

**HARRIS-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3**  
**Minutes of Board of Directors Meeting**  
**June 26, 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 June 26, 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  
W. Derrell Witt, Secretary  
Frank Anzalotti, Assistant Secretary  
James Barbarino, Assistant Secretary

and all of said persons were present, except for Director Witt, who entered later in the meeting as noted herein, thus constituting a quorum.

Also present were Kayla Crigger of Municipal Accounts & Consulting, L.P. ("MA&C"); Ray Arce of Wheeler & Associates, Inc. ("Wheeler"); Debbie Shelton of FirstSouthwest, a Division of Hilltop Securities Inc. ("FirstSouthwest"); 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"); Jae Moore of J.K. Moore Real Estate Limited Partnership, Ltd. ("J.K. Moore"); Ted Lee of Landmark Industries ("Landmark"); Colette Garcia of McGrath & Co., PLLC ("McGrath"); Shannon Waugh of Off Cinco Web Design ("Off Cinco"), who entered later in the meeting as noted herein; 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 March 27, 2017, April 24, 2017, and May 22, 2017. Following discussion, Director Porter moved that the minutes of the Board of Directors meetings held on March 27, 2017 and April 24, 2017, be approved as written. Director Barbarino seconded said motion, which unanimously carried. The Board deferred approval of the minutes of the Board of Directors meeting held on May 22, 2017 until its next meeting.

Director Witt entered the meeting at this time.

**SALE OF \$5,680,000 UNLIMITED TAX BONDS, SERIES 2017 ("BONDS")**

The Board first considered the receipt of bids for the purchase of the Bonds. Ms. Shelton reported that, pursuant to the notice previously published as required by law, public bids for the sale of the Bonds were to be considered at this time and place. Ms. Shelton announced that seven

(7) bids had been received and that the low bid was submitted by Raymond James & Associates, Inc. ("Raymond James"), with a net effective interest rate of 3.297067%, as indicated in the bid tabulation included in the hand-out attached hereto as **Exhibit A**. Ms. Shelton reported that FirstSouthwest had verified the bid of Raymond James as being the bid with the lowest net effective interest rate on the Bonds. She also noted that the Bonds will be insured by Municipal Assurance Corp ("MAC") and that the underwriter of the Bonds will pay the premium for such insurance. After a discussion of the bids received, Director Welch moved that the Board accept the bid of Raymond James for the purchase of all of the Bonds at a net effective interest rate of 3.297067%. Director Porter seconded said motion, which unanimously carried.

### **ORDER AUTHORIZING THE ISSUANCE OF THE BONDS**

There was next presented to the Board an Order Authorizing the Issuance of the Bonds (the "Bond Order"). Mr. Rubinsky reviewed various provisions of the Bond Order in detail with the Board. After discussion, it was duly moved by Director Welch, seconded by Director Anzaolotti and unanimously carried, that the Bond Order, attached hereto as **Exhibit B**, be passed and adopted, and that the Board President be authorized to execute the Bond Order and the Secretary to attest same on behalf of the Board and the District.

### **FINAL OFFICIAL STATEMENT**

As the next order of business, there was a discussion regarding the completion of the Final Official Statement to be prepared by FirstSouthwest in connection with the sale of the Bonds. After further discussion of the matter, Director Witt moved that FirstSouthwest be authorized to complete the Final Official Statement, dated as of the meeting date, that said Final Official Statement be adopted by the Board and the District, subject to the final review and approval of the District's consultants, and that distribution of same by FirstSouthwest be authorized as required by law. Director Porter seconded said motion, which carried unanimously.

### **PAYING AGENT/REGISTRAR AGREEMENT**

The Board next considered the approval of a Paying Agent/Registrar Agreement between the District and Regions Bank relative to the Bonds, a copy of which is attached hereto as **Exhibit C**. Mr. Rubinsky reviewed various provisions of the Agreement with the Board. After further discussion, Director Anzalotti moved that the Agreement be approved and that the President be authorized to execute the Agreement on behalf of the Board and the District. Director Witt seconded said motion, which carried unanimously.

