

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

### Minutes of Board of Directors Meeting September 24, 2018

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 September 24, 2018, 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  
W. Derrell Witt, Secretary  
Frank Anzalotti, Assistant Secretary  
James Barbarino, Assistant Secretary

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

Also present were Kayla Crigger of Municipal Accounts & Consulting, L.P. ("MA&C"); Cathy Wheeler of Wheeler & Associates, Inc. ("Wheeler"); Cathy 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"); Debbie Shelton of Masterson Advisors LLC ("Masterson"); Jae Moore of J.K. Moore Real Estate Limited Partnership, Ltd. ("J.K. Moore"), who entered later in the meeting as noted herein; and Abraham Rubinsky and Rachel Knight 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 meeting held on August 27, 2018. Following discussion, Director Barbarino moved that the minutes of the Board of Directors meeting held on August 27, 2018, be approved as written. Director Porter seconded said motion, which unanimously carried.

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

Ms. Wheeler presented and reviewed with the Board the Tax Assessor-Collector's Report dated as of August 31, 2018, attached hereto as **Exhibit A**, including the disbursements presented for payment from the Tax Account. Ms. Wheeler also presented a Delinquent Tax Roll dated as of August 31, 2018, a copy of which is included in the Tax Assessor-Collector's Report. She then noted that check no. 1826 related to the request for waiver of penalty and interest on the 2017 delinquent account of Thompson Brothers Consulting & Investments LLC (account no. 1367320010004) that was approved by the Board at the last meeting. 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. Director Barbarino seconded said motion, which carried unanimously.

### **DELINQUENT TAX COLLECTIONS REPORT**

The Board 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.

### **PUBLIC HEARING REGARDING LEVY OF THE DISTRICT'S 2018 TAX RATE**

The Board next conducted a public hearing regarding the proposed levy of a debt service tax rate and a maintenance tax rate for 2018. Ms. Wheeler presented an Affidavit of Publication from *The Katy Times* confirming that the notice of the District's intention to set the proposed tax rate and notice of public hearing had been published in accordance with all legal requirements and as directed at the previous meeting, which Affidavit is attached hereto as **Exhibit B**. There being no comments presented from the public, upon motion by Director Welch, seconded by Director Porter and unanimously carried, such hearing was closed.

Mr. Moore entered the meeting at this time.

### **LEVY OF THE DISTRICT'S 2018 TAX RATE**

The Board next discussed the setting of the District's 2018 tax rate. After discussion on the matter, Director Welch moved that: (i) the Board adopt and levy a 2018 debt service tax rate of \$0.50 per \$100 of taxable valuation and a 2018 maintenance tax rate of \$0.31 per \$100 of taxable valuation, resulting in a total 2018 tax rate of \$0.81 per \$100 of taxable valuation, and (ii) the Order Levying Taxes, attached hereto as **Exhibit C**, be adopted in connection therewith and the Board President be authorized to execute and the Secretary to attest same on behalf of the Board and the District. Director Porter seconded said motion, which carried unanimously.

### **APPROVE AMENDMENT TO DISTRICT INFORMATION FORM**

Mr. Rubinsky presented and discussed with the Board an Amendment to the Second Amended and Restated District Information Form ("DIF") relative to the District's 2018 tax rate. After discussion regarding the Amendment to the DIF, Director Barbarino moved that the Amendment to the DIF be approved and that the Board members present be authorized to execute same on behalf of the Board and the District. Director Porter seconded said motion, which carried unanimously.

### **BOOKKEEPER'S REPORT**

Ms. Crigger presented and reviewed with the Board the Bookkeeper's Report dated September 24, 2018, a copy of which is attached hereto as **Exhibit D**, including the checks presented for payment from the District's various accounts. After discussion, Director Welch moved that the Board approve the Bookkeeper's Report, including the checks presented for payment from the District's various accounts, except check nos. 5992 and 5993, which were voided. Director Barbarino seconded said motion, which unanimously carried.

## **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 September 24, 2018, a copy of which is attached hereto as **Exhibit E**. 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, Wastewater Plant Discharge Report, Customer Service Report, Delinquent Notice/Service Disconnect Report, and Delinquent Accounts Report, as set forth therein. Ms. Falke noted that there were sixty-six (66) customer accounts listed on the Delinquent Accounts Report this month.

A discussion ensued regarding high irrigation water consumption by various customers in the District, including the Towns at Seville Homeowners Association's ("HOA") various irrigation meters, as reflected in the Commercial Consumption Report. Ms. Falke advised the Board to consider the benefits of installing smart meters or to increase irrigation rates in the future. Following discussion on the matter, the Board concurred to authorize Director Barbarino to meet with the representatives of the HOA to discuss options for lowering its high irrigation consumption.

## **CORRESPONDENCE FROM WEST HARRIS COUNTY REGIONAL WATER AUTHORITY REGARDING NOTICE OF ANTICIPATED FEES**

Mr. Rubinsky presented and reviewed with the Board a notice received from the West Harris County Regional Water Authority ("WHCRWA"), a copy of which is attached hereto as **Exhibit F**. Mr. Rubinsky advised that the WHCRWA is increasing its surface water fee from \$3.10 per 1000 gallons of water to \$3.35 per 1000 gallons of water effective January 1, 2019, and that an item would be placed on the agenda to amend the District's Rate Order in connection with same in November 2018.

