

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

Minutes of Meeting of Board of Directors
November 6, 2019

The Board of Directors ("Board") of Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas ("District"), met on November 6, 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 of Tax Tech, Inc. ("Tax Tech"); 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 of Inframark ("Inframark"); 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.

APPROVAL OF MINUTES

As the next order of business, the Board considered approval of the minutes of its meeting held on October 2, 2019. After discussion, Director Olsen moved that the minutes for said meeting be approved as written. Director Ruske 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 October 31, 2019, a copy of which is attached hereto as **Exhibit A**. After discussion, it was moved by Director Ruske, seconded by Director Enyon and unanimously

carried, that the Tax Assessor-Collector Report be approved as presented, and that the disbursements identified therein be approved for payment.

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

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

The Board next discussed whether to consider additional security measures for the District. In that regard, Ms. Stagg presented to and reviewed with the Board cost estimates provided by the FBCCO for between one and three additional deputies, copies of which are attached to a cost analysis chart prepared by SPH, which outlines the cost differences for each additional deputy for the District and Seven Meadows. Copies of the cost estimates and cost analysis chart are included in **Exhibit B**. Ms. Stagg noted that Seven Meadows is willing to contribute one-third of the cost for any additional deputies. Mr. Yeates advised that Fort Bend Municipal Utility District No. 34, of Fort Bend County, Texas ("No. 34") has already received the cost estimates for additional deputies and has taken the matter under consideration. After discussion, the Board concurred to defer the matter to be discussed further at next month's meeting.

DELINQUENT TAX REPORT

Mr. Yeates 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. He stated that the next quarterly report will be provided in January.

BOOKKEEPER'S REPORT

Mr. Watson presented to and reviewed with the Board the Bookkeeper's Report dated November 6, 2019, a copy of which is attached hereto as **Exhibit C**, which includes a Quarterly Investment Inventory Report. After discussion, Director Olsen moved that the Bookkeeper's Report and the Quarterly Investment Inventory Report be approved and that the disbursements identified in the Bookkeeper's Report be approved for payment. Director Ruske seconded said motion, which unanimously carried.

ENGINEER'S REPORT

Mr. Safe presented to and reviewed with the Board a written Engineer's Report, dated November 6, 2019, a copy of which is attached hereto as **Exhibit D**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein.

Mr. Safe next presented to and reviewed with the Board a proposal prepared by BGE for No. 34, a copy of which is attached to the Engineer's Report, for engineering fees in the total estimated amount of \$72,000 in connection with preparation of specifications and bid documents

relative to the proposed recoating of Ground Storage Tank ("GST") Nos. 1 and 2 and Hydro-Tank Nos. 1 and 2 at Water Plant No. 1 ("WP No. 1"). Mr. Safe reported that No. 34 accepted said proposal at its meeting on October 22, 2019, authorized BGE to prepare said specifications and bid documents, and requested that the District concur in such acceptance. After discussion, it was moved by Director Battistini, seconded by Director Ruske and unanimously carried, that the Board concur in No. 34's acceptance of BGE's proposal for preparation of specifications and bid documents relative to the proposed recoating of GST Nos. 1 and 2 and Hydro-Tank Nos. 1 and 2 at WP No. 1 in the total estimated amount of \$72,000.

With regard to the proposed replacement of the existing fences at the District's Joint Wastewater Treatment Plant and Joint Water Plant (collectively, the "Plants"), Mr. Safe reported that No. 34 has authorized KGA/DeForest Design, LLC to design and advertise for bids for the replacement of the existing fences at the Plants, with the base bid providing for brick construction to match the materials to be used by Seven Meadows for its new fencing along Katy-Gaston Road, and an alternate bid providing for concrete masonry unit block construction.

Mr. Safe next reported that No. 34 is currently considering a proposal from Accurate Meter & Supply, LLC ("AMS") for installation and monitoring of the Badger E-Series wireless water meters throughout No. 34. He further advised that No. 34 has inquired whether the District is interested in considering same. The Board concurred that it has no interest in pursuing the matter further and declined to consider a proposal from AMS for same. The Board then requested Mr. Safe report to No. 34 that it is not interested in installing wireless water meters in the District.

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

Mr. Schroeder presented to and reviewed with the Board a Detention and Drainage Facilities Report dated November 6, 2019, prepared by Champions, for Little Prong Creek and corresponding photographs, a copy of which is attached hereto as **Exhibit E**. A discussion ensued regarding necessary erosion repairs and replacement of certain rusted storm sewer pipes. The Board noted that access to the area in need of repair is still an issue.

Mr. Schroeder next reported that Champions will schedule its application of pre-emergent herbicide for burweed control at the District's Family Park and Dog Park for the beginning of the week so that visitors on the weekend will not be impacted. Ms. May noted that Inframark will install temporary signs at the entrances to both parks a day or two before the scheduled application notifying residents that said parks will be closed during the treatment by Champions. Following the discussion, the Board concurred that no action was necessary at this time.

Mr. Schroeder exited the meeting 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 September 2019, a copy of which is attached hereto as **Exhibit F**. Ms. May reported to the Board that the District had approximately 91% 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 three accounts to be referred to collections in the amount of \$484.07. Ms. May next reported that Inframark received a request from the District customer located at 7015 Cornflower Lane, for an adjustment to the customer's high water bill due to a leak, which has since been repaired. Ms. May requested that the Board authorize Inframark to bill said customer for the full amount of water at the District's lowest rate tier. After discussion, Director Ruske moved that the Board authorize Inframark to (a) refer three accounts to collections in the amount of \$484.07, and (b) bill the customer at 7015 Cornflower Lane for the full amount of water usage at the District's lowest rate tier. Director Enyon seconded the motion, which unanimously carried.

