

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 35,
OF FORT BEND COUNTY, TEXAS

Minutes of Meeting of Board of Directors
September 7, 2022

The Board of Directors ("Board") of Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas ("District"), met on September 7, 2022, at 1300 Post Oak Boulevard, Suite 2500, Houston, Harris County, Texas 77056, 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, as follows:

Piero Battistini, President
Sergio Handal, Vice President
Tony Feng, Assistant Secretary
Shah Haleem, Assistant Secretary

and all of said persons were present, thus constituting a quorum. Director Haleem entered the meeting after it was called to order, as noted herein.

Also present were: Wendy Ramirez of FORVIS, LLP ("FORVIS"); Taylor Watson and Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Bernita Armstrong of Principal Management Group of Houston ("PMI"), Community Manager for Seven Meadows Community Association, Inc. ("Seven Meadows"); Esther Flores of Tax Tech, Inc. ("Tax Tech"); Jeff Safe of Brown & Gay Engineers, Inc. ("BGE"); Jerry Schroeder of Champions Hydro-Lawn, Inc. ("Champions"); Robert Lugo of Inframark ("Inframark"); Trevor Eynon and Samik Sil, residents of the District; and Bryan Yeates and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH"). Messrs. Safe, Schroeder, and Eynon and Dr. Sil entered later in the meeting, as noted herein.

COMMENTS FROM THE PUBLIC

The Board began by opening the meeting for public comments. No comments from the public were presented.

APPROVAL OF MINUTES

As the next order of business, the Board considered approval of the minutes of its meeting held on August 3, 2022. After discussion, Director Battistini moved that the minutes for said meeting be approved, as written. Director Haleem seconded said motion, which unanimously carried.

ENGAGEMENT OF AUDITOR

The Board considered the engagement of an auditing firm to prepare the District's audit report for the fiscal year ending September 30, 2022. In connection therewith, Ms. Ramirez presented and reviewed with the Board a proposed engagement letter with FORVIS for the audit of the District's financial statements. She stated that the estimated cost to prepare the District's

audit report is \$20,800, plus an administrative fee of \$1,000 to cover items such as report production, copies, postage and other delivery charges, and technology related expenses. After discussion on the matter, Director Handal moved that (i) FORVIS be engaged to prepare the District's audit report for the fiscal year ending September 30, 2022, in accordance with the terms of the engagement letter attached hereto as **Exhibit A**, (ii) that the President be authorized to execute same on behalf of the Board and District, and (iii) the Texas Ethics Commission ("TEC") Form 1295 from FORVIS be accepted. Director Battistini seconded said motion and, with Directors Handal, Battistini and Haleem voting aye and Director Feng voting nay, the motion carried.

Mr. Safe and Dr. Sil entered the meeting during the above discussion.

BOOKKEEPER'S REPORT

Mr. Watson presented to and reviewed with the Board the Bookkeeper's Report dated September 7, 2022, which includes a Quarterly Investment Inventory Report for the period ended June 30, 2022, a copy of which is attached hereto as **Exhibit B**. After discussion, Director Battistini moved that (i) the Bookkeeper's Report be approved and that the disbursements identified therein be approved for payment, and (ii) the Quarterly Investment Inventory Report be approved and the District's Investment Officer be authorized to execute same on behalf of the Board and the District. Director Haleem seconded said motion, which unanimously carried.

PUBLIC HEARING REGARDING ADOPTION OF THE DISTRICT'S 2021 TAX RATE

The Board conducted a hearing regarding the imposition of a proposed debt service tax rate and a maintenance tax rate for 2022. After noting that no comments regarding the proposed tax rate were offered by any members of the public, it was moved by Director Handal, seconded by Director Battistini and unanimously carried, that the hearing be closed.

CONSIDER LEVY OF THE DISTRICT'S 2021 TAX RATE

The Board then discussed the levying of the 2022 tax rate. Ms. Flores confirmed that notice had been published in *The Katy Times* newspaper, a copy of which notice is attached hereto as **Exhibit C**, in accordance with all legal requirements and as directed at the previous meeting. After discussion on the matter, Director Haleem moved that: (i) the Board adopt the tax rate as proposed at the District's August 3, 2022, meeting and as reflected in the notice, being a 2022 debt service tax rate of \$0.275 per \$100 of valuation and a 2022 maintenance tax rate of \$0.105 per \$100 of valuation, resulting in a total 2022 tax rate of \$0.38 per \$100 of valuation; (ii) the Order Levying Taxes attached hereto as **Exhibit D** be adopted in connection therewith; and (iii) the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District. Director Battistini seconded said motion, which carried unanimously.

