

HARRIS-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3

Minutes of Board of Directors Meeting May 23, 2022

The Board of Directors of Harris-Fort Bend Counties Municipal Utility District No. 3 met in regular session on May 23, 2022, 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, Secretary
Frank Anzalotti, Assistant Secretary
Richard Breihan, 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 Chelsea Downum of Environmental Development Partners, LLC ("EDP"); Kayla Crigger of Municipal Accounts & Consulting, L.P. ("MA&C"); Debbie Shelton of Masterson Advisors LLC ("Masterson"); Yvonne Luevano of Wheeler & Associates, Inc. ("Wheeler"); Merrie Talley of Talley Landscape Architects Inc. ("TLA"); Bear Oakley of Acclaim Energy Advisors ("Acclaim"); and Abraham Rubinsky and Kit Collins 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

Director Anzalotti addressed the Board and the District's Operator regarding a water leak coming out of the sidewalk near the intersection of Harbor Crossing and Tide Bay. Ms. Falke agreed to look into the matter following the meeting.

APPROVAL OF MINUTES

The Board considered approval of the minutes of its Board of Directors meeting held on April 25, 2022. Following discussion, Director Breihan moved that the Board approve the minutes of its Board of Directors meeting held on April 25, 2022, as presented. Director Welch seconded said motion, which unanimously carried.

QUALIFICATION STATEMENTS, OFFICIAL BONDS, OATHS OF OFFICE, AND AFFIDAVITS OF CURRENT DIRECTOR

The Board next considered the acceptance of Qualification Statements of Elected Officers, Bonds, Oaths of Office, and Affidavits of Current Director for Directors Welch and Breihan. After discussion on the matter, it was moved by Director Witt, seconded by Director

Anzalotti, and unanimously carried that the Board approve said Bonds, accept said Statements, Oaths, and Affidavits and declare Ron Welch and Richard Breihan to be duly elected and qualified Directors of the District.

ELECTIONS NOT TO DISCLOSE CERTAIN INFORMATION

Mr. Rubinsky advised that pursuant to Section 552.024 of the Texas Government Code, as amended, Directors Welch and Breihan may elect to withhold public access to certain information in the custody of the District and that such election must be made within fourteen days of taking office. He noted then noted that Directors Welch and Breihan each submitted a completed Election Not to Disclose Certain Information for the District's records concurrently with the aforesaid Statements, Oaths, and Affidavits.

ELECTION OF OFFICERS OF BOARD OF DIRECTORS

The Board next considered the election of officers. Nominations for the office of Vice President were first considered. Director Witt was nominated for that office, and there being no further nominations, they were closed. A vote was called, and upon motion duly made by Director Anzalotti, seconded by Director Welch, and unanimously carried, Director Witt was duly elected Vice President of the Board and the District.

The Board then considered nominations for the office of Secretary. Director Anzalotti was nominated for that office, and there being no further nominations, they were closed. A vote was called, and upon motion duly made by Director Witt, seconded by Director Welch, and unanimously carried, Director Anzalotti was duly elected Secretary of the Board and the District.

The Board concurred that all other Directors remain in their officer positions.

DISTRICT REGISTRATION FORM

The Board next considered approving an updated District Registration Form, as required by the Texas Commission on Environmental Quality ("TCEQ"). Mr. Rubinsky explained that, in accordance with the Texas Water Code, municipal utility districts are required to file a District Registration Form identifying the names, mailing addresses, officer positions, and terms of directors with the TCEQ within thirty (30) days after an election or appointment. He advised that, with the Board's approval, SPH will complete an updated District Registration Form and will file the form with the TCEQ. After further discussion of the matter, Director Witt moved that the Board authorize SPH to complete the District Registration Form as discussed and file same with the TCEQ. Director Welch seconded said motion, which unanimously carried.