NORTH FORT BEND WATER AUTHORITY ("NFBWA") LARRY'S TOOLBOX PROGRAM 2018 REPORT AND 2019 ENROLLMENT

Ms. May next discussed with the Board the status of the District's participation in the Larry's Toolbox Program. She stated that the District has acquired 8 of the 9 points necessary to qualify for the 2019 program and advised that she expects the District to obtain the final point required prior to the December 31, 2019 deadline. Mr. Yeates then presented a savings summary prepared by MAC, a copy of which is attached hereto as **Exhibit G**, noting that the District has received approximately \$33,000.00 in rebates over the last 12 months for its participation in the program. Ms. May then presented to and reviewed with the Board the 2020 enrollment form, a copy of which is included in **Exhibit G**, and discussed the details of the program initiatives in which the District could participate. Ms. May then presented certain materials, copies of which are attached hereto as **Exhibit G**, which are to be provided to District customers for the 2020 program encouraging participation in a rebate program for customers' water conservation efforts. After discussion, Director Olsen moved that the Board authorize Ms. May to enroll the District in the Larry's Toolbox Program for 2020, and that the District elect to participate in the initiatives selected in **Exhibit G**. Director Ruske seconded the motion, which carried unanimously.

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 ("EVO Report") program, which proposal and program Mr. Yeates briefly summarized for the Board. Mr. Yeates noted that sample EVO Reports prepared for other municipal utility districts were circulated to the Board for its review prior to today's meeting. After discussion, Director Ruske moved that the Board approve the proposal previously provided by MFS and authorize SPH to prepare an agreement for services between the District and MFS for a term not to exceed one year. Director Olsen seconded the motion, and

with Directors Ruske, Olsen, Handal, and Eynon voting aye, and Director Battistini voting nay, the motion carried.

EMINENT DOMAIN REPORT

Mr. Yeates reported that, pursuant to Section 2206.154, Texas Government Code, all political subdivisions with the power of eminent domain, including the District, are required to file an annual eminent domain report by February 1 of each year with the Texas Comptroller of Public Accounts (the "Comptroller"). He explained that the report will contain the District's contact information as well as information related to the District's ability to exercise the power of eminent domain. After discussion, it was moved by Director Handal, seconded by Director Eynon and unanimously carried, that the Board authorize SPH to file the annual eminent domain report with the Comptroller on behalf of the District.

AMENDMENT OF THE DISTRICT'S RATE ORDER

The Board next considered an amendment to the District's Rate Order to account for the increase in NFBWA fees for groundwater pumpage and surface water. In that regard, Mr. Yeates presented to and reviewed with the Board a letter to the District's residents prepared by SPH, as requested by the Board, detailing the increase in NFBWA fees and noting past decreases in District taxes. The letter is attached hereto as **Exhibit H**. After review and discussion, Director Ruske moved that: (i) the letter be approved and added to the District's website, and that a hard copy be included in District residents' water bills; (ii) the District's Rate Order be amended to increase the NFBWA Surface Water Fee from \$4.00 per 1,000 gallons of water received to \$4.30 per 1,000 gallons of water received effective January 1, 2020; (iii) any and all Rate Orders heretofore adopted be revoked; and (iv) the Rate Order, a copy of which is attached hereto as **Exhibit I**, be passed and adopted. Director Handal seconded, said motion, which unanimously carried.

SPECIAL WARRANTY DEED

The Board next considered the conveyance of Director Lot No. 2 from the District to Director Ruske. In that regard, Mr. Yeates presented to and reviewed with the Board a Special Warranty Deed for Director Lot No. 2. Upon review, Director Handal moved that the Special Warranty Deed for Director Lot No. 2 be approved, and that the Vice President be authorized to execute same on behalf of the Board and District. Director Battistini seconded said motion, which unanimously carried. Director Ruske abstained from voting on the matter.

ATTORNEY'S REPORT

The Board considered the Attorney's Report. Ms. Yeates next updated the Board regarding the District's participation in the electricity pool established by Acclaim Energy Providers and MAC in connection with the Board's previous approval for the District's participation in the electricity pool. He noted that the new contract term will begin at the end of the District's current electricity contract on May 1, 2024, and run through April 30, 2029, at a price of \$0.03812 per kWh. He further noted that said rate is less than the maximum rate of \$0.03875 per that was previously authorized.

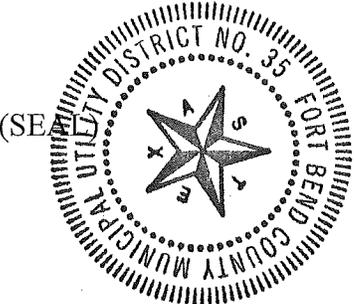
With regard to the District's Board of Directors meeting scheduled for January 1, 2020, the Board concurred to cancel said meeting and reschedule it for January 8, 2020, at 1:00 p.m.

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 Olsen seconded said motion, which unanimously carried.




Secretary, Board of Directors

TABLE OF EXHIBITS

- Exhibit A: Tax Assessor-Collector's Report
- Exhibit B: FBCCO Monthly Activity Report; cost estimates and cost analysis for additional FBCCO deputies
- Exhibit C: Bookkeeper's Report
- Exhibit D: Engineer's Report
- Exhibit E: Champions Maintenance Report
- Exhibit F: Operations and Maintenance Report
- Exhibit G: NFBWA savings summary; Larry's Toolbox Enrollment Form; NFBWA Resident Water Conservation Rebate Form
- Exhibit H: Letter to District Customers regarding Upcoming Changes to Water Rates
- Exhibit I: Amended Rate Order