

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

Minutes of Meeting of Board of Directors

October 26, 2021

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 1400, Houston, Texas 77056, on October 26, 2021, 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: Patty Rodriguez of Bob Leared Interests ("BLI"); Sherri Greenwood of BKD, LLP ("BKD"); Cindy Grimes of Municipal Accounts & Consulting, L.P. ("MAC"); Kim Cosco of Champions Hydro-Lawn, Inc. ("Champions"); Matt Haire of Principal Management Group of Houston ("PMI"), Community Manager for Seven Meadows Community Association, Inc. ("Seven Meadows"); Lieutenant Brandon Bolin of Fort Bend County Precinct 3 Constable's Office ("FBCCO"); Daniel Gillham of TRI Pointe Homes ("TRI Pointe"); Keith Arrant of Municipal Operations & Consulting, Inc. ("MOC"); Jeff Safe of BGE, Inc. ("BGE"); 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. Director Haehnel addressed the Board regarding numerous complaints received by the Hickory Creek Homeowners Association ("Hickory Creek HOA") concerning commercial vehicles being parked near the community park and along Cansfield Way. Director Haehnel noted that this has been an ongoing issue and inquired whether the Board has any objections to the installation of No Parking signs by the HOA, which would prohibit parking in the area from 7:00 p.m. until 7:00 a.m. After discussion, the Board offered no objection to the installation of such signage.

APPROVE MINUTES

The Board considered approval of the minutes of its meeting held on September 28, 2021. After discussion, Director Torres moved that the minutes for said meetings be approved, as written. Director Hajovsky seconded said motion, which unanimously carried.

APPROVAL OF AUDIT RELATIVE TO DISBURSEMENT OF PROCEEDS FROM THE DISTRICT'S \$5,285,000 UNLIMITED TAX BONDS, SERIES 2021

The Board considered the approval of an Audit Report relative to the District's \$5,285,000 Unlimited Tax Bonds, Series 2021 ("Series 2021 Bonds") and the disbursement of bond proceeds in accordance therewith. In that regard, Ms. Greenwood reviewed with the Board an Audit Report prepared by BKD in connection with the payment of funds to TRI Pointe, a copy of which is attached hereto as **Exhibit A**. Mr. Yeates then discussed a partial payment to TRI Pointe at of the District's Board meeting in November and recommended that the Board defer authorization to disburse funds from the proceeds of the Series 2021 bonds to TRI Pointe until such time. Following discussion, the Board concurred to pay TRI Pointe fifty-percent (50%) of the amount specified in the Audit Report in November, with the balance to be paid to TRI Pointe in accordance with terms of the utility development Agreement with TRI Pointe. After discussion, it was moved by Director Hajovsky, seconded by Director Marken and unanimously carried, that the Audit Report be approved by the Board.

APPROVAL OF INTERNAL REVENUE SERVICE FORM 8038-G RELATIVE TO THE DISTRICT'S SERIES 2021 BONDS

The Board considered authorizing the execution and filing of Internal Revenue Service Reporting Form 8038-G relative to the issuance of the District's Series 2021 Bonds. After discussion on the matter, it was moved by Director Hajovsky, seconded by Director Marken and unanimously carried, that the President be authorized to execute said form on behalf of the Board and the District.

CORRESPONDENCE FROM BOND COUNSEL REGARDING EXPENDITURE AND INVESTMENT OF BOND PROCEEDS AND INTERNAL REVENUE SERVICE RESTRICTIONS ON SAME IN CONNECTION WITH THE DISTRICT'S SERIES 2021 BONDS

Mr. Yeates presented and reviewed correspondence from SPH, as Bond Counsel for the issuance of the Series 2021 Bonds, addressed to the Board of Directors regarding certain provisions of the federal tax law and regulations of the Internal Revenue Service ("IRS") pertaining to the expenditure and investment of proceeds of the Series 2021 Bonds. A copy of such correspondence is attached hereto as **Exhibit B**. He advised the Board that certain periodic reviews and reports are required in order to monitor compliance with the requirements set forth therein and that arbitrage rebate or yield reduction payments could be required to be made based on said review and reports. Mr. Yeates also explained that the District's bookkeeper would monitor investment rates and that the District's financial advisor would review the debt service fund balance and coverage in connection with the annual tax rate recommendation. Mr. Yeates advised the Board, however, that compliance with the IRS requirements is ultimately the responsibility of the Board of Directors.

CONSIDER AND ACT UPON ANY OTHER MATTERS IN CONNECTION WITH THE ISSUANCE OF THE DISTRICT'S SERIES 2021 BONDS

The Board considered authorizing the execution of various closing documents relative to the District's Series 2021 Bonds, including the District's Receipt, a No-Litigation Certificate, and

a Federal Tax Certificate. After discussion on the matter, it was moved by Director Hajovsky, seconded by Director Marken, and unanimously carried, that the President be authorized to execute such closing documentation and the Secretary to attest same on behalf of the Board and the District, and that SPH be authorized to handle closing on the sale of the series 2021 Bonds.

