

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 489

Minutes of Meeting of Board of Directors

January 15, 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 January 15, 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"); Kristen Turkal of BGE, Inc. ("BGE"); Julie Peak of Masterson Advisors LLC ("Masterson"); 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. 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 meeting held on December 18, 2023. 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 December 18, 2023, meeting be approved, as written.

RESIGNATION OF DIRECTOR POE

The Board concurred to defer the acceptance of Director Poe's resignation from the Board of Directors until next month's meeting.

APPOINTMENT OF NEW DIRECTOR TO FILL VACANCY ON THE BOARD OF DIRECTORS

The Board concurred to defer the appointment of a new Director to fill the vacancy on the Board of Directors until the Board acts upon Director Poe's resignation.

BOOKKEEPER'S REPORT AND QUARTERLY INVESTMENT REPORT

Mr. Weyand presented to and reviewed with the Board the Bookkeeper's Report dated January 15, 2024, a copy of which is attached hereto as **Exhibit A**. Mr. Weyand additionally presented the Quarterly Investment Inventory Report for the period ended November 30, 2023, a copy of which is included in the Bookkeeper's Report. Following discussion, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that (i) the Bookkeeper's Report be approved, as presented, and the disbursements listed therein be approved for payment, and (ii) the Quarterly Investment Inventory Report be approved, as presented, and the District's Investment Officers be authorized to execute same on behalf of the Board and the District.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

The Board then considered the adoption of a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Schwartz advised that, pursuant to the Public Funds Investment Act, the Board is required to review such list at least annually, and presented to and reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, (the "Resolution"), a copy of which is attached hereto as **Exhibit B**. Mr. Schwartz further noted that the broker list attached to the Resolution was compiled with the input of the District's Investment Officer, and that while it lists potential institutions with which the District may engage in investment transactions, it is ultimately the Board's decision as to where the District's funds are actually placed. Following discussion, Director Carroll moved that the Resolution be adopted by the Board and the District, and the President and Secretary be authorized to execute same. Director McBride seconded said motion, which unanimously carried.

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 December 2023, 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.

ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

Mr. Schwartz advised the Board that it is authorized, pursuant to Section 33.11 of the Tax Code, to impose, under certain conditions, an additional penalty not to exceed 20% of the total taxes, penalty and interest due the District on personal property that become delinquent after February 1 of a year and that remain delinquent sixty (60) days after said date, to defray the costs of collection of said delinquent taxes, in accordance with Section 33.11 of the Tax Code, as amended. Following discussion, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that: (i) the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit D**, be adopted by the Board, and (ii) Perdue Brandon, the District's delinquent tax collections attorneys, be authorized to proceed with collection of the District's delinquent 2023 personal property tax accounts on April 1, 2024, including the filing of lawsuits, as necessary.

EXEMPTIONS FROM TAXATION

The Board considered granting exemptions from taxation for 2024. In connection therewith, Mr. Schwartz outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Section 11.13 of the Texas Tax Code, as amended. He advised that under said provisions, the District may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the market value of residential homestead improvements for the year 2024, and the District may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or its successor, or persons sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2024, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. Ms. Peak then presented to and reviewed with the Board a 2024 Exemption Analysis prepared by Masterson, a copy of which analysis is attached hereto as **Exhibit E**. After further discussion on the matter, Director Carroll moved that (i) the District not grant the residential homestead exemption, (ii) the District grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$20,000 from ad valorem taxes levied by the District during the calendar year 2024, and (iii) the Resolution Concerning Exemptions from Taxation, a copy of which is attached hereto as **Exhibit F**, be approved and adopted by the Board and the District. Director McBride seconded the motion, which unanimously carried.

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Mr. Schwartz informed the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the District is required to submit information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database. Following discussion, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that FORVIS, LLP, the District's auditor, be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database.

RENEWAL OF DISTRICT INSURANCE COVERAGES

Mr. Schwartz reported to the Board that the District's current insurance coverage through Arthur J. Gallagher & Co. ("Gallagher"), will expire on March 31, 2024. He informed the Board of the other insurance companies available to the District that provide coverage to water districts, and inquired as to whether the Board desired to solicit proposals from such companies for review prior to the expiration of the District's current policies. Following discussion, the Board concurred that SPH be authorized to solicit a renewal proposal from Gallagher, its current provider, for consideration at the next meeting Board meeting.

OPERATOR'S REPORT

Ms. Osborne presented to and reviewed with the Board an Operations and Maintenance Report for the month of December 2023, 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 and reviewed with the Board a proposal for repair of the sewer stack located at 16006 Perch Pond Ct. within the District, a copy of which is included in **Exhibit G**. She noted that such repair is estimated to cost approximately \$15,391.14.

