

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 34,
OF FORT BEND COUNTY, TEXAS

Minutes of Meeting of Board of Directors

January 25, 2022

The Board of Directors ("Board") of Fort Bend County Municipal Utility District No. 34, of Fort Bend County, Texas ("District") met at 1300 Post Oak Boulevard, Suite 2500, Houston, Texas 77056, on January 25, 2022, 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 of Directors, as follows:

Billy E. Haehnel, President
James Marken, Vice-President
Jose Torres, Secretary
Craig A. Hajovsky, Assistant Secretary
Sean Piper, Assistant Secretary

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

Also present were: Kristen Scott of Bob Leared Interests ("BLI"), who entered later in the meeting, as noted herein; Taylor Watson of Municipal Accounts & Consulting, L.P. ("MAC"); Sherri Greenwood of BKD, LLP ("BKD"); Jerry Schroeder and Luis Cebrian of Champions Hydro-Lawn, Inc. ("Champions"); Justin Klump of Storm Water Solutions, LLC ("SWS"); Bernita Armstrong of Principal Management Group of Houston ("PMI"), Community Manager for Seven Meadows Community Association, Inc. ("Seven Meadows"); Keith Arrant of Municipal Operations & Consulting, Inc. ("MOC"); Jeff Safe of BGE, Inc. ("BGE"), 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 began by opening the meeting for public comments. The Board deferred consideration of comments from the public as no comments were offered.

APPROVE MINUTES

The Board considered approval of the minutes of its meeting held on November 23, 2021. After discussion, Director Torres moved that the minutes for said meetings be approved, as written. Director Marken seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

The Board next considered the Bookkeeper's Report. In connection therewith, Mr.

Watson presented to and reviewed with the Board the Bookkeeper's Report dated January 25, 2022, a copy of which is attached hereto as **Exhibit A**. After discussion, Director Torres moved that the Bookkeeper's Report be approved and that the disbursements identified therein be approved for payment, except for check no. 10066, which was voided. Director Hajovsky seconded said motion, which unanimously carried.

Ms. Scott and Mr. Safe entered the meeting during the above discussion.

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. Mr. Yeates advised that pursuant to the Public Funds Investment Act, the Board is required to review such list at least annually. Mr. Yeates 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**. Mr. Yeates 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 Hajovsky 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 Marken seconded said motion, which unanimously carried.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Scott next presented to and reviewed with the Board the Tax Assessor-Collector's Reports dated November 30, 2021, and December 31, 2021, copies of which are attached hereto as **Exhibit C**. After discussion, Director Torres moved that the Tax Assessor-Collector Report be approved and the disbursements identified therein be approved for payment. Director Hajovsky seconded said motion, which unanimously carried.

BUSINESS LIST UPDATE FOR STRATEGIC PARTNERSHIP AGREEMENT ("SPA") WITH CITY OF HOUSTON ("COH")

Ms. Scott next discussed with the Board the annual update of a list of businesses in the District in compliance with the District's SPA with the COH. She advised the Board that BLI timely submitted an updated list of businesses located within the District's SPA boundaries to the COH on January 24, 2022.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Mr. Yeates 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, as amended. He 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 2022, 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 2022, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. After further discussion of the matter, Director Torres moved that the District (a) not grant a residential homestead exemption, and (b) grant an exemption of \$30,000 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 2022, and that the Resolution, attached hereto as **Exhibit D**, relative to same be passed and adopted by the Board and District. Director Hajovsky seconded said motion, which unanimously carried.

DELINQUENT TAX REPORT

Mr. Yeates presented to and reviewed with the Board a Delinquent Tax Report dated January 25, 2022, from Perdue, Brandon, Fielder, Collins, and 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 that there were no action items contained 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. Mr. Yeates 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 Marken, seconded by Director Torres 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 be authorized to collect delinquent personal property taxes beginning April 1, 2022, including the filing of lawsuits, if necessary.

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, 2021. In connection therewith, Ms. Greenwood presented and reviewed in detail with the Board a draft of the audit report prepared by BKD, 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 G**. 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 Hajovsky, seconded by Director Torres and unanimously carried, that (i) the audit report for the fiscal year ended September 30, 2021, 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

Mr. Yeates advised the Board that the annual continuing disclosure report, due March 30, 2022, will be filed by the District's disclosure counsel after the audit has been finalized.

