

HARRIS-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3

Minutes of Board of Directors Meeting February 26, 2024

The Board of Directors of Harris-Fort Bend Counties Municipal Utility District No. 3 met in regular session on February 26, 2024, in accordance with the duly posted Notice of Public Meeting, and the roll was called of the duly constituted officers and members of said Board of Directors, as follows:

Ron Welch, President
W. Derrell Witt, Vice President
Frank Anzalotti, Secretary
Richard Breihan, Assistant Secretary
Danny Williams, Assistant Secretary

all of whom announced they were present, thus constituting a quorum.

Also present were Mike Baker of Katy ABC Properties ("Katy ABC"); Tom Laseter of Vogler & Spencer Engineering, Inc. ("VSE"); Cathy Falke and Raquel Garcia of Inframark Water Infrastructure Operations ("Inframark"); Yvonne Luevano of Wheeler & Associates, Inc. ("Wheeler"); Drake Dominy of Pelican Builders, Inc. ("Pelican"), who entered the meeting after it had been called to order as noted below; Kayla Crigger and Kyle Cortez of Municipal Accounts & Consulting, L.P. ("MA&C"); Merrie Talley of Talley Landscape Architects Inc. ("TLA"), who entered the meeting after it had been called to order as noted below; Jose Criollo, owner of 0.74 acre annexation tract; Deputy Blake Merrow of the Harris County Sheriff's Office ("HCSO"); and Abraham Rubinsky and Kate Henderson of Schwartz, Page & Harding, L.L.P. ("SPH").

The President called the meeting to order and declared same open for business as might properly come before it.

PUBLIC COMMENTS

Mr. Rubinsky noted that the first item on the agenda was to open the meeting for public comments. There being no comments from the members of the public present, the Board continued to the next item of business.

APPROVAL OF MINUTES

The Board next considered approval of the minutes of its Board of Directors meetings held on December 26, 2023, and January 22, 2024. Following discussion, Director Anzalotti moved that the Board approve the minutes of its Board of Directors meeting held on December 26, 2023, as presented. Director Williams seconded said motion, which unanimously carried. The Board deferred approval of the minutes of its Board of Directors meeting held on January 22, 2024, until its next meeting.

HARRIS COUNTY SHERIFF'S OFFICE ("HCSO") SECURITY REPORT AND FLOCK SAFETY REPORT

Deputy Merrow next presented for the Board's review a Security Report from HCSO for the month of January 2024, a copy of which is attached hereto as **Exhibit A**. Deputy Merrow also discussed various incidences and criminal activity which occurred within and around the District during the past month, and the efforts of law enforcement relative to same.

Mr. Rubinsky next advised the Board that a Flock Safety Report had not been received this month.

Deputy Merrow exited the meeting at this time.

Ms. Talley entered the meeting at this time.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Luevano presented to and reviewed with the Board the Tax Assessor-Collector's Report prepared by Wheeler dated as of January 31, 2024, a copy of which is attached hereto as **Exhibit B**, including the disbursements presented for payment from the Tax Account. After discussion, Director Anzalotti moved that the Tax Assessor-Collector's Report be approved as presented, and that the disbursements from the District's Tax Account identified in said Report be authorized. Director Witt seconded said motion, which carried unanimously.

DELINQUENT TAX COLLECTIONS REPORT

With respect to the review of a Delinquent Tax Report from the District's Delinquent Tax Collections attorneys, Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"), it was noted that Perdue provides written reports on a quarterly basis and that the next report would likely be presented in April 2024.

ADOPTION OF RESOLUTION CONCERNING DEVELOPED DISTRICT STATUS FOR 2024 TAX YEAR

Mr. Rubinsky next addressed the Board concerning the tax rate adoption procedures for special districts. Mr. Rubinsky 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. Rubinsky then reviewed with the Board a worksheet completed by VSE to assist the Board in making this determination, which reflects that the District is not a Developed District for the 2024 Tax Year. Following discussion, upon motion made by Director Williams, seconded by Director Brehan and unanimously carried, the Resolution Concerning Developed District Status for the Tax Year 2024 attached hereto as **Exhibit C** (which includes the worksheet completed by VSE attached as an exhibit thereto) was adopted by the Board.

