

HARRIS-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3

Minutes of Board of Directors Meeting March 27, 2023

The Board of Directors of Harris-Fort Bend Counties Municipal Utility District No. 3 met in regular session on March 27, 2023, 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"); Jae Moore of J.K. Moore Real Estate Limited Partnership, Ltd. ("J.K. Moore"); Drake Dominy and Derek Darnell of Pelican Builders, Inc. ("Pelican"); Tom Laseter of Vogler & Spencer Engineering, Inc. ("VSE"); Cathy Falke and Raquel Garcia of Inframark, LLC ("Inframark"); Kayla Crigger of Municipal Accounts & Consulting, L.P. ("MA&C"); Yvonne Luevano of Wheeler & Associates, Inc. ("Wheeler"); and Abraham Rubinsky and Kit Collins of Schwartz, Page & Harding, L.L.P. ("SPH"). Merrie Talley of Talley Landscape Architects Inc. ("TLA") and Dale Anzalone of Flock Group, Inc. ("Flock") entered the meeting after it was called to order, as noted herein.

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 meeting held on February 27, 2023. The Board deferred action on the minutes of its Board of Directors meeting held on February 27, 2023.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Luevano presented to and reviewed with the Board the Tax Assessor-Collector's Report dated as of February 28, 2023, a copy of which is attached hereto as **Exhibit A**, including the disbursements presented for payment from the Tax Account. After discussion, Director

Williams 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 Breihan seconded said motion, which carried unanimously.

DELINQUENT TAX COLLECTIONS REPORT

Mr. Rubinsky advised the Board that there was not a Delinquent Tax Report to present this month from the District's Delinquent Tax Collections Attorneys, Perdue, Brandon, Fielder, Collins & Mott, L.L.P. Mr. Rubinsky advised that he expects the next report to be presented at the April 2023 Board meeting.

CLIENT SERVICES AGREEMENT WITH HR&P, INC.

Ms. Crigger advised the Board that MAC is now offering direct deposit service for director per diem and expense reimbursement payments through HR&P, Inc. ("HRP"), a third party payroll provider, and provided the Board with a memorandum summarizing the program and its costs and benefits, a copy of which is attached as **Exhibit B**. Ms. Crigger then presented and reviewed with the Board a proposed Client Services Agreement between the District and HR&P, Inc. ("HRP") relative to direct deposit of director per diem and expense reimbursement payments, along with a Texas Ethics Commission Form 1295 completed by HRP, copies of which are included in **Exhibit B** attached hereto. Following discussion, Director Anzalotti moved to approve and authorize the President to sign the Client Services Agreement with HRP. Director Witt seconded the motion, which passed unanimously.

RESOLUTION AUTHORIZING ELECTRONIC TRANSFER OF FUNDS

The Board next considered adoption of a Resolution Authorizing Electronic Transfer of Funds for Director Per Diems and Expense Reimbursements, a copy of which is attached as **Exhibit C**. Mr. Rubinsky explained that Section 49.151 of the Texas Water Code authorizes the Board, by resolution, to allow for disbursements of District funds to be transferred by electronic means. He further explained that the subject resolution would allow for electronic transfer of funds to HRP for the sole purposes of direct deposit of director per diems and expense reimbursements, associated payroll tax payments to the IRS, and payment of processing fees to HRP. Director Anzalotti then moved that the Resolution Authorizing Electronic Transfer of Funds for Director Per Diems and Expense Reimbursements be adopted. Director Williams seconded the motion, which passed unanimously.

Ms. Talley entered the meeting at this time

BOOKKEEPER'S REPORT

Ms. Crigger presented to and reviewed with the Board the Bookkeeper's Report dated March 27, 2023, a copy of which is attached as **Exhibit D**, including the disbursements presented for payment from the District's General Operating Account and the Construction Account. Mr. Rubinsky inquired why a significant number of expenses paid at the Board's last meeting held February 27, 2023 are not reflected on the Actual vs. Budget Comparison for February 2023 included in the Bookkeeper's Report. Ms. Crigger advised that expenses paid at

such meeting for prior periods would not be reflected in the budget comparison for February 2023, but that she would review the budget comparison to determine whether any adjustments or corrections need to be made. Upon motion made by Director Witt, seconded by Director Williams, and unanimously carried, the Board approved the Bookkeeper's Report, including the checks presented for payment from the District's various accounts.

