

## **HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 159**

### **Minutes of Meeting of Board of Directors**

September 16, 2024

The Board of Directors (the "Board") of Harris County Water Control and Improvement District No. 159 (the "District") met in regular session, open to the public, on September 16, 2024, at 1300 Post Oak Boulevard, Suite 2500, Houston, Harris County, Texas, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted members of said Board of Directors, as follows:

William Cook, President  
Nicholas J. Russo, III, Vice President  
Krystal Helbig, Secretary  
Laura Maham, Assistant Secretary  
Robin Goin, Assistant Secretary

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

Also present were Wendy Maddox of B&A Municipal Services, Inc. ("B&A"); Trevor Smith of Municipal Accounts & Consulting, LP ("MA&C"); Kristen Turkal and Will Gutowsky of BGE, Inc. ("BGE"); Mackenzie Osborne of Inframark, LLC ("Inframark"); Paulina Baker of Howard Hughes Holdings, Inc. on behalf of Bridgeland Development, LP ("Developer"); Julie Peak and Greg Lentz of Masterson Advisors LLC ("Masterson"); Brian Krueger of Forvis Mazars, LLP ("Forvis Mazars"); 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. There being no members of the public in attendance, the Board continued to the next item of business.

#### **APPROVAL OF MINUTES**

The Board considered the approval of the minutes of its meetings held on August 19, 2024, and September 6, 2024. After discussion of the draft minutes presented, Director Maham moved that such minutes be approved, as written. Director Cook seconded said motion, which unanimously carried.

#### **BOOKKEEPER'S REPORT**

Mr. Smith then presented to and reviewed with the Board the Bookkeeper's Report dated September 16, 2024, a copy of which is attached hereto as **Exhibit A**. Following discussion, it

was moved by Director Cook, seconded by Director Russo and unanimously carried, that the Bookkeeper's Report be approved, as presented, and the disbursements listed therein be approved for payment.

### **2024 AUDIT REPORT**

Mr. Krueger presented and reviewed a draft of the District's audit report prepared for the District's fiscal year ending May 31, 2024, a copy of which is attached hereto as **Exhibit B**. In connection with the requirements of Statement on Auditing Standards No. 115, Mr. Krueger also presented the Board with a Management Letter prepared by Forvis Mazars concerning the Board's internal controls over financial reporting, and correspondence from Forvis Mazars to the District concerning significant accounting policies and practices, copies of which are included in **Exhibit B**. Mr. Page noted the proposed Management Response recommended by SPH and included in the draft Management Letter. After discussion, it was moved by Director Cook, seconded by Director Maham and unanimously carried, that (i) said Management Response be approved and adopted by the Board and the District, (ii) the audit report for the District's fiscal year ended May 31, 2024 be approved, subject to final review by SPH, (iii) the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the District, and (iv) the final audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality ("TCEQ").

### **TAX ASSESSOR-COLLECTOR'S REPORT**

Ms. Maddox presented to and reviewed with the Board the Tax Assessor-Collector's Report and Delinquent Tax Roll for the month ending August 31, 2024, copies of which are attached hereto as **Exhibit C**. Following discussion, Director Maham moved that the Tax Assessor-Collector's Report be approved, as presented, and the disbursements listed therein be approved for payment. Director Russo seconded said motion, which unanimously carried.

### **DELINQUENT TAX COLLECTIONS REPORT**

The Board deferred consideration of a Delinquent Tax Report, as it was noted that none was due at this time from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., delinquent tax attorneys for the District.

### **RECEIVE AND ACT UPON BIDS FOR THE PURCHASE OF THE DISTRICT'S \$3,920,000 UNLIMITED TAX BONDS, SERIES 2024 (THE "SERIES 2024 BONDS") AND THE DISTRICT'S \$3,855,000 UNLIMITED TAX PARK BONDS, SERIES 2024A (THE "SERIES 2024A PARK BONDS", AND, TOGETHER WITH THE SERIES 2024 BONDS, THE "BONDS")**

Ms. Peak addressed the Board regarding the sale of the District's Series 2024 Bonds. In that regard, Ms. Peak announced that eight (8) bids for the purchase of the Series 2024 Bonds had been received and that the low bid was submitted by Robert W. Baird & Co., Inc. ("Robert W. Baird") at a net effective interest rate of 3.984246%. Copies of the Bid Results and accompanying Pricing Book are attached hereto as **Exhibit D**. Ms. Peak advised that the bid had been verified

and the required good faith check received, and that she recommends acceptance of Robert W. Baird's bid.

