

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

### Minutes of Board of Directors Meeting March 27, 2017

The Board of Directors of Harris-Fort Bend Counties Municipal Utility District No. 3 met in regular session at the Board's regular meeting place on March 27, 2017, 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  
Cyndal Porter, Vice President  
Derrell Witt, Secretary  
Robert L. White, Assistant Secretary  
Frank Anzalotti, Assistant Secretary

and all of said persons were present, except for Director Witt, thus constituting a quorum.

Also present were Kayla Crigger of Municipal Accounts & Consulting, L.P. ("MA&C"); Cathy Wheeler of Wheeler & Associates, Inc. ("Wheeler"); Cathleen Falke of Environmental Development Partners, LLC ("EDP"); Tom Laseter of Van De Wiele & Vogler Incorporated ("Van De Wiele"); Mike Baker of Katy ABC Properties ("Katy ABC"); Shannon Waugh of Off Cinco Web Design ("Off Cinco"); James Barbarino, a District resident, and Abraham Rubinsky and Rachel Hollywood 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.

#### **APPROVAL OF MINUTES**

The Board considered approval of the minutes of its Board of Directors meetings held on November 28, 2016, December 19, 2016, January 23, 2017, and February 27, 2017. Following discussion, Director Welch moved that the minutes of the Board of Directors meetings held on November 28, 2016, and December 19, 2016, be approved as written. Director Anzalotti seconded said motion, which unanimously carried. The Board deferred approval of the minutes of the Board of Directors meetings held on January 23, 2017, and February 27, 2017, until its next meeting.

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

Ms. Wheeler presented and reviewed with the Board the Tax Assessor-Collector's Report dated as of February 28, 2017, a copy of which is attached hereto as **Exhibit A**, including the disbursements presented for payment from the Tax Account. Ms. Wheeler also presented a Delinquent Tax Roll as of February 28, 2017, a copy of which is included in the Tax Assessor-Collector's Report. After discussion, Director Welch moved that the Tax Assessor-Collector's Report be approved as presented, and that the disbursements identified in said Report from the

District's Tax Account be authorized. Director White seconded said motion, which carried unanimously.

Ms. Wheeler next presented and reviewed with the Board a Notice sent to all District residents regarding the tax exemptions approved by the Board at its last meeting, a copy of which is attached hereto as **Exhibit B**. Ms. Wheeler noted that said Notice emphasizes that homeowners must file for the appropriate homestead exemptions in both Harris County and Fort Bend County in order to be eligible.

### **DELINQUENT TAX COLLECTIONS REPORT**

The Board next deferred consideration of a Delinquent Tax Collections Report, as no report was received this month from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's Delinquent Tax Collections Attorneys.

### **NEW AGREEMENT FOR SERVICES OF TAX ASSESSOR AND COLLECTOR WITH WHEELER**

The Board next considered approving a new Agreement for Services of Tax Assessor and Collector with Wheeler. In connection therewith, Ms. Wheeler presented and reviewed with the Board the proposed new Agreement, a copy of which is attached hereto as **Exhibit C**. Ms. Wheeler reported that Wheeler is has not increased its fees to the District since 2007 and proposing to increase its base fee by \$200.00 per month, to \$1386.00 per month. Director Welch next advised the Board that he must recuse himself from any discussion and abstain from voting on the matter due to his professional relationship with Wheeler on matters unrelated to the District. Following discussion, Director Porter moved that the Board approve the new Agreement for Services of Tax Assessor and Collector with Wheeler, and that the President be authorized to execute same on behalf of the Board and District, subject to the final review, comment, and approval of same SPH. Director Anzalotti seconded said motion, which passed by a vote of three (3) in favor, none (0) opposed, Director Welch abstaining.

