

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

Minutes of Meeting of Board of Directors
January 4, 2023

The Board of Directors ("Board") of Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas ("District"), met on January 4, 2023, 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, Secretary
Shah Haleem, Assistant Secretary
Trevor Eynon, Assistant Secretary

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

Also present were: Eric Gonzalez and Brian Desilets of Clarity Consulting Corporation ("Clarity"); Sherri Greenwood of FORVIS, LLP ("FORVIS"); Esther Flores of Tax Tech, Inc. ("Tax Tech"); Jeff Safe of Brown & Gay Engineers, Inc. ("BGE"); Kim Cosco of Champions Hydro-Lawn, Inc. ("Champions"); ElizaBeth Reeves of Inframark ("Inframark"); 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 7, 2022. After discussion, Director Eynon moved that the minutes for said meeting be approved, as written. Director Haleem seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Mr. Desilets presented to and reviewed with the Board the Bookkeeper's Report dated January 4, 2023, 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 Haleem seconded said motion, which unanimously carried.

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 B**. 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 Feng seconded said motion, which unanimously carried.

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, 2022. In connection therewith, Ms. Greenwood presented and reviewed in detail with the Board a draft of the audit report prepared by FORVIS, 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 C**. Ms. Greenwood 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 Feng and unanimously carried, that (i) the audit report for the fiscal year ended September 30, 2022, 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, 2023, will be filed by the District's disclosure counsel after the audit has been finalized.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Flores presented to and reviewed with the Board the Tax Assessor-Collector Report for the month ending December 31, 2022, a copy of which is attached hereto as **Exhibit D**. Following discussion, it was moved by Director Handal, seconded by Director Battistini 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

Ms. Henderson presented to and reviewed with the Board a Delinquent Tax Report dated January 4, 2023, 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.

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 Haleem, seconded by Director Handal and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes attached hereto as **Exhibit F** 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, 2023, 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 2023, 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 2023, 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, Director Feng moved that the District (a) not grant a residential homestead exemption, and (b) grant an exemption of \$35,000 for persons under a disability or sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2023, and that the Resolution included in **Exhibit G** relative to same be passed and adopted by the Board and District. Director Haleem seconded said motion, which unanimously carried.

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 FORVIS be authorized to prepare and submit the information for the 2023 reporting period. After discussion on the matter, it was moved by Director Haleem, seconded by Director Feng and unanimously carried, that FORVIS be authorized to prepare the required information for the 2023 reporting period and submit same to the Comptroller for inclusion in the Special Purpose District Information Database no later than April 1, 2023.

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

The Board deferred consideration of a Monthly Contract Deputy Report from FBCCO.

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"), noting that no new updates have been received.

ENGINEER'S REPORT

Mr. Safe next presented to and reviewed with the Board a written Engineer's Report dated January 4, 2023, a copy of which is attached hereto as **Exhibit H**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein. After discussion, it was moved by Director Eynon, seconded by Director Haleem and unanimously carried, that the Engineer's Report be approved and that the Board concur with No. 34's prior approval of Change Order No. 1 from AR Turnkey Construction Company, Inc. in the total amount of \$85,420 in connection with construction of Little Prong Creek Slope Repair and Storm Outfall Replacement Phase 2, as recommended by BGE.

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

The Board next considered 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"). In connection therewith, Director Handal provided the Board with an update regarding TxDOT's plans and activities relative to same.

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

Mr. Cosco next presented to and reviewed with the Board a Detention and Drainage Facilities Report ("D&D Report") dated January 4, 2023, prepared by Champions, for Little Prong Creek and corresponding photographs, a copy of which is attached hereto as **Exhibit I**. 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. Henderson advised the Board that there were no updates regarding the District's SWMP at this time.

OPERATIONS REPORT

Ms. Reeves presented to and reviewed with the Board the Operations and Maintenance Report ("O&M Report") for the month of November 2022, a copy of which is attached hereto as **Exhibit J**. Ms. Reeves reported to the Board that the District had approximately 95% 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. She next requested that the Board authorize Inframark to provide required information to districts that received water from the District during 2022 prior to the April 1, 2023 deadline, in connection with preparation of Consumer Confidence Reports. After further discussion of the various other matters contained in the O&M Report, it was moved by

Director Battistini, seconded by Director Haleem and unanimously carried, that Inframark be authorized to provide the necessary information to districts that received water from the District during 2022 prior to the April 1, 2023 deadline.