Ms. Peak next addressed the Board regarding the sale of the District's Series 2024A Park Bonds. In that regard, Ms. Peak announced that eight (8) bids had been received for the purchase of the Series 2024A Park Bonds and that the low bid was submitted by Robert W. Baird at a net effective interest rate of 3.985197%. Copies of the Bid Results and accompanying Pricing Book are included in **Exhibit D**. Ms. Peak advised that the bid had been verified and the required good faith check received, and that she recommends acceptance of Robert W. Baird's bid.

Following discussion, it was moved by Director Cook, seconded by Director Maham and unanimously carried, that the Board: (i) accept Robert W. Baird's bid for the purchase of the Series 2024 Bonds at a net effective interest rate of 3.984246%; (ii) accept Robert W. Baird's bid for the purchase of the Series 2024A Park Bonds at a net effective interest rate of 3.985197%; and (iii) accept and acknowledge the Texas Ethics Commission ("TEC") Forms 1295 submitted by Robert W. Baird in connection therewith.

#### **ADOPTION OF ORDERS AUTHORIZING THE SALE, ISSUANCE AND DELIVERY OF THE BONDS**

The Board then considered additional matters related to the sale, issuance and delivery of the Bonds. In connection therewith, Mr. Page presented Orders authorizing the sale, issuance and delivery of the Bonds (the "Bond Orders"), and reviewed various provisions of the Bond Orders with the Board. After further discussion, it was duly moved by Director Cook, seconded by Director Maham and unanimously carried, that the Bond Orders, attached hereto as **Exhibit E**, be passed and adopted, and that the President be authorized to execute such Bond Orders, and the Secretary to attest same, on behalf of the Board and the District.

#### **APPROVAL AND DISTRIBUTION OF FINAL OFFICIAL STATEMENT RELATIVE TO THE BONDS**

Mr. Page discussed the completion of the Final Official Statement to be prepared by Masterson in connection with the Bonds. Following such discussion, Director Cook moved that Masterson be authorized to complete the Final Official Statement, dated as of the date of the meeting, and that said Final Official Statement be adopted by the Board and the District. Director Maham seconded said motion, which carried unanimously.

#### **APPROVAL AND EXECUTION OF PAYING AGENT/REGISTRAR AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF THE BONDS**

The Board next considered and reviewed the proposed Paying Agent/Registrar Agreements (the "Paying Agent Agreements") between the District and The Bank of New York Mellon Trust Company, N.A., relative to the Bonds, copies of which are attached as **Exhibit F**. Mr. Page reviewed various provisions of the Paying Agent Agreements with the Board. Following discussion, Director Cook moved that the Paying Agent Agreements be approved and that the

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

### **ACT UPON ANY OTHER MATTERS CONCERNING THE BONDS**

The Board considered acting upon any other matters relative to the Bonds. In connection therewith, Mr. Page presented to and reviewed with the Board the General Certificate, Signature Identification and No-Litigation Certificate with Letter of Instruction to the Attorney General of Texas, and the initial bonds relative to the sale of the Bonds. Following discussion, Director Cook moved that the above documentation be approved and that the Board authorize SPH to handle all matters relative to the sale of the Bonds and in obtaining approval of the Attorney General of Texas for issuance of the Bonds. Director Maham seconded said motion, which unanimously carried.

### **2024 TAX RATE**

Ms. Peak presented Masterson's recommendation for the District's levy of a 2024 debt service tax rate in the amount of \$0.285 per \$100 of assessed valuation, as reflected in the pro forma attached hereto as **Exhibit G**. A discussion then ensued regarding the District's levy of a 2024 maintenance tax. After discussing the matter at length, Director Russo moved that the Board provide notice of its intent to levy a 2024 debt service tax rate of \$0.285 per \$100 of assessed valuation and a 2024 maintenance tax rate of \$0.12 per \$100 of assessed valuation, for a total tax rate not to exceed \$0.405 per \$100 of assessed valuation. Director Goin seconded the motion, which unanimously carried.