BOOKKEEPER'S REPORT

Ms. Crigger presented to and reviewed with the Board the Bookkeeper's Report dated

February 26, 2024, a copy of which is attached as **Exhibit D**, including the disbursements presented therein. Ms. Crigger noted that additional check no. 9031 to SPH presented for payment at today's meeting will be reflected on next month's Bookkeepers Report. After discussion, it was moved by Director Anzalotti that the Bookkeeper's Report be approved, and that the disbursements identified in the report be approved for payment including additional check no. 9031 noted above, and with the exception of check nos. 8732, 8860 and 8870 on the General Operating Fund, which were voided. Director Welch seconded said motion, which unanimously carried.

STATUS OF PREPARATION AND SUBMISSION OF DISTRICT INFORMATION TO TEXAS COMPTROLLER OF PUBLIC ACCOUNTS FOR INCLUSION IN THE SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Mr. Rubinsky next advised the Board that SPH has prepared the information to be submitted to the Texas Comptroller of Public Accounts for inclusion in the Special Purpose District Public Information Database and will submit same prior to the April 1, 2024 deadline.

OPERATOR'S REPORT

The Board next considered the Operator's Report. In connection therewith, Ms. Garcia presented to and reviewed with the Board the Operator's Report dated February 26, 2024, a copy of which is attached hereto as **Exhibit E**. Ms. Garcia discussed various matters contained in the Report, including completed and upcoming maintenance and repair items, and presented and reviewed the Utility Billing Summary, Utility Billing Detail Report, Connection Count, Water Quality Monitoring Report, Water Accountability Report, Commercial Consumption Report, Monthly Pumpage Report, Wastewater Plant Discharge Report, Customer Service Report, Delinquent Notice/Service Disconnect Report, and Delinquent Accounts Report, as set forth therein. After discussion, it was moved by Director Welch, seconded by Director Williams and unanimously carried, that the Board authorize: (i) the replacement of RAS Pump No. 1 at the Wastewater Treatment Plant ("WWTP") with a 3.1hp KSB D-Max pump at an estimated cost of \$15,289.00; (ii) the replacement of the clarifier rubbers on all three clarifiers at the WWTP at an estimated cost of \$6,600.00; and (iii) the installation of a float alarm system in each digester basin at the WWTP at an estimated cost of \$8,750.00, all as recommended by Inframark.

Ms. Garcia next addressed the Board concerning appeals of District charges. In that regard, she advised the Board that a request had been received from a customer of the District (account no. 242399) for a waiver of disconnection fees, as further detailed in the Operator's Report. After discussion on the matter, it was moved by Director Witt, seconded by Director Williams and unanimously carried, that such request be denied by the Board, as recommended by Inframark.

Ms. Garcia next advised the Board that a request had been received from a customer of the District (account no. 439970) for a waiver of late fees, as further detailed in the Operator's Report. After discussion on the matter, it was moved by Director Witt, seconded by Director Williams and unanimously carried, that such request be denied by the Board, as recommended by Inframark.

REVIEW OF DROUGHT CONTINGENCY PLAN

Mr. Rubinsky advised the Board that, in accordance with Title 30, Section 288.30 of the Texas Administration Code, the District is required to adopt and file with the appropriate agencies a Drought Contingency Plan and review and, if appropriate, update same by May 1, 2024, and every five (5) years thereafter. After discussion, it was moved by Director Anzalotti, seconded by Director Breihan and unanimously carried, that the District's Operator and Engineer be authorized to complete the five year review of the District's Drought Contingency Plan and report back to the Board with any necessary updates.

APPROVAL OF SECOND AMENDMENT TO RESIDENTIAL SOLID WASTE AND RECYCLING COLLECTION AGREEMENT

The Board next considered the approval of a Second Amendment to Residential Solid Waste and Recycling Collection Agreement by and between the District and Texas Pride Disposal Solutions, LLC ("Texas Pride") to reflect the variable energy charge that was approved by the Board last month, to be effective March 1, 2024. After discussion, it was moved by Director Anzalotti, seconded by Director Welch and unanimously carried, that the Second Amendment to Residential Solid Waste and Recycling Agreement be approved and that the President be authorized to execute same on behalf of the Board and the District.

