

## **HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 489**

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

February 19, 2024

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 489 (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:

Anthony T. McBride, President  
Ashley Poe, Vice President  
Christian Carroll, Secretary  
Trace Salazar, Assistant Secretary  
Arlene Harper-Veith, Assistant Secretary

and all of said persons were present, with the exception of Director Poe, thus constituting a quorum.

Also present were Wendy Maddox of B&A Municipal Services, Inc. ("B&A"); Jordan Weyand of Municipal Accounts & Consulting, LP ("Municipal Accounts"); Mackenzie Osborne of Inframark, L.L.C. ("Inframark"); Will Gutowsky and Kristen Turkal of BGE, Inc. ("BGE"); Barbara Nussa of Republic Services, Inc. ("Republic"); Justin Waggoner of Touchstone District Services, LLC ("Touchstone"); Paulina Baker of The Howard Hughes Corporation on behalf of Bridgeland Development, LP ("Developer"); Bill Cook, resident of the District and President of the Board of Directors of Harris County Water Control and Improvement District No. 159 ("No. 159"); Madison Barrington and Holly Hartley, residents of the District; and Joseph M. Schwartz and Peyton Ellis of Schwartz, Page & Harding, L.L.P. ("SPH"). Ms. Turkal, Ms. Baker, Ms. Hartley and Ms. Barrington each entered the meeting after it was called to order, as noted herein.

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. Cook. Mr. Cook 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 meeting held on January 15, 2024. Following review and discussion of the minutes presented, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that the minutes of the January 15, 2024, meeting be approved, as written.

## **RESIGNATION OF DIRECTOR POE**

Mr. Schwartz discussed the resignation of Director Poe from the Board of Directors. In connection therewith, Mr. Schwartz advised the Board that SPH is in receipt of Director Poe's executed resignation letter and requested the Board's acceptance of same. Following discussion, Director Carroll moved to accept Director Poe's resignation from the Board of Directors. Director McBride seconded the motion, which unanimously carried.

Ms. Barrington entered the meeting at this time.

## **ACCEPTANCE OF OFFICIAL BOND, STATEMENT OF APPOINTED OFFICER, AFFIDAVIT OF CURRENT DIRECTOR, AND OATH OF OFFICE FOR APPOINTED DIRECTOR**

The Board considered the appointment of a new director to fill the vacancy created by the resignation of Ms. Poe. Ms. Barrington introduced herself to the Board and expressed a desire to serve on the Board. She then presented the Board with evidence of her qualifications to serve on the Board, including a Statement of Appointed Officer and Affidavit of Current Director, and took her Oath of Office. Ms. Barrington additionally presented her Official Bond, which the Board found to be in proper form. After discussion on the matter, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that the Board approve said Bond, accept Ms. Barrington's Statement of Appointed Officer, Affidavit of Current Director, and Oath of Office, and declare Ms. Barrington to be a duly appointed and qualified Director of the District. Director Barrington participated in the remainder of the meeting.

## **ELECTIONS NOT TO DISCLOSE CERTAIN INFORMATION**

Mr. Schwartz advised the Board that, pursuant to Section 552.024 of the Texas Government Code, Directors are permitted to elect to withhold public access to certain information in the custody of the District relating to home addresses, home telephone numbers, social security numbers and information regarding family members. Following discussion, Director Barrington executed an Election Not to Disclose Certain Information presented for such purpose.

## **REORGANIZATION OF THE BOARD AND ELECTION OF OFFICERS**

The Board next considered the reorganization of the Board and the election of officers. The Board first considered the election of a President. After discussion, the Board concurred that Director McBride remain President of the Board.

The Board next considered the election of a Vice President. After discussion, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that Director Carroll be elected Vice President of the Board.

The Board next considered the election of a Secretary. After discussion, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that Director Salazar be

elected Secretary of the Board.

The Board next considered the election of an Assistant Secretary. After discussion, the Board concurred that Director Harper-Veith remain Assistant Secretary of the Board.

The Board next considered the election of a second Assistant Secretary. After discussion, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that Director Barrington be elected Assistant Secretary of the Board.

Ms. Baker and Ms. Hartley entered the meeting at this time.

