

HARRIS-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3

Minutes of Special Board of Directors Meeting May 29, 2019

The Board of Directors of Harris-Fort Bend Counties Municipal Utility District No. 3 met in special session at the Board's regular meeting place on May 29, 2019, 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, thus constituting a quorum.

Also present were Kayla Crigger of Municipal Accounts & Consulting, L.P. ("MA&C"); Ray Arce of Wheeler & Associates, Inc. ("Wheeler"); Cathy Falke of Environmental Development Partners, LLC ("EDP"); Debbie Shelton of Masterson Advisors LLC ("Masterson"); Tom Laseter of Van De Wiele & Vogler Incorporated ("Van De Wiele"); Mike Baker of Katy ABC Properties ("Katy ABC"); Ron Dagley of The Betz Companies, on behalf of I-10/Katy, Ltd. ("I-1-/Katy"); Jose Criollo, owner of Pastelitos Café ("Pastelitos") and a 0.74 acre tract located adjacent to the District; Audrey Holt, a District resident, and David Burgos, a guest of Ms. Holt, whom 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 meetings held on February 25, 2019, March 25, 2019 and April 22, 2019. Following discussion, Director Welch moved that the minutes of the Board of Directors meetings held on February 25, 2019, March 25, 2019 and April 22, 2019, be approved as written. Director Porter seconded said motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR'S REPORT

Mr. Arce presented and reviewed with the Board the Tax Assessor-Collector's Report dated as of April 30, 2019, attached hereto as **Exhibit A**, including the disbursements presented for payment from the Tax Account. Mr. Arce also presented a Delinquent Tax Roll dated as of April 30, 2019, a copy of which is included in the Tax Assessor-Collector's Report. 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

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. ("Perdue Brandon"), the District's Delinquent Tax Collections Attorney.

BOOKKEEPER'S REPORT

Ms. Crigger presented and reviewed with the Board the Bookkeeper's Report dated May 29, 2019, a copy of which is attached hereto as **Exhibit B**, including the checks presented for payment from the District's various accounts, and the Quarterly Investment Report for the period ended March 31, 2019. 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, and that the District's Investment Officer be authorized to sign the Quarterly Investment Report on behalf of the Board and the District. Director Barbarino seconded said motion, which unanimously carried.

A discussion ensued regarding certain engineering fees related to the design of the proposed expansion of the District's Permanent Wastewater Treatment Plant, the proposed design and construction of Water Plant No. 2, and the preparation and submittal to the Texas Commission on Environmental Quality ("TCEQ") of an application of waiver of elevated storage tank requirements. Following discussion, the Board requested that Van De Wiele and MA&C break out the engineering fees for budgeting purposes between general matters each of and the aforementioned special projects and reflect same in the Bookkeeper's Report.

Ms. Holt and Mr. Burgos entered the meeting at this time.

UNCLAIMED PROPERTY REPORT

Ms. Crigger presented to and reviewed with the Board an Unclaimed Property Report prepared by MA&C for the period of March 1, 2017 through February 28, 2018, a copy of which is attached hereto as **Exhibit C**, and stated that the District has a total of \$757.70 in unclaimed funds to escheat to the State Comptroller for the subject reporting period. After discussion, Director Barbarino moved that MA&C be authorized to file said Report with and remit said funds to the State Comptroller prior to July 1, 2019, in accordance with applicable law. Director Witt 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 May 29, 2019, a copy of which is attached hereto as **Exhibit D**. 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, a Delinquent Notice/Service

Disconnect Report, and a Delinquent Accounts Report, as set forth therein. Ms. Falke noted that there were forty-six (46) customer accounts listed on the Delinquent Accounts Report this month.

The Board next recognized Ms. Holt, who addressed the Board regarding her previous request for an adjustment to her water bill charges due to a water leak that went unnoticed due to Ms. Holt being out of state when the leak occurred. Ms. Falke presented to and reviewed with the Board a copy of Ms. Holt's email of April 3, 2019 requesting same, including the usage history report of her residence located at 24211 Peralta Glen Lane, copies of which are included in the Operator's Report. A lengthy discussion followed concerning Ms. Holt's usage and payment history, and the specific facts and circumstances related to Ms. Holt's appeal of her high water bills dated January 2, 2019 and January 31, 2019. Following further discussion, upon motion by Director Barbarino, seconded by Director Welch and unanimously carried, the Board moved to credit Ms. Holt's account in the amount of \$196.00.

