

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

Minutes of Meeting of Board of Directors

September 4, 2019

The Board of Directors ("Board") of Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas ("District"), met on September 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 except Directors Olsen and Ruske, thus constituting a quorum.

Also present were Michele Vinogradov of BKD, LLP ("BKD"); 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"); Jeff Safe of Brown & Gay Engineers, Inc. ("BGE"); Katie May of Inframark ("Inframark"); Mark Burton, who entered later in the meeting as noted herein, and Taylor Watson of Municipal Accounts & Consulting, L.P. ("MAC"); Jeremy Roach of Apollo IT Consulting ("Apollo"); and Bryan Yeates and Hannah Slaven of Schwartz, Page & Harding, L.L.P. ("SPH").

The Vice 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 August 7, 2019. After discussion, Director Eynon moved that the minutes for said meeting be approved as written. Director Handal seconded said motion, which unanimously carried.

ENGAGEMENT OF AUDITOR

The Board considered the engagement of an auditing firm to prepare the District's audit report for the fiscal year ending September 30, 2019. In connection therewith, Ms. Vinogradov presented and reviewed with the Board a proposed engagement letter with BKD for the audit of the District's financial statements, a copy of which is attached hereto as **Exhibit A**. She stated that the estimated cost to prepare the District's audit report is \$19,000, plus an administrative fee of \$900 to cover items such as report production, copies, postage and other delivery charges, and technology related expenses. After discussion on the matter, Director Handal moved that (i) BKD be engaged to prepare the District's audit report for the fiscal year ending September 30, 2019, in accordance with the terms of the engagement letter attached hereto as **Exhibit A**, (ii) that the Vice President be authorized to execute same on behalf of the Board and District, and (iii) the Texas Ethics Commission ("TEC") Form 1295 from BKD be accepted. Director Eynon seconded said motion, which unanimously carried.

PRODUCTION AND FILING OF DISTRICT FINANCIAL REPORTS

Mr. Yeates reminded the Board that Section 140.008, Texas Local Government Code, requires the District to file certain financial information with the Texas Comptroller of Public Accounts (the "Comptroller") within 180 days of the District's fiscal year end. This financial information may be submitted as a separate report, or alternatively, the District may submit its annual audit to the Comptroller. Mr. Yeates further explained that, should the District maintain a website, it must also make the financial information available on such website or provide a link to the information on the Comptroller's website. Upon a motion made by Director Handal, seconded by Director Battistini, and carried unanimously, the Board authorized SPH to file the District's annual audit for the fiscal year ending on September 30, 2019, with the Comptroller and to post same on the District's website by the appropriate deadline.

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

Ms. Slater presented a Monthly Contract Deputy Report for the month of August, 2019, regarding FBCCO, a copy of which is attached hereto as **Exhibit B**.

Ms. Slater then discussed the renewal of the District's Agreement for Additional Law Enforcement Services with FBCCO (the "FBCCO Agreement"), and reported that PMI is in receipt of a new FBCCO Agreement between the District, Fort Bend County, Fort Bend County Municipal Utility District No. 34, of Fort Bend County, Texas ("No. 34") and Seven Meadows, with Seven Meadows as the primary signatory and representative of the District and No. 34, for the October 1, 2019, through September 30, 2020 term. She stated that PMI is currently awaiting a schedule of hourly rates in connection with same. The Board noted that no action item was required at this time.

PUBLIC HEARING REGARDING ADOPTION OF THE DISTRICT'S 2019 TAX RATE

The Board conducted a hearing regarding the imposition of a proposed debt service tax rate and a maintenance tax rate for 2019. It was noted that no taxpayer appeared at the hearing.

Upon motion made by Director Eynon, seconded by Director Battistini and unanimously carried, the hearing was closed.

CONSIDER LEVY OF THE DISTRICT'S 2019 TAX RATE

The Board then discussed the levying of the 2019 tax rate. Ms. Flores confirmed that notice had been published in *The Katy Times* newspaper, a copy of which notice is attached hereto as **Exhibit C**, in accordance with all legal requirements and as directed at the previous meeting. After discussion on the matter, Director Handal moved that: (i) the Board adopt the tax rate as proposed at the District's August 7, 2019, meeting and as reflected in the notice, being a 2019 debt service tax rate of \$0.33 per \$100 of valuation and a 2019 maintenance tax rate of \$0.095 per \$100 of valuation, resulting in a total 2019 tax rate of \$0.425 per \$100 of valuation; (ii) the Order Levying Taxes attached hereto as **Exhibit D** be adopted in connection therewith; and (iii) the Vice President be authorized to execute and the Secretary to attest same on behalf of the Board and the District. Director Eynon seconded said motion, which carried unanimously.

AMENDMENT TO DISTRICT INFORMATION FORM

Mr. Yeates presented to and discussed with the Board an Amendment to the Fourth Amended and Restated District Information Form ("DIF") relative to the District's 2019 tax rate. After discussion regarding the amendment to the DIF, Director Handal moved that (i) the DIF be approved, and (ii) the Board members present be authorized to execute same on behalf of the Board and the District. Director Battistini seconded said motion, which carried unanimously.

Mr. Burton entered the meeting at this time.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Flores presented to and reviewed with the Board the Tax Assessor-Collector Report for the month ending August 31, 2019, a copy of which is attached hereto as **Exhibit E**. After discussion, it was moved by Director Battistini, seconded by Director Eynon 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 October.

ENGINEER'S REPORT

Mr. Safe presented to and reviewed with the Board a written Engineer's Report, dated September 4, 2019, attached hereto as **Exhibit F**, 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.