UNCLAIMED PROPERTY REPORT

The Board next considered authorizing the District's consultants to research the District's accounts for unclaimed property and to prepare Unclaimed Property Reports as of March 1, 2023, if necessary. After discussion, Director Anzalotti moved that EDP, Wheeler and MA&C be authorized to research their records to determine whether the District is holding any unclaimed property for the stated period, and that MA&C and Wheeler be authorized to prepare Unclaimed Property Reports, if necessary, for the Board's consideration, approval and filing with the Texas State Comptroller prior to July 1, 2023. Director Witt 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 reported that the information required for inclusion in the Special Purpose District Public Information Database was submitted to the Texas Comptroller of Public Accounts on behalf of the District on March 27, 2022, a copy of which filing is attached hereto as **Exhibit E**. Mr. Rubinsky noted that no further action was required on this item at this time.

ANNUAL AUDIT REPORT FOR THE DISTRICT'S FISCAL YEAR ENDED DECEMBER 31, 2022

Mr. Rubinsky advised the Board that McGrath & Co., PLLC ("McGrath") is in the process of preparing the District's annual audit report, and will be in attendance at next month's Board meeting to present same to the Board.

STATUS OF ANNUAL CONTINUING DISCLOSURE REPORT

Mr. Rubinsky noted that the District's Disclosure Counsel, McCall Parkhurst & Horton, L.L.P. ("McCall Parkhurst") will prepare the District's annual Continuing Disclosure Report and file same with the appropriate repositories once the audit report for District's fiscal year ended December 31, 2022, has been finalized.

OPERATOR'S REPORT

The Board next considered the Operator's Report. In connection therewith, Ms. Falke presented to and reviewed with the Board the Operator's Report dated March 27, 2023, a copy of which is attached hereto as **Exhibit F**. Ms. Falke 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 Production 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. Ms. Falke reported that the Leak Detection Survey performed by Accurate Water has been completed.

Ms. Falke requested that the Board consider authorizing the repainting of the District's 137 fire hydrants at an estimated cost of \$6,370.50. The Board deferred action on the repainting of the District's fire hydrants until its next regular Board meeting.

In connection with the District's Wastewater Treatment Plant, Ms. Falke presented and reviewed with the Board a proposal from NTS Pumps, Motors and Controls for the repair or replacement of the Screw Wash Press. Ms. Falke noted that it would not be economical to repair such equipment as the cost of repair (\$49,558.00) is more than the cost to purchase and install a new unit (\$37,683.00).

Ms. Falke next presented to and reviewed with the Board Inframark's annual report regarding the District's Identity Theft Prevention Program (the "Program"), a copy of which is attached to the Operator's Report, including the District's experience with identity theft during the prior year, current methods to detect identity theft, the types of accounts maintained by the District, and the District's business arrangements with other entities. Ms. Falke advised that Inframark is not recommending any changes be made to the District's Program this year. After discussion on the matter, the Board concurred that no changes be made to the Program at this time.

Following discussion, Director Anzalotti moved that the Board approve the Operator's Report and the replacement of the Screw Wash Press at the District's WWTP at a cost of \$37,683.00. Director Williams seconded the motion, which carried unanimously.

Concerning the results of the Well Performance Test on Water Well No. 1, Mr. Laseter advised that well performance has rebounded to 795 gallons per minute.

Ms. Luevano exited the meeting at this time.

SLUDGE MANAGEMENT AGREEMENTS

Mr. Rubinsky next provided a brief history and explanation of the need for the District to have sludge management agreements any vendor that handles sewage hauling from the District's Wastewater Treatment Plant. Pursuant to discussion with the District's Operator, SPH has drafted a proposed Sludge Management Agreements ("SMA") by and among the District, Inframark, and Sprint Waste of Texas, LP doing business as GFL ("Sprint"). Ms. Falke advised that Inframark moved services to GFL due to reliability issues with the District's prior provider. Mr. Rubinsky then advised that he will present a SMA for the Board's consideration at next month's meeting, subject to the receipt of pricing information from Sprint and the requisite TEC Forms 1295 from Sprint and Inframark in connection therewith.