There followed a discussion concerning the requirements for providing notice of the District's intention to adopt its 2024 tax rate. Mr. Page advised that, pursuant to Section 49.236 of the Texas Water Code, as amended, the District is required to provide a notice containing certain tax-related information in connection with each meeting at which the adoption of a tax rate will be considered. Mr. Page further advised that the information to be included in the notice is set forth in the Texas Water Code and includes the proposed tax rate to be adopted. He advised that the District must provide the notice by either (1) publishing it at least once in a newspaper having general circulation in the District at least seven days before the date of the meeting at which the tax rate will be adopted, or (2) mailing it to each owner of taxable property in the District, at the address shown on the most recently certified tax roll of the District, at least ten days before the date of the meeting. Following discussion, Director Russo moved that B&A be authorized to publish notice of the District's intention to adopt its 2024 tax rate at its next meeting, scheduled to be held on October 15, 2024, at 1:00 p.m., in the form and at the time required by law. Director Goin seconded said motion which unanimously carried. The Board concurred that B&A should publish said notice in *The Houston Chronicle*.

### **ENGINEER'S REPORT**

Ms. Turkal presented to and reviewed with the Board the Engineer's Report dated September 16, 2024, a copy of which is attached hereto as **Exhibit H**, including the pay estimate listed therein. Following discussion of the Engineer's Report, Director Russo moved that the

Engineer's Report and the action items listed therein be approved, as recommended by BGE, as presented. Director Goin seconded said motion, which unanimously carried.

### **LANGHAM CREEK DETENTION PHASE 2**

The Board then considered the status of the Langham Creek Detention Phase 2 project, and noted that there were no items for discussion in connection with this matter at this time.

### **OPERATOR'S REPORT**

Ms. Osborne presented to and reviewed with the Board an Operations and Maintenance Report for the month of August 2024, a copy of which is attached hereto as **Exhibit I**. Following review and discussion, it was noted that no action was required by the Board in connection with the Operations and Maintenance Report at this time.

The Board next recognized Ms. Osborne and expressed its gratitude for her many years of service to the Board and the District. The Board thanked Ms. Osborne and wished her good luck in her future endeavors.

### **DETENTION FACILITY AND GROUNDS MAINTENANCE**

The Board concurred to defer discussion on matters related to detention facility and grounds maintenance until Executive Session.

### **REVIEW AND DISCUSSION OF LANDSCAPING SURVEYS PREPARED BY FIEDLER CONSULTING, LLC AND APPROVAL OF AMENDED PROPOSAL FOR LANDSCAPE MANAGEMENT/CONSULTING SERVICES**

Mr. Page presented to the Board a binder assembled by SPH of the Parkland Village Maintenance Inspection Reports prepared by Fiedler Consulting, LLC ("Fiedler Consulting") for the months of July and August 2024, a copy of which binder is filed in the District's records at the offices of SPH. Following discussion, it was moved by Director Cook, seconded by Director Maham and unanimously carried, that the Board approve such Inspection Reports and acknowledge the permanent retention of same by SPH.

Mr. Page next presented to and reviewed with the Board an Amended Proposal for Landscape Management/Consulting Services by Fiedler Consulting (the "Amended Proposal"), a copy of which is attached hereto as **Exhibit J**, and noted that the Amended Proposal provides an updated scope of work based upon Fiedler Consulting's recent assessment of the District's landscaping facilities. After discussion, it was moved by Director Cook, seconded by Director Maham and unanimously carried, that the Amended Proposal be approved and the President be authorized to execute same, on behalf of the Board and the District.

### **STATUS OF AMENDMENT TO RECREATIONAL FACILITIES MAINTENANCE AGREEMENT BETWEEN THE DISTRICT AND BRIDGELAND COUNCIL, INC.**

The Board concurred to defer discussion on the Amendment to Recreational Facilities

Maintenance Agreement between the District and Bridgeland Council, Inc. until Executive Session.

