

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

Minutes of Meeting of Board of Directors
December 4, 2019

The Board of Directors ("Board") of Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas ("District"), met on December 4, 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. Director Battistini entered the meeting later as noted herein.

Also present were Erica Slater of Principal Management Group of Houston ("PMI"), Community Manager for Seven Meadows Community Association, Inc. ("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"), who entered later in the meeting, as noted herein; Katie May of Inframark ("Inframark"); Nag Jayaraman, a resident of the District who entered later in the meeting, as noted herein; 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 November 6, 2019. After discussion, Director Olsen moved that the minutes for said meeting be approved as written. Director Handal seconded said motion, which unanimously carried.

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

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

DISCUSSION REGARDING ADDITIONAL SECURITY MEASURES WITHIN THE DISTRICT

The Board next discussed whether to consider additional security measures for the District. In that regard, Mr. Yeates advised the Board that Fort Bend Municipal Utility District No. 34, of Fort Bend County, Texas ("No. 34") is considering the feasibility of installing security cameras at all entrances into the neighborhoods located within the boundaries of No. 34. Mr. Yeates noted that Seven Meadows currently utilizes security cameras at some of its facilities. After discussion, the Board concurred to defer the matter to be discussed further at next month's meeting.

Director Battistini entered the meeting during the above discussion.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Flores presented to and reviewed with the Board the Tax Assessor-Collector Report for the month ending November 30, 2019, a copy of which is attached hereto as **Exhibit B**. After discussion, it was moved by Director Handal, 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.

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 December 4, 2019, a copy of which is attached hereto as **Exhibit C**. 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.

Mr. Watson next updated the Board regarding the District's participation in the electricity pool established by Acclaim Energy Providers ("Acclaim") and MAC in connection with the Board's previous approval for the District's participation in the electricity pool. He presented and reviewed with the Board a MAC Pool Electricity Market Update prepared by Acclaim, a copy of which is included in **Exhibit C**, noting 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 kWh that was previously authorized.

Mr. Schroeder entered the meeting during the above discussion.

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 December 4, 2019, prepared by Champions, for Little Prong Creek and

corresponding photographs, a copy of which is attached hereto as **Exhibit D**. A discussion ensued regarding necessary erosion repairs and replacement of certain rusted storm sewer pipes that were discussed at the Board's November meeting. The Board noted that access to the area in need of repair is still an issue.

Mr. Schroeder exited the meeting and Mr. Jayaraman entered at this time.

ENGINEER'S REPORT

Mr. Safe presented to and reviewed with the Board a written Engineer's Report, dated December 4, 2019, a copy of which is attached hereto as **Exhibit E**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein. The Board noted that no action was required at this time.

STORMWATER MANAGEMENT PROGRAM ("SWMP")

The Board next considered the status of the District's SWMP. Mr. Yeates informed the Board that SPH was in receipt of e-mail correspondence from a representative of Storm Water Solutions, LP ("SWS") regarding the District's SWMP. He advised that said e-mail states that (i) the District's SWMP is under review by the Texas Commission on Environmental Quality ("TCEQ") for approval, (ii) the District's Notices of Intent have been reviewed and approved, and (iii) the District has provisional coverage under its current SWMP until the TCEQ's final approval has been received, which is expected by the end of the year. Mr. Yeates next advised the Board that a representative of SWS will attend a Board meeting early next year to provide further updates and present an annual report for consideration and approval by the Board.

OPERATIONS REPORT

Ms. May presented to and reviewed with the Board the Operations and Maintenance Report ("O&M Report") for the month of October 2019, a copy of which is attached hereto as **Exhibit F**. Ms. May reported to the Board that the District had approximately 101% 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 written off in the amount of \$9.99 and two accounts to be referred to collections in the amount of \$265.68.

Ms. May next advised the Board that lift pump no. 1 at Lift Station No. 2 has failed and requested that the Board authorize Inframark to replace it at an estimated cost of \$15,294, which is approximately \$1,200 less than the estimated cost for repair. She noted that said pump was only five years old and that Inframark will investigate to determine whether it might have been defective. After discussion, the Board requested that Ms. May circulate Inframark's maintenance records for the failed pump to the all Directors for their review prior to the January Board meeting.

Ms. May next reported to the Board that Inframark has received a request from District customer Cinco Auto, located at 25827 Cinco Ranch Boulevard, for an adjustment to its water bill which was abnormally high due to an irrigation leak, which leak has since been repaired. Ms. May asked that the Board consider authorizing Inframark to bill Cinco Auto at the District's lowest tier rate. A discussion then ensued regarding the facts and circumstances surrounding the leak and Cinco Auto's request.

Mr. Jayaraman exited the meeting at this time.

Director Enyon next advised the Board that there is a hole beneath the chain link fencing at the District's Dog Park, allowing dogs to travel freely between the areas designated for large and small dogs. After discussion, Ms. May recommended that Inframark be authorized to inspect the Dog Park more frequently.