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS ("COMPTROLLER") SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Mr. Yeates 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. Mr. Yeates recommended that BKD be authorized to prepare and submit the information for the 2022 reporting period. After discussion on the matter, it was moved by Director Marken, seconded by Director Torres and unanimously carried, that BKD be authorized to prepare the required information for the 2022 reporting period and submit same to the Comptroller for inclusion in the Special Purpose District Information Database no later than April 1, 2022.

CHAMPIONS REPORT – MAINTENANCE OPERATIONS AT LITTLE PRONG CREEK

Mr. Schroeder next presented to and reviewed with the Board a Detention and Drainage Facilities Report ("D&D Report") dated January 25, 2022, prepared by Champions, for Little Prong Creek and corresponding photographs, a copy of which is attached hereto as **Exhibit H**. In connection therewith, he noted the condition of an approximate 300-foot portion of Little Prong Creek at Fry Road, which was previously repaired by Double Oak Erosion ("Double Oak") utilizing the SOX erosion repair system, as depicted in the D&D Report. Mr. Safe advised the Board that BGE is aware of the situation and has contacted Double Oak to repair and rehabilitate the area.

STORMWATER MANAGEMENT PROGRAM ("SWMP")

The Board considered the status of the District's SWMP. In that regard, Mr. Klump presented to and reviewed with the Board the Year 3 Annual Report for the District's SWMP (the "Annual Report") and a summary of the Year 4 training and goals under same ("Training Summary"), copies of which are attached hereto as **Exhibit I**. He next presented a utility bill insert regarding stormwater runoff and prevention of stormwater pollution, a copy of which is included in **Exhibit I**, which is to be included in upcoming water bills to the District's customers. Director Hajovsky requested that SWS revise the proposed utility bill insert to reflect the names of the District and of Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas ("No. 35"). After discussion, Director Marken moved that: (i) the Annual Report be

approved as presented, and that the President be authorized to execute same on behalf of the Board and the District; and (ii) the utility bill insert be approved, subject to revision as discussed above. Director Hajovsky seconded the motion, which carried unanimously.

Mr. Klump next began his training session with the Board and other District consultants. The topic of the Year 4 training being stormwater pollution prevention, the minimum control measures required and bacteria-specific elements. Mr. Klump explained the importance of keeping household hazardous waste, pet waste, and yard waste out of the storm sewers, to prevent adding to bacterial impairment. He then continued with the training, thoroughly explaining the sources of bacteria and outlining the program elements of the SWMP that deal with these sources.

COMMUNICATIONS REPORT

Mr. Yeates next presented to and reviewed with the Board a Communications Meeting Report prepared by Touchstone District Services dated January 25, 2022, a copy of which is attached hereto as **Exhibit J**, regarding the District's customer messaging system. The Board noted that no action was required in connection with the Communications Meeting Report at this time.

RECEIVE FORT BEND COUNTY CONSTABLE'S OFFICE PRECINCT 3 ("FBCCO") ACTIVITY REPORTS

Mr. Yeates presented to and reviewed with the Board the FBCCO Activity Reports for the months of November and December 2021, copies of which are attached hereto as **Exhibit K**. Following discussion, the Board noted there were no action items in the reports.

INTERLOCAL AGREEMENT FOR ADDITIONAL LAW ENFORCEMENT SERVICES

The Board deferred consideration of the proposed renewal of the Interlocal Agreement for Law Enforcement Services by and between the District, Fort Bend County (the "County"), Seven Meadows, and No. 35 (the "Agreement"), noting that the proposed renewal Agreement has not yet been received from the County.

DEVELOPER REPORTS

The Board next considered the developers' reports. In connection therewith, Mr. Yeates addressed the Board regarding the status of development of The Haven at Seven Lakes by TRI Pointe.

OPERATIONS AND MAINTENANCE REPORT

Mr. Arrant presented to and reviewed with the Board the Monthly Operations Report ("O&M Report"), a copy of which is attached hereto as **Exhibit I**, for December 2021 prepared by MOC. In connection therewith, he reported that the District had 93% water accountability for the reporting period. Mr. Arrant next provided a status update regarding the District's completion of the 2021 Larry's Toolbox Program (the "2021 Program"). In connection therewith,

he reported that Water Logic completed the irrigation system evaluation conducted in connection with the District's participation in the Homeowners Association/Golf Course Irrigation System Evaluation and Water Budget Initiative. Mr. Arrant next requested that the Board authorize MOC to provide required information to districts that received water from the District during 2021 prior to the April 1, 2022 deadline, in connection with preparation of Consumer Confidence Reports. Following discussion, Director Hajovsky moved that MOC be authorized to provide the necessary information to districts that received water from the District during 2021 prior to the April 1, 2022 deadline. Director Marken seconded the motion, which unanimously carried.

