

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

Minutes of Meeting of Board of Directors  
October 2, 2019

The Board of Directors ("Board") of Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas ("District"), met on October 2, 2019, 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:

Susan Ruske, President  
Piero Battistini, Vice President  
Sergio Handal, Secretary  
Trevor Eynon, Assistant Secretary  
Steven Olsen, Assistant Secretary

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

Also present were Erica Slater of Principal Management Group of Houston ("PMI"), Community Manager for Seven Meadows Community Association, Inc. ("Seven Meadows"); Morgan Stagg, President of the Board of Directors of Seven Meadows; Esther Flores and Laura 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, who entered later in the meeting as noted herein, of Brown & Gay Engineers, Inc. ("BGE"); Katie May and Clay Brandenburg of Inframark ("Inframark"); Jeremy Roach of Apollo IT Consulting ("Apollo"); and Bryan Yeates and Melanie Walsh of Schwartz, Page & Harding, L.L.P. ("SPH").

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 deferred consideration of comments from the public as no comments were offered.

**ADOPTION OF RESOLUTION ADOPTING PUBLIC COMMENT POLICIES AND PROCEDURES RELATIVE TO SENATE BILL 2840 ("S.B. 2840")**

Mr. Yeates reminded the Board that the Texas Legislature recently passed S.B. 2840, which adds Section 551.007, Texas Government Code, and sets forth requirements regarding public comments at Board meetings. In connection therewith, Mr. Yeates presented to and discussed with the Board a Resolution Adopting Public Comment Policies and Procedures relative to S.B. 2840, attached hereto as **Exhibit A**. After discussion, it was moved by Director Handal, seconded by Director Olsen and unanimously carried, that the Resolution Adopting Public Comment Policies and Procedures be adopted by the Board.

Mr. Safe entered the meeting at this time.

## APPROVAL OF MINUTES

As the next order of business, the Board considered approval of the minutes of its meeting held on September 4, 2019. After discussion, Director Handal moved that the minutes for said meeting be approved as written. Director Ruske seconded said motion, which unanimously carried.

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

Ms. Stagg presented a Monthly Contract Deputy Report for the month of September, 2019, regarding FBCCO, a copy of which is attached hereto as **Exhibit B**. It was noted that no action was required of the Board.

## INTERLOCAL AGREEMENT FOR ADDITIONAL LAW ENFORCEMENT SERVICES

The Board next considered the approval of an Interlocal Agreement for Additional Law Enforcement Services (the "Interlocal Agreement") by and between the District, Fort Bend County, Seven Meadows, and Fort Bend County Municipal Utility District No. 34, of Fort Bend County, Texas ("No. 34"), effective October 1, 2019, through September 30, 2020. Ms. Stagg presented to and reviewed with the Board the Interlocal Agreement, a cost comparison report and correspondence from Constable Wayne Thompson, copies of which are attached hereto as **Exhibit C**, noting that costs are set to increase by 4.21% over last year. Mr. Yeates and Ms. Stagg advised the Board that No. 34 and Seven Meadows each approved and executed the Interlocal Agreement last week. Following discussion, Director Ruske moved that the Board approve the Interlocal Agreement, and that the President be authorized to execute same on behalf of the Board and the District with the understanding that, in the event of a change in leadership at the Fort Bend County Sheriff's Office, Seven Meadows will attempt to negotiate more favorable terms for additional law enforcement services. Director Battistini seconded the 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, 2019, a copy of which is attached hereto as **Exhibit D**. After discussion, it was moved by Director Olsen, 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.

Ms. Stagg exited the meeting at this time.

## 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 E**. Following the presentation, Mr. Bonnerjee exited the meeting.

## DELINQUENT TAX REPORT

Mr. Yeates presented to and reviewed with the Board a Delinquent Tax Report dated October 2, 2019, from Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's delinquent

tax collections attorneys. A copy of said report is attached hereto as **Exhibit F**. The Board noted there were no action items in the report.

### **BOOKKEEPER'S REPORT**

Mr. Watson presented to and reviewed with the Board the Bookkeeper's Report dated October 2, 2019, a copy of which is attached hereto as **Exhibit G**. After discussion, Director Ruske moved that the Bookkeeper's Report be approved and that the disbursements identified in the Bookkeeper's Report be approved for payment. Director Olsen seconded said motion, which unanimously carried.