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, including: (i) the forwarding of three (3) delinquent accounts totaling \$1,413.92 to collections; and (ii) the proposal for repair of the District sewer stack in the amount of \$15,391.14.

Mr. Schwartz advised the Board of recent complaints received from a District resident regarding the District's rates for water and sanitary sewer services. He noted that SPH responded to the resident with an explanation on the District's current rate structure in accordance with the Rate Order, and noted that SPH and Inframark will address any further communications from said resident if any should be received. No action was required by the Board in connection with this matter.

GARBAGE AND RECYCLING COLLECTION SERVICES

Mr. Schwartz reminded the Board that it previously expressed that it would be amenable to assuming responsibility for garbage collection services at Dragon Fly Park. In that regard, Mr. Schwartz presented to and reviewed with the Board a proposal received from Republic Services, Inc. ("Republic"), the District's collection services provider, for the addition of two (2) 8-yard containers at Dragon Fly Park in the amount of \$410.00 per month, a copy of which is attached hereto as **Exhibit H**. Following review and discussion, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that the proposal for the two (2) additional containers at Dragon Fly Park, be approved, and the President be authorized to execute same on behalf of the Board and the District.

ENGINEER'S REPORT

Ms. Turkal presented to and reviewed with the Board the Engineer's Report dated January 15, 2024, a copy of which is attached hereto as **Exhibit I**, 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 Carroll moved that all action items identified in the Engineer's Report be approved, as recommended by BGE, as presented. 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 Texas Commission on Environmental Quality in January 2024. 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.

WEBSITE UPDATES

Mr. Schwartz advised the Board that a representative of Touchstone District Services ("Touchstone") was unable to attend today's board meeting, and inquired as to whether the Board desired to defer the review of Touchstone's proposal for website services until next month's meeting. Following discussion, the Board concurred to defer consideration of Touchstone's proposal until next month's meeting.

BRIDGELAND WATER AGENCY

The Board discussed matters relative to the Bridgeland Water Agency (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. In that regard, Mr. Schwartz

advised the Board that the Agency has requested certain information from the District's customer database maintained by Inframark, for incorporation in the Agency's platforms for community-wide communications. Following discussion, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that SPH be authorized to transmit correspondence to Inframark, on the Board's behalf, requesting that the applicable information from the District's customer database be provided to the Agency for incorporation in the Agency's communication platforms. A copy of such correspondence is attached hereto as **Exhibit J**.

Director Carroll reported that the Board of Trustees of the Agency is planning to host an appreciation event for the various employees that serve the Bridgeland community on a daily basis, including those from Republic and Inframark, among others. He then inquired as to whether the Board would be amenable to contributing District funds towards such event. Following discussion, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that the Board contribute funds in an amount not to exceed \$1,000 for participation in the appreciation event.

DEVELOPER'S REPORT

Mr. Schwartz presented to and reviewed with the Board the home inventory report through December 2023, as prepared by Bridgeland Development, LP, the District's 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 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.

LANDSCAPING MAINTENANCE AND REPLACEMENTS WITHIN DISTRICT EASEMENTS

Mr. Schwartz next advised the Board of the District's receipt of correspondence from the President of the Board of Directors of Harris County Water Control and Improvement District No. 159 ("No. 159"), requesting access to common area land owned by both No. 159 and the District in Parkland Village to aid No. 159 in its development of an enhanced landscape maintenance plan. A copy of such correspondence is attached hereto as **Exhibit L**. After discussing the matter at length, the Board concurred not to grant No. 159 access to said common area land at this time, and noted the Board's preference that all matters related to No. 159's development of an enhanced landscape maintenance plan, specifically those of such matters involving land owned by the District, be deferred until the Developer is able to determine a community-wide solution to the

landscape maintenance issues occurring within Bridgeland.

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 will be distributed to the Board upon receipt of same from Trace Air.

MATTERS RELATED TO MAY 4, 2024 DIRECTORS ELECTION

Mr. Schwartz next reported on issues related to the District's Election to be held on May 4, 2024. In connection therewith, Mr. Schwartz presented to and discussed with the Board a memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit M**, regarding administering an independent election or participating in a joint election with Harris County (the "County") if the County offers such services. He noted that the County has not yet decided whether it will administer a joint election with other entities, and that, due to timing, SPH recommends that the District call an independent election, but also authorize SPH to notify the County of the District's intent to participate in the joint Election if the County subsequently decides to offer joint election services. Following discussion, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that SPH be authorized to notify the County of the District's intent to participate in the joint Election if the County offers joint election services.

Mr. Schwartz next advised the Board that, in the event the County does not offer joint election services and the District must administer the Election independently, the District may enter into a Joint Elections Agreement with other water districts serving the Bridgeland community, if any of such districts also hold contested directors elections, for the purpose of sharing election equipment, election officials, and precinct polling locations. After discussion, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that SPH be authorized to proceed with preparation of a Joint Elections Agreement by and among the District and the applicable participants.

