

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

Minutes of Meeting of Board of Directors

September 28, 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 September 28, 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, who entered later in the meeting as noted herein, thus constituting a quorum.

Also present were: Kristen Scott of Bob Leared Interests ("BLI"); Christine Crotwell of Masterson Advisors LLC ("Masterson"); Sherri Greenwood of BKD, LLP ("BKD"); Taylor Watson of Municipal Accounts & Consulting, L.P. ("MAC"); Jerry Schroeder 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"); Daniel Gillham of TRI Pointe Homes ("TRI Pointe"); Keith Arrant of Municipal Operations & Consulting, Inc. ("MOC"); Jeff Safe of BGE, Inc. ("BGE"); Robert Ponville, President of the Board of Directors of Seven Meadows; 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. Mr. Ponville addressed the Board regarding the proposed purchase and installation of a permanent emergency diesel generator at the remote water well site and encouraged the Board not to proceed with same.

APPROVE MINUTES

The Board considered approval of the minutes of its meeting held on August 24, 2021. After discussion, Director Torres moved that the minutes for said meetings be approved, as written. Director Hajovsky seconded said motion, which unanimously carried.

PUBLIC HEARING REGARDING ADOPTION OF THE DISTRICT'S 2021 TAX RATE

The Board next conducted a hearing regarding the imposition of a proposed debt service tax rate and a maintenance tax rate for 2021. After noting that no taxpayer testimony was offered, the hearing was closed by concurrence of the Board.

Director Piper entered the meeting at this time.

CONSIDER LEVY OF THE DISTRICT'S 2021 TAX RATE

The Board then discussed the levying of the 2021 tax rate. Ms. Scott confirmed that notice had been published in *The Katy Times* newspaper, a copy of which notice is attached hereto as **Exhibit A**, in accordance with all legal requirements and as directed at the previous meeting. After discussion on the matter, Director Hajovsky moved that: (i) the Board adopt the tax rate as proposed at the District's August 24, 2021, meeting and as reflected in the notice, being a 2021 debt service tax rate of \$0.34 per \$100 of valuation and a 2021 maintenance tax rate of \$0.27 per \$100 of valuation, resulting in a total 2021 tax rate of \$0.61 per \$100 of valuation; (ii) the Order Levying Taxes attached hereto as **Exhibit B** be adopted in connection therewith, and (iii) the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District. Director Torres seconded said motion, which carried unanimously.

AMENDMENT TO DISTRICT INFORMATION FORM

Mr. Yeates presented to and discussed with the Board an Amendment to the Second Amended and Restated District Information Form ("Amended DIF") relative to the District's 2021 tax rate. After discussion regarding the amendment to the Amended DIF, Director Hajovsky moved that (i) the Amended DIF be approved, and (ii) the Board members present be authorized to execute same on behalf of the Board and the District. Director Marken seconded said motion, which carried unanimously.

RECEIVE AND ACT UPON BIDS FOR PURCHASE OF DISTRICT'S \$5,285,000 UNLIMITED TAX BONDS, SERIES 2021

Ms. Crotwell next advised the Board that, pursuant to a notice published as required by law, public bids for the purchase of the District's proposed \$5,285,000 Unlimited Tax Bonds, Series 2021 ("Series 2021 Bonds"), were to be received at this time and place. In that regard, she presented to and reviewed with the Board a summary of the six (6) bids received, together with a Pricing Book, copies of which are attached hereto as **Exhibit C**. Ms. Crotwell noted that the District had received an underlying rating of A- from Standard & Poor's Global Ratings. Ms. Crotwell reported that the low bid was submitted by SAMCO Capital Markets, Inc. ("SAMCO"), at a net effective interest rate of 2.171382%. Ms. Crotwell advised the Board that Masterson has verified the accuracy of the bid submitted by SAMCO for the purchase of the Series 2021 Bonds and recommended that such bid be accepted by the Board. Ms. Crotwell noted that SAMCO had opted to purchase bond insurance from Build America Mutual Assurance Company. After a discussion of the bids received, it was moved by Director Hajovsky, seconded by Director Torres and unanimously carried, that the Board accept SAMCO's bid for the purchase of the Series 2021 Bonds at a net effective interest rate of 2.171382%, subject to the receipt of a Texas Ethics Commission ("TEC") Form 1295 from SAMCO.

ADOPTION OF ORDER AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF THE SERIES 2021 BONDS (THE "BOND ORDER")

There was next presented to the Board the Bond Order attached hereto as **Exhibit D** for the issuance of the Series 2021 Bonds. Mr. Yeates reviewed said Bond Order in detail with the Board. Following discussion, it was moved by Director Hajovsky, seconded by Director Torres

and unanimously carried, that said Bond Order be passed and adopted and that the President be authorized to execute the Bond Order and Secretary to attest same on behalf of the Board and District.