### **OTHER BOND MATTERS**

As the next order of business, the Board considered acting upon various other matters relative to the sale of the Bonds, including the execution of various documents by the Board President and Secretary in connection therewith. Mr. Rubinsky presented to and reviewed with the Board the General Certificate, Signature and No-Litigation Certificate, the letter of instruction to the Attorney General, the Initial Bonds, and other documents relating to the sale of the Bonds. After further discussion of the matter, Director Welch moved that the Board President and Secretary be authorized to execute said documents and that SPH be authorized to handle all matters in connection with the issuance of the Bonds by the District, including the

filing of a transcript of the proceedings related to same with the Attorney General of the State of Texas for review and approval. Director Anzalotti seconded said motion, which unanimously carried.

### **ENGAGEMENT OF AUDITOR**

The Board next considered the engagement of an auditor to prepare a reimbursement report relative to the proposed payments to be made to various developers of land in the District out of the proceeds of the Bonds. Ms. Garcia presented and reviewed a proposed engagement letter between the District and McGrath relative to same, a copy of which is attached hereto as **Exhibit D**. After discussion, Director Witt moved that the Board engage McGrath to prepare said reimbursement report in connection with the proposed payments to be made to the various developers of land in the District out of the proceeds of the Bonds. Director Porter seconded said motion, which unanimously carried.

Ms. Waugh entered the meeting at this time.

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

Mr. Arce presented and reviewed with the Board the Tax Assessor-Collector's Report dated as of May 31, 2017, a copy of which is attached hereto as **Exhibit E**, including the disbursements presented for payment from the Tax Account. After discussion, Director Witt 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 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 Attorneys.

### **BOOKKEEPER'S REPORT**

Ms. Crigger presented and reviewed with the Board the Bookkeeper's Report dated June 26, 2017, a copy of which is attached hereto as **Exhibit F**, including the checks presented for payment from the District's various accounts. After discussion, Director Barbarino moved that the Board approve the Bookkeeper's Report, including the checks presented for payment from the District's various accounts. Director Porter seconded said motion, which unanimously carried.

Mr. Arce exited the meeting 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 June 26, 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 fifty-eight (58) customer accounts listed on the Delinquent Accounts Report this month, and that no customer appeals had been received.

Ms. Falke then advised that the replacement of Lift Pump No. 3 located in the on-site lift station at the Wastewater Treatment Plant ("WWTP") is complete, and that EDP is continuing to work on the repair of the step screen located at the District's WWTP.

### **APPROVAL OF EMERGENCY GENERATOR RENTAL AGREEMENT**

Ms. Falke next presented and reviewed with the Board a proposed 2017 Generator Rental Agreement between the District and NTS Rentals, LLC ("NTS") in connection with rental of a 20 KW generator for use at Lift Station No. 1 for the upcoming Hurricane Season, a copy of which is included in the Operator's Report. She noted that the term of the Agreement begins June 1, 2017 and ends November 30, 2017, and that said Agreement provides for a lease rate of \$400 per month. After discussion on the matter, Director Barbarino moved that the Board approve the 2017 Generator Rental Agreement with NTS, 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 Witt seconded the motion, which carried unanimously.

A discussion ensued regarding the possible solicitation of proposals for the purchase and installation of a permanent emergency generator at the Katy Gap Lift Station. Following discussion, Director Barbarino moved to authorize Van De Wiele to solicit proposals for the installation and maintenance of a permanent emergency generator at the Katy Gap Lift Station for the Board's consideration at its next meeting. Director Witt seconded said motion, which unanimously carried.

### **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"). Mr. Laseter advised that there was nothing new to report at this time.

### **ENGINEER'S REPORT**

Mr. Laseter presented and reviewed with the Board the written Engineer's Report dated June 26, 2017, a copy of which is attached hereto as **Exhibit H**, and discussed the status of various projects within the District.

In connection with the Water Distribution and Storm Drainage Improvements to serve I-10 Bella Terra Subdivision, Phase III, Mr. Laseter advised that bids were received on June 23, 2016, and noted that the low bid was submitted by Harris Construction Company in the amount

of \$422,089.60 to complete the project within 60 calendar days. A bid tabulation of all proposals received is attached to the Engineer's Report. Mr. Laseter advised that Van De Wiele recommends that the Board concur in the award of the proposed construction contract by I-10/Katy, Ltd. ("I-10/Katy") to Harris Construction Company. Following discussion, Director Welch moved that the Board concur in the award of the construction contract by I-10/Katy to Harris Construction Company, the low bidder, in the amount of \$422,089.60. Director Anzalotti seconded said motion which carried unanimously.