### **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, L.L.C. 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 Fifth Year Arbitrage Rebate Reports for the District's \$16,385,000 Unlimited Tax Refunding Bonds, Series 2015 (the "Engagement Letter"). He noted that the fee associated with the preparation of said report is \$2,950.00 and that ACS has provided a Texas Ethics Commission ("TEC") Form 1295. After discussion of the matter, Director Handal moved that (i) ACS be engaged to prepare the Fifth 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 Eynon 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. Mr. Yeates 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 I**. Mr. Yeates then discussed the proposed revisions to the District's Investment Policy. After discussion on the matter, Director Handal 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 Olsen seconded said motion, which unanimously carried.

### **COMPLIANCE WITH TEXAS GOVERNMENT CODE CHAPTER 2265 RELATIVE TO ENERGY REPORTING**

The Board next considered the status of the District's compliance with Texas Government Code, Chapter 2265, relative to energy reporting requirements. Mr. Yeates reminded the Board

that, pursuant to the energy efficiency and reporting requirements set forth in Texas Government Code, Chapter 2265, the District must prepare an annual report of its metered usage of electricity and the aggregate costs for same. In connection therewith, Mr. Watson presented to and reviewed with the Board a Cost and Usage Report, a copy of which is attached to the Bookkeeper's Report. He noted that said report satisfies the statutory reporting requirements. After discussion, Director Enyon moved that Apollo be authorized to place said report on the District's website. Director Ruske seconded the motion, which unanimously carried.

### **RATIFICATION OF ELECTRICITY POOL CONTRACT**

The Board next considered ratification of its prior approval of the District's participation in an electricity pool to be established by Acclaim Energy and MAC. Mr. Yeates reminded the Board that, at its September meeting, MAC presented and reviewed with the Board an electricity market update report, that the proposed contract term will begin at the end of the District's current electricity contract and run through April 30, 2029, and that the Board had approved and adopted a Resolution Authorizing Entering Into Contract for Pooled Purchase of Energy and Authorizing Execution of Related Documents. Following discussion, Director Handal moved that the Board ratify its (i) prior approval of the District's participation in the electricity pool and that Mark Burton of MAC be authorized to negotiate and execute the pool contract on behalf of the District, with such authorization to expire on November 30, 2019, if no contract is finalized by such date; and (ii) prior approval of the Resolution Authorizing Entering Into Contract for Pooled Purchase of Energy and Authorizing Execution of Related Documents. Director Enyon seconded the motion, which unanimously carried.

### **ENGINEER'S REPORT**

Mr. Safe presented to and reviewed with the Board a written Engineer's Report, dated October 2, 2019, a copy of which is attached hereto as **Exhibit J**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein.

Mr. Safe discussed with the Board the current condition of the existing fences at the District's Joint Wastewater Treatment Plant and Joint Water Plant (collectively, the "Plants") and reported that No. 34 had considered various options for replacement same at its meeting in September. He noted that No. 34 had expressed its preference that the proposed fences be constructed of either brick or concrete masonry unit ("CMU") blocks. After discussion, the Board concurred that the proposed new fences at the District's Plants should be constructed of CMU blocks and directed BGE to advise No. 34 of same.

Mr. Safe next discussed with the Board the status of the annual Joint Water Plant ground storage and hydro-tank inspections, and presented two proposed scope and cost estimate options ("Option A" and "Option B"), included with the Engineer's Report, for rehabilitation and maintenance of same. Mr. Safe advised the Board that No. 34 had approved Option B, subject to agreement by the District, as detailed in the Engineering Report and as recommended by BGE, at its meeting in September. After discussion, it was moved by Director Handal, seconded by Director Olsen and unanimously carried, that BGE be authorized to prepare plans for re-coating of the tanks at the Joint Water Plant in accordance with Option B, as detailed in the Engineering Report.

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

Ms. May presented to and reviewed with the Board a Detention and Drainage Facilities Report dated September 24, 2019, prepared by Champions, for Little Prong Creek and corresponding photographs, a copy of which is attached hereto as **Exhibit K**. Following the discussion, the Board concurred that no action was necessary at this time.

