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**HARRIS-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3**

**Minutes of Board of Directors Meeting  
August 28, 2023**

The Board of Directors of Harris-Fort Bend Counties Municipal Utility District No. 3 met in regular session on August 28, 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, except Director Witt and Director Anzalotti, thus constituting a quorum. Director Anzalotti entered the meeting after it was called to order as noted herein.

Also present were Mike Baker of Katy ABC Properties ("Katy ABC"); Drake Dominy of Pelican Builders, Inc. ("Pelican"); Tom Laseter of Vogler & Spencer Engineering, Inc. ("VSE"); Raquel Garcia and Amanda Benson of Environmental Development Partners, LLC, ("EDP"); Kayla Crigger of Municipal Accounts & Consulting, L.P. ("MA&C"); Yvonne Luevano of Wheeler & Associates, Inc. ("Wheeler"); Debbie Shelton of Masterson Advisors LLC ("Masterson"); and Abraham Rubinsky and Kate Henderson of Schwartz, Page & Harding, L.L.P. ("SPH"). Deputy Blake Merrow of the Harris County Sheriff's Office ("HCSO") 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 July 24, 2023. Following discussion, the Board deferred action with respect to the approval of the minutes of the meeting held July 24, 2023 until its next meeting.

Deputy Merrow 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 dated as of July 31, 2023, a copy of which is attached hereto as **Exhibit A**, including the disbursements presented for payment from the Tax Account. The Board next discussed check no. 5152 in the amount of \$10,291.49 payable to Lakeside Place PFC in connection with a refund for the 2022 taxes paid for the Premier at Katy Apartments project. After discussion, Director Breihan 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. 5152 payable to Lakeside Place PFC, which the Board concurred to address further at a later date. Director Welch seconded said motion, which carried unanimously.

Director Anzalotti entered the meeting at this time.

## **DELINQUENT TAX COLLECTIONS REPORT**

Mr. Rubinsky next advised the Board that there was no report received this month from the District's Delinquent Tax Collections Attorneys, Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue Brandon"), but that following last month's meeting, SPH advised Perdue Brandon that it was authorized to write off the forty-nine (49) delinquent personal property accounts for the tax years 2011 through 2019 as reflected on last month's Delinquent Tax Report and as recommended by Perdue Brandon.

## **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 an 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.

## **HARRIS COUNTY SHERIFF'S OFFICE ("HCSO") SECURITY REPORT; APPROVAL OF INTERLOCAL AGREEMENT FOR LAW ENFORCEMENT SERVICES**

Deputy Merrow next presented to and reviewed with the Board the HCSO's Report dated August 21, 2023 through August 28, 2023, a copy of which is attached as **Exhibit B**. Deputy Merrow advised the Board that a new report for the entire month of August will be sent to the Board after the meeting. Deputy Merrow additionally advised the Board that all but three of the Flock cameras installed in the District are now operational. The Board next considered approval of an Interlocal Agreement for Law Enforcement Services (the "Agreement") between Harris County (the "County") and the District for the term commencing October 1, 2023, and ending September 30, 2024. With regard thereto, Mr. Rubinsky reviewed the proposed Agreement with the Board, a copy of which is included in **Exhibit B**, and advised that the Agreement includes an approximate 5% cost increase. After discussion, Director Anzalotti moved that the Board approve the Agreement between the County and the District, and authorize the President to execute same on behalf of the Board and District. Director Williams seconded said motion, which unanimously carried.

Deputy Merrow exited the meeting at this time.

### **PROPOSED 2023 TAX RATE**

Ms. Shelton next advised that the 2023 tax rolls have not yet been certified by the Harris Central Appraisal District and Fort Bend County Appraisal District, and that, as a result, the 2023 tax rate recommendation will be presented at the Board's September meeting.

### **BOOKKEEPER'S REPORT**

Ms. Crigger presented to and reviewed with the Board the Bookkeeper's Report dated August 28, 2023, a copy of which is attached as **Exhibit C**, including the disbursements presented therein, and the Quarterly Investment Inventory Report for the period ending June 30, 2023. After discussion, it was moved by Director Welch that the Bookkeeper's Report be approved, that the disbursements identified in the report be approved for payment, and that the Quarterly Investment Inventory Report be approved and the Investment Officer be authorized to execute same on behalf of the Board and the District. Director Anzalotti 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 August 28, 2023, a copy of which is attached hereto as **Exhibit D**. 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 then advised that she had no customer appeals or other action for the Board to address today.

Ms. Luevano exited the meeting at this time.

### **DISTRICT'S DROUGHT CONTINGENCY PLAN**

Mr. Rubinsky next advised the Board that the District received notice that the West Harris County Regional Water Authority ("WHCRWA") implemented Stage 1 of its Drought Contingency Plan ("the Plan") on August 10, 2023. Mr. Rubinsky reminded the Board that the District's Drought Contingency Plan is automatically triggered in the event the WHCRWA's Drought Contingency Plan is triggered. In response, and recommended that the Board authorize EDP to post Stage 1 signage regarding the initiation of water conservation measures and post notice regarding same on the District's website. After discussion, it was moved by Director Williams that EDP be authorized to post Stage 1 drought contingency signs throughout the District and that an appropriate notice be posted on the District's website. Director Breihan seconded said motion, which unanimously carried.

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

Mr. Laseter reminded the Board that in response to the Notice of Violation for the Modified Comprehensive Compliance Investigation of Public Water Supply ("Nov") received from the TCEQ by letter dated November 18, 2022, USE had submitted a written response dated December 2, 2022. He then advised that no response has been received from the TCEQ to date.

Ms. Benson exited the meeting at this time.

