

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

Minutes of Meeting of Board of Directors

October 6, 2021

The Board of Directors ("Board") of Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas ("District"), met on October 6, 2021, at 1300 Post Oak Boulevard, Suite 1400, 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
Steven Olsen, Secretary
Tony Feng, Assistant Secretary
Susan Ruske, Assistant Secretary

all of whom announced they were present, thus constituting a quorum.

Also present were: Matt Haire of Principal Management Group of Houston ("PMI"), Community Manager for Seven Meadows Community Association, Inc. ("Seven Meadows"); Chief Deputy John Hermann of Fort Bend County Precinct 3 Constable's Office ("FBCCO"); Esther Flores of Tax Tech, Inc. ("Tax Tech"); Avik Bonnerjee of B&A Municipal Tax Service, LLC ("B&A"); 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"), who entered later in the meeting, as noted herein; Katie May and Robert Lugo of Inframark ("Inframark"); Jeremy Roach of Apollo IT Consulting ("Apollo"); and Bryan Yeates and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH").

COMMENTS FROM THE PUBLIC

Director Feng reported that a District resident contacted him recently regarding inadequate maintenance of the District's Dog Park. Mr. Haire advised that Seven Meadows is aware of the problem and is working with Landscape Images of Texas ("LIT"), the contractor responsible for servicing and maintaining such facilities within the District and Seven Meadows, to correct the issue. Ms. May advised that Inframark is also aware of the recent park facility maintenance problems and requested that Directors forward any further comments received from District residents directly to her attention for handling.

APPROVAL OF MINUTES

As the next order of business, the Board considered approval of the minutes of its meeting held on September 1, 2021. After discussion, Director Olsen moved that the minutes for said meetings be approved, as written. Director Feng seconded said motion, which unanimously carried.

FBCCO ACTIVITY REPORT

Chief Deputy Hermann next presented to and reviewed with the Board the FBCCO Activity Report for the month of September 2021, a copy of which is attached hereto as **Exhibit A**. The Board noted that no action on its part was required in connection with said report at this time.

INTERLOCAL AGREEMENT FOR ADDITIONAL LAW ENFORCEMENT SERVICES

Chief Deputy Hermann next reported that the proposed renewal of the Interlocal Agreement for Law Enforcement Services by and between the District, Fort Bend County (the "County"), Seven Meadows, and Fort Bend County Municipal Utility District No. 34, of Fort Bend County, Texas ("No. 34") for the 2021 – 2022 term (the "Agreement") is still being prepared by the County. He advised the Board that the FBCCO will continue to provide law enforcement services on a month to month basis, per the terms of the previous Agreement.

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 that regard, Director Ruske presented a list of decorative light poles within the District, a copy of which is attached hereto as **Exhibit B**, and noted that the seven (7) highlighted poles are scheduled to be repainted by CenterPoint. She reminded the Board that CenterPoint will not begin work on the project until sometime after January 1, 2022.

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.

LETTER AGREEMENT REGARDING INSTALLATION OF WARNING SIGNS

The Board next considered ratification of its prior approval of a Letter Agreement with Seven Meadows relative to the proposed installation of warning signs by certain bodies of water within the District. After discussion, Director Ruske moved that the Board's prior approval of said Letter Agreement be ratified in all respects. Director Feng seconded said motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Flores presented to and reviewed with the Board the Tax Assessor-Collector Report for the month ending September 30, 2021, a copy of which is attached hereto as **Exhibit C**. After discussion, it was moved by Director Battistini, seconded by Director Feng and unanimously carried, that the Tax Assessor-Collector Report be approved as presented, and that the disbursements identified therein be approved for payment.

AMENDMENT TO AGREEMENT FOR SERVICES OF TAX ASSESSOR AND COLLECTOR

Ms. Flores next presented to and reviewed with the Board the proposed First Amendment to the Amended and Restated Contract for the Assessment and Collection of Taxes (the "Amendment") relative to work performed by Tax Tech on behalf of the District with respect to the implementation of House Bill 1154 and possible future transparency amendments enacted by the Texas State Legislature, a copy of which is attached hereto as **Exhibit D**, and requested the Board's approval of same. Mr. Yeates advised the Board that SPH has reviewed the Amendment. After discussion on the matter, Director Handal moved that the Board approve the Amendment, authorize the President to execute same on behalf of the Board and the District, and authorize SPH to acknowledge the associated Texas Ethics Commission ("TEC") Form 1295. Director Ruske seconded said motion, which unanimously carried.

DELINQUENT TAX REPORT

Mr. Yeates presented to and reviewed with the Board a Delinquent Tax Report dated October 6, 2021, from Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"), the District's delinquent tax collections attorneys, a copy of which is attached hereto as **Exhibit E**. The Board noted there were no action items in the report.