ACCESSIBLE VOTING SYSTEM

Mr. Schwartz noted that if the District administers an independent Election, Section 49.111, Texas Water Code, provides an exemption from the requirement to provide certain electronic voting systems at the Election if the District's previous directors election was uncontested and subsequently cancelled, or if fewer than 250 voters voted in the District's previous directors election. He noted that, though the District is exempt from said requirement because the District's previous directors election was canceled, he recommends that the Board authorize SPH to obtain a proposal and contract from Election Systems & Software for a voting machine and related services, including programming, training, and testing, in the event that such voting equipment and services are needed. Following discussion, it was moved by Director Carroll, seconded by Director McBride and unanimously carried, that SPH be authorized to obtain a proposal and contract from Election Systems & Software for a voting machine and related services, including programming, training, and testing, as necessary.

ATTORNEY'S REPORT

The Board considered the attorney's report. Mr. Schwartz presented a memorandum prepared by the West Harris County Regional Water Authority ("WHCRWA") regarding the nomination process for candidates to the WHCRWA Board of Directors, a copy of which is attached hereto as **Exhibit N**. In connection therewith, Mr. Schwartz requested that the Board authorize Inframark to submit to the WHCRWA the annual Water Usage Report for 2023 on behalf of the District. After discussion, the Board concurred that Inframark be authorized to submit the annual Water Usage Report for 2023 to the WHCRWA, as requested.

Mr. Schwartz next presented to and reviewed with the Board correspondence received from the Texas Rural Water Association ("TRWA"), a copy of which is attached hereto as **Exhibit O**, inviting the District to join the TRWA organization. Following discussion, the Board concurred to decline the TRWA's invitation at this time.

SUPPLEMENTAL AGENDA

The Board next considered calling the Election in accordance with the requirements of the Texas Water Code. In connection therewith, Mr. Schwartz presented the Order Calling Directors Election (the "Order"), attached hereto as **Exhibit P**, calling the Election to be held on May 4, 2024. It was noted that the terms of office of Directors McBride, Carroll and Poe will expire in May of this year. In reviewing the Order with the Board, Mr. Schwartz advised that the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Election, and that the Order names Peyton Ellis as such agent (the "Election Agent"). Mr. Schwartz further advised the Board that notice of the Election must be given in accordance with the requirements of the Texas Election Code. He explained that notice of the Election could be given by one or more of the following methods: (i) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before the election; (ii) posting the notice at a public place in each election precinct that overlaps the District at least twenty-one (21) days before the election; or (iii) mailing the notice to each registered voter in the District at least ten (10) days before the election. He further explained that, in addition to the above, notice must be posted on the District's website at least twenty-one (21) days before the Election. Following discussion of the aforementioned options, the Board concurred that notice of the Election be given by posting same at a public place in each election precinct that overlaps the District and on the District's website. After discussion on the matter, Director Carroll moved that said Order be passed and adopted, that the President and Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Election in accordance with the Order. Director McBride seconded said motion, which unanimously carried. Mr. Schwartz advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 20, 2024, the Board may thereafter cancel the Election in accordance with the Texas Election Code.

The Board considered the establishment of fees to be paid to officials for the Election. Mr. Schwartz advised the Board that in accordance with the Texas Election Code, the rate of pay for judges and clerks shall be determined by the Board, but shall not be less than the federal minimum

wage rate. After discussion on the matter, Director Carroll moved that the judges and clerks for the Election, including early voting clerks, be paid \$15.00 per hour. Director McBride seconded said motion, which unanimously carried.

Mr. Schwartz noted that if the County offers joint election services, the District will need to amend and restate the Order at its next meeting to provide for the conduct of the Election by the County, jointly with elections of other political subdivisions, using County election officials, voting equipment, and polling locations.

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** – Bookkeeper's Report
- Exhibit B** – Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
- Exhibit C** – Tax Assessor-Collector's Report
- Exhibit D** – Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- Exhibit E** – 2024 Tax Exemption Analysis
- Exhibit F** – Resolution Concerning Exemptions from Taxation
- Exhibit G** – Operations and Maintenance Report
- Exhibit H** – Proposal for Additional Containers at Dragon Fly Park
- Exhibit I** – Engineer's Report
- Exhibit J** – Request for Customer Data
- Exhibit K** – Home Inventory Report through December 2023
- Exhibit L** – Request from Harris County Water Control and Improvement District No. 159
- Exhibit M** – Memorandum regarding Joint and Independent Elections with Harris County
- Exhibit N** – WHCRWA Memorandum regarding 2024 Appointment Process for Authority Directors
- Exhibit O** – Correspondence from Texas Rural Water Association
- Exhibit P** – Order Calling Directors Election