**STORMWATER MANAGEMENT PROGRAM ("SWMP")**

Mr. Yeates informed 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 2019, a copy of which is attached hereto as **Exhibit L**. Ms. May reported to the Board that the District had approximately 97% 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. Ms. May also presented one account to be referred to collections in the amount of \$47.22.

Ms. May next requested that the Board authorize a one-month hold on the accrual of penalties to bills due at the end of October due to interruptions in mail service resulting from damage sustained at area mail facilities during Tropical Storm Imelda. Ms. May stated that, if approved, Inframark will present a revised delinquent list to the Board at its meeting next month.

Ms. May next reported that Inframark received a request from the District customer located at 5115 Peabody Hill Lane, whose service was disconnected on September 18, 2019, for waiver of the \$35 reconnection charge. Ms. May reported that said customer had made payment by phone the day before the scheduled disconnect but failed to call the Operator to confirm posting of said payment. Ms. May reviewed the customer's current circumstances and payment history for the Board and recommended that the Board waive the reconnection fee for said customer.

With regard to the Association of Water Board Directors ("AWBD") Water Smart Partners Program, Ms. May advised the Board that the District's annual application for participation in same will be due March 2, 2020. In connection therewith, she presented a Resolution Approving Submittal of the Water Smart Application for Inclusion in the AWBD Water Smart Partners Program, attached hereto as **Exhibit M**, and requested that the Board considered adopting same.

Ms. May next reported that the District's annual fire hydrant survey was completed at the beginning of August. In connection therewith, she presented a list of recommended fire hydrant repairs with Inframark's cost estimate for same, a copy of which is included within **Exhibit L**. Ms. May requested that the Board authorize Inframark to make the repairs, as recommended and detailed in the attached cost estimate, for an estimated total cost of \$19,360.

With regard to the rehabilitation of Lift Station No. 2 ("LS No. 2"), Ms. May advised the

Board that Inframark received proposals from three of its subcontractors for recoating of same, copies of which are included within **Exhibit L**, and stated that all three proposals were provided to BGE for review. Ms. May noted that none of the three proposals include bypass pumping, which Inframark will perform itself at a cost of approximately \$11,000. Ms. May advised that Inframark recommends the Board accept the proposal for recoating of LS No. 2 from the low bidder, Preventative Services, LP, at a total cost of \$32,050.

Ms. May next reported that lift pump no. 2 at LS No. 2 has failed. In connection therewith, she presented a quote prepared by Inframark, a copy of which is included within **Exhibit L**, outlining the costs for repair vs. replacement of said pump. She then advised that Inframark recommends replacing said pump with a 20HP KSB pump at an estimated total cost of \$15,314. After discussion, the Board requested that Ms. May obtain additional quotes for the replacement of lift pump no. 2 at LS No. 2. Mr. Yeates recommended that the Board designate a Director to receive and review the specifications and quotes for replacement of lift pump no. 2 and make a selection on behalf of the Board.

Ms. May next advised the Board that she had obtained an estimate from Champions for one application of pre-emergent herbicide for burweed control at the District's Family Park and Dog Park (collectively, the "District's Parks") in the total amount of \$3,506.25. She reminded the Board that she had previously presented a proposal from Landscape Images of Texas for \$7,517.25.

After discussion, Director Handal moved that: (i) the Board authorize Inframark to (a) refer one account to collections in the amount of \$47.22, (b) place a one-month hold on the accrual of penalties to accounts with water bills mailed during tropical storm Imelda, (c) waive the \$35 reconnection fee for the customer account at 5115 Peabody Hill Lane, (d) prepare and submit the District's annual Water Smart Partners Application, and that the Resolution Approving Submittal of the Water Smart Application for Inclusion in the Association of Water Board Directors Water Smart Partners Program be approved, and that the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District, and (e) make various repairs to District fire hydrants, as detailed in the repair estimate included in **Exhibit L**, at an estimated total cost of \$19,360; (ii) the Board accept the proposal from Preventative Services, LP for recoating of LS No. 2 at a total cost of \$32,050; (iii) Director Battistini be authorized on behalf of the Board to select a replacement for lift pump no. 2 at LS No. 2, for a cost not to exceed \$20,000; and (iv) the Board accept the proposal from Champions for one application of pre-emergent herbicide at the District's Parks in the total amount of \$3,506.25 and the TEC Form 1295 provided by Champions be accepted and SPH be authorized to acknowledge same with the TEC. Director Ruske seconded the motion, which unanimously carried.