### **WEBSITE UPDATES**

Mr. Page presented to the Board a Monthly Communications Report dated September 16, 2024, as prepared by Touchstone District Services, LLC, a copy of which is attached hereto as **Exhibit K**. No action was required by the Board in connection with the Monthly Communications Report.

### **RUE TRACT AND HORNBERGER TRACT ANNEXATIONS**

The Board considered the status of annexation of the 154 acres (the "Rue Tract") and the adjacent 168 acres (the "Hornberger Tract"), as previously requested by TPHTL House Hahl, LLC. In connection therewith, Mr. Page advised the Board that SPH in the process of obtaining the necessary signatures for certain documentation to be included in the annexation consent packages. No action was required by the Board in connection with this matter at this time.

### **DEVELOPER'S REPORT**

Ms. Baker presented to and reviewed with the Board the home inventory report through August 2024, as prepared by the Developer, a copy of which is attached hereto as **Exhibit L**. It was noted that no action was required by the Board in connection with such report.

### **ATTORNEY'S REPORT**

The Board considered the attorney's report. In connection therewith, Mr. Page advised that he had nothing of a legal nature to discuss with the Board at this time in Open Session.

### **REVIEW OF ANNUAL ARBITRAGE MAINTENANCE REPORT**

Mr. Page next presented to and reviewed with the Board the annual Arbitrage Maintenance Report prepared by Municipal Risk Management Group, LLC, a copy of which is attached hereto as **Exhibit M**, and noted that no action was required by the Board in connection with such Report, and no payment is due to the Internal Revenue Service at this time.

Mr. Page next presented to and reviewed with the Board an Engagement Letter for Compliance Services, as prepared by Arbitrage Compliance Specialists, Inc., for preparation of (i) a Fifth Year Report for the District's \$13,625,000 Unlimited Tax Bonds, Series 2019, (ii) an interim report to the Fifth Year Report for the District's \$8,150,000 Unlimited Tax Bonds, Series 2020, and (iii) an interim report to the Yield Restriction/Yield Reduction Report for the District's \$8,150,000 Unlimited Tax Bonds, Series 2020. Following discussion, it was moved by Director Cook, seconded by Director Maham and unanimously carried, that the Engagement Letter for Compliance Services, attached hereto as **Exhibit N**, be approved, and the President be authorized to execute same, on behalf of the Board and the District.

**EXECUTIVE SESSION**

The President noted that the Board would enter into Executive Session at 2:12 p.m. pursuant to Texas Government Code Section 551.071 for consultation with the District's attorney. Those in attendance other than Directors Cook, Helbig, Maham and Goin, Mr. Page and Ms. Ellis, exited the meeting at this time.

**RECONVENE IN OPEN SESSION**

The Board reconvened in Open Session at 2:27 p.m. It was noted that no action was taken by the Board in connection with the matters discussed in Executive 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 Cook, seconded by Director Maham and unanimously carried, the meeting was adjourned.

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*Krista Helbig*  
Secretary

**HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 159**

**LIST OF ATTACHMENTS TO MINUTES**

September 16, 2024

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- Exhibit A** – Bookkeeper's Report
- Exhibit B** – Draft Audit Report – Fiscal Year Ended May 31, 2024
- Exhibit C** – Tax Assessor-Collector's Report
- Exhibit D** – Bid Results and Pricing Book
- Exhibit E** – Bond Orders
- Exhibit F** – Paying Agent/Registrar Agreements with The Bank of New York Mellon Trust Company, N.A.
- Exhibit G** – 2024 Tax Rate Recommendation
- Exhibit H** – Engineer's Report
- Exhibit I** – Operations and Maintenance Report
- Exhibit J** – Amended Proposal for Landscape Management/Consulting Services by Fiedler Consulting, LLC
- Exhibit K** – Communications Report
- Exhibit L** – Home Inventory Report through August 2024
- Exhibit M** – Annual Arbitrage Maintenance Report by Municipal Risk Management Group, LLC
- Exhibit N** – Engagement Letter for Compliance Services by Arbitrage Compliance Specialists, Inc.

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