APPROVAL AND DISTRIBUTION OF FINAL OFFICIAL STATEMENT RELATIVE TO THE DISTRICT'S SERIES 2021 BONDS

As the next order of business, there was a discussion regarding the completion of the Final Official Statement to be prepared by Masterson, as the District's Financial advisor, in connection with the sale of the Series 2021 Bonds. After discussion on the matter, it was moved by Director Hajovsky, seconded by Director Torres and unanimously carried, that Masterson be authorized to complete the Final Official Statement, dated as of the meeting date, and that same be approved by the Board and District as final.

APPROVAL AND EXECUTION OF PAYING AGENT/REGISTRAR AGREEMENT IN CONNECTION WITH THE DISTRICT'S SERIES 2021 BONDS

The Board considered and reviewed a Paying Agent/Registrar Agreement (the "Agreement") by and between the District and Regions Bank relative to the Series 2021 Bonds. Mr. Yeates reviewed the various provisions of the Agreement with the Board. After discussion of the Agreement presented, it was moved by Director Hajovsky, seconded by Director Torres and unanimously carried, that said Agreement be approved and that the President be authorized to execute the Agreement on behalf of the Board and the District.

ACT UPON ANY OTHER MATTERS CONCERNING THE DISTRICT'S SERIES 2021 BONDS

As the next order of business, the Board considered acting upon any other matters relative to the sale of the Series 2021 Bonds, including authorizing the execution of various documents by the President and Secretary in connection therewith. In that regard, Mr. Yeates presented to and reviewed with the Board the General Certificate, the Signature Identification and No-Litigation Certificate, the letter of instruction to the Attorney General, the Initial Bonds, and other documents related to the sale of the District's Series 2021 Bonds. After discussion on said matters, it was moved by Director Hajovsky, seconded by Director Torres and unanimously carried, that said documents be approved by the Board, that the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District, and that SPH be authorized to handle all matters in connection with the sale of the Series 2021 Bonds.

ENGAGEMENT OF AUDITOR FOR PREPARATION OF AUDIT RELATIVE TO DISBURSEMENT OF PROCEEDS FROM THE DISTRICT'S SERIES 2021 BONDS

The Board considered the engagement of an auditor to conduct an audit relative to the disbursement of funds from the proceeds of the Series 2021 Bonds. After discussion on the matter, it was moved by Director Hajovsky, seconded by Director Torres and unanimously carried, that BKD be engaged to conduct such audit, subject to the receipt of a TEC Form 1295 from BKD.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Scott next presented to and reviewed with the Board the Tax Assessor-Collector's

Report dated August 31, 2021, a copy of which is attached hereto as **Exhibit E**. After discussion, Director Hajovsky moved that the Tax Assessor-Collector Report be approved and the disbursements identified therein be approved for payment. Director Marken seconded said motion, which unanimously carried.

AMENDMENT TO AGREEMENT FOR SERVICES OF TAX ASSESSOR AND COLLECTOR

Ms. Scott next reminded the Board that at last month's Board meeting it requested that BLI provide a proposal for its provision of services relative to H.B 1154 compliance for the Board's consideration this month. In connection therewith, she presented to and reviewed with the Board the First Amendment to Agreement for Services of Tax Assessor and Collector (the "Amendment") related to the implementation of H.B. 1154, a copy of which is attached hereto as **Exhibit F**, and requested the Board's approval of same. Mr. Yeates advised the Board that SPH has reviewed the Amendment. After discussion on the matter, Director Piper moved that the Board approve the Amendment, authorize the President to execute same on behalf of the Board and the District, and authorize SPH to acknowledge the associated TEC Form 1295. Director Hajovsky seconded said motion, which unanimously carried.

DELINQUENT TAX REPORT

Mr. Yeates reported that there was no Delinquent Tax Report 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.

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, 2021. In connection therewith, Ms. Greenwood presented to 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 G**. She stated that the estimated cost to prepare the audit report is (i) \$19,800 for the District, (ii) \$2,500 for the Joint Water Plant, (iii) \$2,500 for the Joint Wastewater Treatment Plant, plus (iv) an administrative fee of \$1,000 to cover items such as report production, copies, postage and other delivery charges, and technology related expenses. After discussion on the matter, Director Torres moved that (i) BKD be engaged to prepare the District's audit report for the fiscal year ending September 30, 2021, in accordance with the terms of the engagement letter attached hereto as **Exhibit G**, (ii) the President be authorized to execute same on behalf of the Board and District, and (iii) the TEC Form 1295 from BKD be accepted. Director Piper 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 September 28, 2021, a copy of which is attached hereto as **Exhibit H**. 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.