PREPARATION AND MAINTENANCE OF LOCAL GOVERNMENT OFFICERS LIST

The Board next considered authorizing the preparation and maintenance of a local government officers list in connection with conflict of interest disclosure requirements of the District. Director Anzalotti moved that said local government officers list be updated as necessary. Director Witt seconded said motion, which carried unanimously.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Luevano presented to and reviewed with the Board the Tax Assessor-Collector's Report dated as of April 30, 2022, a copy of which is attached hereto as **Exhibit A**, 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 Welch 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., and that the next quarterly Report is expected for the July 2022 meeting.

RESOLUTIONS REQUESTING ESTIMATES OF VALUE OF PROPERTY IN THE DISTRICT

Mr. Rubinsky reminded the Board that, at its last meeting, the District's Financial Advisor, Ms. Shelton, had recommended that current estimates of value as of May 1, 2022, be requested from the Harris County Appraisal District and the Fort Bend Central Appraisal District in connection with the preparation of the necessary documentation related to the District's next bond financing (Bond Issue No. 8). After discussion, it was moved by Director Breihan, seconded by Director Anzalotti and unanimously carried, that the Resolutions to the Harris County Appraisal District and to the Fort Bend Central Appraisal District Requesting Appraisal of Property as of May 1, 2022, both of which are attached hereto as **Exhibit B**, be adopted by the Board and the District, and that the President be authorized to execute same on behalf of the Board and the District.

BOOKKEEPER'S REPORT

Ms. Crigger presented to and reviewed with the Board the Bookkeeper's Report dated May 23, 2022, and the Quarterly Investment Report for the period ending March 31, 2022, copies of which are attached as **Exhibit C**, including the disbursements presented for payment from the District's General Operating Account. Director Welch questioned a significant payment being made to Cimarron Municipal Utility District ("Cimarron") for purchased water this month. Ms. Crigger advised that \$20,411 of the of the payment \$30,871.49 was for an increase in the District's share of the operating reserve for Cimarron's Joint Water Plant No. 3 for its fiscal year 2023. After discussion, the Board requested that Ms. Crigger provide a copy of Cimarron's operating budget for Joint Water Plant no. 3 for its fiscal year 2023, including supporting documentation for the increase in the operating reserve for the Board's review at next month's meeting. Following discussion, Director Witt moved that the Board approve (i) the Bookkeeper's Report, including the checks presented for payment from the District's various accounts, and (ii) the Quarterly Investment Report for the period ending March 31, 2021, and authorize the District's Investment Officer to execute same on behalf of the Board and the District. Director Breihan seconded said motion, which unanimously carried.

APPROVAL OF UNCLAIMED PROPERTY REPORT

The Board next considered approval of an Unclaimed Property Report as of March 1, 2022, and the filing of same with the State Comptroller prior to July 1, 2021. After discussion, Director Welch moved that MA&C be authorized to file an Unclaimed Property Report with the State Comptroller prior to July 1, 2022, with respect to unclaimed property in the total amount of \$662.52 to be escheated to the State. Director Anzalotti seconded said motion, which unanimously carried.

STATUS OF ANNUAL CONTINUING DISCLOSURE REPORT

Mr. Rubinsky next presented to and reviewed with the Board the District's Annual Financial Report (Continuing Disclosure) Pursuant to SEC Rule 15c2-12 prepared by the District's Disclosure Counsel, McCall Parkhurst & Horton, L.L.P. ("McCall Parkhurst"), a copy of which is attached hereto as **Exhibit D**. After discussion on the matter, it was moved by Director Witt, seconded by Director Anzalotti and unanimously carried, that the Annual Financial Report be approved, subject to completion of the District's audit for the fiscal year ended December 31, 2021, and that McCall Parkhurst be authorized to file same with the appropriate repositories prior to the June 30, 2022, deadline.

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 May 23, 2022, a copy of which is attached hereto as **Exhibit E**. Ms. Falke discussed various matters contained in the Report 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 Operating Report, Wastewater Plant Discharge Report, Customer Service Report, Delinquent Notice/Service Disconnect Report, and Delinquent Accounts Report, as set forth therein. After discussion on the matter, Ms. Falke noted that no specific action was required at this time.

