

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 419

### Minutes of Meeting of Board of Directors July 9, 2018

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 July 9, 2018, at 1300 Post Oak Boulevard, Suite 1400, 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  
Radney Poole, Vice President  
Ed Conger, Secretary  
Shea Thielen, Assistant Secretary  
Sandra Kalb, Director

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

Also present were Richard Derr of The Howard Hughes Corporation ("HHC"); Mike Fitzgerald 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"); Julie Peak of Masterson Advisors LLC ("Masterson"); Barbara Nussa and Joe Howell of Republic Services, Inc. ("Republic"); Shannon Waugh and Treacy Ware of OffCinco ("OffCinco"); and Joseph M. Schwartz 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.

#### **APPROVAL OF MINUTES**

The Board reviewed the draft minutes of its meeting held on June 11, 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 and deferred as it was noted that no members of the public were present.

#### **WEBSITE CREATION AND ADMINISTRATION**

The Board considered the creation of a District website. Ms. Waugh introduced herself and reviewed with and presented to the Board a services proposal, a copy of which is attached hereto as **Exhibit A**. The Board discussed the available options and additional items that they would like to see included on the website in the future. Director Thielen inquired about the security protocols used by OffCinco, to which Ms. Waugh replied. After discussion, Director Poole moved that (i) OffCinco be engaged to create and administer the District's website, (ii) the

fixed layout with unlimited updates and document monitoring, and e-mail alerts as needed, be approved, (iii) the TEC Form 1295 be approved, as presented, and SPH acknowledge same with the Texas Ethics Commission, and (iv) the President be authorized to execute the Service Agreement with OffCinco on behalf of the Board and the District. Director Thomas seconded said motion, which unanimously carried.

### **BOOKKEEPER'S REPORT**

Mr. LaConti presented to and reviewed with the Board the Bookkeeper's Report dated July 9, 2018, 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. LaConti noted that check no. 4798 payable to Harris County Municipal Utility District No. 418 ("No. 418") for several months of usage at the joint water plant is an adjusted amount based on corrected usage reports received from Inframark. Mr. LaConti additionally advised that check nos. 4803 through 4805 corrected the District's share of reimbursement to No. 418 for electricity amounts erroneously paid by a previous drill site owner that should have been paid for by No. 418. Mr. LaConti then noted that check nos. 4806 and 4807 payable to Directors Thomas and Conger, respectively for their AWBD Conference expenses, will be reflected on next month's Bookkeeper's Report. After discussion, Director Conger moved that the Bookkeeper's Report be approved as presented and the disbursements listed therein, including check nos. 4806 and 4807, and except check no. 4766, which was voided, be approved for payment. Director Thomas seconded the motion, which carried unanimously.

### **TAX ASSESSOR-COLLECTOR REPORT**

Mr. Arce presented to and reviewed with the Board the Tax Assessor Collector Monthly Report for the month of June 2018, a copy of which is attached hereto as **Exhibit C**, including the disbursements presented for approval. Mr. Arce then advised that Wheeler's services agreement with the District would need to be amended to allow for potential in-District meetings. After discussion, Director Poole moved that the Tax Assessor-Collector Monthly Report be approved as presented, and the disbursements listed therein be approved for payment. Director Thomas seconded the motion, which carried unanimously. The Board concurred to consider approval of an amended agreement with Wheeler at the next Board meeting.

### **DELINQUENT TAX COLLECTIONS REPORT**

The Board considered the delinquent tax collections report received from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., delinquent tax collection attorneys for the District, a copy of which Report is attached hereto as **Exhibit D**. The Board noted that no action was necessary regarding the report.

### **RESIGNATION OF DISCLOSURE COUNSEL**

Mr. Schwartz advised that Jana Cogburn, the District's continuing disclosure counsel, recently resigned from Norton Rose Fulbright US LLP ("Norton"), the District's continuing disclosure counsel. He then presented a letter of resignation received from Norton. After discussion, Director Thomas moved that the resignation letter received from Norton be approved,

and the President be authorized to execute same on behalf of the Board and the District. Director Poole seconded said motion, which unanimously carried.

### **ENGAGEMENT OF DISCLOSURE COUNSEL**

The Board considered the engagement of McCall, Parkhurst & Horton, LLP ("MPH") as disclosure counsel for the District. Mr. Schwartz advised that Ms. Cogburn recently joined MPH. Mr. Schwartz presented to the Board an engagement letter received from MPH to that effect. After discussion, Director Thomas moved that (i) MPH be engaged as disclosure counsel for the District and the President be authorized to execute the engagement letter on behalf of the District, and (ii) the TEC Form 1295 be accepted and acknowledged by SPH. Director Poole seconded said motion, which unanimously carried.

### **GARBAGE AND RECYCLING COLLECTION SERVICES**

Ms. Nussa addressed the Board and provided a summary of garbage and recycling collection services within the District. Ms. Nussa and Mr. Howell advised the Board on recent issues with trade with China which have caused a backlog of recyclable material in the United States and the impact that this is having on recycling services nationwide.