## **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. In connection therewith, Mr. Laseter advised the Board of certain email communications on September 10<sup>th</sup> between he and Director Welch requesting authorization for Seaback to remove and dispose of vegetative buildup found in various locations in the Drainage Outfall Channel at a cost of \$3,200, which Director Welch approved. Mr. Laseter then recommended to the Board that it authorize Seaback to increase its quarterly inspections of the Drainage Outfall Channel to be performed monthly to avoid future vegetative buildup. The Board requested that Mr. Laseter solicit a proposal from Seaback for the Board's consideration at its next meeting regarding the monthly inspections, and confirm that the current quarterly inspections are being performed. Following discussion on the matter, Director Barbarino moved to ratify the Board's prior approval to authorize Seaback to remove and dispose of the vegetative buildup in the Drainage Outfall Channel at a cost of \$3,200. Director Porter seconded said motion, which unanimously carried.

## **ENGINEER'S REPORT**

Mr. Laseter presented and reviewed with the Board a written Engineer's Report dated September 24, 2018, a copy of which is attached hereto as **Exhibit G**, and discussed the status of various projects within the District.

In connection with the status of design of the proposed 0.320 MGD Expansion of the Permanent Wastewater Treatment Plant ("WWTP"), Mr. Laseter advised that the Preliminary Engineering Report for said project will be completed in the next thirty days, and that Van De Wiele plans to set up a meeting with the District's operator this week to discuss its "wish list" items for said Expansion project. Mr. Rubinsky then advised the Board that Van De Wiele and SPH are continuing to work on a proposal setting forth the options and related costs for the Bing Family's participation in the Permanent WWTP Expansion, and expect to present such information to Dr. Bing for further consideration in the near future.

In connection with the Generator Addition for Katy Gap Road Lift Station by W. W. Payton Corporation ("Payton"), Mr. Laseter presented Pay Application No. 1 in the amount of \$81,864.00, a copy of which is attached to the Engineer's Report, and recommended that the Board authorize the payment of same. Upon motion by Director Welch, seconded by Director Porter and unanimously carried, the Board authorized the payment to Payton of Pay Application No. 1, as recommended by Mr. Laseter.

## **DEVELOPERS' REPORTS**

The Board next considered the Developers' Reports. In connection therewith, Mr. Baker provided a detailed update regarding the status of various projects within Katy ABC's Katy Ranch Crossing development. Mr. Moore next reported on the status of development of 18.23 acres within Moore Heights Subdivision. Mr. Laseter next reported on the status of development of 13.5 acres within I-10/Katy, Ltd. Following discussion, the Board concurred that no action was required on its part at this time regarding said matters.

## **UTILITY COMMITMENTS**

The Board considered utility commitment requests and deferred action on the matter after noting that no new requests had been received.

## **STATUS OF COMMUNICATIONS WITH THE GRAND HARBOR HOMEOWNERS' ASSOCIATION ("HOA")**

The Board next considered 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. In connection with the Special Warranty Deed for the conveyance to the District of Restricted Reserve "E" in Lakes of Grand Harbor, Section Three (the "Deed"), Mr. Rubinsky reminded the Board that, after reviewing the Declaration of Covenants, Conditions and Restrictions of the HOA and discussing same with the attorney for the HOA, either the HOA must obtain a positive vote from no less than two-thirds of all property owners within the HOA to approve the Deed, or the District will be forced to acquire the tract by using its power of eminent domain. Mr. Rubinsky advised that the HOA will soon be forwarding

a written description and conceptual drawing of the proposed park prepared by Talley Landscape Architects, Inc. to the property owners within the HOA in connection with the HOA's request that the property owners vote to authorize the conveyance of the subject property to the District.

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

A brief discussion followed regarding the draft proposal for the design of the Park Site and Middle Basin East projects listed in Priority I of the Master Parks Plan ("Phase I"), previously received from Talley. The Board concurred to defer consideration of approval of Phase I of Priority I of the Plan until the Deed to the Park Site has been obtained by the District from the HOA.

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

The Board next reviewed the Harris County Sheriff's Office's ("HCSO") Beat Activity Report for August 2018, a copy of which is attached hereto as **Exhibit H**. Mr. Baker then presented and reviewed with the Board brochures related to the Harris County Constable Precinct Five ("HC5") Department Services and Contract Patrol services, copies of which are attached hereto as **Exhibit I**. He then expressed concern regarding slow response times from local law enforcement to calls from relating and multifamily customers of the District, and recommended hiring an additional deputy along with the current Sheriff's deputies on duty to ensure security for all of the District's customers and taxpayers. Following discussion on the matter, the Board concurred to (i) authorize SPH to invite representatives of HC5 to the next Board meeting to discuss the patrol services they provide, and (ii) consider amending its Interlocal Agreement for Law Enforcement Services between the District and Harris County when considered for renewal at its February 2019 meeting to add an additional deputy or to consider entering into a new Interlocal Agreement with Harris County for the services of HC5.

### **DISTRICT WEBSITE**

Mr. Rubinsky advised that there was no update regarding the status of the District's website at this time.

### **ATTORNEY'S REPORT**

The Board next considered the Attorney's Report. Mr. Rubinsky presented to the Board a Save the Date notice to the Partners in Progress Forum on October 25, 2018, hosted by the WHCRWA, a copy of which is attached hereto as **Exhibit J**.

### **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 Barbarino and unanimously carried, the meeting was adjourned.

  
Secretary



## LIST OF EXHIBITS

- Exhibit A Tax Assessor/Collector's Report
- Exhibit B Affidavit of Publication from *The Katy Times*
- Exhibit C Order Levying Taxes
- Exhibit D Bookkeeper's Report
- Exhibit E Operator's Report
- Exhibit F Correspondence from the West Harris County Regional Water Authority regarding the notice of anticipated fees
- Exhibit G Engineer's Report
- Exhibit H Harris County Sheriff's Office's Best Activity Report (August 2018)
- Exhibit I Harris County Constable Precinct Five Department Services brochure
- Exhibit J Save the Date to the Partners in Progress Forum hosted by the West Harris County Regional Water Authority