### **ESTIMATE OF VALUE OF PROPERTY IN THE DISTRICT**

Mr. Rubinsky reminded the Board that , at its last meeting, the District's Financial Advisor, Debbie Shelton had recommended that a current estimate of value as of April 1, 2017, 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. 7). After discussion, it was moved by Director Anzalotti, seconded by Director Porter 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 April 1, 2017, both of which are attached hereto as **Exhibit D**, 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 and reviewed with the Board the Bookkeeper's Report dated March 27, 2017, a copy of which is attached hereto as **Exhibit E**, including the checks presented for payment from the District's various accounts. Ms. Crigger noted that check no. 5434 on the General Operating Fund would be voided. After discussion, Director Porter moved that the Board approve the Bookkeeper's Report, including the checks presented for payment, except check no. 5434 on the General Operating Fund, which was voided. Director Anzalotti seconded said motion, which unanimously carried.

## **UNCLAIMED PROPERTY REPORT**

The Board next considered authorizing the District's consultants to research the District's accounts for unclaimed property and for MAC to prepare an Unclaimed Property Report as of March 1, 2017. After discussion, Director Anzalotti moved that EDP, Wheeler and MAC be authorized to research their records to determine whether the District is holding any unclaimed property for the stated period, and that MAC be authorized to prepare an Unclaimed Property Report, if necessary, for the Board's consideration, approval and filing with the Texas State Comptroller prior to July 1, 2017. Director Porter seconded said motion, which unanimously carried.

## **ANNUAL ARBITRAGE ANALYSIS REPORT**

Mr. Rubinsky next advised the Board that Municipal Risk Management Group, L.L.C. had prepared the Annual Maintenance Report in connection with the previous Arbitrage Analysis Report originally dated March 18, 2014 prepared on behalf of the District in connection with its prior outstanding bond issues, and presented and reviewed same in detail with the Board, a copy of which is attached hereto as **Exhibit F**. After discussion, the Board concurred that no action was required in connection with such Report at this time.

## **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 March 27, 2017, a copy of which is attached hereto as **Exhibit G**. 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 the Delinquent Accounts Report, set forth therein.

Ms. Falke noted that there were sixty-six (66) customer accounts listed on the Delinquent Accounts Report this month, and that no customer appeals had been received.

Ms. Falke advised that there is no new information to report regarding the status of re-painting of the District's fire hydrants nor on the repair of the step screen located at the District's Wastewater Treatment Plant ("WWTP").

Ms. Falke next reported on the status of the replacement of the Lift Pump No. 3 (the "Lift Pump") located at the WWTP on-site lift station. She stated that the new Lift Pump has been ordered and that EDP is waiting on the shipment to arrive from the supplier.

Mr. Rubinsky next queried Ms. Falke regarding correspondence received from the U.S. Environmental Protection Agency ("EPA") in connection with the Unregulated Contaminant Monitoring Rule. Ms. Falke advised that the paperwork requested by the EPA had been completed filed by EDP on behalf of the District before the deadline stated therein.

### **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. Mr. Laseter presented and reviewed with the Board, the proposal he had received from Seaback for over seeding and fertilizing of the Harris County Flood Control District ("HCFCD"), Unit No. 506-02-00 "Moore Heights Detention Pond" at a cost of \$6,778.90, a copy of which is attached hereto as **Exhibit H**. After discussion, Director Welch moved to ratify the Board's prior approval of the proposal for the over seeding and fertilizing of the Moore Heights Detention Pond at a cost of \$6,778.90, subject to final review and approval by Director Witt and Mr. Laseter's verification following completion of the work of the cost per bag of seed and fertilizer and the number of bags of each used Seaback. Director White seconded said motion, which unanimously carried.

### **ENGINEER'S REPORT**

Mr. Laseter presented and reviewed with the Board the written Engineer's Report dated March 27, 2017, a copy of which is attached hereto as **Exhibit I**, and discussed the status of various projects within the District. Following discussion, it was moved by Director Welch, seconded by Director Anzalotti and unanimously carried, that the Engineering Report and all action items listed therein be approved, including specifically the following: (i) approval of the Consent to Encroachment and Indemnity Agreement with EHAJ, Ltd. in connection with Katy Ranch Crossing, Phase IV, subject to the District's receipt of the executed Agreement and TEC Form 1295 relative to same from EHAJ, Ltd.; and (ii) concur in I-10/Katy, Ltd.'s authorization for Van De Wiele to advertise for bids for the construction of Water Distribution, Paving and Storm Drainage Improvements to serve I-10 Bella Terra Subdivision, Phase III, as recommended by Mr. Laseter.