AMENDMENT TO DISTRICT INFORMATION FORM

Mr. Yeates presented to and discussed with the Board an Amendment to the Fourth Amended and Restated District Information Form ("DIF") relative to the District's 2022 tax rate. After discussion regarding the amendment to the DIF, Director Handal moved that (i) the DIF be

approved, and (ii) the Board members present be authorized to execute same on behalf of the Board and the District. Director Feng seconded said motion, which carried unanimously.

OPERATING BUDGET FOR FISCAL YEAR ENDING SEPTEMBER 30, 2023

Mr. Watson next presented to and reviewed with the Board a proposed budget for the District's fiscal year ending September 30, 2023, regarding the District's general operating account, a copy of which is attached hereto as **Exhibit E**. After discussion, Director Battistini moved that the draft budget for the general operating account for the fiscal year ending September 30, 2023, be adopted. Director Feng seconded said motion, which unanimously carried.

THIRD AMENDED AND RESTATED AGREEMENT FOR BOOKKEEPING SERVICES

The Board next considered the approval of a Third Amended and Restated Agreement for Bookkeeping Services between the District and MAC (the "MAC Agreement"). In that regard, Mr. Burton reviewed the terms of the proposed Agreement, a copy of which is attached hereto as **Exhibit F**. Mr. Burton advised the Board that MAC is proposing a new Rate Schedule, a copy of which is attached to the Agreement as "Exhibit A". He then responded to various questions from the Board regarding the proposed Agreement. The Board deferred action regarding the proposed MAC Agreement pending further discussion at its regular meeting in October.

Mr. Burton left the meeting at this time.

Mr. Schroeder entered the meeting during the above discussion.

ANNUAL ARBITRAGE MAINTENANCE REPORT

Mr. Yeates presented to and reviewed with the Board the Annual Maintenance for Arbitrage Analysis Report by Municipal Risk Management Group, LLC relative to the District's outstanding bonds, a copy of which is attached hereto as **Exhibit G**. Mr. Yeates noted that there were no action items in the report.

Mr. Eynon entered the meeting during the above discussion.

FORT BEND COUNTY CONSTABLE'S OFFICE ("FBCCO") ACTIVITY REPORT

Ms. Armstrong presented a Monthly Contract Deputy Report for the month of July, 2022, from FBCCO, a copy of which is attached hereto as **Exhibit H**. It was noted that no action was required of the Board.

PROPOSED LETTER AGREEMENT WITH SEVEN MEADOWS RELATIVE TO THE DISTRICT'S CONTRIBUTION TOWARD CERTAIN MAINTENANCE COSTS

The Board next considered a request from Seven Meadows to renew the letter agreement relative to the District's annual contribution toward the maintenance costs for certain drainage tracts belonging to the District which are currently maintained by Seven Meadows. In

connection therewith, Directors Battistini and Handal reported that they recently met with Robert Ponville, President of the Board of Directors of Seven Meadows, to discuss the matter and provided a summary of their conversation with Mr. Ponville. Mr. Safe then presented correspondence and exhibits, copies of which are attached hereto as **Exhibit I**, reflecting BGE's recommendation, based on the cost estimate prepared by Champions for basic maintenance of the District's drainage tracts, that the District increase its total annual contribution to approximately \$33,585 per year. After discussion, Director Handal moved that the District agree to contribute \$33,585 annually to Seven Meadows for maintenance of the North Drainage Channel and Restricted Reserve D and that SPH be authorized to prepare a letter agreement between the District and Seven Meadows, to be effective as of today's date, memorializing the terms and conditions by which the District will make such annual contribution to Seven Meadows. Director Battistini seconded the motion, which unanimously carried.