SALES AND USE TAX AUDIT REPORT FROM B&A

Mr. Bonnerjee presented to and reviewed with the Board the Sales and Use Tax Audit Report prepared by B&A, a copy of which is attached hereto as **Exhibit F**. The Board noted that no action was required in connection with the Sales and Use Tax Audit Report at this time. Following the presentation, Mr. Bonnerjee exited the meeting.

BOOKKEEPER'S REPORT

Mr. Watson presented to and reviewed with the Board the Bookkeeper's Report dated October 6, 2021, a copy of which is attached hereto as **Exhibit G**. After discussion, Director Feng moved that the Bookkeeper's Report be approved and that the disbursements identified therein be approved for payment. Director Olsen seconded said motion, which unanimously carried.

Chief Deputy Hermann exited the meeting at this time.

ANNUAL ARBITRAGE MAINTENANCE REPORT AND ENGAGEMENT OF ARBITRAGE COMPLIANCE SPECIALISTS, INC. ("ACS")

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 H**. In connection therewith, Mr. Yeates presented to and reviewed with the Board an engagement letter from ACS, a copy of which is included within **Exhibit H**, for preparation of arbitrage compliance computations as required by the Internal Revenue Service. Mr. Yeates advised the Board that the engagement letter addresses the preparation of the Final Year Arbitrage Rebate Reports for the District's

\$4,430,000 Unlimited Tax Refunding Bonds, Series 2013 (the "Engagement Letter"). He noted that the fee associated with the preparation of said report is \$1,950.00 and that ACS has provided a TEC Form 1295. After discussion of the matter, Director Handal moved that (i) ACS be engaged to prepare the Final Year Arbitrage Rebate Report in accordance with the ACS Engagement Letter, (ii) the President be authorized to execute the ACS Engagement Letter on behalf of the Board and District, and (iii) SPH be authorized to acknowledge the TEC Form 1295 received in connection with same. Director Ruske seconded said motion, which unanimously carried.

COMPLIANCE WITH TEXAS GOVERNMENT CODE CHAPTER 2265 RELATIVE TO ENERGY REPORTING

The Board deferred consideration of the status of the District's compliance with Texas Government Code, Chapter 2265, relative to energy reporting requirements, noting that the annual Cost and Usage Report has not yet been received.

ENGINEER'S REPORT

Mr. Safe presented to and reviewed with the Board a written Engineer's Report, dated October 6, 2021, a copy of which is attached hereto as **Exhibit I**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein. In connection with the proposed purchase and installation of a permanent emergency diesel generator at the joint Remote Well site, Mr. Safe addressed the Board concerning No 34's proposed participation in a cooperative purchasing program in order to realize savings and economies of scale by cooperatively procuring materials, supplies, goods, services, or equipment. In that respect, he presented to and reviewed with the Board a printed presentation prepared by The Interlocal Purchasing System, a copy of which is included with **Exhibit I**, and responded to various questions from the Board.

Mr. Safe next presented a photograph depicting the North Outfall Channel Detention Pond located at the southwest corner of Katy Gaston Road and Fry Road (the "Katy Gaston Pond"), a copy of which is included with the Engineer's Report. He reported that Storm Water Solutions provided a verbal estimate for repair and/or rehabilitation of approximately 742 linear feet, which represents almost the entire circumference of the Katy Gaston Pond, utilizing the ShoreSOX erosion repair system for a total cost of approximately \$70,000. Mr. Safe noted that said estimate does not include either the cost for mitigation of tree root intrusion or the cost for dealing with the irrigation and pump facilities located at the pond. After a lengthy discussion, the Board requested that BGE obtain two additional proposals for the repair and/or rehabilitation of the Katy Gaston Pond.

It was then moved by Director Ruske, seconded by Director Feng and unanimously carried, that the Board: (i) approve Change Order No. 1 in the amount of \$490.00 and Pay Request No. 3 in the amount of \$19,035.00 from Double Oak Erosion, Inc. for construction of Little Prong Creek Slope Repair and Storm Outfall Replacement; and (ii) authorize BGE to (a) prepare a bid package for the proposed repair and/or rehabilitation of the Katy Gaston Pond utilizing the ShoreSOX erosion repair system, and (b) submit the TPDES Permit renewal

application prepared by BGE for Wastewater Treatment Plant No. 1 to the Texas Commission on Environmental Quality ("TCEQ") for review and approval.

Mr. Schroeder entered the meeting during the above discussion.

