

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

Minutes of Meeting of Board of Directors
January 5, 2022

The Board of Directors ("Board") of Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas ("District"), met on January 5, 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
Steven Olsen, Secretary
Tony Feng, Assistant Secretary
Susan Ruske, Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present were: Esther Flores of Tax Tech, Inc. ("Tax Tech"); Taylor Watson of Municipal Accounts & Consulting, L.P. ("MAC"); Wendy Ramirez of BKD, LLP ("BKD"); Jeff Safe of Brown & Gay Engineers, Inc. ("BGE"); Robert Lugo of Inframark ("Inframark"); Jeremy Roach of Apollo IT Consulting ("Apollo"); and Kate Henderson and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH").

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 December 1, 2021. After discussion, Director Handal moved that the minutes for said meetings be approved, as written. Director Olsen seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Mr. Watson presented to and reviewed with the Board the Bookkeeper's Report dated January 5, 2022, a copy of which is attached hereto as **Exhibit A**. After discussion, Director Handal 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.

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

Noting that no report had been provided, the Board deferred consideration of the FBCCO Activity Report for the month of November 2021. The Board requested that SPH distribute the

FBCCO Activity Report for the month of November 2021 to the Directors upon receipt of same by Seven Meadows Community Association, Inc. ("Seven Meadows").

INTERLOCAL AGREEMENT FOR ADDITIONAL LAW ENFORCEMENT SERVICES

The Board deferred consideration of 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"), noting that the proposed renewal Agreement has not yet been received from the County.

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

The Board deferred consideration of the status of conversion to LED bulbs and painting of the decorative light poles in the community by CenterPoint Energy ("CenterPoint"), but noted that work on the project is expected to commence this month.

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.

TAX ASSESSOR-COLLECTOR REPORT

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

DELINQUENT TAX REPORT

Ms. Henderson presented to and reviewed with the Board a Delinquent Tax Report dated January 5, 2022, 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 C**. The Board noted there were no action items in the report.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes. Ms. Henderson advised that the Board is authorized pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, 60 days after the date the taxes become delinquent, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on personal property taxes that remain delinquent as of said 60th day, as more fully described in said Resolution. After discussion, it was moved by Director Ruske, seconded by Director Battistini and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes attached hereto as **Exhibit D** be adopted by the Board, and that Perdue,

Brandon, Fielder, Collins & Mott, L.L.P. be authorized to collect delinquent personal property taxes beginning April 1, 2022, including the filing of lawsuits, if necessary.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Henderson outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Section 11.13 of the Texas Tax Code. She advised that under said provisions, the District may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the market value of residential homestead improvements for the year 2022, and the District may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or its successor, or persons sixty-five years of age or older, from ad valorem taxes levied by the District during the calendar year 2022, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. After discussion, the Board deferred action on the matter and requested that the District's Financial Advisor be directed to prepare an analysis of the effect on the District should the Board adopt an exemption for persons under a disability or sixty-five years of age or older in the amount of \$35,000 for consideration at the Board meeting next month.

AUDIT REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2021

The Board next reviewed and considered approval of the District's audit report for the fiscal year ended September 30, 2021. In connection therewith, Ms. Ramirez presented and reviewed in detail with the Board a draft of the audit report prepared by BKD, together with a draft Management Letter concerning the Board's internal controls over financial reporting and draft management's response to same, copies of which are attached hereto as **Exhibit E**. Ms. Ramirez advised the Board that the Management Letter is being submitted in connection with the requirements of Statement on Auditing Standards No. 115. After discussion, it was moved by Director Battistini, seconded by Director Handal and unanimously carried, that (i) the audit report for the fiscal year ended September 30, 2021, be approved, subject to final review and comments by the District's consultants, (ii) the draft management response be approved, as presented, and that same be included in the final Management Letter, (iii) the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the District, and (iv) such audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality ("TCEQ").

STATUS OF CONTINUING DISCLOSURE REPORT

Ms. Henderson advised the Board that the annual continuing disclosure report, due March 30, 2022, will be filed by the District's disclosure counsel after the audit has been finalized.

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS ("COMPTROLLER") SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Ms. Henderson informed the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the District is required to annually submit information to the Comptroller for inclusion in the Special Purpose District Public Information Database no later than April 1st of each year. Ms. Henderson recommended

that BKD be authorized to prepare and submit the information for the 2022 reporting period. After discussion on the matter, it was moved by Director Olsen, seconded by Director Handal and unanimously carried, that BKD be authorized to prepare the required information for the 2022 reporting period and submit same to the Comptroller for inclusion in the Special Purpose District Information Database no later than April 1, 2022.

ENGINEER'S REPORT

Mr. Safe presented to and reviewed with the Board a written Engineer's Report, dated January 5, 2022, 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.