BUDGETS FOR FISCAL YEAR ENDING SEPTEMBER 30, 2021

Mr. Watson next presented to and reviewed with the Board proposed budgets for the District's fiscal year ending September 30, 2022, regarding the District's general operating, joint sewer treatment plant, and joint water plant accounts, and the required Itemization of Certain Public Notice Expenditures Required in Certain Political Subdivision Budgets, copies of which are attached to the Bookkeeper's Report. After discussion, Director Torres moved that the proposed budgets for the general operating, sewer treatment plant, and joint water plant accounts for the fiscal year ending September 30, 2022, be adopted. Director Piper seconded said motion, which unanimously carried.

CHAMPIONS REPORT – MAINTENANCE OPERATIONS AT LITTLE PRONG CREEK

Mr. Schroeder next presented to and reviewed with the Board a Detention and Drainage Facilities Report dated September 28, 2021, prepared by Champions, for Little Prong Creek and corresponding photographs, a copy of which is attached hereto as **Exhibit I**. A discussion ensued regarding the scope of Fort Bend County's responsibility for maintaining Little Prong Creek. In connection therewith, Mr. Safe advised the Board that he met with a representative of the Fort Bend County Drainage District (the "Drainage District"), as previously requested by the Board. He summarized the Drainage District's maintenance program, advised that such maintenance does not include erosion control except under certain extreme circumstances, and responded to questions from the Board. Mr. Schroeder next presented a proposal prepared by Champions, a copy of which is included with **Exhibit I**, for Little Prong Creek Slope Repairs – Area "B" in the total estimated amount of \$20,735.50. After discussion, Director Torres moved that (i) the Board accept Champions' proposal for Little Prong Creek Slope Repairs – Area "B" and the related TEC Form 1295, and (ii) SPH be authorized to acknowledge the District's receipt of same with the TEC. Director Piper seconded the motion, which unanimously carried.

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 dated September 28, 2021, 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 AND UPDATES REGARDING FLOCK SAFETY SYSTEM

Mr. Haire presented to and reviewed with the Board the FBCCO Activity Report for the month of August 2021, a copy of which is attached hereto as **Exhibit K**. 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. Mr. Haire noted that Chief Deputy John Hermann was scheduled to attend the meeting today to address the Board's complaints and advised that he will follow up

with the FBCCO to request that a representative attend the next Board meeting in October. Following discussion, the Board noted there were no action items in the report.

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.

LETTER AGREEMENT REGARDING 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 he will present the proposed Letter Agreement between the District and Seven Meadows memorializing the terms by which the District agrees to fund fifty-percent (50%) of the cost of fabrication and installation of said signage to the Seven Meadows Board of Directors for its review and approval.

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 Trendmaker.

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 L**, for August 2021 prepared by MOC. In connection therewith, he reported that the District had 93% water accountability for the reporting period. He also presented a list of three (3) delinquent accounts to be moved to the uncollectible roll in the total amount of \$964.20. Mr. Arrant next advised the Board that MOC has obtained a proposal for installation of sixty feet (60') of gutter and four (4) down spouts on the existing pavilion at the District's Splash Pad site for the total estimated amount of \$2,750 and requested that the Board authorize MOC to proceed with same. Mr. Arrant next reported that the Consulting Service Agreement between the District, Water Logic, and the North Fort Bend Water Authority ("NFBWA") relative to participation in the Larry's Toolbox Homeowner Association/Golf Course Irrigation System Evaluation and Water Budget Initiative in connection with the 2021 Larry's Toolbox Program initiative was approved by the NFBWA's Board of Directors on September 22, 2021. After discussion, it was moved by Director Piper, seconded by Director Torres and unanimously carried, that MOC be authorized to (i) move three (3) accounts totaling \$964.20 to the uncollectible roll, as reflected in the O&M Report, and (ii) proceed with the installation of gutters and down spouts on the existing pavilion at the District's Splash Pad site, as discussed above.

Mr. Yeates next presented and reviewed with the Board a memorandum prepared by SPH concerning House Bill 872, which bill relates to the implementation of customer confidentially requirements and the authorization of giving notice in connection with same. A copy of the memorandum is attached hereto as **Exhibit M**. Mr. Yeates summarized the bill's requirements

and options for the District's compliance with same. Following discussion, the Board concurred that notice of a customer's right to request disclosure of his or her personal and billing information, along with a form to accomplish same, be included on all District water bills going forward.

MAINTENANCE AND/OR REPAIR OF LITTLE PRONG CREEK BY THE DRAINAGE DISTRICT

The Board deferred further discussion regarding maintenance and/or repair of Little Prong Creek by the Drainage District, noting that the Board considered the matter earlier in the meeting during Champions' report, and requested that this item be removed from the agenda going forward.