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 has a phone call scheduled with the broker for a prospective buyer of a portion of the Bing Family property, and that he hopes to have some discussion with representatives of the Bing Family regarding the District's need to acquire such property interests in connection with said matters soon.

Mr. Laseter next advised that the Storm Water Quality Permit for the storm water quality feature constructed in the Towns at Seville detention pond ("Towns Permit") has been renewed. Mr. Rubinsky recommended that the Towns Permit be transferred from Dolce Bella Terra, LLC into the name of the District, and an amendment to the District's contract with Storm Water Solutions, LP's ("SWS") for the performance of the monthly inspection, periodic cleaning, and annual certification and permitting of the storm water quality feature be prepared. Following discussion, Director Welch moved to authorize Van De Wiele to handle the transfer of the Towns Permit into the name of the District and that SPH be authorized to prepare an amendment to the District's contract with SWS regarding same. Director Anzalotti seconded said motion, which unanimously carried.

In connection with the status of street and storm sewer acceptances by Harris County, Mr. Laseter reported that Van De Wiele is awaiting the acceptance letter for the Moore Heights and I-10 Bella Terra, Phase I facilities from Harris County.

In connection with maintenance of the detention pond constructed by Harris County on property acquired from a 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. Laseter reminded the Board that the District received a letter from HCFCD offering to enter into a Mowing Reimbursement Agreement ("Mowing Agreement") with the District for both the Moore Heights Detention Pond and Unit No. T506-01-00 (the "Bing Detention Pond"). Mr. Rubinsky advised that SPH and Van De Wiele are working on initiating a Mowing Agreement with HCFCD for the Moore Heights Detention Pond only at this time, in accordance with the Board's prior instructions.

In connection with the application to the TCEQ for the renewal of the District's Wastewater Discharge Permit for the WWTP, Mr. Laseter advised that the new permit was issued effective May 30, 2017, and expires on May 1, 2022.

### **SUBMISSION OF CRITICAL LOAD STATUS**

Mr. Rubinsky advised that Section 13.1396 of the Texas Water Code, as amended, requires the District to update its information identifying the location and description of facilities that have qualified for critical load status and its information regarding emergency contacts (a) annually to each electric utility that provides transmission and distribution service to the District and each retail electric provider that sells power to the District and (b) immediately upon any change in the information to the above entities, as well as to the Office of Emergency Management of Harris and Fort Bend Counties, the Public Utility Commission of Texas, and the Division of Emergency Management of the Governor. Ms. Falke advised that EDP has provided the annual update of said information to the appropriate entity, and that a copy of said report is attached to the Engineer's Report. Following discussion, Director Welch moved to authorize Van De Wiele and EDP to send the annual update of information to the appropriate entities as referenced above, as necessary. Director Porter seconded said motion, which unanimously carried.

### **DEVELOPERS' REPORTS**

The Board next considered the Developers' Reports. Mr. Baker introduced Mr. Lee to the Board and reported on the status of discussions with Harris County regarding the proposed extension of Ernestes Road to Kingsland Boulevard. Mr. Baker next reported on status of the development of Katy Ranch Crossing by Katy ABC Properties, and presented and reviewed with the Board an aerial photo depicting Katy Ranch Crossing, Phase IV. Following discussion, the Board concurred that no action was required on its part at this time regarding said matters.

### **UTILITY COMMITMENTS**

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

### **COMMUNICATIONS WITH 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, the Board deferred approval of the Special Warranty Deed acquiring Restricted Reserve "E" in Lakes of Grand Harbor, Section Three from the HOA until its next meeting.

### **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 discussed the Plan previously presented by Talley, consisting of walking/jogging trails and other park and recreational facilities and landscaping improvements within the District. In connection therewith, Mr. Rubinsky presented and reviewed with the Board a Resolution Adopting Plan for

Recreational Facilities, and recommended the adoption of same subject to SPH's final review and approval of the District's new Master Parks Plan. Following discussion, Director Witt moved to adopt the Resolution Adopting Plan for Recreational Facilities, attached hereto as **Exhibit I**, and authorize the President to execute said Resolution and the Secretary to attest same on behalf of the District. Director Anzalotti seconded said motion, which unanimously carried.