In connection with the proposed acquisition of a Water Plant No. 2 Site and a Sanitary Control Easement and Water Line Easement required in connection with same, Mr. Rubinsky advised that he had nothing new to report on the matter.

In connection with the status of communications with representatives of the West Harris County Regional Water Authority ("WHCRWA") regarding its desire to acquire certain Water Line Easements from the District and certain landowners within the District for the construction of a 60-inch surface water transmission line, Mr. Laseter advised that there is nothing new to report at this time.

In connection with the status of communications with representatives of the North Fort Bend Water Authority ("NFBWA") regarding its desire to acquire Water Line Easements across five (5) parcels of land owned by the District and the District's concerns regarding the proposed location of the NFBWA's 60-inch surface water transmission line through the District's Katy Gap Road Lift Station site, Mr. Laseter advised that the NFBWA provided a draft Letter Agreement to supplement the terms of the Water Line Easement the NFBWA's Parcel 19.05 and that SPH is currently reviewing the Easements and Letter of Agreement on behalf of the District. Mr. Rubinsky advised that he will provide the District's comments to the NFBWA's attorneys once he completes his review.

In connection with the application to the Texas Commission on Environmental Quality ("TCEQ") for the renewal of the District's Wastewater Discharge Permit for the WWTP, Mr. Laseter advised that the new draft permit has been received from the TCEQ, and that the final permit will be issued by the TCEQ following publication of an additional notice by the District, which Van De Wiele is handling.

### **SUBMISSION OF INFORMATION TO RETAIL ELECTRIC UTILITY PROVIDER**

Mr. Rubinsky reported that Texas Water Code §13.1396 requires that the District annually submit to each electric distribution utility and each retail electric utility provider, on forms reasonably required by each entity, a list of its facilities which qualify for critical load status and various emergency contact information. After discussion on the matter, Ms. Falke stated that EDP would handle this filing requirement on behalf of the District. Director Anzalotti then moved that EDP be authorized to make such annual filing on behalf of the District. Director White seconded said motion, which unanimously carried.

### **BOND ISSUE NO. 7**

Regarding Bond Application Report No. 7 ("BAR") related to the District's proposed Series 2017 Unlimited Tax Bonds ("Series 2017 Bonds"), Mr. Rubinsky reported that the BAR was filed with the TCEQ on March 17, 2017.

### **DEVELOPERS' REPORTS**

The Board next considered the Developers' Reports. In connection therewith, Mr. Baker provided a detailed update regarding various projects within Katy ABC's Katy Ranch Crossing development. Following discussion, the Board concurred that no action was required on its part at this time regarding said matter.

### **UTILITY COMMITMENTS**

Mr. Rubinsky next discussed a request for amendment of the utility commitment previously sent to SVR Interests Katy, LLC ("SVR") for execution in connection with the development of a proposed retail center to be constructed on 3.2144 acres in Unrestricted Reserve "B" of I-10 Bella Terra Subdivision. Mr. Laseter advised that SVR is now requesting approximately thirty-five (35) equivalent single-family connections ("ESFC's") for such property rather than the fifteen (15) ESFC's of water and sewer capacity that was granted by the Board in

April 2016 to serve the proposed development. Mr. Rubinsky recommended that Van de Wiele review and discuss the request for additional capacity with the seller of the tract, I-10/Katy, Ltd., since I-10/Katy, Ltd. financed the water and sewer capacity originally allocated to the property and would have to approve allocating additional capacity to same. Following discussion, Mr. Laseter advised he would address the request further with Ron Dagley of I-1/Katy, Ltd. and would report back to the Board at the next meeting.

