

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

Minutes of Meeting of Board of Directors

September 27, 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 September 27, 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 Directors Torres and Piper, thus constituting a quorum.

Also present were: Justin Klump of Storm Water Solutions, LLC ("SWS"); Taylor Watson of Municipal Accounts & Consulting, L.P. ("MAC"); Sherri Greenwood of FORVIS, LLP ("FORVIS"); Kristen Scott of Bob Leared Interests ("BLI"); Jerry Schroeder of Champions Hydro-Lawn, Inc. ("Champions"); Angie Hartwell of Touchstone District Services, LLC ("Touchstone"); 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"); Doug Allen of AV Water Technologies ("AVWT"); Jeff Safe of BGE, Inc. ("BGE"); and Matthew 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 August 23, 2022. After discussion, Director Marken moved that the minutes for said meeting be approved, as written. Director Hajovsky seconded said motion, which unanimously carried.

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 a summary of the SWMP Year 4 Goals and Training (the "Training Summary"), a copy of which is attached hereto as **Exhibit A**. He then conducted

the second of two required training sessions each year with the Board and other District consultants, thoroughly explaining sources of bacteria and outlining the program elements of the SWMP that deal with these sources.

Mr. Klump next informed the Board that the Texas Commission on Environmental Quality (the "TCEQ") has completed its technical review of the District's permit application and SWMP and has made the preliminary decision (the "Decision") that the District's SWMP meets all statutory and regulatory requirements, and the District's permit authorization was approved. It was noted that no Board action was required at this time.

Mr. Klump exited the meeting at this time.

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 27, 2022, a copy of which is attached hereto as **Exhibit B**. After discussion, Director Hajovsky moved that the Bookkeeper's Report be approved and that the disbursements identified therein be approved for payment, with the exception of check nos. 10303 and 10304, which were voided. Director Marken seconded said motion, which unanimously carried.

BUDGETS FOR FISCAL YEAR ENDING SEPTEMBER 30, 2023

Mr. Watson next presented to and reviewed with the Board proposed budgets for the District's fiscal year ending September 30, 2023, regarding the District's general operating, joint sewer treatment plant, and joint water plant accounts, attached hereto as **Exhibit C**. After discussion, Director Marken moved that the proposed budgets for the general operating, sewer treatment plant, and joint water plant accounts for the fiscal year ending September 30, 2023, be adopted. Director Hajovsky seconded said motion, which unanimously carried.

APPROVAL OF THIRD AMENDED AND RESTATED AGREEMENT FOR BOOKKEEPING SERVICES

The Board next considered the approval of a proposed Third Amended and Restated Agreement for Bookkeeping Services between the District and MAC (the "Bookkeeping Agreement"). In that regard, Mr. Watson presented to and reviewed with the Board the proposed Bookkeeping Agreement, a copy of which is attached hereto as **Exhibit D**, which provides for, among other things, a revised rate structure for services performed, an updated form of monthly Bookkeeping Report, and direct deposit of the Directors' fees of office in lieu of the issuance of physical checks. He then responded to various questions from the Board. After discussion on the matter, Director Marken moved that (i) the Board approve the Bookkeeping Agreement, (ii) the President be authorized to execute the Bookkeeping Agreement on behalf of the Board and the District, and (iii) the Texas Ethics Commission ("TEC") Form 1295 presented for same be approved and acknowledged. Director Hajovsky 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, 2022. In connection therewith, Ms. Greenwood presented to and reviewed with the Board a proposed engagement letter with FORVIS for the audit of the District's financial statements, a copy of which is attached hereto as **Exhibit E**. She stated that the estimated cost to prepare the audit report is (i) \$20,800 for the District, (ii) \$2,600 for the Joint Water Plant, (iii) \$2,600 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 Hajovsky moved that (i) FORVIS be engaged to prepare the District's audit report for the fiscal year ending September 30, 2022, in accordance with the terms of the engagement letter attached hereto as **Exhibit E**, (ii) the President be authorized to execute same on behalf of the Board and District, and (iii) the TEC Form 1295 from FORVIS be accepted. 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 Report dated August 31, 2022, a copy of which is attached hereto as **Exhibit F**. After discussion, Director Marken 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.