#### **PROPOSAL FROM MUNICIPAL FINANCIAL SERVICES ("MFS") REGARDING EVO PROGRAM**

The Board next considered the proposal previously provided by MFS regarding its EVO District Analysis and Metrics Report program, which proposal and program Mr. Yeates briefly summarized for the Board. After discussion, the Board deferred action on the matter and requested that SPH obtain from MFS and circulate to the Board in advance of next month's meeting examples of EVO District Analysis and Metrics Reports prepared for other municipal utility districts.

Ms. Laura Flores exited the meeting during the above discussion.

**DISTRICT WEBSITE**

The Board next considered the continued operation of the District's website. In that regard, Mr. Roach presented to and reviewed with the Board an Analytics Report, a copy of which is attached hereto as **Exhibit N**, detailing trends in traffic to the District's website. Mr. Yeates next presented to and reviewed with the Board a Memorandum prepared by SPH regarding legal requirements for District websites, a copy of which is included within **Exhibit N**. Mr. Roach then responded to various questions from the Board and reported that the District's website is currently fully compliant with all legal requirements. Mr. Yeates next advised the Board that representatives of Touchstone District Services, and 1190 Designs have inquired whether the Board would be interested in considering proposals for website management services from their respective companies. After discussion, Director Handal moved that the District continue to maintain its website as currently designed and managed by Apollo. Director Ruske seconded the motion, which unanimously carried. The Board directed SPH to advise Touchstone and 1190 Designs of its decision.

Ms. Laura Flores reentered the meeting during the above discussion.

**ATTORNEY'S REPORT**

The Board considered the Attorney's Report. Mr. Yeates reported that the North Fort Bend Water Authority ("NFBWA") has advised that, effective January 1, 2020, it will raise its surface water fee rate from \$4.00 to \$4.30 per 1,000 gallons of surface water received and its ground water pumpage fee rate from \$3.65 to \$3.95 per 1,000 gallons pumped. After discussion, the Board requested that SPH prepare correspondence to District customers addressing the NFBWA fee increases for its review at the November meeting, along with an amended Rate Order to pass through said fee increases.

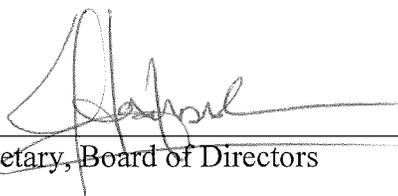
**FUTURE AGENDA ITEMS**

The Board considered items to be placed on future agendas. After consideration, no specific items other than routine and ongoing matters and those previously discussed at the day's meeting were requested.

**ADJOURNMENT OF MEETING**

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



  
Secretary, Board of Directors

## TABLE OF EXHIBITS

Exhibit A	Resolution Adopting Public Comment Policies and Procedures
Exhibit B	FBCCO Monthly Activity Report
Exhibit C	Interlocal Agreement for Additional Law Enforcement Services; cost comparison report; correspondence from Constable Wayne Thompson
Exhibit D	Tax Assessor-Collector's Report
Exhibit E	Sales Tax Permit Audit
Exhibit F	Delinquent Tax Report
Exhibit G	Bookkeeper's Report
Exhibit H	Arbitrage Annual Maintenance Report; Engagement Letter, Arbitrage Compliance Specialists
Exhibit I	Investment Policy Order and Resolution
Exhibit J	Engineer's Report
Exhibit K	Champions Maintenance Report
Exhibit L	Operations and Maintenance Report
Exhibit M	Resolution Approving Submittal of the Water Smart Application for Inclusion in the Association of Water Board Directors Water Smart Partners Program
Exhibit N	District Website Analytics Report; Memorandum regarding legal requirements for District websites