STATUS OF CONVERSION TO LED BULBS AND PAINTING OF THE DECORATIVE LIGHT POLES IN THE COMMUNITY BY CENTERPOINT ENERGY

The Board next considered the status of conversion to LED bulbs and painting of the decorative light poles in the community by CenterPoint Energy ("CenterPoint") pursuant to the District's LED Street Light Installation Agreement with CenterPoint (the "LED Agreement"), which was approved by the Board at its meeting held on July 7, 2021. With regard thereto, Mr. Yeates advised that Billy Haehnel, President of the Board of Directors of Fort Bend County Municipal Utility District No. 34 ("No. 34"), reported that CenterPoint recently indicated it has no record that it received the fully executed LED Agreements from either the District or No. 34. Mr. Yeates reported that Mr. Haehnel is in the process of resubmitting both the District's and No. 34's LED Agreements to CenterPoint.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Flores presented to and reviewed with the Board the Tax Assessor-Collector Report for the month ending August 31, 2022, a copy of which is attached hereto as **Exhibit J**. After discussion, it was moved by Director Battistini, seconded by Director Handal and unanimously carried, that the Tax Assessor-Collector Report be approved as presented and that the disbursements identified therein be approved for payment.

DELINQUENT TAX REPORT

Mr. Yeates reported that a Delinquent Tax Report was not received this month from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's delinquent tax collections attorneys. He stated that the next quarterly report will be provided in October.

ENGINEER'S REPORT

Mr. Safe presented to and reviewed with the Board a written Engineer's Report dated September 7, 2022, a copy of which is attached hereto as **Exhibit K**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein.

With regard to the proposed purchase and installation of an emergency generator at the

District's joint remote water well site, Mr. Safe reported that BGE is continuing to work to obtain Worldwide Power Products' final bid for the project. He further reported that BGE is also working through The Interlocal Purchasing System program to identify and obtain bids from two possible additional vendors. He advised the Board that, should such efforts prove unsuccessful, BGE will publicly advertise for bids, as previously authorized by the Board.

In connection with the proposed repair of erosion located on the North and South Slopes of Little Prong Creek near the golf cart crossing (the "Slope Repair Project"), Mr. Safe reported that a total of seven (7) bids were received for the Slope Repair Project on August 23, 2022. He advised the Board that BGE is still in the process of evaluating the bids and requested that the Board defer action relative to the Slope Repair Project until its next meeting.

The Board next considered the District's proposed participation in the North Fort Bend Water Authority ("NFBWA") effluent reuse program. In connection therewith, Director Shah requested that BGE coordinate a stakeholders meeting between the District and No. 34's Reclaimed Water Sub-committees and representatives of Seven Meadows, Avalon at Seven Meadows Community Association and the NFBWA relative to the proposed Reclaimed Water Facilities Agreement with the NFBWA.

Mr. Safe next advised the Board that No. 34 is considering the creation and implementation of a Geographic Information System ("GIS") database for the district and inquired whether the Board is interested in receiving a presentation and proposal from BGE relative to same. After consideration, the Board requested that an item be added to the next agenda for the Board to receive a presentation and consider proposals from BGE relative to the creation and implementation of a GIS database for the District.

After further discussion, the Board noted that no action was required on its part in connection with the Engineer's Report at this time.

PROPOSED AGREEMENT WITH THE TEXAS DEPARTMENT OF TRANSPORTATION ("TXDOT")

Noting that no new updates have been received, the Board deferred consideration of a proposed agreement with TxDOT relative to the proposed construction of noise barriers in connection with the planned widening of the Grand Parkway from FM 1093 to Interstate 10 (the "Grand Parkway Project").

CHAMPIONS HYDRO-LAWN, INC. ("CHAMPIONS") MAINTENANCE OPERATIONS AT LITTLE PRONG CREEK

Mr. Schroeder next presented to and reviewed with the Board a Detention and Drainage Facilities Report ("D&D Report") dated September 7, 2022, prepared by Champions, for Little Prong Creek and corresponding photographs, a copy of which is attached hereto as **Exhibit L**. It was noted that no action was required of the Board.

STORMWATER MANAGEMENT PROGRAM ("SWMP")

The Board considered the status of the District's SWMP. Mr. Yeates advised the Board that there were no updates regarding the District's SWMP at this time.

OPERATIONS REPORT

Mr. Lugo presented to and reviewed with the Board the Operations and Maintenance Report ("O&M Report") for the month of July 2022, a copy of which is attached hereto as **Exhibit M**. Mr. Lugo reported to the Board that the District had approximately 96% water accountability for the reporting period, discussed repairs made throughout the District, and reviewed with the Board an inspection report from Landscape Images of Texas ("LIT"), relative to the District's park facilities. Mr. Lugo also presented one (1) account to be referred to collections in the total amount of \$184.92. Mr. Lugo next presented to and reviewed with the Board proposals from LIT to repair the irrigation systems at the District's dog and family park sites, copies of which are attached to the O&M Report, in the total amount of \$915.00. After further discussion of the various matters contained in the O&M Report, it was moved by Director Handal, seconded by Director Haleem and unanimously carried, that the Board (i) authorize Inframark to write off one (1) account, as discussed above; and (ii) approve LIT's proposals for the irrigation repairs at the District's dog and family park sites, as recommended by Inframark.