Director Breihan report that the Townes at Seville subdivision had no water supply at 6:00 a.m. on Saturday, May 7, 2022, and inquired as to why customers were not notified. Ms. Falke advised that she was out of town and that there had been a 12-inch water main break in Cimarron, which left several residential and commercial areas within the District without service. She further reported that there was no way for the Operator to know about the service interruption without notification from Cimarron, but that she would look into the matter further.

Ms. Falke, Mr. Laseter, and Mr. Rubinsky briefly discussed the District's Drought Contingency Plan and noted that multi-family residential and commercial customers should be reminded to conserve water usage during the summer months, particularly irrigation usage. No action was required of the Board on this matter.

APPROVAL OF 2021 CONSUMER CONFIDENCE REPORT

Ms. Falke next presented for the Board's review and approval a draft of the District's Consumer Confidence Report ("CCR") for 2021, a copy of which is attached to the Operator's Report. After discussion on the matter, it was moved by Director Anzalotti, seconded by Director Witt and unanimously carried, that the CCR be approved and that EDP be authorized to (i) provide the residential customers of the District with a weblink address for review of the CCR, and (ii) deliver hard copies of the CCR to the apartments and commercial customers of the District prior to the July 1, 2022 deadline, subject to SPH's final review and approval to confirm that the CCR is in compliance with all applicable regulatory requirements.

REQUEST FOR PRICE INCREASE FROM TEXAS PRIDE DISPOSAL

The Board next considered a notice regarding proposed price increase received from Texas Pride Disposal Solutions, LLC ("Texas Pride"), a copy of which is attached hereto as **Exhibit "F"**. Mr. Rubinsky explained that Texas Pride is proposing to increase the District's current solid waste collection and recycling services rate per Residential Unit by 11.60% per month. Following discussion, the Board deferred action on the matter until Mr. Atkinson is able to attend a Board meeting to present Texas Pride's basis for such a request.

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 reviewed and approved one invoice from Seaback, in the amount of \$4,374.75 for the regular mowing services in the month of April 2022. Mr. Rubinsky advised that SPH is continuing to work on the Fourth Amendment to the District's Amended and Restated Service Contract with Seaback.

ENGINEER'S REPORT

Mr. Laseter presented to and reviewed in detail with the Board a written Engineer's Report dated May 23, 2022, a copy of which is attached hereto as **Exhibit G**, 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 review and approval of Storm Water Pollution Prevention Plans or Storm Water Quality Management Plans related to construction within or on behalf of the District; or (ii) the three-year plan to supplement water well production/capacity at Water Well No. 1.

Regarding the status of design of Wastewater Treatment Plant ("WWTP") Effluent Re-Use Facilities, including topographical survey and geotechnical investigation for on-site effluent storage pond design, Mr. Laseter reported that VSE is preparing a geotechnical boring layout exhibit for the storage pond in connection with a forthcoming request for geotechnical services.

As to the design of Water Plant No. 2 and the acquisition of Water Plant No. 2 Site and related easements, Mr. Rubinsky noted that these would be discussed in Closed Session towards the end of the meeting.

In connection with the 0.320 MGD Expansion of the Permanent WWTP, Mr. Laseter advised the Board that C-4 Partners, LLC ("C-4 Partners") has resolved its payment issue with J.W. Reneau Roofing Co. ("J.W."). Mr. Laseter then recommended that Pay Application No. 7 from C-4 Partners in the amount of \$588,906.63, a copy of which is included in the Engineer's Report, be approved for payment.

Regarding the contract for construction of the Ground Storage Tank No. 1 Interior/Exterior Recoating and Structural Member Repair/Replacement at Water Plant No.1, Mr. Laseter advised that CFG Industries LLC has completed approximately 95% of the outer coating, but is awaiting the delivery of the tank interior safety climb metal work. Mr. Laseter then recommended that Pay Application No. 5 from CFG Industries LLC in the amount of \$100,890.00, a copy of which is included in the Engineer's Report, be approved for payment.