### **THE GRAND HARBOR HOMEOWNERS' ASSOCIATION ("HOA")**

In connection with the status of communications between the District and the HOA regarding the proposed improvement of park and recreational facilities and other common areas within the boundaries of the District, Mr. Rubinsky advised that, as discussed at the last meeting, SPH had requested for a Commitment for Title Insurance in connection with the District's proposed acquisition of Restricted Reserve "E" in the Lakes of Grand Harbor, Section Three currently from the HOA. Director Anzalotti informed the Board that the HOA will vote on whether to deed the land to the District at its next meeting in April. Following discussion, the Board deferred any action relative to said matter at this time.

### **STATUS OF MASTER PARKS PLAN PREPARED BY TALLEY LANDSCAPE ARCHITECTS, INC. ("TALLEY")**

In connection with the status of the District's Master Parks Plan, the Board deferred action on the matter after noting that there were no updates to report this month.

### **HARRIS COUNTY SHERIFF'S OFFICE CONTRACT REPORT**

The Board next reviewed the Harris County Sheriff's Office's ("HCSO") Contract Report for February 2017, a copy of which is attached hereto as **Exhibit J**. No action was required of the Board at this time.

### **DISTRICT WEBSITE**

The Board next recognized Ms. Waugh who presented and reviewed with the Board a Service Agreement (the "Agreement") between the District and Off Cinco to create and maintain a "Standard Layout" website for the District, as discussed by the Board at its last meeting. Mr. Rubinsky informed the Board that SPH is currently reviewing the Agreement, a copy of which is attached hereto as **Exhibit K**, and will provide comments to Off Cinco when completed. Ms. Waugh then discussed various options for the layout and maintenance preference related to said website for the Board's consideration, a copy of which options are attached to the Agreement under **Exhibit K**. Following discussion, Director Welch moved that the Board (i) approve the Agreement with Off Cinco for creation of a Standard Layout design website for \$1400, plus Hosting Option Two providing for unlimited monthly updates for \$250 per month; and (ii) authorize the President to execute same on behalf of the Board and District, subject to the final review, comment, and approval of SPH. Director Anzalotti seconded said motion, which unanimously carried.

**ATTORNEY'S REPORT**

Mr. Rubinsky advised that he had nothing further of a legal nature to discuss with the Board at this time.

**REVIEW OF DISTRICT CONSULTANTS' CONTRACTS**

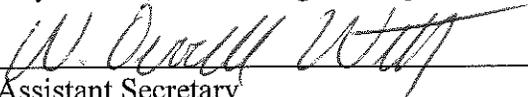
The Board deferred discussion regarding review of the District's consultants' contracts.

**EXECUTIVE SESSION**

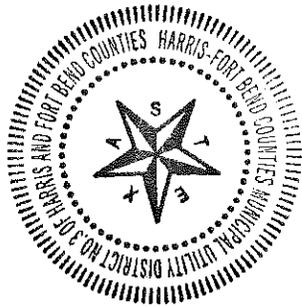
The Board concurred that a Closed Session would not be required in connection with the matters discussed at today's meeting.

**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.

  
Assistant Secretary

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## LIST OF EXHIBITS

- Exhibit A Tax Assessor/Collector's Report
- Exhibit B Notice to Homeowners regarding 2017 Tax
- Exhibit C Agreement for Services of Tax Assessor and Collector
- Exhibit D Resolutions to the Harris County Appraisal District and to the Fort Bend Central Appraisal District Requesting Appraisal of Property
- Exhibit E Bookkeeper's Report
- Exhibit F Annual Maintenance for Arbitrage Analysis Report prepared by Municipal Risk Management Group, L.L.C.
- Exhibit G Operator's Report
- Exhibit H Proposal from Seaback for Overseeding And Fertilizing of the Moore Height Detention Pond
- Exhibit I Engineer's Report
- Exhibit J Harris County Sheriff's Office's Contract Report –February 2017
- Exhibit K Service Agreement with Off Cinco