Mr. Howell explained the automated side loading ("ASL") collection system and inquired if the Board would like to move its garbage services to the ASL system. Director Conger raised concerns regarding the ASL system, notably that in Lakeland Heights there are alley ways and limited space for trucks to move. The Board also noted that they would then be limited to one cart per pickup with this system. After discussion, the Board concurred that Republic provide two proposals for review at next month's Board meeting, to (i) move garbage collection to the ASL system on an every other week schedule, and (ii) keep the collection service the same.

### **OPERATOR'S REPORT**

Mr. Demel presented to and reviewed with the Board an Operations and Maintenance Report for the month of June 2018, a copy of which is attached hereto as **Exhibit E**. 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 provided the Board with an update regarding water quality issues experienced by several district residents. Mr. Demel advised that Inframark will initiate a small sampling program to determine if any biofilm exists at the affected homes, and gave an estimate of \$200 per home to continue with sampling. After discussion, Director Poole moved that Inframark move forward with the sampling program, as discussed. Director Thomas seconded said motion, which unanimously carried.

Mr. Demel advised that Inframark will be hosting several smart meter vendors for a Q&A session and will keep the Board informed about when the session is scheduled.

Mr. Demel advised that there are three accounts to be moved to the uncollectible roll and written off. After discussion, Director Poole moved that (i) the Operations and Maintenance Report be approved as presented, and (ii) the three accounts be moved to the uncollectible roll

and written off, as discussed. Director Thomas seconded said motion, which unanimously carried.

### **ENGINEER'S REPORT**

Mr. Fitzgerald presented the Engineer's Report dated July 9, 2018, a copy of which is attached hereto as **Exhibit F**, and reviewed with the Board the items listed therein, including pay estimates and change orders. Mr. Fitzgerald then recommended that the Board award a construction contract for the Lift Station No. 3 Rehabilitation project to F&L Coatings, and noted that a TEC Form 1295 for same will be provided following the Board meeting. Mr. Schwartz then presented several Conveyances of Facilities to the District, all as set forth in the Engineer's Report, for Board acceptance. After discussion, Director Thomas moved that all action items identified in the Engineer's Report be approved, including the award of construction contract, and the acceptance of such Conveyances, as recommended by BGE. Director Conger seconded said motion, which unanimously carried.

### **STATUS OF APPLICATION TO TCEQ FOR APPROVAL OF PROJECT AND BONDS AND FOR THE USE OF SURPLUS CONSTRUCTION FUNDS AND INTEREST EARNED ON CONSTRUCTION FUNDS IN CONNECTION WITH SERIES 2018 AND 2018A BONDS**

Mr. Schwartz advised the Board that the District's Application to TCEQ for Approval of Project and Bonds and for the Use of Surplus Construction Funds and Interest Earned on Construction Funds was filed with the TCEQ for expedited review on June 15, 2018, and declared administratively complete on June 20, 2018. The Board took no action regarding this item. Ms. Peak advised that she would be happy to hold a bond workshop prior to the issuance of the bonds for the benefit of the new Board members.

### **REQUEST FOR APPRAISAL OF PROPERTY**

The Board considered the adoption of a Resolution Requesting Appraisal of Property, attached hereto as **Exhibit G**. After discussion, Director Poole moved that the Resolution be approved, as presented, and the President be authorized to execute same on behalf of the Board and the District. 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.

### **DEVELOPER'S REPORT**

Mr. Derr reported on the status of development within the District and presented an Inventory Report attached hereto as **Exhibit H**.

**LOCATION OF DISTRICT BOARD MEETINGS**

The Board considered holding its regular monthly meetings within the boundaries of the District. The Board discussed the consultants' fees to attend meetings within the boundary of the District. After discussion, the Board concurred to hold in-District meetings to discuss tax rate settings and tax exemptions, and further discuss the scheduling of same at next month's Board meeting.

**ATTORNEY'S REPORT**

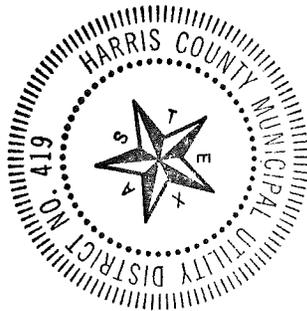
Mr. Schwartz advised that he had nothing additional of a legal nature to report that had not already been discussed.

**MATTERS FOR FUTURE AGENDAS**

The Board did not have any items for future agendas.

**ADJOURNMENT**

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



  
Secretary Pro Tem

LIST OF ATTACHMENTS TO MINUTES

Exhibit A – Website Service Proposal

Exhibit B – Bookkeeper's Report

Exhibit C - Tax Assessor-Collector Report

Exhibit D – Delinquent Tax Collections Report

Exhibit E - Operator's Report

Exhibit F - Engineer's Report

Exhibit G – Resolution Requesting Appraisal of District Property

Exhibit H - Inventory Report

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