

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 433
JUNE 4, 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 June 4, 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 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. Mark McGrath of McGrath & Co., PLLC; Ms. Linda Hubble of Public Finance Group ("PFG"); Ms. Pamela Logsdon of Avanta Services; Ms. Esther Flores of Tax Tech, Inc. ("Tax Tech"); Mr. Mark Yentzen, Ms. Elizabeth Reeves, and Ms. Sabrina Alaqueinez-Wallin of Inframark ("Inframark"); Ms. Keli Schroeder of Brown & Gay Engineers, Inc. ("BGE"); Mr. Josh Fort of Champions Hydro-Lawn ("Champions"); Mr. Randy Corson of Mischer Investments, LP ("Mischer"), developer for the District; 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. **Qualification and appointment of director.** The Board concurred to table this matter.
2. **Election of Officers.** The Board concurred to table this matter pending appointment of director.
3. **Minutes.** The President opened discussion as to the minutes of the meeting of May 8, 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 May 8, 2019.
4. **Approve Agreed-Upon Procedures Report.** The President recognized Mr. McGrath, who presented to and reviewed with the Board a draft Agreed-Upon Procedures Report in connection with reimbursement to Mischer Development, L.P. from the proceeds of the District's Unlimited Tax Bonds, Series 2019 (the "Bonds"), copies of which are attached hereto as *Exhibit B*.

He stated that the total amount of reimbursement is \$4,281,523. He reported that the extra interest accrued by the Developer exceeds the amount allowed to be paid from bond proceeds in accordance with TCEQ rules. Mr. McGrath stated that the payment of the additional interest due to the Developer may be paid from the General Fund. Ms. Logsdon confirmed there are sufficient funds in the General Fund to pay the Developer \$3,329.00 of additional accrued interest.

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 Agreed-Upon Procedures Report and authorized the payment of additional interest from the General Fund in the amount of \$3,329.00.

5. **Conveyance of Facilities.** Mr. Thomas stated that upon reimbursement to the developer for construction of facilities in the District, such facilities are transferred to the District. He requested acceptance of a Conveyance of Facilities (the "Conveyance") from Mischer Development L.P., a copy is attached as *Exhibit C*. Mr. Thomas recommended authorizing the President to sign the Conveyance upon funding.

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 Conveyance of Facilities from Mischer Development, L.P. and to authorize the President of the Board to execute the Conveyance upon funding.

6. **Approve Amended District Information Form.** Mr. Thomas reported the District is required to file an amendment to its District Information Form when the tax rate or outstanding debt changes. He stated that an Amended District Information Form reflecting the total amount of debt issued by the District after its issuance of Unlimited Tax Bonds, Series 2019, has been prepared for the Board's approval, a copy of which is attached hereto as *Exhibit D*.

Upon motion by Director Williams, seconded by Director Cavnar, after full discussion and the question being put to the Board, the Board voted unanimously to approve and authorize filing of the Amended District Information Form in Harris County Real Property Records, as presented.

7. **Approve 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 "Order").** Ms. Hubble discussed and explained Internal Revenue Service regulations associated with advance refunding of the District's debt. She reviewed a Refunding Analysis, a copy is attached as *Exhibit E* and presented a Preliminary Official Statement, a copy is attached as *Exhibit E-1*. Mr. Thomas explained that the District must achieve a net present value savings of at least 3%, which Ms. Hubble confirmed the District will exceed the minimum required for net present value savings. She also suggested that the Board appoint a contact to sign off when the District achieves the best market price for the refunding bonds.

Mr. Thomas presented to and reviewed with the Board the Order, a copy of which is attached hereto as *Exhibit F*. He stated that market conditions may change the amount of the refunding and recommended approving the Order in an amount not to exceed \$8,000,000.00.

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 in an amount not to exceed \$8,000,000.00 and authorize the Board President to sign the Bond Purchase Agreement at the appropriate time the bonds reach the maximum net present value.

8. **Tax Assessor and Collector Report and Payment of Bills.** The President recognized Ms. Flores, who presented to and reviewed with the Board the Tax Assessor/Collector's report for June 4, 2019, a copy of which is attached hereto as *Exhibit G*. She noted that to date the District had collected 99.27% 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.

Ms. Flores reported on the District's preliminary value of \$585,980,287 which represents a 11.89% increase from last year. She reminded the Board that the preliminary value includes 2018 personal property and does not include calculated prior protests and certification.

9. **Bookkeeper's Report and Payment of Bills.** The President recognized Ms. Logsdon, who presented to and reviewed with the Board the Summary of Distribution of Series 2019 Bond Proceeds, Bookkeeper's Report, and summary of cash transactions for the period of May 1, 2019, to June 4, 2019, copies of which are attached hereto as *Exhibit H and Exhibit I*, respectively.

