

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

### **Minutes of Board of Directors Meeting September 25, 2023**

The Board of Directors of Harris-Fort Bend Counties Municipal Utility District No. 3 met in regular session on September 25, 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"); Drake Dominy of Pelican Builders, Inc. ("Pelican"); Tom Laseter of Vogler & Spencer Engineering, Inc. ("VSE"); Cathy Falke and Raquel Garcia of Environmental Development Partners, LLC, ("EDP"); Rahi Patel of Municipal Accounts & Consulting, L.P. ("MA&C"); Yvonne Luevano of Wheeler & Associates, Inc. ("Wheeler"); Debbie Shelton of Masterson Advisors LLC ("Masterson"); and Kate Henderson and Hollie Rhodes of Schwartz, Page & Harding, L.L.P. ("SPH"). Merrie Talley of Talley Landscape Architects Inc. ("TLA") and Deputy Blake Meroow 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**

Ms. Henderson 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 July 24, 2023 and August 28, 2023. Following discussion, Director Welch moved that the Board approve the minutes of its Board of Directors meetings held on July 24, 2023, as presented. Director Anzalotti seconded said motion, which unanimously carried. The Board deferred approval of the minutes of the August 28, 2023 Board meeting until next month's meeting.

## **TAX ASSESSOR-COLLECTOR'S REPORT**

Ms. Luevano presented to and reviewed with the Board the Tax Assessor-Collector's Report dated as of August 31, 2023, a copy of which is attached hereto as **Exhibit A**, including the disbursements presented for payment from the Tax Account. Ms. Luevano advised the Board that, as directed at the last meeting, check no. 5152 in the amount of \$10,291.49 payable to Lakeside Place PFC ("LPPFC") in connection with a refund for the 2023 taxes paid for the Premier at Katy Apartments project is still being held pending discussions with Premier at Katy, LLC and/or LPPFC regarding the payment of certain non-taxable entity charges related to LPPFC's acquisition of The Premier at Katy Apartments. After discussion, Director Witt 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 Anzalotti seconded said motion, which carried unanimously.

## **DELINQUENT TAX COLLECTIONS REPORT**

Ms. Henderson 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.

## **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.

## **SELECTION OF BOARD MEMBERS OF THE HARRIS CENTRAL APPRAISAL DISTRICT**

Ms. Henderson next reported that the District received a Memorandum from the Harris Central Appraisal District ("HCAD") dated August 24, 2023, a copy of which is attached hereto as **Exhibit B**, regarding the selection of members for HCAD's Board of Directors. She reported that the Board may nominate a candidate for a position on the Board of Directors of HCAD to represent conservation and reclamation districts, like the District, by resolution adopted and submitted to HCAD no later than October 15, 2023. After discussion, the Board concurred to not nominate a candidate for a position on the Board of Directors of HCAD.

## **PROPOSED 2023 TAX RATE**

Ms. Shelton next presented to and reviewed in detail with the Board the Financial Advisor's recommendation regarding the proposed 2023 debt service tax rate and maintenance tax rate, a copy of which recommendation is attached hereto as **Exhibit C**. Ms. Shelton recommended that the Board levy a debt service tax rate of \$0.46 per \$100 of assessed valuation, which is \$0.04 lower than the District's 2022 debt service tax rate. She then presented and discussed with the Board a table related to the proposed 2023 maintenance tax rate, including

calculations reflecting the maintenance tax that would result in a parity rate as well as projected maintenance tax revenues, under different scenarios.

There next followed a discussion concerning the requirements for notice of the District's intention to adopt a 2023 tax rate. Ms. Henderson advised that, pursuant to Section 49.236 of the Texas Water Code, as amended, the District is required to provide a notice containing certain tax-related information in connection with each meeting at which the adoption of a tax rate will be considered. Ms. Henderson further advised that the information to be included in the notice is set forth in the Water Code and includes the proposed tax rate to be adopted. She advised that the District must provide the notice by either (i) publishing it at least once in a newspaper having general circulation in the District at least seven days before the date of the meeting at which the tax rate will be adopted, or (ii) mailing it to each owner of taxable property in the District, at the address shown on the most recently certified tax roll of the District, at least ten days before the date of the meeting.

After further discussion on the matter, Director Anzalotti moved that the Board (i) accept Masterson's recommendation to levy a 2023 debt service tax rate of \$0.46 per \$100 of assessed valuation and that it indicate its intention to levy a 2023 maintenance and operations tax rate of \$0.11 per \$100 of assessed valuation, for a total 2023 tax rate of \$0.57 per \$100 of assessed valuation, and (ii) authorize the District's Tax Assessor-Collector to publish notice of the District's intention to adopt said 2023 tax rate at its next meeting in the form and at the time required by law. Director Breihan seconded said motion, which unanimously carried. The Board concurred that the notice should be published by the Tax Assessor-Collector in the *Houston Chronicle*.

Deputy Merrow entered the meeting at this time.

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

Deputy Merrow next presented to and reviewed with the Board the HCSO's Report for the month of September 2023, a copy of which is attached as **Exhibit D**. Deputy Merrow advised the Board that all of the Flock cameras installed in the District are now operational. Deputy Merrow additionally advised the Board that Harris County Commissioners Court's approval of the new Interlocal Agreement for Law Enforcement Services for the term commencing October 1, 2023 and ending September 30, 2024 is still pending.