PUBLIC HEARING REGARDING ADOPTION OF THE DISTRICT'S 2022 TAX RATE

The Board next conducted a hearing regarding the imposition of a proposed debt service tax rate and a maintenance tax rate for 2022. After noting that no taxpayer testimony was offered, Director Hajovsky motioned that the public hearing be closed. Director Marken seconded the motion, which unanimously carried.

CONSIDER LEVY OF THE DISTRICT'S 2022 TAX RATE

The Board then discussed the levying of the 2022 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 G**, 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 23, 2022, meeting and as reflected in the notice, being a 2022 debt service tax rate of \$0.28 per \$100 of assessed valuation and a 2022 maintenance tax rate of \$0.31 per \$100 of assessed valuation, resulting in a total 2022 tax rate of \$0.59 per \$100 of assessed valuation, (ii) the Order Levying Taxes attached hereto as **Exhibit H** 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 Marken 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 2022 tax rate. After discussion regarding the amendment to the Amended DIF, Director Marken 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 Hajovsky seconded said motion, which carried unanimously.

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.

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 September 27, 2022, prepared by Champions, for Little Prong Creek and corresponding photographs, a copy of which is attached hereto as **Exhibit I**. It was noted that no action was required by the Board in connection with the D&D Report at this time.

COMMUNICATIONS REPORT; PROPOSED CREATION OF DISTRICT WEBSITE

Ms. Hartwell next presented to and reviewed with the Board a Communications Meeting Report prepared by Touchstone dated September 27, 2022, a copy of which is attached hereto as **Exhibit J**, regarding the District's customer messaging system. She next discussed the status of development of the District's website with the Board and provided a demonstration of the various features of the site. Mr. Yeates noted certain information and documents which must be added to the website for compliance purposes. After discussion, it was moved by Director Hajovsky, seconded by Director Marken and unanimously carried, that Touchstone be authorized to make the website live to the public, subject to SPH review and approval of same.

RECEIVE FORT BEND COUNTY CONSTABLE'S OFFICE PRECINCT 1 ("FBCCO") ACTIVITY REPORTS

Ms. Armstrong presented to the Board a Monthly Contract Deputy Report for the month of August 2022 from the FBCCO (the "FBCCO Report"), a copy of which is attached hereto as **Exhibit K**. It was noted that no action was required by the Board in connection with the FBCCO Report at this time.

INTERLOCAL AGREEMENT FOR ADDITIONAL LAW ENFORCEMENT SERVICES

The Board next considered 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 October 1, 2022 through September 30, 2023 term (the "Interlocal Agreement"). In connection therewith, Mr. Yeates advised the Board that SPH reviewed the Interlocal Agreement and had no comments to same, further noting that said Agreement was approved and executed by Seven Meadows prior to today's meeting. He then reminded the Board that the budget included in the Interlocal Agreement was approved by the Board at its July meeting. After discussion, it was moved by Director Marken, seconded by Director Hajovsky and unanimously carried, that

the Interlocal Agreement be approved and that the President be authorized to execute same on behalf of the Board and the District.

DEVELOPER REPORTS

The Board deferred consideration of the developers' reports noting that no developer representative was in attendance at the meeting. The Board requested this item be removed from the agenda.

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 2022 prepared by MOC. In connection therewith, he reported that the District had 99% 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 \$948.55.

Mr. Arrant next reported that Phase 1 of 5 (Schedule A) of the District's 5-year annual sanitary sewer televising project being conducted by Source Point Solutions, LLC ("Source Point") is approximately 95% complete and that the independent inspection to be performed by MOC of the manholes located within the portion of the District's sanitary sewer system described in Schedule A is pending.

With regard to the rehabilitation of the clarifier at the District's Wastewater Treatment Plant (the "Clarifier Rehab Project"), Mr. Arrant reported that MOC has received one (1) proposal in the approximate total amount of \$32,000 to modify the clarifier's weir and advised the Board that MOC is working to obtain two (2) more proposals for the project. Mr. Yeates reminded the Board that the District currently has a balance of approximately \$23,000 in its Capital Projects Fund, as reflected in the Bookkeeper's Report discussed earlier in the meeting, and recommended that the Board consider utilizing said funds to pay for a portion of the Clarifier Rehab Project. The Board concurred with Mr. Yeates' recommendation and requested that an item to consider a Resolution Authorizing the Use of Surplus Construction Funds and Interest Earned on Construction Funds be included on next month's regular meeting agenda for the Board's review and approval.

