MINUTES
CINCO MUNICIPAL UTILITY DISTRICT NO. 3

October 20, 2022

The Board of Directors (the "Board") of Cinco Municipal Utility District No. 3 (the "District") met in regular session, open to the public, on the 20th day of October, 2022, at the offices of Inframark Water & Infrastructure Services, 2002 West Grand Parkway North, Suite 100, Katy, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Linda Larvin	President
Christina Och	Vice President
Kent Fahey	Secretary
Mark Canady	Assistant Secretary
Douglas Schroeder	Assistant Vice President

and all of the above were present, thus constituting a quorum.

Also attending the meeting in Lynnette Tujague and Angela Airies of District Data Services, Inc.; Rene Andel of Wheeler & Associates, Inc.; Robert Miller of Inframark Water & Infrastructure Services ("Inframark"); and Greer Pagan and Kathryn Blanton of Allen Boone Humphries Robinson LLP ("ABHR").

Attending via teleconference during executive session only was Connor Best of Munsch Hardt Kopf & Harr, P.C.

COMMENTS FROM THE PUBLIC AND FUTURE AGENDA ITEMS

There were no comments from the public.

APPROVE MINUTES

The Board considered approving the minutes of the September 15, 2022, regular meeting. After review and discussion, Director Schroeder moved that the minutes be approved, as submitted. The motion was seconded by Director Fahey, which passed unanimously.

DISCUSS SIDEWALK IMPROVEMENTS ON MASON ROAD

There was no discussion on this agenda item.

GARBAGE AND RECYCLING MATTERS AND AUTHORIZE APPROPRIATE ACTION

The Board reviewed and discussed a proposed price increase request received from Texas Pride Disposal, a copy of which is attached. The Board concurred to take no action on the price increase request.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Tujague presented and reviewed the bookkeeper's report and payment of the bills, a copy of which is attached.

The Board conducted its annual review of the District's Investment Policy, and Mr. Pagan stated that neither ABHR nor the bookkeeper have any recommended changes.

Mr. Pagan reviewed a Resolution Establishing Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. He next reviewed a list of qualified broker/dealers provided by Ms. Tujague and stated that Allegiance Bank is reflected on the list.

After review and discussion, Director Och moved to: (1) approve the bookkeeper's report and payment of the bills; (2) adopt a Resolution Regarding Annual Review of Investment Policy; (3) adopt a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions; and (4) direct that the Resolutions be filed appropriately and retained in the District's official records. The motion was seconded by Director Fahey, which passed unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS; INCLUDING DELINQUENT TAX COLLECTIONS AND PAYMENT OF TAX BILLS

Ms. Andel presented and reviewed the tax assessor/collector's report and delinquent tax roll with the Board, copies of which are attached.

After review and discussion, Director Fahey moved to approve the tax assessor/collector's report and payment of the tax bills. The motion was seconded by Director Canady, which passed unanimously.

CONDUCT 2022 TAX RATE PUBLIC HEARING, ADOPT ORDER LEVYING TAXES AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Ms. Andel stated that notice was published of the public hearing to be held at today's meeting regarding adoption of the District's proposed 2022 total tax rate of $0.343.

The Board concurred to open the public hearing. There being no comments from the public, the Board concurred to close the public hearing.

Mr. Pagan presented an Order Levying Taxes reflecting the proposed 2022 tax rate. He then presented an Amendment to Information Form reflecting the tax rate and stated that the Amendment will be filed with the Texas Commission on Environmental Quality and recorded in the Official Public Records of Fort Bend County and Harris County.

After review and discussion, Director Fahey moved to: (1) adopt the Order Levying Taxes reflecting a total 2022 tax rate of $0.34 per $100 of assessed valuation, comprised of $0.12 to pay debt service on water, sewer, and drainage bonds, $.0145 for the District's Master District contract requirements, and $0.075 for operations and maintenance; (2) authorize execution of the Amendment to Information Form; and (3) direct that the Order and Amendment be filed appropriately and retained in the District's official records. Director Schroeder seconded the motion, which passed unanimously.

OPERATION OF DISTRICT FACILITIES/TERMINATION OF SERVICE

Mr. Miller presented and reviewed the operator's report, a copy of which is attached. He discussed operation, maintenance, and repairs of District facilities. He stated that the water accountability for the previous month was 94%.

Mr. Miller presented and reviewed a proposal from Edustrial Solutions for the Annual Fire Hydrant Surveys in the amount of $1,500.60, a copy of which is attached to the operator's report.

Mr. Miller reviewed the 2022 Consumer Price Index ("CPI") adjustment notice for the District, a copy of which is attached to the operator's report, stating the current rate will increase by 4.640% from $2.93 to $3.07 per month per residence effective beginning with the November 21, 2022, billing cycle.

Mr. Miller presented and reviewed a Third Amendment to Professional Services Agreement, which contains an updated Schedule of Standard Rates.

The Board considered amending the District's Rate Order to recover the cost of the 4.640% CPI increase and the increased North Fort Bend Water Authority pumpage fees. Mr. Miller reviewed a handout of proposed revisions to the Rate Order, a copy of which is included in the operator's report, including increasing fees for residential meter taps, pre-site inspections/re-inspections, slab inspections, wall inspections, fixture inspection, final site surveys, backflow prevention inspections, grease trap inspections, delinquency notices, meter reconnections, illegal use of meters, service account transfers, returned checks/payment reversals, and confidentiality letters.

Mr. Miller discussed the Texas Utility Help program, a copy of which is attached to the operator's report. Discussion ensued.

Mr. Miller presented a list of delinquent customers and reported the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility services should not be terminated for reason of non-payment.

After review and discussion, Director Fahey moved to: (1) approve the operator's report; (2) approve the proposal from Edustrial Solutions in the amount of $1,500.60 to conduct the annual fire hydrant surveys; (3) approve the Third Amendment to Professional Services Agreement with Inframark and direct that the Amendment be filed appropriately and retained in the District's official records; (4) approve the Amended Rate Order; (5) authorize the agreement with Texas Utility Help, subject to final review; and (6) authorize termination of delinquent accounts in accordance with the District's Rate Order and direct that the delinquent customer list be filed appropriately and retained in the District's official records. The motion was seconded by Director Och, which passed unanimously.

ENGINEER'S REPORT, INCLUDING PHASE II MS4 PERMITTING MATTERS

There was no discussion on this agenda item.

DISTRICT WEBSITE MATTERS

The Board reviewed the website analytics report from Off Cinco, a copy of which is attached.

NORTH FORT BEND WATER AUTHORITY MATTERS

There was no discussion on this agenda item.

CINCO MUNICIPAL UTILITY DISTRICT NO. 1 MATTERS

There was no discussion on this agenda item.

WILLOW FORK DRAINAGE DISTRICT MATTERS, INCLUDING PROJECT BARKER

There was no discussion on this agenda item.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER

The Board convened in executive session at 6:29 p.m., pursuant to Section 551.071 of the Texas Government Code, in order to conduct a private consultation with the District's attorneys regarding potential litigation. In attendance were Directors Larvin, Fahey, Och, Canady, and Schroeder, Mr. Best, and ABHR.

RECONVENE IN OPEN SESSION

The Board reconvened in open session at 6:57 p.m. The Board took no action during executive session.

Director Fahey moved to approve a legal services engagement letter with Feldman & Feldman, and direct that the legal services engagement letter be filed appropriately and retained in the District's official records. Director Schroeder seconded the motion, which passed unanimously.

There being no further business to come before the Board, the meeting was adjourned.

(SEAL)

Assistant Secretary, Board of Directors

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