The Board deferred any action with respect to the Water Meter Easements required from Kilcommins Group Development Companies, LLC.

Mr. Laseter noted that there were no new updates as to applications to Harris County for the renewal and/or transfer of District Storm Water Quality Permits, or street and storm sewer acceptances by Harris County.

In connection with the renewal of the Texas Pollutant Discharge Elimination System permit for the WWTP, Mr. Laster reported that VSE received notification from the TCEQ that comments on the final draft had been sent to the TCEQ's legal team by an outside party, and that he was attempting to obtain a copy of those comments.

Mr. Rubinsky next advised the Board that the District has received request from DE Corp. on behalf of the West Harris County Regional Water Authority ("WHCRWA") for a Water Line and Water Meter Easement, dated April 28, 2022, a copy of which is attached hereto as **Exhibit H**. Following discussion, Mr. Rubinsky requested that the Board authorize VSE to determine the best location for said easement, purportedly on the District's Water Plant No. 1 site, and for SPH to request that DE Corp provide specific metes and bounds description(s) for the requested Easement.

After discussion on these matters, it was moved by Director Witt, seconded by Director Anzalotti, and unanimously carried, that (i) the Engineer's Report be approved; (ii) that Pay Application No. 7 from C-4 Partners in the amount of \$588,906.63 be approved for payment; (iii) that Pay Application No. 5 from CFG Industries LLC in the amount of \$100,890.00 be approved for payment; and (iv). that VSE be authorized to determine the best location for the easement requested by DE Corp. on behalf of the WHCRWA, and that SPH be authorized to request DE Corp include the specific metes and bounds description of the Water Line and Water meter Easement requested by the WHCRWA.

BOND ISSUE NO. 8

Regarding Bond Application Report No. 8 ("BAR") related to the District's proposed Series 2022A Unlimited Tax Bonds ("Series 2022A Bonds"), Mr. Rubinsky reported that said BAR was submitted to the TCEQ last month and was declared administratively complete by the TCEQ on April 22, 2022. He advised the Board the BAR is currently undergoing technical review by the TCEQ. Mr. Laseter had no further updates on said matter.

DEVELOPERS' REPORTS

Mr. Baker updated the Board on the status of development of Katy Ranch Crossing by Katy ABC. Mr. Baker advised that his second office building and retail development sections are now almost fully leased out, and that the proposed development of a four-story, 200 unit residential complex for those aged 55 and over is in the works.

Mr. Rubinsky noted that construction continues at Premier @ Katy Apartments, Phase II project. He further advised that SPH had no updates to report in connection with the development of the Phase II Bella Professional Park project.

UTILITY COMMITMENTS

Mr. Laseter and Mr. Rubinsky discussed certain confusion regarding a near identical request from Bella Katy Partners, and Mr. Rubinsky agreed to finalize the appropriate utility commitment for Bella Katy Partners. Mr. Laseter then informed the Board of a preliminary request for service to a 2.5 acre lot, which will be the future location of a Katy Surgical Center. Mr. Laseter agreed to forward the details of that request to SPH for review.

STATUS OF PROPOSED ANNEXATION OF CRIOLLO TRACT

Mr. Laseter had no updates related to the proposed annexation of Mr. Criollo's 0.74 acre tract on Kingsland Blvd. Director Anzalotti commented that Mr. Criollo has already been moving dirt around his lot, and Mr. Laseter advised that he would speak with Mr. Criollo's engineer to remind him to finalize his plans with the District.

Mses. Shelton, Crigger, Falke, Downum, and Luevano exited the meeting at this time.

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

The Board next considered the status of TLA's work on Phase 1A of the District's Master Park Plan. In connection therewith, Ms. Talley advised the Board of the status of various ongoing projects to be completed in Phase 1, and of discussions with HCFCO regarding the proposed transformation of the dry bottom Grand Harbor Detention Pond to a wet bottom pond. Ms. Talley also addressed various access, parking, and security issues related to the implementation of the Master Park Plan. She advised that she will continue to work with Directors Witt and Anzalotti on the plans and with Mr. Laseter on discussions with HCFCO to make sure they are in agreement with the overall plans before commencing work on construction

plans. Following discussion, it was concurred that no action was required by the Board in connection with said matter.

