

HARRIS-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3

Minutes of Board of Directors Meeting June 26, 2023

The Board of Directors of Harris-Fort Bend Counties Municipal Utility District No. 3 met in regular session on June 26, 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, with the exception of Director Williams, 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, LLC ("Inframark"); Rahi Patel of Municipal Accounts & Consulting, L.P. ("MA&C"); Yvonne Luevano of Wheeler & Associates, Inc. ("Wheeler"); Jae Moore of J.K. Moore Real Estate Limited Partnership, Ltd. ("J.K. Moore"); and Abraham Rubinsky 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 April 24, 2023, and May 22, 2023. Following discussion, Director Welch moved that the Board approve the minutes of its Board of Directors meetings held on April 24, 2023, and May 22, 2023, as presented. Director Williams seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Mr. Patel next presented to and reviewed with the Board the Bookkeeper's Report dated June 26, 2023, a copy of which is attached as **Exhibit A**, including the disbursements presented

for payment from the District's General Operating Account and Construction Account. 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, plus additional check nos. 8793, 8794 and 8795 on the General Operating Account to be reflected on next month's Bookkeeper's Report. Director Breihan seconded said motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Luevano presented to and reviewed with the Board the Tax Assessor-Collector's Report dated as of May 31, 2023, a copy of which is attached hereto as **Exhibit B**, including the disbursements presented for payment from the Tax Account. Ms. Luevano advised the Board that the District's 2023 preliminary assessed valuation as received from the Harris Central Appraisal District and the Fort Bend Central Appraisal District is approximately \$863,749,802, which includes approximately \$94,000,000 for personal property based upon 2022 values. Ms. Luevano emphasized that said valuation will definitely change once all accounts under protest are resolved. After discussion, Director Welch 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, with the exception of check no. 5112, which was voided. Director Williams 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 Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's Delinquent Tax Collections Attorneys, and that the next quarterly Report is expected for the July 2023 meeting.

APPROVAL OF UNCLAIMED PROPERTY REPORT

The Board next considered approval of an Unclaimed Property Report as of March 1, 2023 with respect to funds being held by Wheeler on behalf of the District, and the filing of same with the State Comptroller prior to July 1, 2023. In that regard, Ms. Luevano confirmed that Wheeler had no unclaimed property to be escheated to the State Comptroller for the applicable reporting period. Mr. Rubinsky stated that no action was required by the Board regarding this matter. Mr. Rubinsky noted that the Board had authorized MA&C last month to file an Unclaimed Property Report with the State Comptroller with respect to funds being held in accounts handled by MA&C on behalf of the District.

APPROVAL OF AMENDMENT TO AGREEMENT FOR SERVICES OF TAX ASSESSOR AND COLLECTOR BY AND BETWEEN THE DISTRICT AND WHEELER

The Board next deferred action relative to the approval of amendment to the Agreement for Services of Tax Assessor and Collector by and between the District and Wheeler pending SPH's receipt and review of same.

ADOPTION OF RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH THE DISTRICT

The Board next considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. In that regard, Mr. Rubinsky advised the Board that, as recommended by the District's Investment Officer, three (3) banks have been added to the list that was previously adopted by the District at its January 30, 2023 Board meeting. Mr. Rubinsky then presented to and reviewed with the Board a proposed revised list of financial institutions, brokers and dealers authorized to engage in investment transactions with the District, a copy of which is attached hereto as **Exhibit C**, as compared to the list previously adopted by the Board. Mr. Rubinsky noted that, although the broker list presented is a list of potential institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion on the matter, Director Anzalotti moved that the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District attached hereto as **Exhibit D** be adopted by the Board and that the President and Secretary be authorized to execute same on behalf of the Board and the District. Director Welch seconded said motion, which unanimously carried.

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 June 26, 2023, 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 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. Garcia advised the Board that the repainting of the District's fire hydrants is in progress. Ms. Garcia then stated that she had no action items for the Board's consideration this month.

