

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 493

Minutes of Meeting of Board of Directors January 23, 2024

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 493 (the "District") met in regular session, open to the public, on January 23, 2024, 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:

Burt Lazar, President
Tommy J. Vicknair, Vice-President
Kaci Schlachter, Secretary
Greg Garner, Jr., Assistant Secretary
Summer Guderian, Assistant Secretary

all of whom participated in the meeting, except Director Vicknair, thus constituting a quorum.

Also attending the meeting were Miguel Medina of Municipal Accounts & Consulting, LP ("MAC"); Will Gutowsky of BGE, Inc. ("BGE"); Mackenzie Osborne of Inframark, LLC ("Inframark"); Rebecca Olvera of B&A Municipal Services ("B&A"); Dan Kolkhorst, Kelsey Thorne and Paulina Baker of The Howard Hughes Corporation, on behalf of Bridgeland Development, LP (the "Developer"); Robert Wanniger of Toll Brothers, Inc. ("Toll"); and Joseph M. Schwartz and Shelby Yllana of Schwartz, Page & Harding, L.L.P. ("SPH"). Barbara Nussa of Republic Services, Inc. ("Republic") entered the meeting after it had been called to order as indicated 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 opened the meeting for public comment. There being no members of the public present, the Board continued to the next item of business.

MINUTES

The Board considered approval of the draft minutes of its meeting held December 28, 2023. Following discussion, Director Lazar moved that said minutes be approved, as written. Director Garner seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Mr. Medina presented to and reviewed with the Board the Bookkeeper's Report prepared by MAC dated January 23, 2024 a copy of which is attached hereto as **Exhibit A**, including the disbursements presented for approval. After review and discussion, Director Lazar moved that the Bookkeeper's Report and the disbursements presented be approved, except check no. 2345, which was voided. Director Garner seconded the motion, which carried unanimously.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

The Board considered adopting 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. He presented to and reviewed with the Board the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto, together with a comparison of the list submitted and the list previously adopted by the Board, copies of which are attached hereto as **Exhibit B**. Mr. Schwartz noted that the broker list presented is a list of potential institutions with which the District may engage in investment transactions, and that the list was compiled with the input of the District's Investment Officer, but that it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Lazar moved that: (i) the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, and (ii) the President and Secretary be authorized to execute said Resolution on behalf of the Board and the District. Director Garner seconded said motion, which unanimously carried.

TAX ASSESSOR COLLECTOR'S REPORT

Ms. Olvera presented to the Board the Tax Assessor Collector's Report as of December 31, 2023, a copy of which is attached hereto as **Exhibit C**. After review and discussion, Director Lazar moved that the Tax Assessor Collector's Report and the disbursements presented therein be approved. Director Garner seconded the motion, which carried unanimously.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

The Board deferred consideration of a Delinquent Tax Collections Attorney Report as it was noted that no report was received nor is due at this time from Perdue Brandon Fielder Collins & Mott, L.L.P.

ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

Mr. Schwartz advised the Board that it is authorized, pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on personal property accounts 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. The Board next considered the adoption of a resolution authorizing such additional penalty. After discussion, it was moved by Director Lazar, seconded by Director Garner and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, attached hereto as **Exhibit D**, be approved and adopted.

TAX EXEMPTIONS

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. Mr. Schwartz advised that the recommendation has been made that the District not grant any exemptions at this time due to the early stage of development. After further discussion of the matter, Director Lazar moved that the District (i) not grant the residential homestead exemption, (ii) not grant an exemption for persons under a disability or sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2024, and (iii) the Resolution attached hereto as **Exhibit E** relative to same be approved and adopted by the Board and District. Director Garner seconded said motion, which carried unanimously.

OPERATOR REPORT

Ms. Osborne presented the Operations and Maintenance Report dated January 23, 2024 prepared by Inframark, a copy of which is attached hereto as **Exhibit F**. The Board noted that no action on its part regarding the Operator's Report was required.

ENGINEER'S REPORT

Mr. Gutowsky presented to and reviewed with the Board the Engineer's Report dated January 23, 2024, a copy of which is attached hereto as **Exhibit G**, including the pay estimates and change orders presented therein. Mr. Schwartz noted that acceptance of the Conveyances and Bills of Sale of Facilities identified in the Engineer's Report would be deferred. After discussion, Director Lazar moved that the Engineer's Report be approved, as presented, along with the action items listed therein, as discussed, and excluding the acceptance of the Conveyances. Director Garner seconded said motion, which unanimously carried.