Ms. May next discussed with the Board the status of the District's participation in the 2019 Larry's Toolbox Program. She stated that the District has acquired the 9 points necessary to qualify for the 2019 program.

After discussion, Director Handal moved that the Board: (i) authorize Inframark to (a) replace lift pump no. 1 at Lift Station No. 2, as detailed above, (b) investigate a warranty claim on the failed pump, and (c) file an insurance claim should Inframark determine that said pump is not covered by warranty; (ii) deny Cinco Auto's request for adjustment of its high water bill on its irrigation account; (iii) authorize Inframark to repair the hole at the District's Dog Park and perform twice-monthly inspections of the Dog Park going forward; and (iv) authorize Inframark to write off one account and send two accounts to collections, as detailed above. Director Ruske seconded the motion, which unanimously carried.

ENGAGEMENT OF MUNICIPAL FINANCIAL SERVICES ("MFS") REGARDING EVO PROGRAM

The Board considered the engagement of MFS for the preparation of an annual EVO District Analysis and Metrics Report ("EVO Report") for the District. In connection therewith, Mr. Yeates presented to and review with the Board an engagement letter received from MFS, a copy of which is attached hereto as **Exhibit G**. Mr. Yeates advised the Board that SPH reviewed the engagement letter, noting that the contract with MFS does not expire after one year as requested by the Board but is instead an evergreen contract which means it is terminable by either party with thirty (30) days prior written notice. Mr. Yeates reported that MFS understands the Board's intent was to engage MFS for just one year, and that MFS has offered to attend a Board meeting at the end of the District's next fiscal year before preparing a second EVO Report in order to determine whether the Board would like MFS to proceed with said second EVO Report. If the Board decides not to proceed with a second EVO Report, a notice of termination will be provided to MFS. After discussion on the matter, Director Olsen moved that (i) the Board approve MFS's engagement letter and that the President be authorized to execute same on behalf of the Board and the District, (ii) the Texas Ethics Commission Form 1295 provided by MFS be accepted and that SPH be authorized to acknowledge same, and (iii) Director Olsen be designated to work with MFS in connection with its preparation of the EVO Report. Director Handal seconded said motion, which unanimously carried.

MATTERS RELATED TO MAY 2020 DIRECTORS ELECTION

Mr. Yeates reported on issues related to the District's Directors Election (the "Election") to be held on May 2, 2020. Mr. Yeates noted that Section 49.111 of the Texas Water Code provides the District an exemption from the requirement to provide certain electronic voting systems at the Election if: (a) the Election is a confirmation election or is held jointly in connection with a confirmation election and no federal office appears on the ballot, (b) the District's previous Directors Election was canceled in accordance with the provisions of the Texas Election Code, or (c) fewer than 250 voters voted in the District's previous Directors Election. Mr. Yeates noted that the District is exempt because fewer than 250 voters voted in the

District's previous Directors Election. Mr. Yeates advised that the District must provide public notice if it determines not to provide electronic voting systems at the Election. Mr. Yeates discussed the options for providing such notice and noted that such notice must be given prior to the date for the possible cancellation of an uncontested Directors Election. Mr. Yeates next advised the Board that the Texas Water Code and the Texas Election Code require that the District provide public notice of the period for filing an application to appear on the ballot as a candidate for Director in the Election to be held on May 2, 2020. After discussion, Director Ruske moved that the District authorize SPH to: (a) provide notice of the District's intent not to provide electronic voting systems for said Election by publication in a newspaper of general circulation in an area that includes the District; and (b) post the required notice of the candidate filing period. Director Handal seconded the motion, which unanimously carried.

ATTORNEY'S REPORT

The Board considered the Attorney's Report. In that regard, Mr. Yeates advised the Board that Masterson Advisors has provided its Annual Disclosure relative to MSRB Rule G-10.

Mr. Yeates then reminded the Board that its January meeting has been rescheduled to January 8, 2020, at 1:00 p.m.

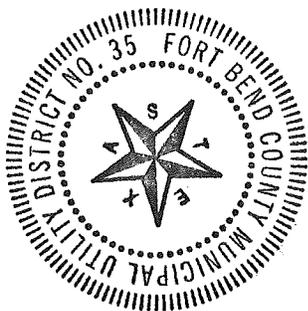
FUTURE AGENDA ITEMS

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

(SEAL)



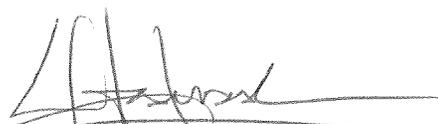

Secretary, Board of Directors

TABLE OF EXHIBITS

- Exhibit A: FBCCO Monthly Activity Report
- Exhibit B: Tax Assessor-Collector's Report
- Exhibit C: Bookkeeper's Report; MAC Pool Electricity Market Update
- Exhibit D: Champions Maintenance Report
- Exhibit E: Engineer's Report
- Exhibit F: Operations and Maintenance Report
- Exhibit G: Municipal Financial Services – Engagement Letter