### **DISTRICT REGISTRATION FORM**

The Board considered approving a District Registration Form required by the Texas Commission on Environmental Quality (the "TCEQ"). Mr. Schwartz explained that, in accordance with the Texas Water Code, special districts are required to file names, mailing addresses, officer positions and terms of new directors with the TCEQ within thirty days after an election or appointment. He advised that, with the Board's approval, SPH will complete the District Registration Form to reflect the appointment of Director Barrington, and file same with the TCEQ, as required. After further discussion of the matter, Director Carroll moved that the Board authorize SPH to complete the District Registration Form and file same with the TCEQ, as discussed. Director McBride seconded said motion, which unanimously carried.

### **LOCAL GOVERNMENT OFFICERS LIST**

Mr. Schwartz advised the Board that the District is required to maintain a list of Local Government Officers, which includes the members of the Board and the District's Investment Officers, in connection with conflict of interest disclosure requirements. After discussion on the matter, Director Carroll moved that SPH be authorized to update the District's list of local government officers, as required by law. Director McBride seconded said motion, which unanimously carried.

### **DIRECTOR TRAINING REQUIREMENTS**

Mr. Schwartz discussed with Director Barrington the training requirements for public officials. He advised that public officials, including directors of a municipal utility district, must complete separate training courses regarding the Texas Open Meetings Act ("OMA") and the Texas Public Information Act ("PIA"). Mr. Schwartz then presented to and reviewed with Director Barrington a Memorandum prepared by SPH which summarizes the training requirements, and advised that the deadline for public officials to complete their training is the 90<sup>th</sup> day after they either take their oath of office or otherwise assume their responsibilities as a public official. He noted that the Texas Attorney General has prepared an online course which satisfies the training requirements for both the OMA and PIA. Mr. Schwartz further noted that it is the responsibility of Director Barrington to ensure that the required training courses are completed by the deadline.

## **DISCUSSION OF CONFLICTS DISCLOSURE REPORTING REQUIREMENTS**

Mr. Schwartz next discussed with Director Barrington the conflicts disclosure statement reporting requirements for officers of certain local governmental entities pursuant to Chapter 176 of the Texas Local Government Code. Mr. Schwartz presented Director Barrington with a Memorandum prepared by SPH, which summarizes the conflicts disclosure reporting requirements, and a questionnaire for completion by Director Barrington in connection therewith. Following discussion, Mr. Schwartz confirmed receipt of the completed conflict of interest questionnaire from Director Barrington.

## **WEBSITE UPDATES; PROPOSALS FOR WEBSITE SERVICES**

Mr. Waggoner noted that he had a scheduling conflict, and inquired as to whether the Board would be amenable to receiving proposals from Touchstone for the District's website services at this time. Without objection, the Board considered proposals for the District's website services.

Mr. Waggoner presented to and reviewed with the Board a proposed Consulting Agreement between the District and Touchstone, and a proposed Exhibit A1 to Consulting Agreement, copies of which are attached hereto as **Exhibit A**. Mr. Waggoner discussed Touchstone's qualifications, and responded to various questions from the Board. Director Carroll reminded the Board that the Board of Trustees (the "Trustees") of the Bridgeland Water Agency (the "Agency") have selected Touchstone to serve as the Agency's website services provider, and suggested that engaging Touchstone to serve as the District's website services provider would ensure uniformity with the Agency's website. Following discussion, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that: (i) Touchstone be engaged to serve as the District's website services provider, (ii) the Consulting Agreement between the District and Touchstone, and the Exhibit A1 to Consulting Agreement, be approved, and the President be authorized to execute same on behalf of the Board and the District, (iii) 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, and (iv) SPH be authorized to prepare and transmit to Off Cinco, LLC, the District's current website services provider, a notice of termination of the District's current contract for website services.

Mr. Waggoner next presented to and reviewed with the Board a proposed Exhibit A2 to the District's Consulting Agreement with Touchstone, a copy of which is included in **Exhibit A**. Mr. Waggoner 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 Carroll, seconded by Director McBride 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 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.

Mr. Waggoner exited the meeting at this time.

## **BOOKKEEPER'S REPORT AND QUARTERLY INVESTMENT REPORT**

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

Ms. Turkal entered the meeting at this time.

## **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 C**. Following discussion, Director Carroll moved that the Tax Assessor-Collector's Report be approved, as presented, and the disbursements listed therein be authorized for payment. Director McBride 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 Carroll, seconded by Director McBride and unanimously carried, that the Resolution Concerning Developed District Status for 2024 Tax Year, attached hereto as **Exhibit D**, 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.

## **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 E**. Following review and discussion, Director Carroll 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 McBride seconded said motion, which unanimously carried.