Mr. Arrant next requested that an amendment to MOC's contract with the District be added to next month's agenda for the Board's review and consideration. He advised the Board that the proposed amendment includes a rate adjustment to address rising costs.

NORTH FORT BEND WATER AUTHORITY ("NFBWA") LARRY'S TOOLBOX PROGRAM 2021 REPORT AND 2022 ENROLLMENT

Mr. Arrant advised that the District has acquired the 9 points necessary to qualify for the 2021 Program. The Board deferred consideration of the District's participation in the 2022 Larry's Toolbox Program (the "2022 Program").

NFBWA EFFLUENT REUSE PROJECT

The Board deferred consideration of the District's proposed participation in the NFBWA effluent reuse program.

ENGINEER'S REPORT

Ms. Safe presented to and reviewed with the Board a written Engineer's Report, dated January 25, 2022, a copy of which is attached hereto as **Exhibit M**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein. In connection with the proposed purchase of a permanent emergency diesel generator to be installed at the joint Remote Well site, Mr. Safe reported that BGE received one (1) bid through The Interlocal Purchasing System program ("TIPS Program") from Worldwide Power Products ("WPP") in the amount of \$235,150 for purchase and delivery of a 650 kW Caterpillar C18 emergency diesel generator (the "650 kW Caterpillar Generator"), a copy of which is included with the Engineer's Report. He noted that WPP's bid does not include unloading and installation, or any electrical work that may be required in connection therewith. Mr. Safe further noted that the current lead time for delivery of the 650 kW Caterpillar Generator is estimated to be between 49 and 51 weeks. With regard thereto, Mr. Safe reported that, in coordination with WPP, BGE is currently investigating the proposed purchase of a larger generator which, he advised, may end up costing less and possibly may be delivered earlier than the 650 kW Caterpillar Generator. After discussion, the Board concurred to designate Directors Haehnel and Marken to serve on a generator sub-committee to work with BGE between meetings to review the matter and provide BGE with direction regarding same.

UTILITY COMMITMENT REQUESTS

The Board deferred action regarding utility commitments as no additional requests were made this month.

RENEWAL OF DISTRICT INSURANCE COVERAGES

The Board discussed obtaining insurance proposals for the 2022-2022 term. Mr. Yeates advised the Board that the District's current insurance coverages through Arthur J. Gallagher & Co. ("AJG") are set to expire on March 31, 2022. After discussion on the matter, Director Hajovsky 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, 2022. Director Marken seconded the motion, which unanimously carried.

MATTERS RELATED TO MAY 7, 2022 DIRECTORS ELECTION

Mr. Yeates reported on issues related to the District's Directors Election to be held on May 7, 2022 (the "Election"). In connection therewith, Mr. Yeates presented to and discussed with the Board a memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit N**, regarding (i) participation in the joint election with Fort Bend County (the "County"), (ii) publication of notice regarding accessible voting systems, and (iii) posting of Notice Regarding Candidate Filing Period. Mr. Yeates advised that the County will administer the Election if the District participates in the County's joint election. He further noted that if the District elects not to contract with the County and to hold an independent Election, Section 49.111, Texas Water Code, provides an exemption from the requirement to provide certain electronic voting systems at the Election if the District's previous directors election was canceled as uncontested or if fewer than 250 voters voted in the District's previous directors election. Mr. Yeates noted that the District is exempt from said requirement because the District's previous directors election was canceled. Following discussion, it was moved by Director Torres that: (i) the District independently conduct the Election; (ii) SPH be authorized to provide notice of the District's intent to provide electronic voting systems for said Election by publication in a newspaper of general circulation in an area that includes the District, and (iii) authorization for SPH to post the required Notice Regarding Candidate Filing Period be ratified in all respects.