In connection with the proposed purchase and installation of a permanent emergency diesel generator at the joint Remote Well site, Mr. Safe reported that BGE has solicited bids through The Interlocal Purchasing System program ("TIPS Program"), which he expects to receive on January 11, 2022. He advised the Board that BGE will coordinate a meeting between Directors Battistini and Handal and Billy Haehnel and Jim Marken, members of the Board of Directors of No. 34, in order to more fully discuss the TIPS Program and the proposed purchase and installation of a permanent emergency diesel generator at the joint Remote Well site, as previously requested by the Board. After discussion, the Board noted that no action was required on its part in connection with the Engineer's Report at this time.

ADOPTION OF RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Ms. Henderson advised that pursuant to the Public Funds Investment Act, the Board is required to review such list at least annually. Ms. Henderson then presented and reviewed with the Board the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto, together with a comparison of the list submitted to the list previously adopted by the Board, which are attached hereto as **Exhibit G**. Ms. Henderson further noted that the broker list presented is a list of potential institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, but it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Handal moved that (i) the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, and (ii) the President and Secretary be authorized to execute same. Director Olsen seconded said motion, which unanimously carried.

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

Ms. Henderson next presented to and reviewed with the Board a Detention and Drainage Facilities Report ("D&D Report") dated January 5, 2022, prepared by Champions, for Little Prong Creek and corresponding photographs, a copy of which is attached hereto as **Exhibit H**. The Board noted that no action was required on its part in connection with the D&D Report at this time.

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

Mr. Lugo presented to and reviewed with the Board the Operations and Maintenance Report ("O&M Report") for the month of November 2021, a copy of which is attached hereto as **Exhibit I**. Mr. Lugo reported to the Board that the District had approximately 100% 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, relative to the District's park facilities, a copy of which is attached to the O&M Report. Mr. Lugo further reported that the manhole repairs which resulted from Year 2 of 5 of the District's Sanitary Sewer Televising and Cleaning Project are complete.

Mr. Lugo next presented two (2) lists of delinquent accounts to be referred to collections, the first detailing eight (8) accounts in the total amount of \$3,098.93 for the month of November, and the second detailing three (3) accounts in the total amount of \$627.36 for the month of December, for a combined total of eleven (11) accounts in the total amount of \$3,726.29.

Mr. Lugo next requested that the Board authorize Inframark to provide required information to districts that received water from the District during 2021 prior to the April 1, 2022 deadline, in connection with preparation of Consumer Confidence Reports.

After discussion, Director Olsen moved that the Board authorize Inframark to (i) refer eleven (11) delinquent account to collections, as discussed above, and (ii) provide the necessary information to districts that received water from the District during 2021 prior to the April 1, 2022 deadline. Director Battistini seconded said motion, which unanimously carried.

NORTH FORT BEND WATER AUTHORITY ("NFBWA") LARRY'S TOOLBOX PROGRAM 2021 REPORT AND 2022 ENROLLMENT

Mr. Lugo next discussed with the Board the status of the District's participation in the 2021 Larry's Toolbox Program. He stated that the District has acquired 15 points, which is 6 points more than the 9 points necessary to qualify for the 2021 program. With regard to the District's participation in the 2022 Larry's Toolbox Program (the "2022 Program"), Mr. Lugo reminded the Board that the enrollment forms for the 2022 Program have not yet been finalized by the NFBWA, as it is currently in the process of overhauling and simplifying the program. With regard thereto, he advised the Board that the deadline to enroll in the 2022 Program has been extended to March 1, 2022.

STATUS OF DISTRICT WEBSITE AND IMPLEMENTATION OF MASS NOTIFICATION SYSTEM

The Board next considered the continued operation of the District's website. In connection therewith, Mr. Roach reviewed an Annual Analytics Report prepared by Apollo for the calendar year 2021, detailing trends in traffic to the District's website and the status of implementation of the District's customer messaging system. Mr. Roach next requested that the Board authorize Apollo to obtain a Secure Sockets Layer ("SSL") Certificate for the District's

website in order to keep user data secure, verify ownership of the website, prevent attackers from creating a fake version of the site, and convey trust to users. He stated that the cost for the proposed SSL Certificate is \$65 for installation and \$100 annually, thereafter.

Mr. Roach next addressed the Board regarding the status of implementation of the District's mass notification system and reviewed the various methods by which new and existing District customers might be notified regarding same. In connection therewith, he recommended that the Board authorize Apollo to coordinate another postcard mailing to encourage customers to register for the District's notification service. Director Olsen inquired whether Inframark could implement a system to inform new customers about the District's notification service and perhaps provide a link to register for same. Mr. Lugo advised that he will investigate the matter and report his findings back to the Board.

After discussion, it was moved by Director Ruske that Apollo be authorized to: (i) obtain an SSL Certificate for the District's website, as discussed above; and (ii) coordinate with Inframark to produce and distribute postcards to District customers providing information regarding the District's messaging service as well as instructions for registering for said service.

