

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

Minutes of Meeting of Board of Directors

August 4, 2021

The Board of Directors ("Board") of Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas ("District"), met on August 4, 2021, in accordance with the duly posted notice of public meeting. The meeting was held via telephone conference call pursuant to Texas Government Code, Section 551.125, as amended, and as modified by the temporary suspension of various provisions thereof effective March 16, 2020, by the Governor of Texas in accordance with the Texas Disaster Act of 1975, all as related to the Governor's proclamation on March 13, 2020, certifying that the COVID-19 pandemic poses an imminent threat of disaster and declaring a state of disaster for all counties in Texas. The roll was called of the duly constituted members of said Board of Directors, as follows:

Piero Battistini, President
Sergio Handal, Vice President
Steven Olsen, Secretary
Tony Feng, Assistant Secretary
Susan Ruske, Assistant Secretary

all of whom announced they were present, except Director Handal, who joined the call later in the meeting, as noted herein, thus constituting a quorum.

Also attending the meeting via telephone conference call were: Matt Haire 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"); Christine Croftwell of Masterson Advisors LLC ("Masterson"); Taylor Watson of Municipal Accounts & Consulting, L.P. ("MAC"); Jeff Safe of Brown & Gay Engineers, Inc. ("BGE"); Jerry Schroeder of Champions Hydro-Lawn, Inc. ("Champions"); Katie May and Robert Miller of Inframark ("Inframark"); Jeremy Roach of Apollo IT Consulting ("Apollo"); Robert Ponville, President of the Seven Meadows Board of Directors; Billy Haehnel, President of the Board of Directors of Fort Bend County Municipal Utility District No. 34, of Fort Bend County, Texas ("No. 34"); and Kate Henderson and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH"). Mr. Haehnel and Mr. Roach joined the call later, as noted herein.

**EXPLANATION OF TELEPHONE CONFERENCE CALL MEETING PROCEDURES
AND CALL TO ORDER**

Ms. Henderson explained to the Board the procedures to be used during the telephone conference call meeting. In connection therewith, she informed the participants that the meeting would be recorded, and requested that participants clearly state his or her name before speaking, including when making or seconding a motion. Ms. Henderson further explained that she would conduct a roll call vote for all motions and that Board members should wait to vote on a motion until his or her name has been called. Similarly, Ms. Henderson stated that a full roll call of all

participants would be conducted at the start of each telephone conference meeting for attendance purposes.

The President called the meeting to order and declared it open for such business as might regularly come before it.

COMMENTS FROM THE PUBLIC

The Board began by opening the meeting for public comments. Mr. Ponville addressed the Board to inquire about the possibility of continued remote access to the District's Board of Directors meeting after in-person meetings resume in September.

APPROVAL OF MINUTES

As the next order of business, the Board considered approval of the minutes of its meeting held on July 7, 2021. After discussion, Director Olsen moved that the minutes for said meetings be approved, as written. Director Battistini seconded said motion, which unanimously carried.

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

The Board deferred consideration of the Monthly Contract Deputy Report regarding FBCCO, noting that no written report had been received from the FBCCO this month. Mr. Haire reminded the Board that, because the Board meets so early in the month, going forward reports received by the District from the FBCCO will be for the month prior to the previous month, and noted that the Monthly Contract Deputy Report for the month of July will be presented at the September Board of Directors meeting.

Mr. Haehnel joined the meeting during the above discussion.

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

The Board considered the status of conversion to LED bulbs and painting of the decorative light poles in the community by CenterPoint Energy ("CenterPoint"). In connection therewith, Director Ruske advised the Board that CenterPoint will not begin work on the project until sometime after January 1, 2022.

DISCUSSION REGARDING INSTALLATION OF WARNING SIGNS AROUND BODIES OF WATER WITHIN THE DISTRICT

The Board next considered the status of the proposed installation of warning signs by certain bodies of water within the District. In connection therewith, Mr. Haire presented an estimate prepared by Watchmen Community Services, LLC, a copy of which is attached hereto as **Exhibit A**, for the fabrication and installation of eight (8) warning signs by certain bodies of water within No. 34 and the District for the total amount of \$1,724.00. Mr. Haire next reported that he reviewed a map of the proposed locations for installation of such signs with Director Olsen and advised the Board that only two (2) signs are proposed to be installed within the

District's boundaries for a total cost of \$431, with Seven Meadows to fund fifty-percent (50%) of the cost for same. After discussion, it was moved by Director Battistini that SPH be authorized to prepare a letter agreement between the District and Seven Meadows memorializing the terms by which the District agrees to fund fifty-percent (50%) of the cost of fabrication and installation of said signage. Director Olsen seconded the motion, which unanimously carried.

Director Handal joined the meeting during the above discussion.

PROPOSAL FOR WILDFLOWER SEEDING

The Board deferred consideration of a proposal for application of wildflower seeds to certain recreational areas within the District noting that no such proposal has yet been received.

Mr. Haehnel left the meeting at this time.