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. **Adopt budget for fiscal year ending August 31, 2019.** Ms. Logsdon reported that a draft budget will be presented next month for the District's General Fund.

11. **Adopt budget for fiscal year ending August 31, 2018 for joint wastewater treatment plant shared with HCMUD 374.** Ms. Logsdon noted that a draft annual Joint Water Plant Operating Budget for Water Plant No. 1 was distributed to Harris County Municipal Utility District No. 374 ("374") in compliance with the terms of the Water Supply Agreement, as amended, and the draft is attached to the Bookkeeper's Report.

12. **Operations Report.** The President recognized Mr. Yentzen, who introduced Ms. Elizabeth Reeves as the District's new account represented and next introduced Ms. Sabrina Alaquinez-Wallin, who will be assisting Ms. Reeves on District matters. Mr. Yentzen reviewed with the Board the Operator's Report for the month of May 2019, a copy of which is attached hereto as *Exhibit J*.

Mr. Yentzen reviewed the maintenance and repair projects for the month. He discussed issues with booster pump no. 1 motor and reviewed replacement and repair costs, a copy of the quote is attached to the Operations Report. The repair costs are estimated to be \$13,284.00 and estimated replacement costs are \$15,030.00. He recommended replacement of booster pump no. 1.

Mr. Yentzen requested approval of a proposal to repair automatic transfer switch control modules at Water Plant No. 2 for an estimated cost is \$2,850.00. Once repaired, the transfer switch controller will be tested and, if it needs repairs, the estimated cost for a transfer switch controller is \$3,0000.00.

President Doyle reported on communications with Mr. Yentzen regarding lake levels and recharging the lakes. Ms. Schroeder reported on future limitations on surface water supply, and noted that approximately 2% of the District's water supply is pumped from its well and 98% is surface water received from the West Harris County Regional Water Authority. Mr. Yentzen and Ms. Schroeder discussed distributing a letter to residents about water conservation. President Doyle reported on conservation measures implemented by the HOA that reduced water costs significantly.

Mr. Yentzen reported that 45 delinquent letters were mailed in advance of this meeting and 45 accounts remain unpaid.

Mr. Yentzen noted the District's accountability is at 100%, which accountability includes maintenance and flushing use.

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, approve replacement of booster pump no. 1 for an estimated cost of \$15,030.00, approve the repair of an automatic transfer switch for an estimated cost of \$2,850.00, authorize up to \$3,000.00 for replacement of the transfer switch controller, if needed, and to approve a letter to Cypress Creek Lakes MUDs regarding water conservation.

13. **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 K*.

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.

14. **Accept conveyance of 3.828 acres.** Mr. Corson reported that the environmental reports for the property are under review and that Mischer is not ready to convey the property.

15. **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 L*.

Mr. Fort reviewed a photograph on page 6 of his report illustrating a low area beneath a sidewalk. He reported that the area is not a sinkhole and requested the Board's authorization to fill and grade for a cost of approximately \$4,250.00. Upon motion by Director Cavnar, seconded by Director Williams, after full discussion and the question being put to the Board, the Board voted unanimously to approve a proposal to fill and grade the low area for a cost of approximately \$4,250.00

16. **Approve proposal from EarthCare Management for median improvements on Cypress Plaza.** President Doyle reported that revised proposals should have been sent by EarthCare to NRF, which have not been received. The Board discussed scope of median improvements as it relates to proposed disruption from new construction. 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 President Doyle to negotiate a revised proposal for Cypress Plaza median improvements pursuant to the Board's discussion for an amount up to \$18,000.00.

17. **Discuss KGA/DeForest proposed trail system and take appropriate action.** President Doyle reported that bids for sidewalk on the south side of IDC 4 & 5 were received last August, which were not reviewed and awarded due to a miscommunication. He stated that KGA/DeForest reached out to the low bidder, Classic Irrigation & Landscape, LLC, to see if they would honor the bid presented at that time and they agreed to honor the initial bid of \$113,897.00. President Doyle noted the higher bidder was D.L. Meacham LP. Discussion ensued.

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 award the bid subject to the low bidder's willingness to honor the bid, to Classic Irrigation & Landscape for an estimated cost of \$113,897.00.

18. **Quarterly Report from Off-Cinco.** No report was presented to the Board.

19. **Developer's Report.** Mr. Corson reported that they will close on property for Hines in the third week of June and there is continued interest in other tracts.

20. **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 July 10, 2019



President, Board of Directors

ATTEST:



Secretary, Board of Directors