SUPPLEMENTAL AGENDA

The Board considered the calling of a Directors Election in accordance with the requirements of the Texas Water Code. There was presented the Order Calling Directors Election (the "Order"), attached hereto as **Exhibit O**, calling such election to be held on May 7, 2022. It was noted that the terms of office of Directors Marken, Torres and Hajovsky expire in May of this year. In reviewing the Order with the Board, Mr. Yeates advised that the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Directors Election, and that the Order named Melanie Walsh as such agent (the "Election Agent"). Mr. Yeates further advised the Board that notice of

the Directors Election must be given in accordance with the requirements of the Texas Election Code. He advised the Board that notice of the Directors Election could be given by one or more of the following methods: (i) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before the election; (ii) posting the notice at a public place in the District at least twenty-one (21) days before the election; or (iii) mailing the notice to each registered voter in the District at least ten (10) days before the election. Following discussion of the options, the Board concurred that notice of the Directors Election be given by posting same at a public place in the District. After discussion on the matter, Director Torres moved that said Order be passed and adopted, that the President and Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Directors Election in accordance with the Order. Director Hajovsky seconded said motion, which unanimously carried. Mr. Yeates advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 22, 2022, the Board may thereafter cancel the Directors Election in accordance with the Texas Election Code.

The Board considered the establishment of fees to be paid to officials for the Directors Election. Mr. Yeates advised the Board that in accordance with the Texas Election Code, the rate of pay for judges and clerks shall be determined by the Board, but shall not be less than the federal minimum wage rate. After discussion on the matter, Director Torres moved that the judges and clerks for the Directors Election, including early voting clerks, be paid \$25.00 per hour. Director Hajovsky seconded said motion, which unanimously carried.

DISCUSSION REGARDING POTENTIAL SPECIAL MEETING SCHEDULE FOR NOVEMBER AND DECEMBER

The Board deferred consideration of a potential special meeting schedule for November and December.

ATTORNEY'S REPORT

The Board considered the Attorney's Report. In connection therewith, Mr. Yeates presented and reviewed with the Board a memorandum from the NFBWA regarding the 2022 appointment process for the Board of Directors of the NFBWA and advised that the Board can nominate one person to the Board of Directors of the NFBWA to fill the Precinct No. 4 Director position. A copy of said memorandum is attached hereto as **Exhibit P**. After discussion, the Board declined to nominate a candidate to serve on the Board of Directors of the NFBWA.

CLOSED SESSION

The President announced at 2:00 p.m. that the Board would convene in Closed Session pursuant to Texas Government Code Section 551.071. Those in attendance, with the exception of the Board, Mr. Yeates and Ms. Walsh, exited at this time.

RECONVENE IN REGULAR SESSION

The Board reconvened in Regular Session at 2:34 p.m. No action was taken by the Board relative to matters discussed in Closed Session.

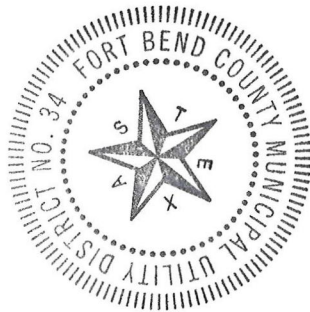
FUTURE AGENDA ITEMS

The Board considered items to be placed on future agendas. After consideration, no specific items other than routine and ongoing matters and those items already discussed above were requested.

ADJOURNMENT OF MEETING

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

(SEAL)





Assistant Secretary, Board of Directors

TABLE OF EXHIBITS

January 25, 2022

Exhibit A:	Bookkeeper's Report
Exhibit B:	Resolution Adopting List of Qualified Brokers
Exhibit C:	Tax Assessor-Collector Reports
Exhibit D:	Resolution Concerning Exemptions from Taxation
Exhibit E:	Delinquent Tax Report
Exhibit F:	Resolution Authorizing Additional Penalty on Delinquent Personal Property Taxes
Exhibit G:	Draft Audit Report; draft Management Letter and management's response
Exhibit H:	Detention and Drainage Facilities Report
Exhibit I:	SWMP Annual Report and Training Summary; utility bill insert
Exhibit J:	Communications Meeting Report
Exhibit K:	Monthly Contract Deputy Reports
Exhibit L:	Monthly Operations Report
Exhibit M:	Engineer's Report
Exhibit N:	Memorandum regarding May 7, 2022 Directors Election
Exhibit O:	Order Calling Directors Election
Exhibit P:	Memorandum from North Fort Bend Water Authority