DISCUSSION REGARDING PROPOSED NOISE BARRIERS TO BE CONSTRUCTED BY TEXAS DEPARTMENT OF TRANSPORTATION ("TXDOT") ALONG THE GRAND PARKWAY

The Board deferred consideration of the proposed construction by the TxDOT of noise barriers in connection with the planned widening of the Grand Parkway from FM 1093 to Interstate 10 (the "Noise Barrier Project"), noting that no updates have been received from TxDOT. After a brief discussion, the Board requested that this item be removed from future agendas until either Seven Meadows or TxDOT provides an update that requires discussion by the Board.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Flores presented to and reviewed with the Board the Tax Assessor-Collector Report for the month ending July 31, 2021, a copy of which is attached hereto as **Exhibit B**. After discussion, it was moved by Director Battistini, seconded by Director Ruske and unanimously carried, that the Tax Assessor-Collector Report be approved as presented, and that the disbursements identified therein be approved for payment.

2021 TAX RATE RECOMMENDATION

Ms. Crotwell next presented the Board with a Tax Rate Analysis prepared by Masterson, a copy of which is attached hereto as **Exhibit C**, and reviewed her recommendation regarding the proposed 2021 debt service and maintenance tax rates. There next followed a discussion concerning the requirements for notice of the District's intention to adopt a 2021 tax rate. Ms. Henderson advised that, pursuant to the Texas Water Code, the District is required to provide a notice containing certain tax-related information in connection with each meeting at which the adoption of a tax rate will be considered. Ms. Henderson further advised that the information to be included in the notice is set forth in the Water Code and includes the proposed tax rate to be adopted. She explained that the District must provide the notice by either (1) publishing it at least once in a newspaper having general circulation in the District at least seven days before the date of the meeting at which the tax rate will be adopted, or (2) mailing it to each owner of taxable property in the District, at the address shown on the most recently certified tax roll of the

District, at least 10 days before the date of the meeting. After discussion on the matter, the Board deferred taking action until later in the meeting.

DELINQUENT TAX REPORT

Ms. Henderson 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. She stated that the next quarterly report will be provided in October.

Mr. Roach joined the meeting at this time.

2021 TAX RATE RECOMMENDATION (CONT'D)

The Board then continued its consideration of the 2021 tax rate recommendation. After discussion on the matter, Director Battistini moved that (i) the Board indicate its intention to set a 2021 debt service tax rate of \$0.315 per \$100 of assessed valuation and set a 2021 maintenance tax rate of \$0.095 per \$100 of assessed valuation, resulting in a combined 2021 tax rate of \$0.41 per \$100 of assessed valuation, and (ii) Tax Tech be authorized to publish notice of the District's intention to adopt such 2021 tax rate at its next meeting in the form and at the time required by law. Director Olsen seconded said motion, which unanimously carried. The Board concurred that the notice should be published by Tax Tech in the *Katy Times*.

BOOKKEEPER'S REPORT

Mr. Watson presented to and reviewed with the Board the Bookkeeper's Report dated August 4, 2021, a copy of which is attached hereto as **Exhibit D**, including a draft budget for the District's fiscal year ending September 30, 2022. After discussion, Director Olsen moved that the Bookkeeper's Report be approved and that the disbursements identified therein be approved for payment. Director Handal seconded said motion, which unanimously carried.

ANNUAL REVIEW OF ORDER ESTABLISHING POLICY FOR INVESTMENT OF DISTRICT FUNDS AND APPOINTING INVESTMENT OFFICER

The Board considered a review of its Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Investment Policy"), and the adoption of a Resolution in connection therewith. Ms. Henderson presented for the Board's review an amended Investment Policy and a Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Resolution"). The Resolution and Investment Policy are attached hereto as **Exhibit E**. Ms. Henderson then presented to and reviewed with the Board a memorandum prepared by SPH summarizing the proposed changes, a copy of said memorandum is included with **Exhibit E**. After discussion on the matter, Director Ruske moved that (i) the amended Investment Policy be approved to reflect the proposed changes, (ii) the Board adopt the Resolution, and (iii) the President and Secretary be authorized to execute the Investment Policy and the Resolution on behalf of the Board and the District. Director Handal seconded said motion, which unanimously carried.

ENGINEER'S REPORT

Mr. Safe presented to and reviewed with the Board a written Engineer's Report, dated August 4, 2021, a copy of which is attached hereto as **Exhibit F**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein. Mr. Safe reported that BGE met with representatives of Acclaim Energy Advisors ("Acclaim") to review Acclaim's generator program. He advised that Board that, upon evaluation, BGE does not recommend Acclaim's program for installation of an emergency generator at the District's remote water well site located at Gaston Road and Cansfield Way, noting that the program is better suited to much larger facilities. Mr. Safe next presented to and reviewed with the Board an engineering fee proposal in the amount of \$68,000 for services performed by BGE in connection with the proposed purchase and installation of a permanent emergency diesel generator at said site, a copy of which is included with the Engineer's Report. After discussion, the Board deferred action relative to BGE's fee proposal pending determination by BGE, in coordination with No. 34's Operator, regarding the extent to which the District and No. 34 rely on the remote water well.