Ms. Luevano and Deputy Merrow exited the meeting at this time.

#### **BOOKKEEPER'S REPORT**

Mr. Patel presented to and reviewed with the Board the Bookkeeper's Report dated September 25, 2023, a copy of which is attached as **Exhibit E**, including the disbursements presented therein. A discussion ensued regarding the expenses incurred to date by the District with respect to the Phase IA Design of the District's Master Park Plan. The Board requested that

MA&C provide an accounting of same for the Board's review at next month's meeting. Thereafter, 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. Director Williams seconded said motion, which unanimously carried.

Ms. Talley entered the meeting at this time.

### **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 September 25, 2023, a copy of which is attached hereto as **Exhibit F**. 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 addressed the Board regarding the replacement of Lift Pump No. 4 at the Wastewater Treatment Plant, as further detailed in the Operator's Report. In that regard, she recommended that the existing 2005 KSB lift pump be replaced with a Flygt lift pump at an estimated cost of \$25,313. After discussion, the Board requested that EDP provide a chart comparing the KSB and Flygt lift pumps including replacement timetables and costs associated therewith, for its review next month. Ms. Garcia then advised that she had no customer appeals or other action for the Board to address today.

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

Ms. Henderson next advised the Board that the District is still in Stage 1 of its Drought Contingency Plan.

### **STATUS OF DISTRICT'S WATER PRODUCTION FACILITIES AND DISCUSSION CONCERNING DISTRICT RESPONSE TO TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ("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 received from the 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 received an invoice from Seaback for maintenance in the month of August 2023 in the amount of \$4,374.75. Following discussion, the Board deferred action relative to the approval of same as the District has not yet formally approved the rate increase reflected on said invoice.

## **ENGINEER'S REPORT**

Mr. Laseter presented to and reviewed in detail with the Board a written Engineer's Report dated September 25, 2023, a copy of which is attached hereto as **Exhibit G**, and discussed the status of the various projects within the District. With respect to the Contract for construction of Water Plant No. 2, Mr. Laseter noted that the Notice Proceed for the Water Plant No. 2 project will be issued on September 26, 2023. After discussion, it was moved by Director Anzalotti, seconded by Director Williams and unanimously carried, that the District accept 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 Form 1295 required in connection with change orders to construction contracts entered into directly by the District); and (ii) the acceptance of Water Meter Easements from (a) Lofts at Katy Ranch, LP, and (b) I-10 KRC, Ltd., subject to SPH's review and approval of same.

## **DEVELOPERS' REPORTS**

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

Ms. Henderson next advised the Board that the Premier @ Katy Apartments, project originally developed by RBTK Realty, LLC, now Premier at Katy, LLC, which was sold to Lakeside Place PFC in December 2022, is now partially occupied by initial tenants. Ms. Henderson stated that the tax-exempt status of both the Premier at Katy Apartments 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**

The Board next deferred action relative to the issuance of utility commitments.

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

In connection with the proposed annexation of Mr. Criollo's 0.74 acre tract on Kingsland Boulevard, Ms. Henderson noted that SPH 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.

Ms. Shelton and Mr. Patel exited the meeting at this time.

## **MASTER PARKS PLAN PREPARED BY TLA**

Ms. Talley next reported to the Board regarding the status of TLA's work on Phase 1A of the District's Master Park Plan. In that regard, she discussed the costs associated with the Phase 1A Design of the Master Park Plan, as set forth in TLA's contract with the District, and the District's charges by TLA to date. Ms. Talley stated that she will present proposals for civil engineering, structural engineering, and electrical engineering services for the Board's consideration next month, as such services are not included in TLA's contract with the District. Ms. Talley then noted that lighting and security are not currently included in the Master Park Plan, and recommended that the Board consider adding same. Ms. Talley advised the Board that she hopes to have final construction documents by the end of the year and be in a position to advertise for bids for Phase 1A in the Spring of next year. Director Williams requested that Ms. Talley provide the Board with the budget for construction of Phase 1A of the Master Park Plan and an accounting of the costs incurred to date. Following discussion, the Board noted that no action was required in connection with said matter at this time.

## **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. Ms. Henderson presented for the Board's review correspondence received from the West Harris County Regional Water Authority dated September 15, 2023, a copy of which is attached hereto as **Exhibit H**, advising that there will be no change in its fees for 2024.

## **DISTRICT WEBSITE**

Ms. Henderson next advised the Board that she had not received an update from Off Cinco this month in connection with the District's website.

## **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 next announced at 1:28 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, Ms. Henderson, Ms. Rhodes and Mr. Laseter, exited at this time.

At 1.32 p.m., the Board reconvened in Open Session. No action was taken by the Board

with regard to matters discussed in Closed Session.

**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 Williams, and unanimously carried, the meeting was adjourned.

[seal]

  
Secretary

**LIST OF EXHIBITS**

- Exhibit A Tax Assessor/Collector's Report
- Exhibit B HCAD Memorandum regarding Board of Directors Election Process and Nominating a Candidate for a Position on the Board of Directors of HCAD
- Exhibit C Financial Advisor's Recommendation for Proposed 2023 Tax Rate
- Exhibit D HCSO Security Patrol Report
- Exhibit E Bookkeeper's Report
- Exhibit F Operator's Report
- Exhibit G Engineer's Report
- Exhibit H Correspondence from West Harris County Regional Water Authority