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

Mr. Safe presented to and reviewed with the Board a Detention and Drainage Facilities Report dated August 27, 2019, for Little Prong Creek and corresponding photographs, attached hereto as **Exhibit G**. A discussion ensued regarding access to the Meadowbrook Farms Golf Course in order to perform necessary repairs discussed at the Board's June meeting, and the possibility of acquiring an access easement in order to facilitate such access. Following the discussion, the Board concurred that no action was necessary regarding the matter 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 July 2019, a copy of which is attached hereto as **Exhibit H**. Ms. May 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, 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 \$16.64 and one account to be referred to collections in the amount of \$101.07.

Ms. May next reported that she had obtained an estimate from Landscape Images of Texas for application of pre-emergent herbicide for burweed control at the District's Family Park and Dog Park in the amount of \$7,517.25. After discussion, the Board directed Ms. May to obtain an additional estimate for consideration by the Board at its next Board meeting.

Ms. May next advised the Board that Inframark has received a request from District customer Lai May Ching for an adjustment to her water bill which was abnormally high due to a leak, which has since been repaired. Ms. May asked that the Board consider authorizing Inframark to bill Ms. Ching at the District's lowest rate tier.

Ms. May next advised the Board that she is in receipt of two bids for the recoating of Lift Station No. 2 and is awaiting receipt of a third bid before presentation to the Board for consideration of same.

After discussion, Director Eynon moved that the Board authorize Inframark to (i) write off one account in the amount of \$16.64 and refer one account to collections in the amount of \$101.07, and (ii) bill Ms. Ching for the full amount of water usage at the District's lowest rate tier. Director Handal seconded the motion, which carried unanimously.

BOOKKEEPER'S REPORT AND BUDGET FOR FISCAL YEAR ENDING SEPTEMBER 30, 2020

Mr. Watson presented to and reviewed with the Board the Bookkeeper's Report dated September 4, 2019, a copy of which report is attached hereto as **Exhibit I**.

Mr. Watson next presented to and reviewed with the Board a draft budget for the District's fiscal year ending September 30, 2020, regarding the District's General Operating Fund, a copy of which is attached to the Bookkeeper's Report. After discussion, Director Handal moved that (i) the Bookkeeper's Report be approved and that the disbursements identified therein be approved for payment, except for check nos. 7988 and 7989, which were voided, and (ii) the draft budget for the General Operating Fund for the fiscal year ending September 30, 2020, be adopted. Director Battistini seconded said motion, which unanimously carried.

ELECTRICITY POOL CONTRACT

The Board next considered its participation in an electricity pool to be established by Acclaim Energy and MAC. In connection therewith, Mr. Burton presented and reviewed with the Board an electricity market update report, a copy of which is attached hereto as **Exhibit J**. He stated that the proposed contract term will begin at the end of the District's current electricity contract and run through April 30, 2029, thereby securing a long term supply of electricity for the District. Mr. Burton also presented to the board a Resolution Authorizing Entering into Contract for Pooled Purchase of Energy and authorizing Execution of Related Documents, attached hereto as part of **Exhibit J**. He advised that MAC is requesting Mr. Burton be authorized to secure pooled electricity pricing for the District, subject to the associated contract meeting the following conditions: (1) it have a price per Kwh not to exceed \$0.03875, (2) it have a term that runs from the end date of the District's current electricity contract through April 30, 2029, and (3) it be in a form approved by SPH, as further detailed in the attached Resolution. Following discussion, Director Handal moved that the Board approve the District's participation in the electricity pool, that Mr. Burton of MAC be authorized to negotiate and execute the pool contract on behalf of the District, subject to the above conditions and with such authorization to expire on November 30, 2019, if no contract is finalized by such date, and that the attached Resolution be approved and adopted by the District. Director Eynon seconded the motion, which unanimously carried.

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

The Board deferred consideration of the proposal from MFS regarding its EVO District Analysis and Metrics Report program.

DISTRICT WEBSITE

The Board deferred consideration of the continued operation of the District's website and requested that Mr. Roach attend the Board meeting scheduled for October 2, 2019, to make a presentation regarding same.

ATTORNEY'S REPORT

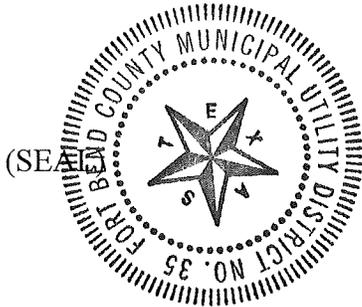
The Board considered the Attorney's Report. Mr. Yeates discussed new legislation from the 86th Regular Session of the Texas Legislature that will take effect on September 1, 2019, including HB 2840 (relating to public comment), SB 239 (relating to water bill notifications and recording of tax hearings), and SB 944 (relating to the Public Information Act). Mr. Yeates also presented to and reviewed with the Board a Memorandum regarding the recent legislative updates, a copy of which is attached hereto as **Exhibit K**.

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	Engagement Letter – BKD, LLP
Exhibit B	FBCCO Monthly Activity Report
Exhibit C	Water District Notice
Exhibit D	Order Levying Taxes
Exhibit E	Tax Assessor-Collector's Report
Exhibit F	Engineer's Report
Exhibit G	Champions Maintenance Report
Exhibit H	Operations and Maintenance Report
Exhibit I	Bookkeeper's Report
Exhibit J	Pool Electricity Market Update; Resolution Authorizing Entering into Contract for Pooled Purchase of Energy and Authorizing Execution of Related Documents
Exhibit K	SPH Memorandum Regarding Legislation Passed During the 86 th Regular Session of the Texas Legislature