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

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

### **DISTRICT WEBSITE**

In connection with the status of creation of the District's proposed website, Ms. Waugh presented and reviewed with the Board a live preview of the District's website via overhead projector. A discussion ensued regarding the status of receipt of Board meeting agendas and minutes, Director conflict of interest disclosure forms, and the District's Rate Order to post on said website. After discussion, the Board concurred to authorize (i) Off Cinco to post Board meeting agendas and minutes only from 2017 forward, and (ii) authorize SPH to provide the requisite items to Off Cinco in order to meet the requirements of the State Comptroller's Transparency Stars Program. Mr. Anzalotti advised the Board that he will research the State Comptroller's Transparency Stars Program requirements and provide an update to the Board at its next meeting. Following discussion on the matter, Director Welch moved to authorize Director Anzalotti, the Board's Website Committee leader, to authorize Off Cinco to "go live" with the District's website, subject to his final review and approval of the remaining requisite items needed to be posted in connection therewith. Director Barbarino seconded said motion, which unanimously carried.

### **RECORDS DESTRUCTION REQUEST**

Mr. Rubinsky next reported that the District's General Records Retention Schedule adopted in connection with its Records Management Program requires that the hand written notes taken during Board meetings which are used to prepare the official minutes of Board meetings must be retained for ninety (90) days after approval of such minutes by the Board. He next presented a request from the Records Management Officer for approval to destroy all such notes from February 22, 2011, through December 31, 2016, as allowed by said Schedule. After discussion, Director Anzalotti moved that SPH be authorized to destroy all of said notes, as set forth above. Director Barbarino seconded said motion, which carried unanimously.

### **VOTING SYSTEM ANNUAL FILING FORM**

The Board next considered authorizing the completion, execution and filing with the Texas Secretary of State of a Voting System Annual Filing Form relative to District elections. Mr. Rubinsky advised that, pursuant to Section 123.061 of the Texas Election Code, each political subdivision in the State of Texas is required to complete and file said Form with the

Secretary of State's Office. After discussion, Director Porter moved that SPH be authorized to complete, execute and submit the Voting System Annual Filing Form to the Texas Secretary of State's Office on behalf of the Board and the District. Director Anzalotti seconded said motion, which unanimously carried.

### **ATTORNEY'S REPORT**

The Board considered the Attorney's Report. Mr. Rubinsky presented to and reviewed with the Board a Legislative Summary Report regarding the 85th Regular Session of the Texas Legislature dated June 20, 2017, prepared by SPH, a copy of which is attached hereto as **Exhibit K**.

Mr. Rubinsky next presented and reviewed with the Board correspondence from the Fort Bend Central Appraisal District ("FBCAD"), dated June 20, 2017, regarding the FBCAD's 2017-2018 fiscal year, a copy of which is attached hereto as **Exhibit L**. Following discussion, no action was required of the Board at this time.

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. Rubinsky 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. Rubinsky advised that he had nothing new to report at this time, but that he is continuing to work with the NFBWA's attorneys on said matter.

### **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.

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**ADJOURNMENT**

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

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*Dorell Witt*  
Secretary

## LIST OF EXHIBITS

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| Exhibit A | Bid Tabulation in connection with sale of \$5,680,000 Unlimited Tax Bonds, Series 2017      |
| Exhibit B | Order Authorizing the Issuance of the Bonds   |
| Exhibit C | Paying Agent/Registrar Agreement  |
| Exhibit D | Engagement Letter (Developer Reimbursement Audit) with McGrath & Co., PLLC                  |
| Exhibit E | Tax Assessor/Collector's Report   |
| Exhibit F | Bookkeeper's Report   |
| Exhibit G | Operator's Report   |
| Exhibit H | Engineer's Report   |
| Exhibit I | Resolution Adopting Plan for Recreational Facilities  |
| Exhibit J | Harris County Sheriff's Office's Report   |
| Exhibit K | Session Review of 85 <sup>th</sup> Regular Session of the Texas Legislature prepared by SPH |
| Exhibit L | Correspondence from the Fort Bend Central Appraisal District                                |