### **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 Carroll moved that the Resolution, a copy of which is attached hereto as **Exhibit F**, be adopted, and that the President and Secretary be authorized to execute same on behalf of the Board and the District. Director McBride 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**. She then 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 to the Board the completed Water Usage Report for 2023 for the President's signature.

Ms. Osborne next presented to the Board an EyeOnWater Leak Detection Report for the month of January 2024, a copy of which is attached hereto as **Exhibit H**. Ms. Osborne reviewed such Report in detail with the Board, and provided an explanation on Inframark's process for verifying the leaks identified therein. Following discussion, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that Inframark be authorized to (i) proceed with the monthly monitoring and verification of the leaks identified in EyeOnWater Leak Detection Reports, and (ii) discontinue the distribution of notices to the District's residents regarding the leaks identified within the District.

Ms. Osborne next presented to and reviewed with the Board Inframark's annual API Rate Schedule, a copy of which is included in the Operations and Maintenance Report, and discussed Inframark's recommended adjustments to the District's Rate Order in connection with the new API Rate Schedule.

Ms. Osborne next presented to and reviewed with the Board a handout detailing the new process that is being proposed by Inframark for completing meter changeouts within the District from positive displacement water meters ("PDs") to AMR water meters ("AMRs"). A copy of such handout is attached hereto as **Exhibit I**. Ms. Osborne explained that, in an effort to avoid any delays in service connections due to an extreme shortage in available AMRs following the COVID-19 pandemic, Inframark has installed PDs as a temporary solution to the AMR shortage, and arranged for said PDs to be subsequently upgraded as more AMRs become available. She

noted that as of February 2024, there are eight hundred eighty-eight (888) PDs in the District requiring upgrade. Ms. Osborne advised that, in order to complete the necessary meter upgrades from PDs to AMRs, Inframark will need to increase the rate currently charged to the District for meter changeouts from \$75 per meter to \$160 per meter, which would result in a total cost of \$142,080.00 to complete the District's 888 meter upgrades. Mr. Schwartz then advised the Board that the District's Rate Order would need to be amended to accommodate Inframark's increase in the rate for meter changeouts, and noted that it is ultimately the Board's decision as to whether the District recovers the aforementioned cost for the 888 meter upgrades, or absorbs said cost. The Board inquired as to whether the District's residents will be compensated for the PD meter once it is placed into Inframark's inventory after changeout. Following discussion, the Board concurred to defer on amending the District's Rate Order for the adjustment of rates associated with the API Rate Schedule and Inframark's new process for meter changeouts until next month's meeting, and requested that Ms. Osborne confirm whether the PD meters will become part of Inframark's inventory after changeout.

Following discussion, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that the Operations and Maintenance Report and the action items listed therein be approved, as discussed.

### **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"), and advised that such amendment provides for additional heavy trash collection service on Wednesday of every week, beginning April 1, 2024. The Board considered and discussed the possibility of including additional recycling collection services in the Seventh Amendment. Following discussion, the Board concurred to defer the approval of the Seventh Amendment at this time, and requested that Ms. Nussa provide the Board with additional information regarding the costs associated with the addition of both heavy trash collection and recycling collection services for further consideration at the next Board meeting.

Mr. Waggoner entered the meeting 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 J**, 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. Following discussion, Director McBride moved that all action items identified in the Engineer's Report be approved, as recommended by BGE, as presented. Director Carroll seconded said motion, which unanimously carried.

## **ANNUAL REVIEW OF CONNECTION CHARGES**

Ms. Turkal next reported on BGE's review of the connection charges for the purchase of capacity in the Master Facilities under the Master Facilities Contract among the District and Harris County Municipal Utility District Nos. 418, 419, 490, 491, 492 and 493. In connection therewith, Ms. Turkal 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 K**. Mr. Schwartz then presented to the Board a Resolution Regarding Review of Connection Charge Under Master Facilities Contract, included under **Exhibit K**. Following discussion, Director Carroll moved that the Resolution Regarding Review of Connection Charge Under Master Facilities Contract be approved, as presented, and the President be authorized to execute same on behalf of the Board and the District. Director McBride seconded said motion, which unanimously carried.

