

MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS

SEPTEMBER 21, 2018

THE STATE OF TEXAS §

COUNTY OF FORT BEND §

FORT BEND COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3 §

The Board of Directors (the "Board") of Fort Bend County Water Control and Improvement District No. 3 (the "District") noticed a regular session, open to the public, to be held on Friday, September 21, 2018, at 11:30 a.m., at 503 FM 359, Suite 118, Richmond, Texas, a designated meeting place outside the boundaries of the District. Whereupon, at 11:30 a.m., the meeting was called to order and the roll was called of the members of the Board, to-wit:

Ann Heil	-	President
Gloria Couch	-	Vice President
Chayo Huff	-	Secretary
Richard Wasser	-	Assistant Secretary
Scott Douthitt	-	Assistant Secretary

All members of the Board were present, thus constituting a quorum.

Also present at the meeting were Greg Dubiel of Municipal Operations and Consulting, Inc. ("MOC"), Operator for the District; Trey Schneider of PBK Engineers ("PBK"), Engineers for the District; Christina Cole of Myrtle Cruz, Inc. ("MCI"), Bookkeepers for the District; Lina Loaiza of Bob Leared Interests, Tax Assessor/Collector for the District; Joshua J. Kahn of Sanford Kuhl Hagan Kugle Parker Kahn LLP ("SK Law"), Attorney for the District; and residents Tim Byer and Jaime Krametbauer.

PUBLIC HEARING ON PROPOSED 2018 TAX RATE

At this time the Board opened the meeting to a public hearing on the proposed 2018 tax rate for the District. The Board recognized Mr. Kahn, who reminded the Board that at the District's meeting on August 17, 2018, the District's Financial Advisor recommended that the

District levy a debt service tax rate in 2018 of \$0.235 per \$100 assessed valuation for debt service purposes, and \$0.225 per \$100 assessed valuation for maintenance and operation purposes. Mr. Kahn also stated that the notice of a proposed 2018 tax rate in the maximum amount of \$0.46 per \$100 assessed valuation was published in a paper of general circulation within the District prior to this public hearing, as required by the Texas Water Code. The Board, noting that there were no members of the public present who wished to comment on the 2018 tax rate, closed the public hearing and resumed the regular meeting.

HEAR FROM PUBLIC

The Board recognized Mr. Byer, who confirmed that the Jones Creek Association of Neighbors ("JCAN") would be able to present a report to the Board at the District's October Board meeting.

The Board requested that the District's Attorney have special notice placed on the District's website.

MINUTES FOR THE AUGUST 17, 2018 MEETING

The proposed minutes of the meeting of the Board held August 17, 2018, previously distributed to the Board, were presented for consideration and approval.

Upon motion by Director Wasser, seconded by Director Douthitt, and after full discussion, the Board voted unanimously to approve the minutes for the meeting held on August 17, 2018, as submitted.

HEAR FINANCIAL ADVISOR'S REPORT

No report was offered

TAX ASSESSOR/COLLECTOR'S REPORT

The Board recognized Ms. Loaiza, who reviewed with the Board the Tax Assessor/Collector Report for the month of July 2018, a copy of which is attached hereto.

Upon motion by Director Couch, seconded by Director Douthitt, and after full discussion, the Board voted unanimously (1) to approve the Tax Assessor/Collector Report, and (2) to authorize payment of the tax checks listed therein.

The Board recognized Mr. Kahn, who updated the Board on the status of collection of delinquent taxes owed by the taxpayer at 2710 Peach Point, noting that the taxpayer has not paid; nor have taxes been paid to Fort Bend County or to the School District. Mr. Kahn also advised that the District's delinquent tax attorney is planning to file a lawsuit against the taxpayer.

BOOKKEEPER'S REPORT

The Board recognized Ms. Cole, who submitted to and reviewed with the Board the Bookkeeper's Report and certain invoices for payment by the District.

Upon motion by Director Douthitt, seconded by Director Wasser, and after full discussion, the Board voted unanimously to (1) approve the Bookkeeper's Report; and (2) authorize payment of the checks listed therein.

OPERATOR'S REPORT

The Board recognized Mr. Dubiel who presented the Operator's Report for the month of July 2018, noting that a leak has been detected at the tank at Water Plant #2. Mr. Dubiel also discussed water service to Esperanza Equestrian Center, noting that bills for the Center are in the name of the HOA, and that the Center has used 142,000 gallons over the past 4-year period. Mr. Dubiel also advised that the owner of the Center has sent in an application and the name on the account will be changed to Esperanza Equestrian Center.

