HHC"); Mike Fitzgerald and Allison Cook of BGE, Inc. ("BGE"); Ray Arce of Wheeler & Associates, Inc. ("Wheeler"); Jason Demel of Inframark ("Inframark"); Charles LaConti of Municipal Accounts & Consulting, L.P. ("MA&C"); Barbara Nussa of Republic Services, Inc. ("Republic"); Mitchell G. Page of Schwartz, Page & Harding, L.L.P. ("SPH"); and numerous residents of the District.

The President called the meeting to order and declared it open for such business as might regularly come before it. The Board members began by introducing themselves to the public in attendance, after which the District's various consultants likewise introduced themselves.

APPROVAL OF MINUTES

The Board reviewed the draft minutes of its meeting held on January 8, 2018. After discussion, Director Thomas moved that the aforesaid minutes be approved, as written. Director Poole seconded said motion, which unanimously carried.

PUBLIC COMMENTS

The Board considered public comments.

The Board recognized Keith Nystrom, who raised concerns regarding the water quality experienced in his home and the quality of customer service provided by Inframark.

The Board next recognized Bruce Simokat, who raised concerns regarding the consistency of garbage and recycling services provided within the District.

The Board next recognized Shea Thielen, who raised concerns regarding the frequency of recycling services.

The Board next recognized Kiran Rao, who expressed concerns with water quality and meter accuracy at his home.

The Board next recognized Kay Burkhalter, who raised issues regarding garbage collection and customer service issues experienced with Republic. Ms. Burkhalter additionally requested that the Board consider development of a District website or social media page, and holding quarterly Board meetings within the District.

The Board next recognized Sandra Kalb, who noted that she desires to run for election to the Board.

The Board next recognized Ajit Kang, who raised concerns regarding taste and odor issues experienced with the water in her home.

The Board considered additional comments from the public.

In connection with the various public comments regarding water quality issues, Mr. Fitzgerald and Mr. Demel provided the public with information regarding the water supplied to the Bridgeland development by the West Harris County Regional Water Authority, the disinfection methods employed to treat such water for distribution to residents, and how the process may lead to taste and odor issues in certain circumstances. They noted the testing work performed after taste and odor issues were initially reported, the free chlorine disinfection undertaken in response, and the results of follow-up testing showing that the free chlorine disinfection appeared to have addressed the matter. They further noted that free chlorine disinfection will be performed on a periodic basis in future years in hopes that this will prevent similar problems from recurring. They closed by reminding the public that the water met drinking water standards at all times.

With respect to the various public comments related to garbage and recycling services, Ms. Nussa introduced herself and responded on behalf of Republic. Among other items, Ms. Nussa provided her contact information and urged those in attendance to report service issues to her attention so that she could ensure Republic was fully and timely responding to same.

The Board thanked the public in attendance for their comments and then moved to other business.

BOOKKEEPER'S REPORT

Mr. LaConti presented and reviewed with the Board the Bookkeeper's Report dated February 12, 2018, 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. After discussion, Director Conger moved that the Bookkeeper's Report be approved as presented, and the disbursements listed therein be approved for payment, except check no. 4587, which was voided. Director Thomas seconded the motion, which carried unanimously.

TAX ASSESSOR-COLLECTOR REPORT

Mr. Arce presented and reviewed the Tax Assessor Collector Monthly Report for the month of January 2018, a copy of which is attached hereto as **Exhibit B**, including the checks presented for approval. After discussion, Director Poole moved that the Tax Assessor-Collector Monthly Report be approved as presented, and the checks listed therein be approved for payment. Director Thomas seconded the motion, which carried unanimously.

DELINQUENT TAX COLLECTIONS REPORT

The Board deferred consideration of the delinquent tax collections report as it was noted that none was received nor is due at this time from Perdue, Brandon, Fielder, Collins & Mott, L.L.P.

OPERATOR'S REPORT

Mr. Demel addressed the water quality concerns raised by the members of the public present. He also explained the recent merger between Severn Trent Environmental Services, LLC and Inframark. He additionally reviewed Inframark's procedures for meter re-reading and bill collections and provided information regarding customer service contacts at Inframark. Mr. Demel then presented and reviewed with the Board an operating and maintenance report for the month of January 2018, a copy of which is attached hereto as **Exhibit C**. Mr. Demel 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. Demel advised that the Lift Station No. 2 pump requires repair and presented a proposal prepared by Inframark for same, a copy of which is included with the Operator's Report. After discussion on the Operator's Report and proposal included therein, Director Thomas moved that the proposal for the Lift Station No. 2 repairs be approved, as presented. Director Poole seconded said motion, which unanimously carried.