## **PROPOSED UNLIMITED TAX BONDS, SERIES 2024 ("WS&D BONDS") AND UNLIMITED TAX PARK BONDS, SERIES 2024A ("PARK BONDS")**

The Board considered the proposed issuance of the District's WS&D Bonds and Park Bonds. In connection therewith, Mr. Schwartz advised the Board that BGE is in the process of preparing Bond Application Report No. 7 for filing on a non-expedited basis with the TCEQ. It was noted that no action was required by the Board in connection with this matter at this time.

## **UTILITY COMMITMENT LETTERS**

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

## **LAW ENFORCEMENT**

The Board considered law enforcement matters for the District, and noted that there were no items to discuss at this time.

## **EMERGENCY COMMUNICATIONS**

The Board concurred that there were no emergency matters to discuss at this time.

## **BRIDGELAND WATER AGENCY**

The Board discussed matters relative to the Agency. In connection therewith, Director Carroll provided the Board with a general update regarding the development of the Agency's website and smart device application.

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



### **MATTERS RELATIVE TO BRIDGELAND COUNCIL, INC.**

The Board noted that it had nothing new to discuss in regards to Bridgeland Council, Inc. at this time.

### **MATTERS RELATIVE TO PARKLAND VILLAGE HOMEOWNERS' ASSOCIATION ("HOA")**

The Board considered HOA matters for the District, and noted there were no items to discuss at this time.

### **TRACE AIR FLYOVER**

Mr. Schwartz 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.

### **ARBITRAGE COMPLIANCE**

Mr. Schwartz next presented to and reviewed with the Board the Fifth Year Report for the District's \$5,000,000 Unlimited Tax Road Bonds, Series 2018, as prepared by Arbitrage Compliance Specialists, Inc., a copy of which is attached hereto as **Exhibit M**. He noted that no action was required by the Board in connection with said Fifth Year Report, and no payment is due to the Internal Revenue Service at this time. Following discussion, the Board acknowledged receipt of the Fifth Year Report for the District's files.

### **JOINT ELECTION AGREEMENT**

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 the District received seven (7) candidate application filings, thus confirming that the District will be holding a contested Election. He 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. In that regard, Mr. Schwartz advised the Board 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 none of such districts will be holding contested directors elections. Following discussion, it was noted that no action was taken by the Board in connection with the approval of a Joint Election Agreement.

### **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.

**SUPPLEMENTAL AGENDA**

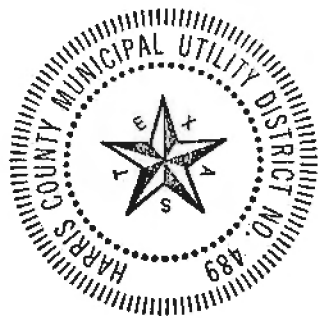
The Board next considered the adoption of an Amended and Restated Order Calling Directors Election (the "Amended Order"). In connection therewith, Mr. Schwartz advised that it would no longer be necessary for the Board to consider the adoption of an Amended Order, as the District will not be conducting the Election jointly with any other water districts serving the Bridgeland community.

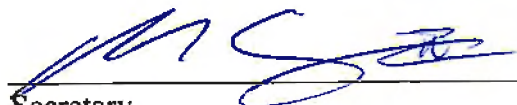
**MATTERS FOR FUTURE AGENDAS**

The Board considered items for placement on future agendas. No specific agenda items, other than routine and ongoing matters and those discussed above, were requested.

**ADJOURNMENT**

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



  
Secretary

## **LIST OF ATTACHMENTS TO MINUTES**

- Exhibit A** – Consulting Agreement and Exhibits A1 and A2 to Consulting Agreement between the District and Touchstone District Services, LLC
- Exhibit B** – Bookkeeper's Report
- Exhibit C** – Tax Assessor-Collector's Report
- Exhibit D** – Resolution Concerning Developed District Status for 2024 Tax Year
- Exhibit E** – Accepted Insurance Proposal by Arthur J. Gallagher
- Exhibit F** – Resolution Adopting Prevailing Wage Rate Scales for Construction Projects
- Exhibit G** – Operations and Maintenance Report
- Exhibit H** – EyeOnWater Leak Detection Report
- Exhibit I** – Handout regarding AMR/PD Meter Changeout Process
- Exhibit J** – Engineer's Report
- Exhibit K** – Annual Review of Connection Charges; Resolution Regarding Review of Connection Charge Under Master Facilities Contract
- Exhibit L** – Home Inventory Report through January 2024
- Exhibit M** – Fifth Year Report (\$5,000,000 Unlimited Tax Road Bonds, Series 2018)