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 dated August 4, 2021, prepared by Champions, for Little Prong Creek and corresponding photographs, a copy of which is attached hereto as **Exhibit G**. With regard to the proposed repair and/or rehabilitation of the detention pond located at the southwest corner of Katy Gaston Road and Fry Road (the "Katy Gaston Pond"), Mr. Schroeder recommended that the District consider utilizing the ShoreSOX erosion repair system, noting that Champions' approach would not be appropriate for the site. Mr. Safe reported that, after investigation, BGE has determined that the probability of cedar tree root intrusion at the repair site in the future does not prohibit the installation of ShoreSOX. After discussion, the Board requested that BGE prepare a cost estimate for repair and/or rehabilitation of the Katy Gaston Pond utilizing the ShoreSOX method for consideration at next month's meeting. 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. Ms. Henderson advised the Board that there were no updates regarding the District's SWMP at this time.

OPERATIONS REPORT

Ms. May presented to and reviewed with the Board the Operations and Maintenance Report ("O&M Report") for the month of June 2021, a copy of which is attached hereto as **Exhibit H**. Ms. May reported to the Board that the District had approximately 92% 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, a copy of which is attached to the O&M Report. She advised the Board that the report summarizing the results of the Year 2 of 5 Sanitary Sewer Televising and Cleaning Project has been submitted to BGE for review.

Ms. May reported that Inframark has received a request from one (1) District customer for an adjustment to her water bill which was abnormally high due to a leak, as listed in the O&M Report, which leak has since been repaired. She requested that the Board consider authorizing Inframark to bill said customer for the full amount of water usage at the District's lowest rate tier. Ms. May next presented a list of four (4) delinquent accounts, a copy of which is included with the O&M Report, to be referred to collections in the total amount of \$1,062.36.

With regard to the District's Native Plant event, Ms. May inquired whether the Board wishes for Inframark to proceed with planning for an in-person event in the Fall. After a brief discussion, the Board directed Inframark not to proceed with planning for an in-person event this Fall.

After discussion, Director Ruske moved that the Board authorize Inframark to (i) refer four (4) delinquent accounts to collections, as discussed above, and (ii) bill the customer account discussed above for the full amount of water usage at the District's lowest rate tier. Director Handal seconded said motion, which unanimously carried.

STATUS OF IMPLEMENTATION OF MASS NOTIFICATION SYSTEM

Mr. Roach next addressed the Board regarding the status of implementation of a mass notification system within the District by Apollo. In connection therewith, he presented a postcard designed by Apollo, a copy of which is attached hereto as **Exhibit I**, which provides information regarding the District's new messaging service as well as instructions for registering for the service. Ms. May advised the Board that the postcards will be mailed out to District customers within the next two weeks, as previously authorized by the Board. Mr. Roach next advised the Board that instructions for registering for the District's messaging service have also been posted on the District's website.

RECORDS DESTRUCTION REQUEST

Ms. Henderson reported that the District's General Records Retention Schedule adopted in connection with its Records Management Program requires that notes and audio recordings taken during meetings and used to prepare the official minutes of Board meetings are to be retained for ninety days after approval of such minutes by the Board. She next presented a request from the Records Management Officer, attached hereto as **Exhibit J**, for approval to destroy all such notes and audio recordings from February 5, 2020, to April 7, 2021. After discussion, Director Handal moved that SPH be authorized to destroy such notes and audio recordings. Director Olsen seconded said motion, which carried unanimously.

ATTORNEY'S REPORT

The Board considered the Attorney's Report. In connection therewith, Ms. Henderson presented to and reviewed with the Board a Memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit K**, regarding the implementation of House Bill 1154 relating to the requirements of internet websites developed by certain special purpose districts and the District's compliance with same. After discussion, the Board directed Apollo to update the District's website to comply with the new requirements.

CLOSED SESSION

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

FUTURE AGENDA ITEMS

The Board considered items for placement on a future agenda. Mr. Watson inquired whether the Board would be interested in a presentation by Municipal Financial Services, LLC regarding the proposed preparation of enhanced bookkeeping reports. Following discussion, the Board requested that MAC distribute an example of such reports to the Board of Directors by electronic mail.

The Board then discussed the possibility of continued remote access to the District's Board meetings after in-person meetings resume. Following discussion, the Board concurred to consider the matter at its next Board meeting and directed SPH to investigate the feasibility of same.

ADJOURNMENT OF MEETING

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

/s/ Steven Olsen
Secretary, Board of Directors

TABLE OF EXHIBITS

August 4, 2021

- Exhibit A: Watchmen Community Services, LLC – Estimate for Warning Signs
- Exhibit B: Tax Assessor-Collector's Report
- Exhibit C: 2021 Tax Rate Recommendation
- Exhibit D: Bookkeeper's Report
- Exhibit E: Investment Policy Order and Resolution; memorandum regarding annual review and proposed revisions to Investment Policy
- Exhibit F: Engineer's Report
- Exhibit G: Detention and Drainage Facilities Report
- Exhibit H: Operations and Maintenance Report
- Exhibit I: Postcard regarding District's new messaging service
- Exhibit J: Records Destruction Request Letter
- Exhibit K: Memorandum – House Bill 1154

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