

MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS

August 13, 2024

THE STATE OF TEXAS §

COUNTIES OF BRAZORIA AND FORT BEND §

BRAZORIA-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3 §

The Board of Directors (the “Board”) of Brazoria-Fort Bend Counties Municipal Utility District No. 3 (the “District”) met in regular session, open to the public, at 12:00 p.m. on Tuesday, August 13, 2024, at 9 Greenway Plaza, Suite 1000, Houston, Texas 77046, a designated meeting place outside the boundaries of the District; and via zoom and telephone conference at (346) 248-7799, participant code 825 6918 7889#, whereupon, the roll was called of the members of the Board of Directors, to-wit:

Corinne Haworth	-	President
Julie Winkle	-	Vice President
Afolake Cannon	-	Secretary
Bret Fugate	-	Assistant Secretary
Quinan Chang	-	Assistant Secretary

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

Also present at the meeting were: Bill Glass of Enhanced Energy Services; Brandon West of Touchstone District Services, the District’s web services provider; Vanessa Hernandez of Myrtle Cruz, Inc., the District’s Bookkeeper; Corey Laughner of KGA DeForest, the District’s landscape architect; Chris Prugar of Tierra Financial Advisors, LLC, the District’s Financial Advisor; Carlous Smith of SiEnvironmental (“Si”), the District’s Operator; Hunter Soape of CDC Unlimited, LLC, the District’s mowing/detention maintenance provider; Sara Ahlschlager-Caudle of Utility Tax Service, LLC, the District’s Tax Assessor-Collector (“TAC”); Tim Applewhite of McGrath and Co., PLLC, the District’s Auditor; Abel Gallegos of LJA Engineering, the District’s Engineer; and Laken Jenkins Kilgore, attorney, Emily Forswall, attorney, and Monica Britton, paralegal, of Coats Rose, P.C. (“Coats|Rose”), legal counsel for the District.

Whereupon, the meeting was called to order in accordance with the law and the notice posted, copies of which are attached hereto as Exhibit “A.”

HEAR FROM THE PUBLIC

No public comments were presented.

APPROVE MINUTES OF MEETING

The Board reviewed the minutes from the meeting held July 9, 2024, which were previously distributed to the Board. Upon a motion by Director Fugate, seconded by Director Winkle, the Board voted unanimously to approve the minutes from the meeting held July 9, 2024.

HEAR FINANCIAL ADVISOR'S REPORT

The Board recognized Mr. Prugar who presented the Financial Advisor's Report.

HEAR FINANCIAL ADVISOR'S REPORT

Adopt Resolution Regarding Development Status of the District

Ms. Kilgore described the impact of Senate Bill 2 on the adoption of the District's 2024 tax rate. She explained that, based on analysis from the District's Engineer and Financial Advisor, the District had not "financed, completed, and issued bonds to pay for all land, works, improvements, facilities, plants, equipment, and appliances necessary to serve at least 95 percent of the projected build-out of the district in accordance with the purposes for its creation or the purposes authorized by the constitution, this code, or any other law," therefore, Ms. Kilgore recommended the District proceed with adopting the 2024 tax rate as a "developing" district pursuant to Texas Water Code, Section 49.23603. A copy of the Resolution Regarding Development Status of the District is attached hereto as Exhibit "B".

Receive 2024 Tax Rate Analysis and Call Hearing on Tax Rate

Mr. Prugar discussed the financial advisor's recommendations concerning the District's 2024 tax rate, a copy of which is attached hereto as Exhibit "C". Ms. Kilgore next explained the procedures that the District must follow prior to adopting a tax rate for 2024.

Upon full discussion and a motion made by Director Cannon, seconded by Director Fugate, the Board voted unanimously to (i) approve the Financial Advisor's Report, (ii) adopt a Resolution Regarding Development Status of the District classifying the District as developing, and (iii) call a public hearing and authorize publication of notice of the District's tax rate hearing (to be held on September 10, 2024 at 12:00 p.m. at Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas 77046) and information on the District's proposed tax rate of \$1.35 per \$100 of assessed value.

APPROVE AUDITOR'S REPORT

The Board recognized Mr. Applewhite who presented the Auditor's Report.

Approve Developer Reimbursement Audit for Series 2024 WSD and Road Bonds

Mr. Applewhite presented a draft copy of the Developer Reimbursement Audit for the District's Series 2024 Unlimited Tax Bonds and the District's Series 2024 Unlimited Tax Road Bonds (collectively, "the Bonds") for the Board's review and consideration, copies of which are attached hereto as Exhibit "D".

After discussion and the question being put to the Board, upon a motion by Director Fugate, seconded by Director Cannon, the Board voted unanimously to approve the Developer Reimbursement Audits for the District's Series 2024 Bonds.

HEAR ENHANCED ENERGY REPORT

The Board recognized Mr. Glass who presented the Enhanced Energy Report.

Ratify approval of short-term electricity contacts with Gexa Energy for Remote Well and Lift Station No. 2

Consideration was given to ratify the approval of the short-term electricity contacts with Gexa Energy to power the Remote Well and Lift Station No. 2.

Consider authorizing electricity contact for all District facilities

Next, Mr. Glass presented electricity contract pricing and discussed options to serve all of the District's facilities as the existing electricity contract expires in September, 2024. A copy of the electricity pricing options is attached hereto as Exhibit "E".

Upon a motion by Director Cannon, seconded by Director Winkle, the Board voted unanimously to (i) ratify the approval of the short-term electricity contracts with Gexa Energy to power the Remote Well and Lift Station No. 2 and (ii) approve the electricity contract with Gexa Energy to replace the existing contract expiring in September, 2024 to power all of the District's facilities at a rate not to exceed \$0.65 cents per kwh for three (3) years.