**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 approved an invoice from Seaback for maintenance in the month of July 2023 in the amount of \$4,374.75. Following discussion, it was noted that no action was required by the Board at this time in connection with this matter.

Mr. Rubinsky next addressed the Board concerning Seaback's recent notification of a proposed increase in rates to be effective August 1, 2023. After discussion, the Board concurred to defer the approval of such increase pending further discussion with Seaback regarding same.

**ENGINEER'S REPORT**

Mr. Laseter presented to and reviewed in detail with the Board a written Engineer's Report dated August 28, 2023, a copy of which is attached hereto as **Exhibit E**, and discussed the status of the various projects within the District.

Mr. Laseter next advised that two (2) bids were received for the Water Plant No. 2 project and presented to and reviewed with the Board the bid tabulation for same, a copy of which is included in the Engineer's Report. Mr. Laseter then recommended that the Board award the contract to the lowest qualified bidder, W.W. Payton Corporation ("Payton") with a total base bid of \$9,990,000, with the construction of Water Plant No. 2 to be substantially completed within 600 calendar days. Mr. Laseter advised the Board that Payton's bid is approximately \$4,837,000 more than the estimated cost plus contingencies included in the Bond Application Report for the District's Series 2022 Bonds sold last year. Mr. Rubinsky advised that the District may utilize excess operating funds if it desires. A lengthy discussion ensued regarding the bid tabulation items and potential ways to reduce the cost. After further discussion, Director Welch moved to approve the award of the contract for construction of Water Plant No. 2 to Payton in the amount of \$9,990,000, and requested that VSE ask Payton to complete the construction of the offsite waterline extension line items under the contract as soon as possible in order for the District to be able to begin utilizing the water capacity it owns in \_\_\_\_\_ Municipal Utility District No. 3 as soon as possible. Director Anzalotti seconded said motion, which unanimously carried.



Mr. Laseter and Mr. Rubinsky next reminded the Board of the request from D.E. Corp on behalf of the WHCRWA for a Water Line and Water Meter Easement from the District in connection with the WHCRWA's proposed water line project and the request from the WHCRWA to construct a drainage outfall pipe from the proposed WHCRWA metering station to the District's Drainage Outfall Channel. Mr. Laseter then advised that the WHCRWA is preparing legal descriptions of the proposed Water Line and Water Meter Easement tract and the storm sewer easement to be dedicated to the WHCRWA within the Drainage Outfall Channel fee strip.

Mr. Laseter next advised that the District received a request from the Harris County Public Health Department ("HCPHD") for the District to consider scheduling a site visit at the Wastewater Treatment Plant to determine if the site meets the requirements for the District to participate in HCPHD's Wastewater Based Epidemiology Program. Following discussion, the Board concurred to deny HCPHD's request.

### **DEVELOPERS' REPORTS**

Mr. Baker updated the Board on the status of development of Katy Ranch Crossing by Katy ABC.

The Board next noted that construction continues on the Premier @ Katy Apartments, Phase II project by RBTK Realty, LLC, now Premier at Katy, LLC. Mr. Rubinsky stated that the tax-exempt status of both the Premier at Katy Apartments, Phase II, and the Olympus Katy Ranch Apartments will be discussed later in the meeting in Closed Session.

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 SPH has prepared a utility commitment for Pelican Builders, Inc. ("Pelican"), as authorized by the Board at the last meeting. Mr. Rubinsky discussed the terms of such commitment with the Board. After discussion on the matter, Director Welch moved that the utility commitment to Pelican be approved by the Board, subject to Pelican receiving approval from the seller of the property, Jae Moore, on the stated closing date set forth therein, and that the President be authorized to execute same on behalf of the Board and the District. Director Anzalotti seconded said motion, which unanimously carried.

### **STATUS OF PROPOSED ANNEXATION OF CRIOLLO TRACT**

In connection with the proposed annexation of Mr. Criollo's 0.74 acre tract on Kingsland Boulevard, Mr. Rubinsky noted that he is still working on the acquisition of a required Sanitary Sewer Easement from Katy Community Fellowship Church, and that no further updates were available at this time.

Sewer Easement from Katy Community Fellowship Church, and that no further updates were available at this time.

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

Mr. Rubinsky next presented for the Board's review a report received from Merrie Talley of TLA concerning the status of TLA's work on Phase 1A of the District's Master Park Plan, a copy of which is attached hereto as **Exhibit F**. The Board requested that MA&C prepare an accounting of funds expended to date on Phase 1A for its review at next month's meeting.

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

The Board deferred action 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 no further legal matters to discuss with the Board that were not previously discussed under specific 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 July 2023, copies of which are attached hereto as **Exhibit G**. 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.

**CLOSED SESSION**

The Board President announced at 1:41 p.m. that the Board would convene in Closed Session, as authorized pursuant to Texas Government Code, Section 551.071, to discuss matters protected by attorney-client privilege. Those in attendance, with the exception of the Directors, Mr. Rubinsky, Ms. Henderson, and Mr. Laseter, exited at this time.

At 2:27 p.m., the Board reconvened in Open Session.

Following discussion, it was moved by Director Welch, seconded by Director Breihan and unanimously carried, that SPH be authorized to continue discussions with the owners and operators of the two apartment projects that became tax-exempt in 2022 concerning the payment of Non-Taxable Entity Tap Fees relative to said properties.

**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.



  
Secretary

## LIST OF EXHIBITS

- Exhibit A Tax Assessor/Collector's Report
- Exhibit B HCSO Security Patrol Report
- Exhibit C Bookkeeper's Report
- Exhibit D Operator's Report
- Exhibit E Engineer's Report
- Exhibit F Report from Talley Landscape Architects, Inc.
- Exhibit G Off Cinco's Monthly Reports