

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 159

Minutes of Meeting of Board of Directors

February 19, 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 February 19, 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 ("Municipal Accounts"); Kristen Turkal and Will Gutowsky of BGE, Inc. ("BGE"); Mackenzie Osborne of Inframark, LLC ("Inframark"); Paulina Baker of The Howard Hughes Corporation on behalf of Bridgeland Development, LP ("Developer"); Scott Gray, resident of the District; and Joseph M. Schwartz 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, and recognized Mr. Gray. Mr. Gray noted that he had no comments for the Board at this time.

APPROVAL OF MINUTES

The Board considered the approval of the minutes of its special meeting held on January 31, 2024. After discussion of the draft minutes presented, Director Russo moved that such minutes be approved, as written. Director Cook seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT AND QUARTERLY INVESTMENT REPORT

Mr. Smith presented to and reviewed with the Board the Bookkeeper's Report dated February 19, 2024, a copy of which is attached hereto as **Exhibit A**. Following discussion, it was moved by Director Cook, seconded by Director Maham and unanimously carried, that the Bookkeeper's Report be approved, as presented, and the disbursements listed therein be approved

for payment.

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 of January 2024, a copy of which is attached hereto as **Exhibit B**. 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. ("Perdue Brandon"), delinquent tax attorneys for the District.

ADOPTION OF RESOLUTION CONCERNING DEVELOPED DISTRICT STATUS FOR 2024 TAX YEAR

Mr. Schwartz 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. Schwartz 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 Cook, seconded by Director Maham and unanimously carried, that the Resolution Concerning Developed District Status for 2024 Tax Year, attached hereto as **Exhibit C**, 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.

PROPOSED UNLIMITED TAX BONDS, SERIES 2024 ("SERIES 2024 DRAINAGE BONDS") AND UNLIMITED TAX PARK BONDS, SERIES 2024A ("SERIES 2024A PARK BONDS")

The Board considered the status of the preparation of Bond Application Report No. 7 ("BAR No. 7") in connection with the issuance of the District's Series 2024 Drainage Bonds and Series 2024A Park Bonds. In connection therewith, Mr. Schwartz advised the Board that BGE is in the process of preparing BAR No. 7 for filing on a non-expedited basis with the Texas Commission on Environmental Quality. It was noted that no action was required by the Board in connection with this matter at this time.

ENGINEER'S REPORT

Ms. Turkal presented to and reviewed with the Board the Engineer's Report dated February 19, 2024, a copy of which is attached hereto as **Exhibit D**, including the pay estimates and change

orders listed therein. Mr. Schwartz noted that the acceptance of the Conveyances and Bills of Sale of Facilities reflected in the Engineer's Report would be deferred.

Ms. Turkal next recalled the Board's prior discussion regarding the potential options for improvement of the pumping and distribution of water between Inks Lake and the Trio Lakes located within the District. In connection therewith, Ms. Turkal advised the Board that she received an email with the cost estimates for such improvement options just before the start of today's Board meeting, and has not yet had a chance to review and verify the cost information provided therein. She noted, however, that she is expecting the project to cost roughly \$750,000. Following discussion, the Board concurred to reconsider the matter at next month's meeting.

Ms. Turkal reminded the Board that BGE has identified three (3) potential firms that provide the irrigation and landscape inspection services necessary for conducting an audit of the District's irrigation system. In that regard, Ms. Turkal confirmed that a meeting has been scheduled with Marcus Fielder of Fielder Consulting LLC for further discussion regarding the available landscape services offered by Fielder Consulting. No action was required by the Board in connection with this matter.

Following discussion of the Engineer's Report, Director Maham moved that the Engineer's Report and the actions recommended therein be approved, as presented, as set forth in the Engineer's Report. Director Russo seconded the motion, which unanimously carried.

LANGHAM CREEK DETENTION PHASE 2 ("PHASE 2B – CONTRACT 2 PROJECT")

The Board then considered the status of the Phase 2B – Contract 2 Project, and noted that there were no items for discussion in connection with this matter at this time.

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. Schwartz 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 Cook moved that the Resolution, a copy of which is attached hereto as **Exhibit E**, be adopted, and that the President and Secretary be authorized to execute same on behalf of the Board and the District. Director Goin seconded said motion, which unanimously carried.

RENEWAL OF DISTRICT INSURANCE COVERAGES

Mr. Schwartz reminded the Board that the District's current insurance coverages through Arthur J. Gallagher & Co. ("Gallagher"), will expire on March 31, 2024. He then presented to and discussed with the Board the renewal proposal received from Gallagher, a copy of which is attached hereto as **Exhibit F**. Following review and discussion, Director Cook moved that the proposal from Gallagher be accepted, and that the President be authorized to execute the accepted

proposal on behalf of the Board and the District. Director Goin seconded said motion, which unanimously carried.

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 G**. Following review and discussion, it was noted that no action was required by the Board in connection with the Operations and Maintenance Report.

CAPACITY COMMITMENT LETTERS

Mr. Schwartz advised that there were no new requests for commitments received.

RECREATIONAL FACILITIES MAINTENANCE; WILDLIFE; SECURITY

The Board considered the status of mowing and maintenance of the District's facilities. In connection therewith, Director Cook advised that the Bridgeland Fish Habitat Group (the "Habitat Group") is requesting the Board's authorization to construct and place several fish habitat structures within Honey Creek Lake and Dragon Fly Lake. Following discussion, it was moved by Director Cook, seconded by Director Goin and unanimously carried, that the Habitat Group be authorized to place fish habitat structures within Honey Creek Lake and Dragon Fly Lake, as requested, and that SPH be authorized to prepare a Letter Agreement memorializing such arrangement.