HEAR CDC UNLIMITED REPORT

The Board recognized Mr. Soape who presented the CDC Unlimited Report, a copy of which is attached hereto as Exhibit "F".

Mr. Soape next informed the Board of leaning trees throughout the District as a result of Hurricane Beryl and inquired if the Board would like CDC to work with KGA to straighten and stake the trees.

Next Mr. Soape informed the Board that there is fence debris and concrete pieces left by contractors after repairs as a result of Hurricane Beryl. He noted that the debris is a safety hazard and should be addressed immediately. Ms. Kilgore requested CDC to review the entire District

for debris and prepare pricing for removal. Ms. Kilgore recommended the Board authorize Directors Chang and Cannon to review and approve the proposal outside of a meeting.

Upon a motion made by Director Cannon, seconded by Director Winkle, the Board voted unanimously to approve (i) the CDC Report and the action items listed therein and (ii) appointing Directors Cannon and Chang to approve pricing for debris removal.

BOOKKEEPER'S REPORT

The Board recognized Ms. Hernandez who presented the Bookkeeper's Report for the Board's review and approval, along with certain checks for payment. A copy of the Bookkeeper's Report is attached hereto as Exhibit "G."

Upon a motion made by Director Cannon and seconded by Director Fugate, the Board voted unanimously to approve the Bookkeeper's Report and payment of the District bills.

TAX ASSESSOR-COLLECTOR'S REPORT

The Board recognized Ms. Ahlschlager-Caudle, who presented the Tax Assessor-Collector's Report for the Board's review and approval, along with certain checks for payment for the month of July, 2024. Ms. Ahlschlager-Caudle stated that 98.86% of the 2023 tax levy has been collected as of July 31, 2024. A copy of the Tax Assessor-Collector's Report is attached hereto as Exhibit "H."

After review and discussion, Director Cannon moved to approve the Tax Assessor-Collector's Report and payment of the bills presented therein. Director Fugate seconded the motion, which passed unanimously.

OPERATOR'S REPORT

The Board recognized Mr. Smith who presented the Operator's Report, a copy of which is attached hereto as Exhibit "I." Mr. Smith noted that there were 1,719 connections in the month ending July, 2024, and that the total water accountability for the District was 97.31%. He also presented a list of delinquent accounts.

Following review and discussion, upon a motion made by Director Fugate and seconded by Director Winkle, the Board voted unanimously to approve the Operator's Report and the action items listed therein.

ENGINEER'S REPORT

The Board recognized Mr. Gallegos who presented and reviewed the Engineer's Report, a copy of which is attached hereto as Exhibit "J."

Review and approve proposal for Johnson Services Company to repair fencing around District facilities

Consideration was given to the proposal from Johnson Services Company to repair fencing around District facilities as a result of damage from Hurricane Beryl, a copy of which is attached hereto as Exhibit "K".

Following review and discussion, upon a motion by Director Fugate, seconded by Director Winkle, the Board voted unanimously to approve (i) the Engineer's Report and the action items listed therein and (ii) the Johnson Services Company proposal for fence repairs.

HEAR LANDSCAPE ARCHITECT REPORT

The Board recognized Mr. Laughner who presented the Landscape Architect's Report, a copy of which is attached hereto as Exhibit "L".

Following review and discussion, upon a motion by Director Fugate, seconded by Director Cannon, the Board voted unanimously to approve the Landscape Architect Report and the action items listed therein.

DEVELOPER'S REPORT

No report was presented.

HEAR TOUCHSTONE DISTRICT SERVICE'S REPORT

The Board recognized Mr. West who presented Touchstone District Services' Communications Report, a copy of which is attached hereto as Exhibit "M." Mr. West provided updates on communication projects and tasks that have occurred since the last meeting.

Next, Mr. West inquired about providing new residents the option to opt-out of the InTEN notification system. He stated that he could work with the District's Engineer to obtain a new boundary map and work with the District's Operator to obtain contact information.

Following review and discussion, upon a motion by Director Fugate, seconded by Director Cannon, the Board voted unanimously to authorize Touchstone to provide the opt-out option for the InTen notification system to new residents.

ATTORNEY'S REPORT

The Board recognized Ms. Kilgore who presented the Attorney's Report.

Approve Amended Notice to Sellers and Purchasers

The Board next considered approving an Amended Notice to Sellers and Purchasers, a copy of which is attached hereto as Exhibit "N". Ms. Kilgore informed the Board that the Notice to Sellers and Purchasers must be amended to reflect the issuance of the Bonds.

Receive request from Brazoria County Municipal Utility District No. 87 ("Brazoria MUD 87")

Ms. Kilgore next informed the Board that Brazoria MUD 87 has requested interim water and sewer service during its construction phase 1 (approximately three (3) months) and asked the Board's consideration and approval to move forward with drafting the agreements and requested authorization to work with the District's Engineer to prepare a fee schedule.

Following review and discussion, upon a motion by Director Fugate, seconded by Director Cannon, the Board voted unanimously to approve (i) the Notice to Sellers and Purchasers and (ii) the request from Brazoria MUD 87 for interim water and sewer service and authorization to work with the District's Engineer to prepare a fee schedule, subject to final comments.

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

[SIGNATURE PAGE FOLLOWS]

PASSED, APPROVED AND ADOPTED this 10th day of September, 2024.



Afalaka Cannon
Secretary, Board of Directors