MATTERS RELATED TO MAY 7, 2022 DIRECTORS ELECTION

Ms. Henderson reported on issues related to the District's Directors Election (the "Election") to be held on May 7, 2022. In connection therewith, Ms. Henderson presented to and discussed with the Board a memorandum prepared by SPH, which was previously presented to the Board at its meeting held on December 1, 2021, a copy of which is attached hereto as **Exhibit J**, regarding (i) participation in the joint election with Fort Bend County (the "County"), (ii) publication of notice regarding accessible voting systems, and (iii) posting of Notice Regarding Candidate Filing Period. Ms. Henderson reminded the Board that the County will administer the Election if the District participates in the County's joint election. She further noted that if the District elects not to contract with the County and to hold an independent Election, Section 49.111, Texas Water Code, provides an exemption from the requirement to provide certain electronic voting systems at the Election if the District's previous directors election was canceled as uncontested or if fewer than 250 voters voted in the District's previous directors election. Ms. Henderson noted that the District is not exempt from said requirement because more than 250 voters voted in the District's previous directors election and, therefore, the District must lease electronic voting machines if the Board determines to conduct an independent election. Following discussion, it was moved by Director Handal that the District independently conduct the Directors Election to be held on May 7, 2022 (the "2022 Directors Election"). Director Battistini seconded the motion and, with Directors Handal, Battistini, and Ruske voting aye and Directors Olsen and Feng voting nay, the motion carried.

AUTHORIZE LEASE OF ELECTRONIC VOTING EQUIPMENT

As the next order of business, Ms. Henderson requested that the Board authorize SPH to lease direct recording electronic ("DRE") voting machines for use during the 2022 Directors Election. After discussion on the matter, it was moved by Director Handal that SPH be authorized to lease DRE voting machines to be used in the 2022 Directors Election on behalf of the District. Director Ruske seconded the motion and, with Directors Handal, Ruske, and Battistini voting aye and Directors Olsen and Feng voting nay, the motion carried.

RENEWAL OF DISTRICT INSURANCE COVERAGES

The Board discussed obtaining insurance proposals for the 2022-2023 term. Ms. Henderson advised the Board that the District's current insurance coverages through Arthur J. Gallagher & Co. ("AJG") are set to expire on March 31, 2022. After discussion on the matter, Director Olsen moved that SPH be authorized to request a renewal proposal from AJG for the District's property, comprehensive boiler and machinery, general, hired/non-owned automobile, commercial umbrella and directors' and officers' liability policies, Directors Position Schedule Bond, Public Employee Blanket Bond and all other policies for the term commencing April 1, 2022. Director Handal seconded the motion, which unanimously carried.

ATTORNEY'S REPORT

The Board considered the Attorney's Report. Ms. Henderson advised the Board that she had nothing further to discuss with the Board of a legal nature which was not previously covered under a specific agenda item.

SUPPLEMENTAL AGENDA

The Board considered the calling of a Directors Election in accordance with the requirements of the Texas Water Code. There was presented the Order Calling Directors Election (the "Order"), attached hereto as **Exhibit K**, calling such election to be held on May 7, 2022. It was noted that the terms of office of Directors Battistini, Handal and Ruske expire in May of this year. In reviewing the Order with the Board, Ms. Henderson advised that the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Directors Election, and that the Order named Melanie Walsh as such agent (the "Election Agent"). Ms. Henderson further advised the Board that notice of the Directors Election must be given in accordance with the requirements of the Texas Election Code. She advised the Board that notice of the Directors Election could be given by one or more of the following methods: (i) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before the election; (ii) posting the notice at a public place in the District at least twenty-one (21) days before the election; or (iii) mailing the notice to each registered voter in the District at least ten (10) days before the election. She further advised that, in addition to the above, notice must be posted on the District's website at least twenty-one (21) days before the election. Following discussion of the options, the Board concurred that notice of the Directors Election be given by posting same at a public place in the District and on the District's website. After discussion on the matter, Director Battistini moved that said Order be passed and adopted, that the President and Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Directors Election in accordance with the Order. Director Ruske seconded said motion, which unanimously carried. Ms. Henderson advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 22, 2022, the Board may thereafter cancel the Directors Election in accordance with the Texas Election Code.

The Board considered the establishment of fees to be paid to officials for the Directors Election. Ms. Henderson advised the Board that in accordance with the Texas Election Code, the rate of pay for judges and clerks shall be determined by the Board, but shall not be less than the federal minimum wage rate. After discussion on the matter, Director Battistini moved that the

judges and clerks for the Directors Election, including early voting clerks, be paid \$20.00 per hour. Director Handal seconded said motion, which unanimously carried.

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 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

January 5, 2022

- Exhibit A: Bookkeeper's Report
- Exhibit B: Tax Assessor-Collector's Report
- Exhibit C: Delinquent Tax Report
- Exhibit D: Resolution Authorizing Additional Penalty on Delinquent Personal Property Taxes
- Exhibit E: Draft Audit Report; draft Management Letter and management's response
- Exhibit F: Engineer's Report
- Exhibit G: Resolution Adopting List of Qualified Brokers
- Exhibit H: Detention and Drainage Facilities Report
- Exhibit I: Operations and Maintenance Report
- Exhibit J: Memorandum regarding May 7, 2022 Directors Election
- Exhibit K: Order Calling Directors Election

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