TAX ASSESSOR-COLLECTOR'S REPORT

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

DELINQUENT TAX REPORT

Mr. Yeates presented to and reviewed with the Board a Delinquent Tax Report dated October 26, 2021, from Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue"), the District's delinquent tax collections attorneys, a copy of which is attached hereto as **Exhibit D**. The Board noted there were no action items in the report. Mr. Yeates stated that the next quarterly report will be provided in January.

BOOKKEEPER'S REPORT

The Board next considered the Bookkeeper's Report. In connection therewith, Ms. Grimes presented to and reviewed with the Board the Bookkeeper's Report dated October 26, 2021, a copy of which is attached hereto as **Exhibit E**. After discussion, Director Torres moved that the Bookkeeper's Report be approved and that the disbursements identified therein be approved for payment. Director Hajovsky seconded said motion, which unanimously carried.

COMPLIANCE BY DISTRICT WITH TEXAS GOVERNMENT CODE, CHAPTER 2264 RELATIVE TO ENERGY REPORTING REQUIREMENTS

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, Ms. Grimes presented to and reviewed with the Board a Cost and Usage Report, a copy of which is attached to the Bookkeeper's Report. Mr. Yeates noted that said report satisfies the statutory reporting requirements and no further action is required by the Board.

CHAMPIONS REPORT – MAINTENANCE OPERATIONS AT LITTLE PRONG CREEK

Mr. Cosco next presented to and reviewed with the Board a Detention and Drainage Facilities Report ("D&D Report") dated October 26, 2021, prepared by Champions, for Little Prong Creek and corresponding photographs, a copy of which is attached hereto as **Exhibit F**. After discussion, the Board requested that Champions prepare a proposal for slope repairs

relative to an area of erosion located near the golf cart crossing on Little Prong Creek for consideration at its next meeting. The Board noted that no action was required on its part in connection with the D&D Report at this time.

STORMWATER MANAGEMENT PROGRAM ("SWMP")

The Board next considered the status of the District's SWMP. Mr. Yeates noted that there were no updates at this time.

COMMUNICATIONS REPORT

Mr. Yeates next presented to and reviewed with the Board a Communications Meeting Report prepared by Touchstone District Services dated October 26, 2021, a copy of which is attached hereto as **Exhibit G**, 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 AND UPDATES REGARDING FLOCK SAFETY SYSTEM

Lt. Bolin presented to and reviewed with the Board the FBCCO Activity Report for the month of September 2021, a copy of which is attached hereto as **Exhibit H**. Director Hajovsky reiterated the Board's previous request that the FBCCO include information relative to the responding officers, as well as a more detailed and complete list of activity within the District, on the reports going forward. Lt. Bolin advised that he will convey the Board's request to Chief Deputy Hermann. Following discussion, the Board noted there were no action items in the report.

Lt. Bolin exited the meeting at this time.

INTERLOCAL AGREEMENT FOR ADDITIONAL LAW ENFORCEMENT SERVICES

Mr. Haire next reported that the proposed renewal of the Interlocal Agreement for Law Enforcement Services by and between the District, Fort Bend County (the "County"), Seven Meadows, and Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas ("No. 35") for the 2021 – 2022 term (the "Agreement") is still being prepared by the County. He advised the Board that the FBCCO will continue to provide law enforcement services on a month to month basis, per the terms of the previous Agreement.

STATUS OF INSTALLATION OF WARNING SIGNS

The Board next considered the status of installation of warning signs by certain bodies of water within the District. In connection therewith, Mr. Haire advised that said signs have been fabricated and he will consult the exhibit prepared by Champions to confirm the locations for installation of same.

DEVELOPER REPORTS

The Board next considered the developers' reports. In connection therewith, Mr. Gillham 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 September 2021 prepared by MOC. In connection therewith, he reported that the District had 94% water accountability for the reporting period. He also presented a list of four (4) delinquent accounts to be moved to the uncollectible roll in the total amount of \$1,560.39. Mr. Arrant reported that the installation of sixty feet (60') of gutter and four (4) down spouts on the existing pavilion at the District's Splash Pad site is still pending. Mr. Arrant next presented to and reviewed with the Board a proposed five-year Sanitary Sewer Televising Inspection Schedule, a copy of which is included in **Exhibit I**, and requested that the Board authorize MOC to proceed with Schedule A (Year 1 of 5). Mr. Arrant and Mr. Safe then responded to various questions from the Board regarding the schedule. After discussion, the Board concurred to defer authorization for MOC to proceed as requested and requested that MOC provide a proposal to conduct the sanitary sewer televising inspections described in Schedule A for consideration by the Board. It was then moved by Director Hajovsky, seconded by Director Marken and unanimously carried, that MOC be authorized to move four (4) accounts totaling \$1,560.39 to the uncollectible roll, as reflected in the O&M Report.