ANNUAL ARBITRAGE ANALYSIS REPORT

Mr. Rubinsky presented to and reviewed with the Board an Annual Maintenance for Arbitrage Analysis Report prepared by Municipal Risk Management Group, L.L.C. ("MRMG") dated March 2, 2023, a copy of which is attached hereto as **Exhibit G**, in connection with the yield restriction and arbitrage rebate calculation analyses performed in connection with the District's previous bond issues. Mr. Rubinsky advised that no specific actions were being recommended at this time by MRMG in connection therewith. After further discussion, the Board unanimously approved the Arbitrage Analysis Report, and agreed to ratify its approval of said Report at next month's Board meeting.

STATUS OF DISTRICT'S WATER PRODUCTION FACILITIES AND DISCUSSION CONCERNING DISTRICT RESPONSE TO TCEQ NOTICE OF VIOLATION

Mr. Laseter advised that in response to the Notice of Violation for the Modified Comprehensive Compliance Investigation of Public Water Supply ("NOV") received from the Texas Commission on Environmental Quality ("TCEQ") by letter dated November 18, 2022, VSE had submitted a written response dated December 2, 2022 and is currently awaiting a response from the TCEQ.

MAINTENANCE OF THE DISTRICT'S DETENTION AND DRAINAGE FACILITIES

The Board considered the status of maintenance of the District's detention and drainage facilities by Seaback Maintenance, Inc. ("Seaback"). In connection therewith, Mr. Laseter advised the Board that he had approved an invoice from Seaback for mowing of the District's various facilities in the month of February 2023, a copy of which is attached hereto as **Exhibit H**. Mr. Laseter further advised that Seaback has requested the Board's approval to proceed with the Spring overseeding and fertilizing at a cost of \$57,454.45, and the removal of alligator weed from the Drainage Outfall Channel at a cost of \$5,500. Following discussion, Director Welch moved that the Board approve Seaback's proposals for the Spring overseeding and fertilizing at a cost of \$57,454.45, and the removal of alligator weed from the Drainage Outfall Channel at a cost of \$5,500. Director Williams seconded said motion, which unanimously carried.

ENGINEER'S REPORT

Mr. Laseter presented to and reviewed in detail with the Board a written Engineer's Report dated March 27, 2023, a copy of which is attached hereto as **Exhibit I**, and discussed the status of the various projects within the District.

Mr. Laseter reported that he had nothing new to report in connection with (i) the three-year plan to supplement water well production/capacity at Water Well No. 1; (ii) the Water Meter Easements required from Kilcommins Group Development Companies, LLC; (iii) renewal of the District's Storm Water Quality Permits; or (iv) street and storm sewer acceptances by Harris County.

Regarding the status of design of Wastewater Treatment Plant ("WWTP") Effluent Re-Use Facilities, including geotechnical investigation for on-site effluent storage pond design, Mr.

Laseter reported that the construction plans for this project are 90% complete, and are pending completion upon finalizing the daily irrigation demand capacity needed for the effluent re-use facilities.

With respect to the acquisition of the Water Plant No. 2 Site and related easements, Mr. Rubinsky advised the Board that SPH has received further comments to said documents from the Bing Family's legal counsel, and will discuss the matter further in Closed Session.

In connection with the 0.320 MGD Expansion of the Permanent WWTP, Mr. Laseter recommended that Pay Application No. 16 from C-4 Partners in the amount of \$50,027.05, a copy of which is included in the Engineer's Report, be approved for payment.

Mr. Laseter next reported that the Channel Restoration and Erosion Prevention Project by Storm Water Solutions, LLC is substantially complete, and that pending items include turf establishment and final inspection.

In connection with the Sanitary Sewer Easement required from Katy Community Fellowship Church, Mr. Laseter advised that VSE and SPH are waiting for a response from Mr. Criollo's engineer concerning confirmation that the City of Houston will allow for the reduction of the width of the easement from 25' to 15' before SPH can submit a response to the Church.