SUBMERGED STORM SEWER AGREEMENTS

The Board noted that there were no submerged storm sewer agreements presented for approval.

STREET LIGHT LETTER AGREEMENTS

The board noted that there were no street light letter agreements presented for approval.

LAW ENFORCEMENT

The Board noted that there were no law enforcement matters for discussion at this time.

GARBAGE COLLECTION SERVICES

Mr. Schwartz advised that there were no issues regarding garbage collection services to report. The Board took no action regarding this item.

BRIDGELAND WATER AGENCY

The Board discussed the Bridgeland Water Agency. Mr. Schwartz advised that the Trustees are continuing development of a smart device application and website. The Board took no action regarding the Agency.

GARBAGE COLLECTION SERVICES

Ms. Nussa entered the meeting at this time. The Board then reconsidered the garbage collections report. Ms. Nussa noted there were no issues to discuss with the Board at this time.

STATUS OF DISTRICT WEBSITE

The Board noted no items were requested for the website at this time.

DEVELOPER'S REPORT

Ms. Thorne and Ms. Baker then presented an inventory of the sales for the month of December 2023 for the District, a copy of which is attached hereto as **Exhibit H**.

COMPTROLLER DATABASE

Mr. Schwartz next reminded the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, districts are required to submit information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in the Special Purpose District Public Information Database. Mr. Schwartz recommended that FORVIS, LLP, be authorized to prepare and submit the information, with the work to be performed on an hourly basis at an estimated cost of \$600.00. Following discussion, Director Lazar moved that FORVIS, LLP, be requested to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Information Database. Director Garner seconded said motion, which unanimously carried.

INSURANCE

Mr. Schwartz reported to the Board that the District's current insurance coverage and directors and consultants' bonds, issued through Arthur J. Gallagher ("Gallagher") will expire on March 31, 2024. He inquired as to whether the Board wished to renew its coverage through McDonald, or solicit proposals from additional agencies. After discussion on the matter, Director Lazar moved that SPH be authorized to solicit a renewal proposal from McDonald for the renewal of the District's various insurance policies and bonds for review at the Board's February meeting. Director Garner seconded the motion, which carried unanimously.

PROPOSED 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 ("TPHTL"). Mr. Schwartz advised that a drainage study is being completed for Bridgeland property located west of Grand Parkway and, upon completion, the annexation consent package will be filed with the City of Houston. Mr. Wanniger, of Toll, introduced himself to the Board and informed the Board of the timeline for project development. The Board noted no action was necessary at this time.

MATTERS RELATED TO MAY 4, 2024 DIRECTORS ELECTION

Mr. Schwartz reported on issues related to the District's Directors Election (the "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 I**. Mr. Schwartz advised that Harris County will not offer joint election services to political subdivisions for the May 4, 2024 election, and therefore, the District will have to hold an independent election. He further discussed the challenges of administrating an independent election.

Mr. Schwartz next advised the Board that, in the event the District's independent election is contested, the District may enter into a Joint Elections Agreement with the other Bridgland districts, 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 Lazar, seconded by Director Garner 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 if necessary.

ATTORNEY'S REPORT

Mr. Schwartz noted that he had no legal matters to discuss with the Board 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 J** calling the Election to be held on May 4, 2024. It was noted that the terms of office of Directors Guderian, Garner and Vicknair 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 Shelby Yllana 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. Mr. Schwartz advised the Board 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 advised 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 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 Lazar 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 Garner 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 Lazar moved that the judges and clerks for the Election, including early voting clerks, be paid \$15.00 per hour. Director Garner seconded said motion, which unanimously carried.

FUTURE AGENDA ITEMS

The Board noted no agenda items were requested for future meeting agendas.

ADJOURNMENT

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

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Secretary

LIST OF ATACHMENTS TO MINUTES

Exhibit A - Bookkeeper's Report

Exhibit B- Resolution Adopting List of Qualified Brokers

Exhibit C - Tax Assessor Collector's Report

Exhibit D- Resolution Authorizing an Additional Penalty On Delinquent Personal Property Taxes

Exhibit E- Resolution Concerning Exemptions From Taxation

Exhibit F- Operator's Report

Exhibit G- Engineer's Report

Exhibit H – Developer's Report

Exhibit I- Memorandum

Exhibit J- Order Calling Directors Election