Ms. Luevano exited the meeting at this time.

ADOPTION OF AMENDED RATE ORDER RELATIVE TO TEXAS PRIDE'S ANNUAL CPI ADJUSTMENT

The Board next considered the adoption of an amended District Rate Order relative to an adjustment of the District's base monthly rate for residential sanitary sewer service in connection with Texas Pride's annual CPI increase for monthly solid waste collection and disposal and recycling services, as approved by the Board at its meeting held December 26, 2023. The Board discussed whether to incorporate the variable energy charge into the base monthly residential sewer rate. After discussion on the matter, Director Anzalotti moved that: (i) the District Rate Order be amended to provide for an increase in the base monthly rate for residential sanitary sewer service and solid waste and recycling collection and disposal services from \$39.42 to \$40.68; (ii) any and all Rate Orders heretofore adopted be revoked; and (iii) the Rate Order attached hereto as **Exhibit F** be passed and adopted to be effective as of March 1, 2024. Director Breihan seconded the motion, which unanimously carried. The Board requested that MA& monitor the monthly variable energy charge contained in the invoices from Texas Pride going forward.

STATUS OF DISTRICT'S WATER PRODUCTION FACILITIES AND DISCUSSION CONCERNING DISTRICT RESPONSE TO TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ("TCEQ") NOTICE OF VIOLATION

Mr. Laseter next advised the Board that he had no new activity upon which to report regarding communications with the TCEQ regarding the Notice of Violation for the Modified Comprehensive Compliance Investigation of Public Water Supply received from the TCEQ on

October 18, 2022, which stated that the District is not providing enough water well capacity for its connections. He noted that a response had not yet been received to VSE's follow up correspondence that was forwarded to the TCEQ on January 11, 2024, setting forth the schedule for construction of the District's Water Plant No. 2 and the emergency water supply plan that is in place with Cimarron Municipal Utility District for the provision of water to the District.

MAINTENANCE OF THE DISTRICT'S DETENTION AND DRAINAGE FACILITIES

The Board next considered the status of maintenance of the District's detention and drainage facilities by Seaback Maintenance, Inc. ("Seaback"). In connection therewith, Mr. Laseter addressed the Board concerning the invoice from Seaback for maintenance in the month of January 2024 in the total amount of \$4,374.75, and advised of the services provided by Seaback in connection therewith. No action was required by the Board at this time.

STORM WATER MANAGEMENT PROGRAM REPORT

Mr. Rubinsky next advised the Board that a Storm Water Management Program Report had not been received this month from Storm Water Solutions, LLC.

Mr. Dominy entered the meeting at this time.

ENGINEER'S REPORT

Mr. Laseter presented to and reviewed in detail with the Board a written Engineer's Report dated February 26, 2024, a copy of which is attached hereto as **Exhibit G**, and discussed the status of the various projects within the District. After discussion, it was moved by Director Welch, seconded by Director Williams, and unanimously carried that the Engineer's Report and all action items listed therein be approved (except as noted below), including: (i) the approval or concurrence, as applicable, of all pay estimates, contract quantity adjustments, and change orders as may be listed therein (including the acceptance of any Texas Ethics Commission ("TEC") Form 1295 required in connection with change orders to construction contracts entered into directly by the District) (i) including Day Application No. 2 in the amount of \$1,211,062.50 from W.W. Payton in connection with the Water Plant No. 2 Project (ii) authorizing the President to execute a Service Outlet Location and Data Statement for Electric Service between the District and Center Point Energy LLC. in connection with the extension of electricity and natural gas service for the Water Plant No. 2 site; and (iii) the acceptance of a Water Meter Easement from the Lofts at Katy Ranch, LP. The Board deferred action relative to the acceptance of Water Meter Easements from Kilcommins Group Development Companies, LLC.