Mr. Rubinsky next advised that SPH is still in the process of reviewing the request received from DE Corp. on behalf of the West Harris County Regional Water Authority for a Water Line and Water Meter Easement.

Mr. Laseter then reminded the Board that the North Fort Bend Water Authority ("NFBWA") requested a Letter of No Objection from the District in connection with its plans for construction of a 60-inch Water Line Project – Segment 19. In connection therewith, he advised the Board that VSE has received and approved revised plans provided by the NFBWA.

Upon motion made by Director Anzalotti, seconded by Director Williams, and unanimously carried, the Board voted that (i) the Engineer's Report be approved; and (ii) Pay Application No. 16 from C-4 Partners in the amount of \$50,027.05 be approved for payment, as recommended by VSE.

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

The Board next 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 Texas Government Code, the District has previously adopted the applicable United States Department of Labor ("DOL") wage rate scales 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 were amended effective January 1, 2023, and recommended that the Board adopt same. After discussion on the matter, Director Witt moved that the new DOL wage rate scales

(comprised of two DOL wage determination scales for each project type) 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 J** be adopted by the Board. Director Welch seconded said motion, which unanimously carried.

SUBMISSION OF INFORMATION TO RETAIL ELECTRIC UTILITY PROVIDER

Mr. Rubinsky reported that Texas Water Code §13.1396 requires that the District annually submit to each electric distribution utility and each retail electric utility provider, on forms reasonably required by each entity, a list of its facilities which qualify for critical load status and various emergency contact information. Following discussion, Director Breihan moved that EDP be authorized to make such annual filing on behalf of the District. Director Williams seconded said motion, which unanimously carried.

DEVELOPERS' REPORTS

Mr. Baker updated the Board on the status of development of Katy Ranch Crossing by Katy ABC. He advised that his second office building and the retail development sections are almost fully leased out, and noted that he intends to proceed with construction of a new 218-unit multifamily development, as well as a 13,000 square foot addition to the shopping center, in the near future. Mr. Laseter noted that construction continues on the Premier @ Katy Apartments, Phase II project. In connection with the development of the Phase II Bella Professional Park project, there were no new updates reported.

UTILITY COMMITMENTS

Mr. Rubinsky advised the Board that, as noted above, the proposed utility commitment to and Utility Development Agreement with Paul Bing, Nominee, will be discussed in Closed Session.

In connection with the request of Scotts Square, LLC for water and sewer service to serve Katy Surgical Center on a 2.5 acre tract located at 130 Bella Katy Drive in I-10 Bella Terra Unrestricted Reserve "A", Mr. Rubinsky noted that SPH is in the process of preparing this utility commitment and will circulate same to the developer for review and execution soon.

Mr. Laseter advised that VSE has now received formal requests for capacity from Mr. Baker in connection with the proposed retail development located at 722 Katy Fort Bend Road and the proposed Katy Ranch Lofts located at 24922 Katy Ranch Road. Mr. Baker advised that irrigation demands will need to be confirmed, but that he will send SPH and VSE the legal names and site plans for these projects soon. Following discussion, Director Anzalotti moved that the Board authorize SPH to prepare the proposed utility commitments for Mr. Baker's projects at located at 722 Katy Fort Bend Road and 24922 Katy Ranch Road, subject to VSE's approval of site plans for said projects, and requested TEC Form 1295s in connection with same. Director Witt seconded said motion, which unanimously carried.

In connection with the proposed multi-family development of Pelican Builders, Inc. and the development of the remainder of Jae Moore's acreage within the District, a discussion ensued

regarding the availability of unused capacity committed to other developers in the District that have or will soon complete the development of their properties. Messrs. Dominy and Darnell requested that the District approve Pelican's request for approximately 155 connections for the construction of a 310-unit multifamily development project. Mr. Moore reported that he has 102 connections remaining, but would need approximately 40 additional connections for the commercial development of his remaining 5 acres to be developed following Pelican's development. Mr. Laseter then reviewed and discussed with the Board the unused capacity previously committed to other developers in the District that could be reallocated to Mr. Moore's property for the above described projects. In light of the above, the Board noted that the District should have the requested capacity available to offer Pelican and Mr. Moore, but requested that both parties submit formal requests for such capacity for the Board's consideration at its next meeting.