Director Handal next updated the Board regarding the status of planning for the community event scheduled for October 22, 2022, to be jointly sponsored by the District and No. 34 (the "Fall Community Event"). Following the discussion which then ensued regarding funding for the Fall Community Event, Director Haleem motioned that SPH be authorized to prepare a Letter Agreement between the District and No. 34 memorializing the terms by which each district agrees to fund fifty-percent (50%) of the total cost for planning and conducting said event. Director Handal seconded the motion, which unanimously carried.

DISTRICT WEBSITE AND MASS NOTIFICIATION MESSAGING MATTERS

The Board next considered the continued operation of the District's website and the continuing implementation of the District's mass notification system. In that regard, Mr. Yeates reported that the District's redesigned website has been released and is now available online.

With the exception of the Board, Dr. Sil, Mr. Eynon, Mr. Yeates and Ms. Walsh, all remaining attendees left the meeting at this time.

DISCUSS FILLING OF VACANCY ON BOARD OF DIRECTORS

The Board next considered the appointment of a Director to fill the vacancy on the Board created by the resignation of Steven Olsen. In connection therewith, the Board recognized Dr. Sil and Mr. Eynon, who expressed their interest in serving as Directors of the District. Mr. Eynon then exited the meeting and Dr. Sil discussed his experience and qualifications for serving as a Director of the District. The Board thanked Dr. Sil for his time and advised that a new Director will be named at the Board meeting scheduled for October 5, 2022.

TABLE OF EXHIBITS
September 7, 2022

- Exhibit A: Engagement Letter – FORVIS, LLP
- Exhibit B: Bookkeeper's Report; Quarterly Investment Inventory Report
- Exhibit C: Water District Notice – 2022 Tax Rate
- Exhibit D: Order Levying Taxes
- Exhibit E: Operating Budget for fiscal year ending September 30, 2023
- Exhibit F: Proposed Third Amended and Restated Agreement for Bookkeeping Services between the District and Municipal Accounts & Consulting, L.P.
- Exhibit G: Arbitrage Annual Maintenance Report
- Exhibit H: FBCCO Monthly Activity Report
- Exhibit I: BGE correspondence regarding proposed annual contribution to Seven Meadows
- Exhibit J: Tax Assessor-Collector's Report
- Exhibit K: Engineer's Report
- Exhibit L: Detention and Drainage Facilities Report
- Exhibit M: Operations and Maintenance Report

643456_2.docx

Dr. Sil then exited the meeting and Mr. Eynon entered the meeting. Mr. Eynon discussed his experience and qualifications for serving as a Director of the District. The Board thanked Mr. Eynon for his time and advised that a new Director will be named at the Board meeting scheduled for October 5, 2022. Mr. Eynon then re-exited the meeting.

ATTORNEY'S REPORT

The Board considered the Attorney's Report. In connection therewith, Mr. Yeates advised he had nothing further to report to the Board other than the items previously discussed.

CLOSED SESSION

The Board determined that it would not be necessary to meet in Closed Session at this time.

Mr. Yeates left the meeting at this time.

THIRD AMENDED AND RESTATED AGREEMENT FOR BOOKKEEPING SERVICES (CONTINUED)

The Board next continued its previous discussion regard the proposed MAC Agreement. Following a lengthy discussion, the Board requested that SPH direct a letter to MAC requesting that it consider a fifteen-percent (15%) rate increase rather than the twenty-percent (20%) increase reflected in "Exhibit A" attached to the proposed MAC Agreement presented earlier in the meeting.

FUTURE AGENDA ITEMS

The Board considered items for placement on future agendas. No other specific agenda items other than routine and ongoing matters, or those discussed above, were requested.

ADJOURNMENT OF MEETING

There being no further business to come before the Board, Director Battistini moved that the meeting be adjourned. Director Haleem seconded said motion, which unanimously carried.

(SEAL)




Secretary, Board of Directors