A discussion next ensued regarding the storm water detention requirements for the development of Pelican's 6.87 acre tract of land, as further detailed in the Engineer's Report. Pursuant to discussions by and among Pelican, Jae More and the Harris County Flood Control District, Pelican will utilize existing capacity in the Kingsland Boulevard Detention Pond in connection with the development of the 6.87 acre tract, and will construct additional storm water detention capacity for the future development of Mr. Moor's two remaining tract in the District on Mr. Moore's 5 acre tract located on the North side of Kingsland Boulevard. After discussion on

the matter, Director Anzalotti moved that SPH be authorized to prepare a draft Utility Development Agreement between the District and Katy Kingsland MF Project Owner LLC ("Katy Kingsland") in connection with the additional detention capacity facilities to be constructed to serve Pelican's 6.87 acre tract of land, as well as the future development of Jae Moore's two tracts of land located along Kingsland Boulevard, for the Board's review and approval. Director Breihan seconded said motion, which unanimously carried.

Ms. Falke exited the meeting during the Engineer's Report.

ANNUAL REVIEW OF SURVEY OF WAGE RATE SCALES AND ADOPTION OF RESOLUTION ADOPTING PREVAILING WAGE RATE SCALE FOR CONSTRUCTION PROJECTS

The Board considered the review of an annual survey of prevailing wage rates for construction projects and the adoption of a Resolution in connection therewith. In that regard, Mr. Rubinsky advised the Board that, as required pursuant to Section 2258.022 of the Government Code, the District has previously adopted the applicable United States Department of Labor ("DOL") wage rate scales for Harris and Fort Bend Counties as the general prevailing wage rates for construction projects by or on behalf of the District. Mr. Rubinsky further advised that the DOL's applicable wage rate scales for Harris and Fort Bend Counties have been amended effective January, 2024, and recommended that the Board adopt same. After discussion on the matter, Director Breihan moved that the new DOL wage rate scales for Harris and Fort Bend Counties be adopted as the District's prevailing wage rate scales for construction projects, and that the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects, attached hereto as **Exhibit H** be adopted by the Board. Director Anzalotti seconded said motion, which unanimously carried.

DEVELOPERS' REPORTS

Mr. Baker updated the Board on the status of completion of his new retail development at Katy Ranch Crossing and provided an update on potential tenants.

In connection with the development of the Phase II Bella Professional Park project, there were no new updates reported.

Director Welch next reported to the Board concerning his communications with Paul King regarding the marketing and potential sale of the Bing Family property.

Mr. Dominy next advised the Board that Pelican (Katy Kingsland) will start construction of the proposed apartment complex on its 6.87 acre tract in October 2024, with occupancy expected beginning in 2026.

UTILITY COMMITMENTS

Mr. Rubinsky next addressed the Board regarding the utility commitment requested by J.K.

Moore Real Estate Limited Partnership in connection with the proposed development of its remaining 7 acres in the District. He advised the Board that preparation of the proposed utility commitment is pending the District's receipt of more specific development plans for the property from Mr. Moore.

With respect to the approval of an assignment of the utility commitment previously issued to Pelican from Pelican to Katy Kingsland in connection with the proposed development of the 6.87 acres of land in the District, Mr. Rubinsky recommended that the District instead issue a new utility commitment to Katy Kingsland and revoke the utility commitment previously issued to Pelican. After discussion, it was moved by Director Williams, seconded by Director Anzalotti and unanimously carried, that SPH be authorized to prepare a new utility commitment to Katy Kingsland for the Board's review and approval at next month's meeting.

Ms. Crigger and Mr. Cortez exited the meeting at this time.

STATUS OF PROPOSED ANNEXATION OF CRIOLLO TRACT

In connection with the proposed annexation of Jose Criollo's 0.74 acre tract on Kingsland Boulevard, Mr. Rubinsky stated that he is still working on obtaining a Sanitary Sewer Easement required from the Katy Community Fellowship Church ("the Church") to serve the proposed annexation tract. Mr. Rubinsky then discussed his communications with the Church and the Church's demands in connection with the acquisition of the Sanitary Sewer Easement. After discussion on the matter, the Board authorized VSE to provide Mr. Criollo with a utility availability letter to assist him in moving forward with the approval the development plans for his property.

MASTER PARKS PLAN PREPARED BY TALLEY LANDSCAPE ARCHITECTS, INC.