MAINTENANCE AND/OR REPAIR OF LITTLE PRONG CREEK BY THE DRAINAGE DISTRICT

The Board next considered the scope of Fort Bend County's responsibility for maintenance of Little Prong Creek. In connection therewith, Mr. Safe advised the Board that last month he met with a representative of the Fort Bend County Drainage District (the "Drainage District") on site to discuss the matter. He summarized the Drainage District's maintenance program for the Board and advised that such maintenance does not include erosion control except under certain extreme circumstances. Mr. Safe then responded to various questions from the Board.

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 October 6, 2021, prepared by Champions, for Little Prong Creek and corresponding photographs, a copy of which is attached hereto as **Exhibit J**. Mr. Schroeder next presented Champions' proposal for Little Prong Creek Slope Repairs – Area "B", a copy of which is included with **Exhibit J**, in the total estimated amount of \$20,735.50, noting that the Board of Directors of No. 34 approved said proposal at its meeting held on September 28, 2021. After discussion, Director Olsen moved that (i) the Board accept Champions' proposal for Little Prong Creek Slope Repairs – Area "B" and the related TEC Form 1295, and (ii) SPH be authorized to acknowledge the District's receipt of same with the TEC. Director Handal seconded the motion, which unanimously carried.

Mr. Schroeder next presented to and reviewed with the Board a proposal prepared by Champions for the repair and/or rehabilitation of the District's Dog Park and Family Park sites, which proposal includes tree trimming and mulching services, as well as application of sod and/or herbicide at said sites. A copy of said proposal is included with **Exhibit J**. He noted that the cost for the repair and/or rehabilitation of the District's Dog Park site is approximately \$11,650.23 and the cost for the repair and/or rehabilitation of the District's Family Park site is approximately \$18,208.50. Ms. May then reviewed the proposals prepared by LIT, which were previously presented to the Board at its meeting on September 1, 2021. After discussion, the Board deferred action on the proposed repair and/or rehabilitation of the District's Dog Park and Family Park sites and requested that Inframark prepare a comparison of all proposals received to date for the Board's review at its next meeting.

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

Ms. May presented to and reviewed with the Board the Operations and Maintenance Report ("O&M Report") for the month of August 2021, a copy of which is attached hereto as **Exhibit K**. Ms. May reported to the Board that the District had approximately 93% water accountability for the reporting period, discussed repairs made throughout the District, and reviewed with the Board an inspection report from LIT, relative to the District's park facilities, a copy of which is attached to the O&M Report.

Ms. May next presented a summary of proposed manhole repairs resulting from Year 2 of 5 of the District's Sanitary Sewer Televising and Cleaning Project, a copy of which is attached to the O&M Report, and requested authorization to proceed with the recommended repairs for the total estimated cost of \$29,950.

Ms. May next presented a list of one (1) delinquent account, a copy of which is included with the O&M Report, to be referred to collections in the total amount of \$89.92.

Ms. May next requested authorization from the Board to repair the irrigation system at the District's Family Park site. In connection therewith, she presented a proposal prepared by LIT, a copy of which is attached to the O&M Report, in the estimated total amount of \$1,790. Ms. May also requested authorization to replace the playground mulch at the District's Family Park site. In connection therewith, she presented a proposal from Edustrial Solutions for the installation of fifteen (15) cubic yards of Kids Karpet Bulk Playground Mulch, a copy of which is attached to the O&M Report, for the total estimated cost of \$2,711.19.

Mr. Yeates next presented and reviewed with the Board a memorandum prepared by SPH concerning House Bill 872, which bill relates to the implementation of customer confidentiality requirements and the authorization of giving notice in connection with same. A copy of the memorandum is attached hereto as **Exhibit L**. Mr. Yeates summarized the bill's requirements and options for the District's compliance with same. Following discussion, the Board concurred that notice of a customer's right to request disclosure of his or her personal and billing information, along with a form to accomplish same, be included on all District water bills going forward.

After discussion, Director Battistini moved that the Board authorize Inframark to (i) proceed with the recommended manhole repairs, (ii) refer one (1) delinquent account to collections, and (iii) replace the playground mulch at the District's Family Park site, all as discussed above and as recommended by Inframark. Director Ruske seconded said motion, which unanimously carried. The Board deferred action on the proposal to repair the irrigation system at the District's Family Park site.

STATUS OF DISTRICT WEBSITE AND IMPLEMENTATION OF MASS NOTIFICATION SYSTEM

The Board next considered the continued operation of the District's website and the status of implementation of a mass notification system within the District. In connection therewith, Mr. Roach presented an Analytics Report prepared by Apollo for the month September 2021, a

copy of which is attached hereto as **Exhibit M**, detailing trends in traffic to the District's website and the status of implementation of the District's customer messaging system.