Mr. Anzalone entered and exited during the above discussion on utility commitments

Messrs. Moore, Dominy, and Darnell exited the meeting at this time.

STATUS OF PROPOSED ANNEXATION OF CRIOLLO TRACT

In connection with the proposed annexation of Mr. Criollo's 0.74 acre tract on Kingsland Blvd, Mr. Rubinsky noted that this matter and the status of the Sanitary Sewer Easement acquisition from Katy Community Fellowship Church had been discussed under the Engineer's Report.

MASTER PARKS PLAN PREPARED BY TALLEY LANDSCAPE ARCHITECTS, INC. ("TLA")

Ms. Talley next advised the Board as to the status of TLA's work on Phase 1A of the District's Master Park Plan. In connection therewith, she noted that trail design has been completed. She further advised that TLA is working with VSE to complete detention capacity planning and that planning will continue following receipt of the results of geotesting results, which are expected April 12, 2023. Ms. Talley noted that lighting and security are not currently included in the Master Park Plan, but that the Board should consider adding same. Following discussion, the Board noted that no action was required on its part at this time relative to the TLA Report.

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

The Board deferred action on this matter at this time.

HARRIS COUNTY SHERIFF'S OFFICE ("HCSO") SECURITY REPORT AND STATUS OF FLOCK SAFETY CAMERA SYSTEM

Mr. Rubinsky presented for the Board's review HCSO Contract Report for the month of February 2023, a copy of which is attached hereto as **Exhibit K**. The Board noted that no action was required on its part at this time relative to the HCSO Report.

Mr. Rubinsky next advised that Mr. Anzalone reported that the permits for installation of security cameras throughout the District have been received, and that he expects said cameras to be installed soon. The Board noted that no action was required on this matter at this time.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky advised the Board that he had nothing further to discuss with the Board of a legal nature which was not covered under other agenda items.

DISTRICT WEBSITE

Mr. Rubinsky next reported the subscriber counts received from Off Cinco and presented to the Board a Monthly Analytics Report provided by Off Cinco for the month of February 2023, copies of which are attached hereto as **Exhibit L**. No action was required of the Board in connection with this matter at this time.

REVIEW OF DISTRICT CONSULTANTS' CONTRACTS

Director Welch recommended that the Board table discussion regarding review of the District's consultants' contracts at this time.

CLOSED SESSION

The Board President announced at 1:56 p.m. that the Board would convene in Closed Session, as authorized pursuant to Texas Government Code, Section 551.072, to discuss the acquisition of interests in real property. Those in attendance, with the exception of the Directors, Mr. Rubinsky, Ms. Collins, and Mr. Laseter, exited at this time.

At 2:35 p.m., the Board reconvened in Open Session.

Following discussion, it was moved by Director Anzalotti, seconded by Director Breihan, and unanimously carried, that the District (i) accept the Special Warranty Deed and all related easements required from the Bing Family, and approve the Utility Commitment and Utility Development Agreement, subject to their execution in a form acceptable to the District, and (ii) authorize the Board President to execute all of said documents if received prior to the next Board meeting. The Board concurred that Director Witt would remain as the liaison for the District as to final approval of any changes to said documents, should they be executed or revised prior to the next Board 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 Welch, seconded by Director Anzalotti, and unanimously carried, the meeting was adjourned.

[seal]

Secretary

DRAFT

LIST OF EXHIBITS

- Exhibit A Tax Assessor/Collector's Report
- Exhibit B Proposal from and Client Services Agreement with HR&P, Inc.
- Exhibit C Resolution Authorizing Electronic Transfer of Funds for Director Per Diems and Expense Reimbursements
- Exhibit D Bookkeeper's Report
- Exhibit E SPDPID Report and Confirmation of Filing
- Exhibit F Operator's Report
- Exhibit G Arbitrage Analysis Report from MRMG
- Exhibit H Seaback Invoice for February 2023
- Exhibit I Engineer's Report
- Exhibit J Resolution Adopting Prevailing Wage Rate Scale for Construction Projects
- Exhibit K HCSO Security Patrol Report
- Exhibit L Off Cinco's Monthly Reports