GARBAGE AND RECYLING COLLECTION

Ms. Nussa of Republic provided an overview of garbage and recycling collection services within the District. She advised that Republic has proposed moving the garbage collection method to automatic truck collection rather than the hand collection method currently used. Ms. Nussa requested that any residents present who did not receive collection services during the last collection cycle provide her with their home address and phone number, and leave their trash on the curb for collection. The Board next discussed recycling collection services within the District. Director Poole requested that Republic provide a proposal for additional recycling services within the District for discussion at the next Board meeting.

ENGINEER'S REPORT

Mr. Fitzgerald presented the Engineer's Report dated February 12, 2018, a copy of which is attached hereto as **Exhibit D**, and reviewed with the Board the items listed therein, including pay estimates and change orders. Mr. Page then presented Conveyances of Facilities for (i) Water Haven, Section 2 Reserves, (ii) Water Haven, Section 8 Reserves, and (iii) Hidden Creek, Sections 10 and 27 Reserves for Board acceptance. After discussion, Director Poole moved that

the Board approve all action items identified in the Engineer's Report, including the pay estimates and change orders identified therein, and acceptance of the Coveyances, as presented. Director Thomas seconded said motion, which unanimously carried.

Mr. Fitzgerald discussed the impact of Hurricane Harvey on the District, noting that no homes within the District were affected.

WAGE RATE SCALES

The Board considered the review of an annual survey of prevailing wage rates for construction projects and the adoption of a Resolution in connection therewith. In that regard, Mr. Page reported that the United States Department of Labor ("DOL") wage rate scale adopted by the Board at its February 13, 2017, meeting have been revised. After discussion on the matter, Director Poole moved that (i) as permitted under Section 2258.022 of the Government Code, the revised DOL wage rate scales be adopted as the District's prevailing wage rate scales for construction projects, and (ii) the Resolution Adopting Prevailing Wage Rate Scales for Construction Projects attached hereto as **Exhibit E** be adopted by the Board. Director Thomas seconded said motion, which unanimously carried.

UTILITY COMMITMENTS

The Board deferred consideration of the issuance of utility commitments after being advised by the District's engineer that no requests had been received since the Board's last meeting.

APPROVAL OF STREET LIGHTING LETTER AGREEMENT

Mr. Page presented a Street Light Agreement Letter received from Centerpoint Energy for the installation, ownership and maintenance for additional street lights to be installed at Josey Ranch Road at Hidden Pass Drive, a copy of which is attached hereto as **Exhibit F**. Mr. Page then presented to the Board a Letter Agreement between the District and Bridgeland Development, LP for said lighting whereby Bridgeland Development, LP will pay for the costs to construct the lighting facilities and the District will pay for the electricity costs, a copy of which is included under Exhibit F. Mr. Page noted that this arrangement would be used for all street lighting within the District. After discussion, Director Thomas moved that the Street Light Agreement Letter and Letter Agreement, be approved as presented, and the President be authorized to execute same on behalf of the Board and District. Director Poole seconded said motion, which unanimously carried.

DEVELOPER'S REPORT

Mr. Derr reported on the status of current development within the District and provided an overview of the developer's goals for the future commercial and road development within the District.

INSURANCE

In response to the Board's request for a proposal from AquaSurance, LLC for renewal of the Districts insurance policies and bonds, Mr. Page advised that a proposal has not yet been received from AquaSurance, LLC. After discussion, the Board requested that SPH obtain additional proposals for insurance coverage from other industry providers for review at next month's Board meeting.

ATTORNEY'S REPORT

Mr. Page presented to the Board an excerpt of the Arbitrage Compliance Reports prepared by Arbitrage Compliance Specialists, Inc. for the District's Series 2012 Road Bonds, a copy of which is attached hereto as **Exhibit G**. Mr. Page noted that no action was necessary on the Board's part regarding this report.

MATTERS FOR FUTURE AGENDAS

No items were requested to be placed on the agenda for the Board's next regular meeting other than routine administrative and ongoing matters.

ADJOURNMENT

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


Assistant Secretary

LIST OF ATTACHMENTS TO MINUTES

Exhibit A - Bookkeeper's Report

Exhibit B - Tax Assessor-Collector Report

Exhibit C - Operator's Report

Exhibit D - Engineer's Report

Exhibit E - Resolution Adopting Prevailing Wage Rate Scale for Construction Project

Exhibit F - Street Light Agreements

Exhibit G - ACS Excerpt

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