ENGINEER'S REPORT

Ms. Safe presented to and reviewed with the Board a written Engineer's Report, dated September 28, 2021, a copy of which is attached hereto as **Exhibit N**, relative to the status of various engineering and construction projects within the District, and discussed the matters contained therein. After discussion, it was moved by Director Marken, seconded by Director Hajovsky and unanimously carried, that of the Board approve: (i) Change Order No. 1 in the amount of \$490.00 and Pay Request No. 3 in the amount of \$19,035.00 from Double Oak Erosion, Inc. for construction of Little Prong Creek Slope Repair and Storm Outfall Replacement; and (ii) the TPDES Permit renewal applications prepared by BGE for Wastewater Treatment Plant Nos. 1 and 2, as previously authorized by the Board.

Mr. Safe next reported that No. 35 approved BGE's engineering fee proposal in the amount of \$68,000, which was previously presented to the Board at its meeting on August 24, 2021, for services to be performed by BGE in connection with the proposed purchase and installation of a permanent emergency diesel generator at the remote water well site. 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 a Memorandum prepared by SPH dated September 28, 2021, a copy of which is included with **Exhibit N**. The Board deferred action relative to BGE's fee proposal and requested that an item be added to the next agenda for the Board to consider approval of an Interlocal Agreement with Region VIII Education Service Center and a Resolution authorizing the District's participation in The Interlocal Purchasing System ("TIPS").

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 presented to and reviewed with the Board correspondence from the NFBWA regarding proposed rate increases to be effective as of January 1, 2022, a copy of which is attached hereto as **Exhibit O**. He noted that an item to amend the District's Rate Order relative to the NFBWA's proposed rate increase will be added to next month's agenda.

Mr. Yeates next advised the Board that the NFBWA has contacted the District regarding a proposed effluent reuse program. He noted that the NFBWA is offering to fund construction of the infrastructure required for such a program. After discussion, the Board requested that SPH contact the NFBWA to request that a representative attend a future Board of Directors meeting in order to provide more details regarding the proposed program.

Mr. Yeates next discussed the status of the District's prior Resolution Adopting Temporary Policies and Procedures in Response to COVID-19 Pandemic and advised that all of the policies and procedures made possible under said Resolution expired as of September 1, 2021.

ORDER ESTABLISHING OFFICE AND MEETING PLACES OF BOARD OF DIRECTORS OUTSIDE THE DISTRICT

Mr. Yeates next presented to and reviewed with the Board an Order Establishing Office and Meeting Places of Board of Directors Outside the District (the "Order"), located at 1300 Post Oak Boulevard, Suites 2400 and 2500, Houston, Texas 77056, which is attached hereto as **Exhibit P**. After consideration of the matter, it was moved by Director Piper, seconded by Director Marken, and unanimously carried that said order be passed and adopted. The Secretary was directed to execute and the attorney to publish notice of designation of such office and meeting places outside the boundaries of the District, and to file a copy of the Order with the Texas Commission on Environmental Quality.

CLOSED SESSION

The President announced at 2:10 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 2:47 p.m. It was noted that Director Piper left the meeting during Closed Session. No action was taken by the Board relative to matters discussed in Closed Session.

REMOTE PARTICIPATION IN FUTURE DISTRICT BOARD MEETINGS

The Board considered remote participation in future Board meetings. Following discussion, the Board concurred to not allow remote participation in future District Board Meetings.

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)


Secretary, Board of Directors



TABLE OF EXHIBITS

September 28, 2021

- Exhibit A: Notice of Public Hearing of Tax Rate
- Exhibit B: Order Levying Taxes
- Exhibit C: Summary of Bids Received and Pricing Book - Series 2021 Bonds
- Exhibit D: Bond Order - Series 2021 Bonds
- Exhibit E: Tax Assessor-Collector Report
- Exhibit F: Amendment to Agreement for Services of Tax Assessor and Collector
- Exhibit G: Engagement Letter with BKD, LLP
- Exhibit H: Bookkeeper's Report
- Exhibit I: Detention and Drainage Facilities Report; Proposal for Little Prong Creek Slope Repairs – Area B
- Exhibit J: Communications Meeting Report
- Exhibit K: Monthly Contract Deputy Report
- Exhibit L: Monthly Operations Report
- Exhibit M: Memorandum prepared by SPH regarding House Bill 872
- Exhibit N: Engineer's Report; Memorandum regarding Cooperative Purchasing Programs
- Exhibit O: Correspondence from NFBWA
- Exhibit P: Order Establishing Office and Meeting Places Outside the District