Ms. Holt and Mr. Burgos thanked the Board for its consideration and exited the meeting.

RENEWAL OF GENERATOR RENTAL AGREEMENT

Ms. Falke presented and reviewed with the Board a proposed 2019 Generator Rental Agreement between the District and EDP for the upcoming Hurricane Season, a copy of which is attached to the Operator's Report. She noted that the term of the Agreement begins June 1, 2019 and ends November 30, 2019, and that said Agreement provides for a lease rate of \$2,500 per month for up to 40 hours of run time per week. After discussion on the matter, Director Witt moved that the Board approve the 2019 Generator Rental Agreement with EDP, accept the related Texas Ethics Commission ("TEC") Form 1295, and authorize the President to execute such Agreement on behalf of the Board and the District. Director Barbarino seconded the motion, which carried unanimously.

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") and Lake Management Services, L.P. In that regard, Mr. Laseter advised the Board that the quarterly spraying of herbicide to eliminate the alligator weed in the Drainage Outfall Channel is currently in progress and presented to the Board pictures of same, copies of which are attached hereto as **Exhibit E**. Following discussion, it was noted that no action was required of the Board at this time.

ENGINEER'S REPORT

Mr. Laseter presented and reviewed with the Board a written Engineer's Report dated May 29, 2019, a copy of which is attached hereto as **Exhibit F**, and discussed the status of various projects within the District.

In connection with the status of design of the 0.320 MGD expansion of the District's Permanent Wastewater Treatment Plant ("WWTP") and communications with landowners regarding the proposed design and construction of Water Plant No. 2 ("WP2"), Mr. Laseter presented to and reviewed with the Board updated costs estimates for the design and construction

of said projects, as well as Anticipated Activity Completion Dates for the WWTP Expansion project, copies of which is attached to the Engineer's Report.

In connection with the status of receipt of the Special Warranty Deed in connection with the acquisition of WP2 Site, Sanitary Control Easement and Water line Easement required in connection therewith, Mr. Laseter requested authorization for Van De Wiele to obtain a revised survey and legal description of the WP2 Site due to the position of WP2 needing to be shifted approximately twenty feet west due to issues related to the future extension of Ernstes Road, causing a change in design plans. Mr. Laseter noted that the revised survey and legal description would cost approximately \$3,000. Following discussion on the matter, Director Welch moved to authorize Van De Wiele to proceed in ordering a revised survey and legal description of the WP2 Site for approximately \$3,000. Director Anzalotti seconded said motion, which unanimously carried. Mr. Rubinsky noted that SPH would order a Phase I Environmental Study on the subject property once the revised survey and legal description have been received since the Bing Family has stated that it will not provide any warranties in connection with the conveyance of the WP No. 2 site to the District, as discussed at the last meeting.

In connection with the maintenance of the detention pond constructed by Harris County on property acquired from J.K. Moore Real Estate Limited Partnership, Ltd. ("J.K. Moore"), now known as HCFCD Unit No. T506-02-00 (the "Moore Heights Detention Pond"), Mr. Rubinsky reminded the Board that the District previously received a letter from the Harris County Flood Control District ("HCFCD") offering to enter into a Mowing Reimbursement Agreement ("Mowing Agreement") with the District for the Moore Heights Detention Pond, and that a letter dated November 26, 2018 was sent by SPH on behalf of the District accepting HCFCD's request to prepare said Mowing Agreement. Mr. Rubinsky advised the Board that SPH has attempted to follow up with HCFCD numerous times since last year regarding the status of the proposed Agreement with no response, but recently learned that the HCFCD representative who was previously handling the matter no longer works there. He advised the Board that SPH is in contact with a new representative at HCFCD and will provide an update regarding the status of the Mowing Agreement at its next meeting.