SENATE BILL NO. 3 AND AMENDMENT OF RATE ORDER

Mr. Yeates presented to and reviewed with the Board a memorandum regarding the Implementation of Senate Bill No. 3, a copy of which is attached hereto as **Exhibit N**. Mr. Yeates requested that the Board consider amending the District's Rate Order to include certain language regarding billing due to extreme weather emergencies. Mr. Yeates then presented an amended District Rate Order, which is attached hereto as **Exhibit O**, which incorporates such language pursuant to Senate Bill No. 3. After discussion, Director Olsen moved that the District's Rate Order be amended to incorporate the requirements of Senate Bill No. 3, to be effective as of October 6, 2021, and that any and all Rate Orders heretofore adopted by the Board be revoked, and the amended Rate Order attached hereto be passed and adopted. Director Ruske seconded said motion, which unanimously carried.

ATTORNEY'S REPORT

The Board considered the Attorney's Report. In connection therewith, Mr. Yeates presented to and reviewed with the Board correspondence from the North Fort Bend Water Authority ("NFBWA") regarding proposed rate increases to be effective as of January 1, 2022, a copy of which is attached hereto as **Exhibit P**. He noted that an item to amend the District's Rate Order relative to the NFBWA's proposed rate increase will be added to next month's agenda.

ORDER ESTABLISHING OFFICE AND MEETING PLACES OF BOARD OF DIRECTORS OUTSIDE THE DISTRICT

Mr. Yeates next advised that SPH will be relocating its offices in November 2021. He then presented an Order Establishing Office and Meeting Places Outside the District, which is attached hereto as **Exhibit Q**, to change the office location to 1300 Post Oak Boulevard, Suite 2400, Houston, Texas 77056, and meeting places to 1300 Post Oak Boulevard, Suites 2400 and 2500, Houston, Texas 77056 (the "Order"). After consideration of the matter, it was moved by Director Handal, seconded by Director Olsen, and unanimously carried that the Order be passed and adopted. The Secretary was directed to execute the Order and the attorney to publish notice of designation of such office and meeting places outside the boundaries of the District, and to file a copy of the Order with the TCEQ.

CLOSED SESSION

The President announced at 2:59 p.m. that the Board would convene in Closed Session pursuant to Texas Government Code Section 551.071. Those in attendance, with the exception of the Board, Mr. Yeates and Ms. Walsh, exited at this time.

RECONVENE IN REGULAR SESSION

The Board reconvened in Regular Session at 3:10 p.m. No action was taken by the Board relative to matters discussed in Closed Session.

REMOTE PARTICIPATION IN FUTURE DISTRICT BOARD MEETINGS

The Board considered remote participation in future Board meetings. Following discussion, the Board concurred to not allow remote participation in future District Board Meetings.

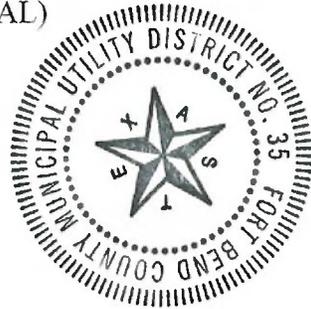
FUTURE AGENDA ITEMS

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 Olsen moved that the meeting be adjourned. Director Handal seconded said motion, which unanimously carried.

(SEAL)





Secretary, Board of Directors

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TABLE OF EXHIBITS

October 6, 2021

- Exhibit A: Monthly Contract Deputy Report
- Exhibit B: Decorative light poles within the District
- Exhibit C: Tax Assessor-Collector's Report
- Exhibit D: First Amendment to Amended and Restated Contract for the Assessment and Collection of Taxes
- Exhibit E: Delinquent Tax Report
- Exhibit F: Sales Tax Permit Audit
- Exhibit G: Bookkeeper's Report
- Exhibit H: Arbitrage Annual Maintenance Report; Engagement Letter, Arbitrage Compliance Specialists
- Exhibit I: Engineer's Report
- Exhibit J: Detention and Drainage Facilities Report; proposal for Little Prong Creek Slope Repairs – Area B; proposal for Dog Park and Family Park Repairs/Rehabilitation
- Exhibit K: Operations and Maintenance Report
- Exhibit L: Memorandum prepared by SPH regarding House Bill 872
- Exhibit M: District Website Analytics Report
- Exhibit N: Memorandum prepared by SPH regarding Senate Bill 3
- Exhibit O: Amendment to Rate Order
- Exhibit P: Correspondence from NFBWA
- Exhibit Q: Order Establishing Office and Meeting Places Outside the District