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. He then advised that no response has been received from the TCEQ to date.

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 reviewed an invoice from Seaback for maintenance in the month of May 2023 and found an error relating to the calculation of a fuel surcharge. Mr. Laseter reported that he has requested that Seaback correct the invoice. The Board requested that MA&C make sure to follow up with Seaback regarding same.

ENGINEER'S REPORT

Mr. Laseter presented to and reviewed in detail with the Board a written Engineer's Report dated June 26, 2023, a copy of which is attached hereto as **Exhibit F**, and discussed the status of the various projects within the District.

With respect to the acquisition of the Water Plant No. 2 Site and related easements, Mr. Rubinsky advised the Board that the Special Warranty Deed for the site and all related easements required from the Bing Family have now been acquired. After discussion, it was moved by Director Welch, seconded by Director Breihan and unanimously carried, that VSE be authorized to resubmit the plans and specifications for the construction of Water Plant No. 2 to the City of Houston for approval and to proceed with the advertisement for bids for the project as soon as possible.

Mr. Laseter next addressed the Board concerning the District's three-year plan to supplement water well production/capacity at Water Well No. 1. In that regard, he requested that Inframark arrange for another water well performance test to be conducted on Water Well No. 1 as soon as possible. After discussion, the Board authorized Inframark to coordinate same.

Mr. Rubinsky next reported that SPH has drafted (i) the Water Meter Easements required from Kilcommins Group Development Companies, LLC, (ii) the Sanitary Sewer Easement from Katy Community Fellowship Church, and (iii) the Water Meter Easement from Bella Katy Partners, LP, and is in communications with the property owners regarding the conveyance of same to the District.

Mr. Laseter and Mr. Rubinsky next addressed the Board concerning the request received from DE Corp. on behalf of the West Harris County Regional Water Authority ("West Authority") for a Water Line and Water Meter Easement from the District in connection with the West Authority's proposed water line project, and (ii) the request from the West Authority to construct a drainage outfall pipe from the proposed West Authority metering station to the District's Drainage Outfall Channel, as further detailed in the Engineer's Report. Mr. Laseter and Mr. Rubinsky recommended that the West Authority provide the District with a detailed metes and bounds description of the proposed Water Line and Water Meter Easement tract. Mr. Laseter further advised that, with respect to the proposed connection of the West Authority's drainage outfall pipe to the District's Drainage Outfall Channel, he has requested that the West Authority prepare a legal description for a storm sewer easement to be dedicated to the West Authority within the Drainage Outfall Channel fee strip, which he proposed would include language requiring the Authority to permanently maintain the proposed drainage outfall pipe. No action was taken by the Board at this time.

RATIFICATION OF APPROVAL OF PROPOSAL FROM STORM WATER SOLUTIONS, LLC ("SWS") FOR MODIFICATIONS TO OUTFALL PIPES

The Board next considered ratifying its prior action relative to the approval of a proposal from SWS for modifications to the outfall pipes located in the District's three (3) detention ponds at a total cost of \$11,900.00. After discussion, it was moved by Director Williams, seconded by Director Welch and unanimously carried, that such prior action be ratified and authorized in all respects. Mr. Laseter advised the Board that SWS is mobilizing for the project today.

CRITICAL LOAD STATUS

Ms. Garcia reported that Inframark would soon complete the filing of updated contact information and/or descriptive information regarding District facilities that qualify for critical load status with the Harris and Fort Bend Counties Office of Emergency Management, Public Utility Commission, and the Division of Emergency Management of the Governor, relative to compliance with Section 13.1396 of the Texas Water Code.

DEVELOPERS' REPORTS

Mr. Baker updated the Board on the status of development of Katy Ranch Crossing by Katy ABC. He noted that the project continues to do very well.