The Board noted that the Center should pay the same water rate and GRP fees as all residential customers in the District.

Mr. Dubiel then presented a list of contact numbers that the Board can call if they have any concerns about the water system. The Board discussed ways to improve communication between the Operator and District customers.

Upon motion by Director Huff, seconded by Director Couch, and after full discussion, the Board voted unanimously to approve the Operator's Report.

ENGINEER'S REPORT

The Board recognized Mr. Schneider, who, submitted to and reviewed with the Board the Engineer's Report, noting that the District's Engineer is working with FEMA on repairs to the dam overflow structure of Lake 6, and that the project will not proceed until FEMA approves reimbursement. Mr. Schneider also noted that design documents are in progress for (1) Water Well #1 pump/motor replacement; and (2) Chloramine conversion.

Mr. Schneider next discussed meeting with the City to discuss (1) drainage/levee; and (2) timing on availability of surface water for GRP Participants (including the District).

Mr. Schneider discussed erosion (1) at the corner of Hinkle's Ferry and Cedar Lake; (2) around the wells serving the small pond adjacent to Lake 6; and (3) at the big culvert under Ewing's Bridge.

Upon motion by Director Huff, seconded by Director Couch, and after full discussion, the Board voted unanimously to approve the Engineer's Report.

WEBSITE REPORT

The Board recognized Mr. Kahn, who, on behalf of Off Cinco, Inc., reviewed with the Board the website report.

The Board noted that action was necessary in connection with the Website Report.

ATTORNEY'S REPORT

Order Setting Tax Rate for 2018

Consideration was then given to the adoption of an Order Setting Tax Rate and Levying Tax for 2018.

Upon motion by Director Couch, seconded by Director Douthitt, and after full discussion, the Board voted unanimously to set and levy a tax rate in 2018 of \$0.46 per \$100 of assessed

valuation consisting of a debt service tax rate of \$0.235 per \$100 of assessed valuation and an operations/maintenance tax rate of \$0.225 per \$100 of assessed valuation, and to adopt the Order Setting Tax Rate and Levying Tax for 2018 evidencing the same.

Amended to Notice to Sellers and Purchasers

Consideration was next given to the adoption of an Amendment to Notice to Sellers and Purchasers of Real Estate Located Within the District. Mr. Kahn stated this amended Notice reflects the District's adoption of a \$0.46 tax rate for 2018. Mr. Kahn continued that the Notice will be filed in the Fort Bend County Real Property records and with the Texas Commission on Environmental Quality (the "Commission").

Upon motion by Director Couch, seconded by Director Douthitt, and after full discussion, the Board by unanimous vote approved the Amended Notice to Sellers and Purchasers of Real Estate Located Within the District and authorized Mr. Kahn to file said Notice in the Fort Bend County Real Property Records and with the Commission.

Amended Rate Order

Consideration was next given to amending the District's Rate Order to clarify that commercial rates are the same as residential rates.

Upon motion by Director Huff, seconded by Director Couch, and after full discussion, the Board voted unanimously to approve the Amended Rate Order.

Annual Review of Investment Policy

Consideration was then given to a Resolution Evidencing Review of Investment Policy and Investment Strategies. Mr. Kahn reminded the Board that the Public Funds Investment Act requires the Board to review the District's Investment Policy annually and consider making any changes thereto. Mr. Kahn recommended that no changes be made to the Investment Policy at this time other than to update the list of authorized brokers for the District.

Upon motion made by Director Couch, seconded by Director Douthitt, the Board by unanimous vote agreed not to make any changes to the District's Investment Policy, other than

to update the list of authorized brokers for the District, and to adopt the Resolution Evidencing Review of Investment Policy and Investment Strategies.

Equestrian Center

The Board recognized Mr. Kahn, who advised that the owner of Esperanza Equestrian Center was willing to sell that property (approximately 9.9 acres) to the District for \$65,000/acre.

The Board took no action.


COMMENTS FROM BOARD MEMBERS

No comments were offered.

There being no further business to come before the Board, upon motion made, seconded, and approved unanimously, the meeting was adjourned.

PASSED, APPROVED AND ADOPTED, this 19th day of October, 2018.





Secretary, Board of Directors