

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 433
MAY 8, 2019

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 433

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The Board of Directors (the "Board") of Harris County Municipal Utility District No. 433 (the "District") met in regular session, open to the public, at Mischer Investments, 9 Greenway Plaza, Suite 2900, Houston, Harris County, Texas 77046, on May 8, 2019, at 11:30 a.m., whereupon the roll was called of the directors, to-wit:

Walt Doyle, President
Scott Forbes, Vice President
Jordan Williams, Secretary
Taylor Cavnar, Treasurer,
Louis R. Evans, Assistant Secretary

All members of the Board were present, except Director Evans, thus constituting a quorum. Also attending all or parts of the meeting were Mr. Bill Edwards, guest; Ms. Linda Hubble of Public Finance Group ("PFG"); Ms. Pamela Logsdon of Avanta Services; Ms. Ana Duarte of Tax Tech, Inc. ("Tax Tech"); Mr. Jason Demel Mr. Mark Yentzen of Inframark ("Inframark"); Ms. Kelli Schroeder of Brown & Gay Engineers, Inc. ("BGE"); Mr. Josh Fort of Champions Hydro-Lawn ("Champions"); and Mr. Neil Thomas and Ms. Brenda Presser of Norton Rose Fulbright US LLP ("NRF").

The meeting was called to order and, in accordance with notice posted pursuant to law, copies of certificates of posting of which are attached hereto as *Exhibit A*, the following business was transacted.

1. **Acceptance of resignation of director.** President Doyle reported that Mr. Evans has asked to resign as a member of the Board of Directors. Discussion ensued. Upon motion by Director Cavnar, seconded by Director Forbes, after full discussion and the question being put to the Board, the Board voted unanimously to accept Mr. Evans' resignation.

2. **Qualification and appointment of director.** President Doyle introduced Mr. Edwards to the Board as a potential candidate. Mr. Edwards stated that he served on the Board of Directors for Harris County Road Improvement District No. 1 ("HCRID 1"). Mr. Thomas reported that Mr. Edwards will be qualified for the open position upon HCRID 1's acceptance of his resignation from that Board and when a replacement has been found. He explained the process for Directors changing Boards pursuant to the Texas Constitution.

3. **Election of Officers.** The Board concurred to table this matter pending appointment of director.

4. **Minutes.** The President opened discussion as to the minutes of the meeting of April 10, 2019, previously distributed to the Board. Upon motion by Director Forbes, seconded by Director Cavnar, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of April 10, 2019.

5. **Adopt Order Authorizing \$5,000,000 Unlimited Tax Bonds, Series 2019, Paying Agent Agreement, and other matters in connection therewith.** The President recognized Ms. Hubble, who presented to and reviewed with the Board the bid tabulation form and a summary of debt

service fund and tax rate projections, copies of which are attached hereto as *Exhibit B*, relating to the sale of the District's Unlimited Tax Bonds, Series 2019 (the "Bonds").

Ms. Hubble reported that Moody's Investors Service gave the District an underlying rating of A3.

Ms. Hubble reported that six bids were received, and recommended that the Board accept the low bid from RBC Capital Markets at a net effective interest rate of 3.099938%. She reported that Build America Mutual Insurance Company would insure the Bonds.

Upon motion by Director Forbes, seconded by Director Williams, after full discussion and the question being put to the Board, the Board voted unanimously to accept the bid from RBC Capital Markets for a net effective interest rate of 3.099938%.

The President recognized Mr. Thomas, who presented to and reviewed with the Board the Order Authorizing Unlimited Tax Bonds, Series 2019, a Transfer and Paying Agency Agreement, and Other Matters in Connection Therewith (the "Order"), a copy of which is attached hereto as *Exhibit C*. Upon motion by Director Forbes, seconded by Director Williams, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order.

6. Authorize auditor to prepare Developer Reimbursement Audit, and take necessary action in connection with same (Series 2019). Mr. Thomas reported that the District's engagement letter for audit services includes preparation of the Agreed Upon Procedures for Developer Reimbursement upon authorization by the Board. Mr. Thomas noted that the auditor will prepare an agreed-upon procedures report to confirm the reimbursement to the developer for construction costs and payment of interest for facilities the District is purchasing from the Developer.

Upon motion by Director Forbes, seconded by Director Williams, after full discussion and the question being put to the Board, the Board voted unanimously to authorize McGrath & Co. PLLC to prepare an agreed-upon procedures report for reimbursement of Mischer Development, LP from the proceeds of the District's Unlimited Tax Bonds, Series 2019 (the "Bonds").

7. Adopt Order Authorizing Unlimited Tax Refunding Bonds, Series 2019A, a Transfer and Paying Agency Agreement, and a Bond Purchase Agreement; Authorizing Officials to Approve the Amounts, Interest Rates, Prices and Terms Thereof and Certain Other Matters Relating Thereto; and Other Matters in Connection Therewith. The President recognized Ms. Hubble, who discussed a proposed refunding. She presented to and reviewed with the Board the Refunding Analysis for the District, a copy of which is attached hereto as *Exhibit C* and recommended refunding a portion of the District's Series 2014 Bonds.