Regarding the District's Master Parks Plan prepared by TLA, Ms. Talley presented to and reviewed with the Board a Report dated February 26, 2024, a copy of which is attached hereto as **Exhibit I**, regarding the activities and work performed in February in connection with Phase 1A of the District's Master Park Plan. No action was required by the Board in connection with the TLA Report at this time.

Ms. Talley next addressed the Board concerning Amendment #1 to the Landscape Architectural Services Agreement by and between the District and TLA, in connection with the addition of a trail to the Towns at Seville Subdivision to the Phase 1A park and trail development contract. After discussion on the matter, it was moved by Director Witt, seconded by Director Anzalotti and unanimously carried, that Amendment #1 to the Landscape Architectural Services Agreement be approved and the President be authorized to execute same on behalf of the Board and the District.

DISCUSSION CONCERNING POTENTIAL USE OF DISTRICT'S DRY STORMWATER DETENTION PONDS FOR RECREATIONAL PURPOSES

The Board deferred action on this matter at this time.

RENEWAL OF DISTRICT INSURANCE COVERAGES

The Board discussed the renewal of the District's insurance coverages for the 2024-2025 term. Mr. Rubinsky advised the Board that a proposal had been received from the District's current insurance carrier, Arthur J. Gallagher & Co., but that the proposal solicited from McDonald & Wessendorff Insurance Services, L.L.C. had not yet been received. After discussion, the Board deferred action relative to the renewal of the District's insurance coverages pending the receipt of a proposal from McDonald & Wessendorff Insurance Services, L.L.C.

SUPPLEMENTAL AGENDA REGARDING CANCELLATION OF MAY 4, 2024 DIRECTORS ELECTION

The Board considered cancellation of the Directors Election called for May 4, 2024. Mr. Rubinsky advised that, in accordance with Subchapter C, Chapter 2 of the Texas Election Code, the District may cancel the Directors Election if each candidate whose name is to appear on the ballot and/or has registered as a write-in candidate is unopposed as of 5:00 p.m. on February 20, 2024. In such case, the Board may declare the unopposed candidates to be elected. In that regard, there was presented to the Board a certificate of the Secretary declaring all candidates unopposed. Mr. Rubinsky then presented and reviewed the Order Declaring Candidates Elected, attached hereto as **Exhibit J**. After discussion, Director Breihan moved that the Order be adopted by the Board declaring W. Derrell Witt and Frank Anzalotti elected Directors of the District, each to serve a term of four years or until a successor is duly elected or appointed, that the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District, and that the Directors Election called for May 4, 2024, be cancelled. Director Williams seconded said motion, which unanimously carried.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky reported to the Board concerning the status of communications regarding tax exempt properties in the District acquired by the Houston Housing Authority/Lakeside Place PFC.

DISTRICT WEBSITE

Mr. Rubinsky next advised the Board that he had no activity upon which to report regarding the District's website.

REVIEW OF DISTRICT CONSULTANTS' CONTRACTS

The Board deferred action on this matter at this time.

CLOSED SESSION

The Board concurred that a Closed Session would not be required in connection with the matters discussed at today's meeting.

FUTURE AGENDA ITEMS

The Board next considered matters for possible placement on future agendas. Except as may be reflected above, there were no additional agenda items requested other than routine, ongoing matters.

ADJOURNMENT

There being no further business to come before the Board, upon motion made by Director Anzalotti, seconded by Director Williams, and unanimously carried, the meeting was adjourned.

[seal]

Secretary

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LIST OF EXHIBITS

<u>Exhibit A</u>	HCSO Security Report
<u>Exhibit B</u>	Tax Assessor-Collector's Report
<u>Exhibit C</u>	Resolution Concerning Developed District Status for the Tax Year 2024
<u>Exhibit D</u>	Bookkeeper's Report
<u>Exhibit E</u>	Operator's Report
<u>Exhibit F</u>	District Rate Order
<u>Exhibit G</u>	Engineer's Report
<u>Exhibit H</u>	Resolution Adopting Prevailing Wage Rate Scale for Construction Projects
<u>Exhibit I</u>	Talley Landscape Architects Inc. Report
<u>Exhibit J</u>	Order Declaring Candidates Elected

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