Mr. Baker exited the meeting at this time.

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

Mr. Rubinsky next presented for the Board's review HCSO Contract Report for the month of April 2022, a copy of which is attached hereto as **Exhibit I**. Director Witt stated that the 'No Parking' signs have helped in his area. Mr. Rubinsky also advised the Board that Sergeant Stensland of HCSO had invited the Board, and anyone else interested, to attend the Sheriff's Safety Forum scheduled to take place on May 31, 2022. No action was taken by the Board in connection with said matter.

PRESENTATION BY ACCLAIM ENERGY CONCERNING ITS RELIABILITY ADVANTAGE PROGRAM

Mr. Oakley next presented to and reviewed with the Board written materials from a PowerPoint presentation from Acclaim Energy Advisors ("Acclaim") regarding the Acclaim Reliability Advantage program ("Program"), as well as a proposed form of letter agreement relative to same, copies of which are attached hereto as **Exhibit J**. Mr. Oakley advised the Board that Acclaim is attempting to further legislation that would allow for the creation of a microgrid, to be accessible by the participating districts in times of emergency. He noted that 6 districts have already signed up, and that for the cost of \$2,500, Acclaim would be able to direct more effort to furthering its envisioned microgrid and would provide the District with a monthly newsletter concerning any progress. Following discussion, the Board determined that this was not a MUD issue and that it was not interested in participating in such matter at this time.

Ms. Talley and Mr. Oakley exited the meeting at this time.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky reminded the Board that Director Witt would be moving out of the District in the near future, but that he wished to remain on the Board to assist with the implementation of the Master Parks Plan if the Board is amenable to same. Mr. Rubinsky noted that he had spoken with Jae Moore, conveying a director lot to Director Witt. After discussion on the matter, it was moved by Director Breihan, seconded by Director Welch and unanimously carried, that the Board authorize SPH to facilitate the conveyance of a director lot by Jae Moore to Derrell Witt.

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 April 2022, copies of which are attached hereto as **Exhibit K**. No action was required of the Board on this matter.

Director Welch next advised the Board that he had no update to report regarding the application for the District to earn its first Transparency Star through the Comptroller's Transparency Stars Program, and that the matter could be removed from future agendas.

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 1:14p.m. that the Board would convene in Closed Session, as authorized pursuant to Texas Government Code, Section 551.071, to consult with the District's attorney regarding pending or contemplated litigation, settlement offers, or other matters protected by the attorney-client privilege, and 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 1:47p.m., the Board reconvened in Open Session

Following discussion, it was moved by Director Witt, seconded by Director Anzalotti, and unanimously carried that the Board authorize SPH to meet with Dr. Bing to attempt to acquire the land needed for the Water Plant No. 2 Site and all easements related thereto, and to update or prepare the documents to complete the transaction.

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.



A handwritten signature in blue ink is written over a horizontal line. Below the line, the word "Secretary" is printed in a serif font.

LIST OF EXHIBITS

- Exhibit A Tax Assessor/Collector's Report
- Exhibit B Resolutions Requesting Appraisal of Property from Harris County Appraisal District and Fort Bend Central Appraisal District
- Exhibit C Bookkeeper's Report
- Exhibit D Annual Financial (Continuing Disclosure) Report
- Exhibit E Operator's Report
- Exhibit F Correspondence from Texas Pride Disposal regarding Proposed Price Adjustment
- Exhibit G Engineer's Report
- Exhibit H Correspondence from DE Corp. on behalf of the West Harris County Regional Water Authority regarding Request for Water Line and Meter Easement
- Exhibit I HCSO Security Patrol Reports for April 2022
- Exhibit J Acclaim Energy Presentation Materials Concerning Its Reliability Advantage Program
- Exhibit K Off Cinco's Monthly Analytics Report