Mr. Arrant next provided an update regarding the status of planning for the community event scheduled for October 22, 2022, to be jointly sponsored by the District and No. 35 (the "Fall Community Event"). He advised the Board that the District's total estimated contribution is expected to range between \$3,000 to \$4,000.

Mr. Arrant next requested that the Board consider including an item on next month's regular meeting agenda to consider approval of a Letter Agreement for Temporary Fuel Surcharge between the District and MOC (the "Letter Agreement"). Following discussion, the Board concurred to include an item on next month's agenda to consider approval of same.

Director Hajovsky next requested that MOC obtain proposals for the painting of fire hydrants within the District for the Board's consideration at its October meeting.

After discussion, it was moved by Director Hajovsky, seconded by Director Marken and unanimously carried, that (i) MOC be authorized to move three (3) accounts totaling \$948.55 to the uncollectible roll, as reflected in the O&M Report, and (ii) SPH be authorized to prepare a Resolution Authorizing the Use of Surplus Funds and Interest Earned on Construction Funds for consideration at the next regular Board meeting in October.

DISCUSSION REGARDING INSTALLATION OF SMART METERS IN THE DISTRICT

The Board deferred discussion regarding the proposed installation and monitoring of electronic water meters within the District, including the possible installation of electronic water meters on the District's twelve-inch water lines supplying water to No. 35. The Board requested that SPH coordinate a special meeting with all five (5) Directors to consider and act on the matter, and noted that, if a special meeting with all five (5) Directors cannot be scheduled prior to the regularly scheduled Board meeting in October due to Directors' calendars, then the Board will consider this matter at its regular October meeting.

ENGINEER'S REPORT

Mr. Safe presented to and reviewed with the Board a written Engineer's Report, dated September 27, 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. With regard to the proposed purchase and installation of an emergency generator at the District's remote water well site ("Remote Well Generator Project"), Mr. Safe advised the Board that BGE received one (1) bid through The Interlocal Purchasing System program from Tron Electric ("Tron") in the amount of \$831,695, a copy of which is attached to the Engineer's Report, which includes the cost for any foundation work that may be required and delivery and installation of the generator, as well as any electrical work that may be required. He reported that Worldwide Power Products has declined to submit a final bid for the project. After discussing Tron's bid with the Board, Mr. Safe recommended that the Board authorize BGE to advertise for bids in the hopes of obtaining a more competitive price.

Mr. Safe next reminded the Board that BGE received seven (7) bids for the proposed repair of erosion located on the North and South Slopes of Little Prong Creek near the golf cart crossing (the "Slope Repair Project") on August 23, 2022. With regard thereto, he advised the Board that the low bidder, Elite Construction, withdrew its bid within the time prescribed due to a pricing error. He then reported that the second lowest bidder, AR Turnkee Construction Company, Inc. ("Turnkee") submitted an initial bid in the total estimated amount of \$387,027, and subsequently notified BGE of an error on its bid form and requested an increase in the amount of \$85,450 for certain line items in order to perform the work, resulting in a total estimated cost of \$472,477. He then advised that Turnkee's adjusted cost is still lower than the third lowest bid received by BGE. Mr. Safe advised that BGE recommends the Board award the contract for the Slope Repair Project to Turnkee for its original bid amount of \$387,027 and authorize BGE to prepare a change order in the amount of \$85,450 to address the error in the bid.