Mr. Arrant next presented to and reviewed with the Board correspondence dated October 1, 2021, from the Texas Commission on Environmental Quality, a copy of which is included in **Exhibit I**, regarding minimization of Naegleria fowler exposure in public water supplies. Mr. Arrant advised the Board that MOC already follows all of the recommended procedures outlined in said correspondence and that no action is required by the Board at this time.

IMPLEMENTATION OF SENATE BILL 3 FROM 87TH LEGISLATIVE SESSION

A discussion next ensued regarding the implementation of Senate Bill No. 3 from the 87th Texas Legislative Session ("S.B. 3"). In connection therewith, Mr. Yeates presented to and reviewed with the Board a memorandum prepared by SPH regarding the implementation of the requirements of such S.B. 3, a copy of which is attached hereto as **Exhibit J**. He then requested that the Board consider amending the District's Rate Order to include certain language regarding billing and service termination matters during extreme weather emergencies. Mr. Yeates then presented an amended District Rate Order, which is included with Exhibit J, which incorporates such language pursuant to S.B. 3. After discussion on the matter, Director Marken moved that the District's Rate Order be amended to include the recommended language regarding billing and service termination matters during extreme weather emergencies, as discussed, that any and all Rate Orders heretofore adopted be revoked and that the Rate Order, attached hereto be passed and adopted. Director Torres seconded the motion, which carried unanimously.

NORTH FORT BEND WATER AUTHORITY EFFLUENT REUSE PROJECT

The Board next considered the District's proposed participation in the North Fort Bend Water Authority's ("NFBWA") effluent reuse program. In connection therewith, Mr. Yeates reported that the NFBWA is currently preparing a proposal for consideration by the Board.

Mr. Gillham exited the meeting at this time.

ENGINEER'S REPORT

Ms. Safe presented to and reviewed with the Board a written Engineer's Report, dated October 26, 2021, a copy of which is attached hereto as **Exhibit K**, 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 on its part in connection with the Engineer's Report at this time.

INTERLOCAL AGREEMENT WITH REGION VIII EDUCATION SERVICE CENTER ("REGION VIII"); ADOPTION OF RESOLUTION IN CONNECTION THEREWITH

Mr. Yeates next addressed the Board concerning the District's proposed participation in a cooperative purchasing program in order to realize savings and economies of scale by cooperatively procuring materials, supplies, goods, services, or equipment. In that regard, he presented to and reviewed with the Board an Interlocal Agreement with Region VIII Education Service Center ("Region VIII") relative to the District's participation in The Interlocal Purchasing System Program ("TIPS Program"), as well as a Resolution relative to same, attached hereto as **Exhibit L**. He advised the Board that SPH has reviewed the documents and has no objections to same. After discussion, it was move by Director Hajovsky, seconded by Director Marken and unanimously carried, that the Board (i) approve the Interlocal Agreement with Region VIII and authorized the President to execute same on behalf of the Board and the District, and (ii) adopt the Board Resolution relative to the District's enrollment in the TIPS Program.

UTILITY COMMITMENT REQUESTS

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

ATTORNEY'S REPORT

The Board considered the Attorney's Report. In connection therewith, Mr. Yeates requested that the Board consider its meeting schedule for November and December. After discussion, the Board concurred that no changes be made to the Board's regular meeting schedule in November and December of this year.

CLOSED SESSION

The Board determined that it would not be necessary to meet in Closed Session at this time.

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.



Cynthia Torres
Asst. Secretary, Board of Directors

TABLE OF EXHIBITS

October 26, 2021

- Exhibit A: Audit Report prepared by BKD, LLP in connection with Series 2021 Bonds
- Exhibit B: Correspondence from SPH regarding Certain Provisions of the Federal Tax Law and Regulations of the Internal Revenue Service in connection with Series 2021 Bonds
- Exhibit C: Tax Assessor-Collector Report
- Exhibit D: Delinquent Tax Report
- Exhibit E: Bookkeeper's Report
- Exhibit F: Detention and Drainage Facilities Report
- Exhibit G: Communications Meeting Report
- Exhibit H: Monthly Contract Deputy Report
- Exhibit I: Monthly Operations Report; Five-Year Sanitary Sewer Televising Inspection Schedule; TCEQ correspondence dated October 1, 2021
- Exhibit J: SPH Memorandum regarding implementation of S.B. 3; Amended Rate Order
- Exhibit K: Engineer's Report
- Exhibit L: Interlocal Agreement with Region VIII; Resolution regarding TIPS