REVIEW AND APPROVAL OF WATER CONSERVATION PLAN AND DROUGHT CONTINGENCY PLAN

Mr. Schwartz advised the Board that, in accordance with the Texas Water Code, the District is required to review and, if appropriate, revise its Water Conservation and Drought Contingency Plan (the "Plan") not later than May 1, 2024, and every five (5) years thereafter. He then requested that the Board consider authorizing BGE and Inframark to conduct the required 5-year review of the District's Plan for any required updates. Following discussion, Director Cook moved that Inframark and BGE be authorized to review the District's Plan for any required updates. Director Goin seconded the motion, which unanimously carried.

Mr. Schwartz recalled the Board's previous desire to adjust the District's Plan to include detailed specifications for water reductions during drought periods. He then presented to and reviewed with the Board an updated draft of the District's proposed Plan, a copy of which is attached hereto as **Exhibit H**, and noted that such draft provides for, among other things, site-specific water reductions and water reductions based upon landscape type. Following review and discussion, the Board concurred to defer taking action with respect to the updated draft of the District's Plan at this time, and requested that an item be placed on next month's meeting agenda to consider approval of an updated Plan for the District.

BRIDGELAND EMERGENCY COMMUNICATIONS COMMITTEE

The Board then considered the status of the Emergency Communications Committee and noted there was nothing new to report at this time.

BRIDGELAND WATER AGENCY (THE "AGENCY")

The Board discussed matters relative to the Agency. In connection therewith, Mr. Schwartz reported that the Board of Trustees of the Agency is planning to host the appreciation event for the various employees that serve the Bridgeland community on a daily basis sometime in mid or late March.

WEBSITE UPDATES; PROPOSALS FOR WEBSITE SERVICES

Director Cook presented to and reviewed with the Board a proposed Exhibit A2 to the District's Consulting Agreement with Touchstone District Services, LLC ("Touchstone"), the District's new provider for website services, a copy of which is attached hereto as **Exhibit I**. He advised the Board that such Exhibit A2 proposes the addition of individual Director email accounts. Director Cook next presented to and reviewed with the Board a proposed Exhibit A3 to the District's Consulting Agreement with Touchstone, a copy of which is attached hereto as **Exhibit J**, and advised that such Exhibit A3 proposes the addition of services related to the creation and administration of social media accounts for the District. Director Cook noted the costs associated with the additional services provided in Exhibit A2 and Exhibit A3. Upon review of Exhibit A2, the Board decided to forgo the addition of individual Director email accounts and instead have one generalized Board email account, and concurred not to proceed with the approval of Exhibit A2. Following discussion, it was moved by Director Maham, seconded by Director Russo and unanimously carried, that (i) Exhibit A3 to the District's Consulting Agreement with Touchstone 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") Forms 1295 submitted by Touchstone in connection with the Exhibits, be approved, and SPH be authorized to acknowledge same on behalf of the Board and the District.

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. Mr. Schwartz advised that the drainage study has not yet been approved by the Harris County Flood Control District, and that the City of Houston (the "City") would not act upon any annexation consent petitions until such approval has been received. Given the lengthened annexation timeline, the Developer will add a 17.48-acre annexation tract to be filed with the City for consent along with the Rue and Hornberger annexation request, as well as a 8.03 acre tract to be excluded from the District's boundaries. The Board took no action regarding this item.

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 K**. It was noted that no action was required by the Board in connection with such report.

MATTERS RELATED TO MAY 4, 2024 DIRECTORS ELECTION

Mr. Schwartz next reported on matters related to the District's Directors Election to be held on May 4, 2024 (the "Election"). In connection therewith, Mr. Schwartz informed the Board that, except for the candidate application filings received from Directors Helbig, Maham and Goin, the District did not receive any new candidate application filings, thus confirming that the District will not be holding a contested Election. He noted that it would no longer be necessary for the District to enter into a Joint Election Agreement with the other water districts serving the Bridgeland community, as the District's Election will be cancelled.

SUPPLEMENTAL AGENDA

It was noted that no action was required by the Board in connection with the items reflected on the supplemental agenda.

ATTORNEY'S REPORT

The Board considered the attorney's report. Mr. Schwartz advised that he had nothing further of a legal nature to discuss with the Board at this time.

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 Goin, seconded by Director Russo, and unanimously carried, the meeting was adjourned.

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Kristal Helbig
Secretary

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 159

LIST OF ATTACHMENTS TO MINUTES

February 19, 2024

- Exhibit A** – Bookkeeper's Report
- Exhibit B** – Tax Assessor-Collector's Report
- Exhibit C** – Resolution Concerning Developed District Status for 2024 Tax Year
- Exhibit D** – Engineer's Report
- Exhibit E** – Resolution Adopting Prevailing Wage Rate Scale for Construction Projects
- Exhibit F** – Accepted Insurance Proposal by Arthur J. Gallagher
- Exhibit G** – Operations and Maintenance Report
- Exhibit H** – Draft Water Conservation and Drought Contingency Plan
- Exhibit I** – Exhibit A2 to Consulting Agreement with Touchstone District Services, LLC
- Exhibit J** – Exhibit A3 to Consulting Agreement with Touchstone District Services, LLC
- Exhibit K** – Home Inventory Report through January 2024