The Board next considered the District's proposed participation in the North Fort Bend Water Authority ("NFBWA") effluent reuse program. In connection therewith, Mr. Safe reported that, as previously authorized by the Board, BGE conducted a stakeholders meeting on

September 26, 2022, between the District and No. 35's Reclaimed Water Sub-Committees and representatives of Seven Meadows, Avalon at Seven Meadows Community Association and the NFBWA relative to the proposed Reclaimed Water Facilities Agreement with the NFBWA. He and Director Haehnel then provided a summary of the conversation that took place at said meeting. After discussion, the Board concurred with Mr. Yeates and Mr. Safe's recommendation that the District and No. 35's Reclaimed Water Sub-Committees prepare comments to the NFBWA's term sheet relative to the proposed Reclaimed Water Facilities Agreement.

The Board deferred discussion regarding the proposed implementation of a Geographic Information System ("GIS") for the District and requested that SPH include an item on the agenda for the proposed special meeting discussed earlier in the meeting to receive a proposal from BGE relative to same.

After discussion, it was moved by Director Hajovsky, seconded by Director Marken and unanimously carried, that: (i) the Board authorize BGE to advertise for bids for the Remote Well Generator Project; (ii) the Board award the contract for construction of the Slope Repair Project to Turnkee in the amount of \$387,027 and authorize BGE to prepare a Change Order for Turnkee's adjusted price, as discussed above and as recommended by BGE; and (iii) Directors Haehnel and Hajovsky be appointed to serve on the District's reorganized Reclaimed Water Sub-Committee on behalf of the Board and District.

Mr. Arrant and Ms. Greenwood exited the meeting during the above discussion.

UTILITY COMMITMENT REQUESTS

The Board deferred consideration of requests for Utility Commitments after noting that no new requests were received.

LETTER AGREEMENT WITH NO. 35 RELATIVE TO JOINT FALL COMMUNITY EVENT

The Board next considered approval of a Letter Agreement with No. 35 memorializing the terms by which each district agrees to fund fifty-percent (50%) of the total cost for planning and conducting the joint Fall Community Event. After discussion, Director Hajovsky moved that the Board approve said Letter Agreement for an amount not to exceed \$4,000. Director Marken seconded said motion, which unanimously carried.

AMENDMENT TO MAINTENANCE AGREEMENT WITH SEVEN MEADOWS

The Board next considered Seven Meadows' request to amend the Maintenance Agreement between the District and Seven Meadows relative to the District's annual contribution toward the Long Meadow Park maintenance costs (the "Maintenance Agreement"). In connection therewith, Mr. Yeates presented to and reviewed with the Board an Amendment to Maintenance Agreement prepared by SPH, reflecting an increase of the District's annual contribution to \$36,000 effective as of September 27, 2022, a copy of which is attached hereto as **Exhibit N**. After discussion, it was moved by Director Hajovsky, seconded by Director Marken and unanimously carried, that the Amendment to Maintenance Agreement be approved and the President be authorized to execute same on behalf of the Board and the District.

ATTORNEY'S REPORT

The Board considered the Attorney's Report. In that regard, Mr. Yeates advised that the District is in receipt of correspondence from the NFBWA, a copy of which is attached hereto as **Exhibit O** providing notice that there are no anticipated changes to its current Groundwater Reduction Plan and Surface Water Fees for 2023.

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. No other specific agenda items other than routine and ongoing matters, or those discussed above, were requested.

ADJOURNMENT OF MEETING

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

(SEAL)




Secretary, Board of Directors

TABLE OF EXHIBITS

September 27, 2022

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| Exhibit A: | Storm Water Management Plan Training Summary |
| Exhibit B: | Bookkeeper's Report |
| Exhibit C: | Approved Operating Budget – Fiscal Year Ending September 30, 2023 |
| Exhibit D: | Third Amended and Restated Agreement for Bookkeeping Services |
| Exhibit E: | Engagement Letter with FORVIS, LLP |
| Exhibit F: | Tax Assessor-Collector Report |
| Exhibit G: | Notice of Public Hearing of Tax Rate |
| Exhibit H: | Order Levying Taxes |
| Exhibit I: | Detention and Drainage Facilities Report |
| Exhibit J: | Communications Meeting Report |
| Exhibit K: | FBCCO Report |
| Exhibit L: | Monthly Operations Report |
| Exhibit M: | Engineer's Report |
| Exhibit N: | Amendment to Maintenance Agreement with Seven Meadows |
| Exhibit O: | NFBWA Correspondence |