The Board next noted that construction continues on the Premier @ Katy Apartments, Phase II project by RBTK Realty, LLC, now Premier at Katy, LLC. A discussion then ensued regarding the tax-exempt status of both the Premier at Katy Apartments, Phase II, and the Olympus Katy Ranch Apartments due to their acquisition by Lakeside Place Public Facility Corporation, an entity affiliated with the Houston Housing Authority, resulting in the significant loss of tax revenues to the District. Mr. Rubinsky discussed possible actions the District may take to recoup the loss in revenues resulting from the change in taxable status of the projects. After discussion on the matter, it was moved by Director Williams and seconded by Director Breihan that the District solicit a proposal for the preparation of a rate study in connection with said matter. The motion carried with Directors Williams, Breihan, and Anzalotti voting in favor of such action and Director Welch abstaining.

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 draft utility commitments have been prepared to (i) I-10 KRC GP, LLC, (ii) Lofts at Katy Ranch, LP, (iii) Pelican Builders, Inc., and (iv) J.K. Moore, as previously authorized by the Board, and are pending review and/or the receipt of certain information from Mr. Laseter required to complete the commitments.

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 required from Katy Community Fellowship Church had been discussed under the Engineer's Report.

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

Mr. Rubinsky next advised the Board that there was no report received this month from Merrie Talley of TLA concerning the status of TLA's work on Phase 1A of the District's Master Park Plan.

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

There was no HCSO Contract Report presented for the month of May 2023. Mr. Breihan advised the Board that installation of the Flock Safety Camera System is underway. The Board noted that no action was required on its part at this time relative to the HCSO Report.

AUTHORIZE COMPLETION, EXECUTION AND FILING WITH THE SECRETARY OF STATE OF A VOTING SYSTEM ANNUAL FILING FORM

The Board next considered authorizing the completion, execution and filing with the Secretary of State of a Voting System Annual Filing Form relative to District elections. Mr. Rubinsky advised that pursuant to the Texas Election Code, each political subdivision in the State of Texas will be required to complete and file said Form with the Secretary of State's office. After discussion, Director Welch moved that SPH be authorized to complete and execute the Voting System Annual Filing Form and to file same with the Secretary of State's Office on behalf of the Board and the District. Director Williams seconded said motion, which unanimously carried.

REQUEST FROM DISTRICT'S RECORDS MANAGEMENT OFFICER TO DESTROY SPH'S NOTES OF BOARD MEETINGS

The Board next considered a request from the District's Records Management Officer to destroy SPH's notes of Board meetings held from March 28, 2022, through February 27, 2023, in accordance with the terms of the District's Records Management Program. A copy of the subject request is attached hereto as **Exhibit G**. After discussion on the matter, Director Anzalotti moved that the destruction of said notes be authorized as requested in accordance with the

provisions of the District's Records Management Program. Director Breihan seconded said motion, which unanimously carried.

ATTORNEY'S REPORT

The Board next considered the attorney's report. Mr. Rubinsky next presented for the Board's review a Legislative Summary prepared by SPH of the significant legislation that passed in the 88th Regular Session of the Texas Legislature that may be of interest to or impact the water district industry, a copy of which is attached hereto as **Exhibit H**.

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 May 2023, copies of which are attached hereto as **Exhibit I**. 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

Mr. Rubinsky advised the Board that it would not be necessary to convene in Closed Session at this time.

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 Breihan, seconded by Director Williams, and unanimously carried, the meeting was adjourned.

[seal]

Secretary

LIST OF EXHIBITS

- Exhibit A Bookkeeper's Report
- Exhibit B Tax Assessor/Collector's Report
- Exhibit C List of Financial Institutions, Brokers and Dealers as Compared to List Previously Adopted by the Board
- Exhibit D Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
- Exhibit E Operator's Report
- Exhibit F Engineer's Report
- Exhibit G Records Destruction Request
- Exhibit H Legislative Summary
- Exhibit I Off Cinco's Monthly Reports

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