Ms. Hubble discussed parameters for target savings from a refunding bond sale and noted the City of Houston requires at least 3%. Ms. Hubble requested authorization to start preparing documents for the refunding and to obtain a rating. Mr. Thomas explained the mechanics, process of refunding bonds, target savings, and maturity requirements.

Upon motion by Director Forbes, seconded by Director Cavnar, after full discussion and the question being put to the Board, the Board voted unanimously to authorize PFG to proceed with preparing documents for the refunding and obtain a rating.

8. Tax Assessor and Collector Report and Payment of Bills. The President recognized Ms. Duarte, who presented to and reviewed with the Board the Tax Assessor/Collector's report for May 8, 2019, a copy of which is attached hereto as *Exhibit D*. She noted that to date the District had collected 99.04% of its 2018 taxes. Upon motion by Director Forbes, seconded by

Director Williams, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Tax Assessor/Collector's Report and to authorize the payment of the checks listed therein.

9. **Bookkeeper's Report and Payment of Bills.** The President recognized Ms. Logsdon, who presented to and reviewed the Bookkeeper's Report and summary of cash transactions for the period of April 1, 2019, to May 8, 2019, copies of which are attached hereto as *Exhibit E*. Upon motion by Director Forbes, seconded by Director Williams, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report, and to authorize payment of the checks in the amounts and to the persons listed in the Report.

10. **Operations Report.** The President recognized Mr. Demel, who announced that he is leaving Inframark to enter his family's business. He introduced Mr. Yentzen as his replacement. Mr. Demel reviewed with the Board the Operator's Report for the month of April 2019, a copy of which is attached hereto as *Exhibit F*.

Mr. Demel reviewed the maintenance and repair projects for the month.

Mr. Demel reported that since the last meeting, 42 door hangers were distributed on delinquent accounts, and 34 accounts remain unpaid. He requested the Board's authorization to send one account totaling \$119.93 to collections.

Mr. Demel noted the District's accountability is at 101% and the District is only receiving surface water. He reported that West Harris County Regional Water Authority ("WHCRWA") has checked the meter and found no significant issues. Mr. Demel stated the accountability includes maintenance and flushing use.

Mr. Demel presented and reviewed the Consumer Confidence Report, due for distribution by July 1, 2019 and attached to the Operations Report. He requested the Board's authorization to provide a link in the water bill for an electronic distribution.

Mr. Demel reported that Inframark is changing payment gateway from AVR to PACE, which will affect 165 customers. He stated that due to security compliance regulations, credit or debit card information will not be transferred to the new vendor and customers will have to reset payment information. Discussion ensued regarding customer notification and Mr. Demel responded that notice will be distributed 30 days prior to transition and will continue for two months following transition with a total of six communications. He noted that the change will affect wording in the District's Rate Order regarding payments and requested that NRF add an item to the next agenda to amend the Rate Order.

Mr. Demel reported that WHCRWA is changing its process for District allotments this summer. He explained that the amended process may include shutting off flow of surface water when a district's allotment has been met. He mentioned that WHCRWA is currently not approving requests for additional allocation. Ms. Schroeder reported that Water Well No. 2 is dedicated to surface water only. Discussion ensued regarding the addition of another well. Ms. Schroeder stated that BGE and Inframark are going to monitor the demands this summer and perform an analysis on the usage.

President Doyle reported that the HOA filters feedback on the fountains and lakes and forwards to himself and Mr. Corson, who in turn transmit to Inframark. President Doyle asked about the low lake levels and Mr. Demel responded there is a possible main line leak and it is being investigated today.

Upon motion by Director Forbes, seconded by Director Williams, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report, to authorize termination of delinquent accounts pursuant to the terms of the Rate Order, to authorize sending one account to collections, to approve and authorize the electronic distribution of the Consumer Confidence Report, including posting a link on the District's web site, and to approve the change in payment gateway from AVR to PACE.

11. **Engineer's Report.** The President recognized Ms. Schroeder, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit F*.

Ms. Schroeder requested that the Board approve the execution of construction contracts for Desilting of Necessary Drainage Channels, subject to review of surety bonds by NRF.

Upon motion by Director Williams, seconded by Director Forbes, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report and approve execution of construction contracts, subject to review by NRF.

12. **Accept conveyance of 3.828 acres.** Mr. Thomas reported that the requested environmental report has been received and forwarded to an NRF environmental attorney for review. He requested that the Board defer this item and the Board concurred to defer.

13. **Report on Drainage Facilities.** The President recognized Mr. Fort, who presented to and reviewed with the Board the detention and drainage facilities report from Champions Hydro-Lawn, Inc., a copy of which is attached hereto as *Exhibit G*. Mr. Fort noted that six nutria and six snakes have been re-located this month.

14. **Discuss KGA/DeForest proposed trail system and take appropriate action.** No proposal was received by the Board and the Board concurred to table this matter.

15. **Developer's Report.** Mr. Corson reported that Hines is starting a new project in June. He stated that Mischer continues to receive interest on remaining commercial tracts.

16. **Other Consultant Reports.** There were no other reports.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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The foregoing minutes were passed and approved by the Board of Directors on June 4, 2019.

President, Board of Directors

ATTEST:

Secretary, Board of Directors