A discussion next ensued regarding the proposed installation of a plaque or bench at the District's Family Park. Following the discussion, the Board concurred to designate Directors Haleem and Eynon to research possible individuals to be honored by naming the District's Family Park after them and installing a bench or plaque at said park reflecting same.

STATUS OF ENROLLMENT IN NORTH FORT BEND WATER AUTHORITY ("NFBWA") 2023 WATER PROVIDER CONSERVATION PROGRAM

The Board deferred consideration of the status of the District's enrollment in the NFBWA 2023 Water Provider Conservation Program.

IMPLEMENTATION BY INFRAMARK OF CENTRAL BANK ELECTRONIC LOCK BOX PROGRAM ("CENTRAL BANK ELB PROGRAM")

Ms. Reeves next informed the Board that Inframark is moving its Electronic Lock Box ("ELB") payment program from its current internal billing software company to Central Bank. In connection therewith, Ms. Reeves advised the Board that implementation of the Central Bank ELB Program will provide the following, among other things: (i) Inframark will continue to maintain its existing agreement(s) with Transaction Technologies LLC for automatic clearing house (ACH) payments, and Pace Payment Systems for electronic credit/debit card payments; (ii) the Central Bank ELB Program will provide an additional option for customers to make "checkless" payments using their preferred banking institution's online bill payment system; and (iii) other than a \$7.50 fee for non-sufficient funds and/or returned payments, which will be passed through to District customers in accordance with the District's Rate Order, there will be no fees incurred by the District under the Central Bank ELB Program.

Ms. Reeves then presented to and reviewed with the Board a proposed Processing Agreement between the District and Central Bank, a proposed Resolution Approving Central Bank's Electronic Lockbox Payment Services for District Customers, and a proposed Addendum to Operator Service Agreement by and between the District and Inframark (collectively, the "Program Enrollment Documents"), and requested that the Board consider authorizing Inframark to transfer the District's Lock Box account to Central Bank and approving the Program Enrollment Documents in connection therewith. Following discussion, Director Handal moved that the Board (i) authorize Inframark to move the District's Lock Box account to Central Bank, as discussed, (ii) approve the Program Enrollment Documents and authorize the President and Secretary to execute same on behalf of the Board and the District, and (iii) authorize SPH to accept and acknowledge the Texas Ethics Commission Form 1295s submitted by Central Bank and Inframark in connection with the Program Enrollment Documents, as required. Director Battistini seconded the motion, which carried unanimously. Copies of the Program Enrollment Documents thus approved are collectively attached hereto as **Exhibit K**.

DISTRICT WEBSITE AND MASS NOTIFICATION MESSAGING MATTERS

The Board deferred consideration of the continued operation of the District's website and the continuing implementation of the District's mass notification system.

RENEWAL OF DISTRICT INSURANCE COVERAGES

The Board discussed obtaining insurance proposals for the 2023-2024 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, 2023. After discussion on the matter, Director Battistini 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, 2023. Director Eynon seconded the motion, which unanimously carried.

ATTORNEY'S REPORT

The Board considered the Attorney's Report. In that regard, Ms. Henderson reported that the District is in receipt of an inquiry from Brian O'Kelly, a member of the Board of Directors of Avalon at Seven Meadows Community Association, Inc., regarding (i) a misclassification by Fort Bend Central Appraisal District ("FBCAD") of one of the Avalon at Seven Meadows ("Avalon") lakes, and (ii) proposed dredging of detention ponds located within Avalon. After discussion, the Board concurred to not pursue changing the misclassification with FBCAD and requested that BGE contact Mr. O'Kelly to discuss the matter further with him and explain the function and mechanics of the District's detention ponds located within Avalon.

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



[Handwritten Signature]
Secretary, Board of Directors

TABLE OF EXHIBITS

January 4, 2023

- Exhibit A: Bookkeeper's Report
- Exhibit B: Resolution Adopting List of Qualified Brokers
- Exhibit C: Draft Audit Report; draft Management Letter and management's response
- Exhibit D: Tax Assessor-Collector's Report
- Exhibit E: Delinquent Tax Report
- Exhibit F: Resolution Authorizing Additional Penalty on Delinquent Personal Property Taxes
- Exhibit G: Resolution Concerning Exemptions from Taxation
- Exhibit H: Engineer's Report
- Exhibit I: Detention and Drainage Facilities Report
- Exhibit J: Operations and Maintenance Report
- Exhibit K: Program Documents