In connection with the Notice of Enforcement for Modified Comprehensive Compliance Investigation of the District's Water Supply System previously received from the TCEQ, Mr. Laseter presented and reviewed with the Board additional correspondence from the TCEQ dated May 14, 2019, a copy of which is included under **Exhibit F**, regarding a proposed Agreed Order in connection with the settlement of the enforcement action. Mr. Laseter then advised that Van De Wiele has drafted an application for waiver of the elevated storage tank requirements, which is currently under technical review and should be completed within the next thirty days. A lengthy discussion followed concerning said matter. It was noted that the deadline to respond to the TCEQ's proposed Agreed Order is July 13, 2019. After further discussion, the Board requested that Van De Wiele make another attempt to contact the TCEQ to request the enforcement action be lifted, as previously authorized by the Board, to which Mr. Laseter concurred. The Board concurred to discuss the proposed Agreed Order at it's next meeting scheduled for June 24, 2019.

DEVELOPERS' REPORTS

The Board next considered the Developers' Reports. In connection therewith, Mr. Baker provided an update regarding the status of development of Katy Ranch Crossing by Katy ABC Properties. Mr. Baker further reported that he is in the process of selling an approximate 1.00 acre tract he owns in the I-10 Bella Terra Subdivision for the proposed development of a Randolph-Brooks Federal Credit Union. Mr. Dagley next reported on the status of development of 13.5 acres within the I-10 Bella Terra Subdivision, and reported that a 2.75 acre tract is under contract for sale for the proposed development of a medical facility. Mr. Rubinsky advised that Utility Commitments will need to be prepared for both proposed developments when the new owner acquires each respective property. Following discussion, the Board concurred that no action was required on its part at this time regarding said matters.

The Board next recognized Mr. Criollo, who advised the Board that he would like to formally request the annexation of his approximate 0.74 acre tract on Kingsland Blvd, and presented a check for \$3,000 so that Van De Wiele can begin work on the required annexation feasibility study. The Board instructed Mr. Laseter to begin work on the proposed feasibility study.

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")

Mr. Rubinsky advised there is no update regarding 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 status with the installation of structural shades on the HOA playground, Director Anzalotti advised the Board to remove said item from the agenda after making multiple requests to the HOA to provide an invoice for said project without any response.

STATUS OF PROPOSED ACQUISITION OF RESTRICTED RESERVE "E" IN LAKES OF GRAND HARBOR, SECTION THREE

The Board deferred review of the matters concerning the status of the proposed acquisition of Restricted Reserve "E" in Lakes of Grand Harbor, Section Three by the District for a Park Site, after noting that said matter would be discussed in Closed Session.

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 Park Site has been acquired 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") Contract Report for April 2019, a copy of which is attached hereto as **Exhibit G**. No action was required of the Board at this time.

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 reported that he had nothing further to report to the Board other than the items previously discussed.

REVIEW OF DISTRICT CONSULTANTS' CONTRACTS

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

CLOSED EXECUTIVE SESSION

The Board President announced at 1:22 p.m. that the Board would convene in Closed Session, as authorized pursuant to Texas Government Code, Section 551.072 to discuss the acquisition of real property interests. Those in attendance, with the exception of the Board, Mr. Rubinsky and Ms. Knight exited at this time.

At 1:30 p.m., the Board reconvened in Open Session.

Following discussion, it was noted that no action was required of the Board at this time.

ADJOURNMENT

There being no further business to come before the Board, upon motion made by Director Welch, seconded by Director Porter and unanimously carried, the meeting was adjourned.



Secretary

Dwight Welch

LIST OF EXHIBITS

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| Exhibit A | Tax Assessor/Collector's Report |
| Exhibit B | Bookkeeper's Report |
| Exhibit C | Unclaimed Property Report |
| Exhibit D | Operator's Report |
| Exhibit E | Photos of Herbicide Spraying of Alligator Weed in Drainage Outfall Channel prepared by Seaback Maintenance, Inc. |
| Exhibit F | Engineer's Report; Correspondence from TCEQ dated, May 14, 2019, regarding proposed Agreement Order |
| Exhibit G | Harris County Sheriff's Office's Contract Report |