

WALLER COUNTY MUNICIPAL UTILITY DISTRICT NO. 35

Minutes of the Meeting of Board of Directors April 8, 2024

The Board of Directors (the "Board") of Waller County Municipal Utility District No. 35 (the "District") met in regular session, open to the public, on April 8, 2024, in accordance with the duly posted Notice of Public Meeting, and the roll was called of the duly constituted members of the Board, as follows:

Victoria A. Battistini, President
Ryan C. Ward, Vice President
Jaclyn Day, Secretary
Daniel C. Feiler, Assistant Secretary
Tiffani S. Walker, Assistant Secretary

all of whom were present with the exception of Director Ward, thus constituting a quorum.

Also present were: Blair Bozoarth of Quiddity Engineering, LLC ("Quiddity"); Jennifer Abad of Municipal Accounts & Consulting, L.P. ("MA&C"); Dana Hollingsworth of Municipal District Services, LLC ("MDS"); Stephen Eustis of Robert W. Baird & Co., Inc. ("Baird"); Patty Rodriguez of BLICO, Inc., dba Bob Leared Interests ("BLICO"); Brian Krueger of FORVIS LLP ("FORVIS"); and Christina Cole and Kris Eddlemon of Schwartz, Page & Harding, L.L.P. ("SPH"). Shamar O'Bryant on behalf of Astro Sunterra, L.P. ("Astro Sunterra") entered the meeting after it was called to order, as noted herein.

The President called the meeting to order and declared it open for such business as might regularly come before the Board.

PUBLIC COMMENTS

There were no comments from members of the public.

MINUTES

The Board considered the minutes of its meeting held on February 12, 2024. After discussion regarding the minutes previously forwarded for review, it was moved by Director Feiler, seconded by Director Battistini, and unanimously carried, that said minutes be approved, as written.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Rodriguez presented to and reviewed with the Board a written Tax Assessor-Collector Report ("TAC Report"), for the period ended March 31, 2024, including the disbursements presented therein for payment from the District's tax account, a copy of which TAC Report is

attached hereto as **Exhibit A**. After discussion, on motion made by Director Feiler, seconded by Director Battistini and unanimously carried, the Board approved the TAC Report and authorized the payments listed therein.

RESOLUTION REQUESTING APPRAISAL OF PROPERTY

The Board considered the approval and execution of a Resolution Requesting Appraisal of Property as of May 1, 2024. After discussion on the matter, Director Feiler moved that the Board adopt a Resolution Authorizing Request for Appraisal of Property as of May 1, 2024, attached hereto as **Exhibit B**, and that the President be authorized to execute same on behalf of the Board and District. Director Battistini seconded said motion, which unanimously carried.

Mr. O'Bryant entered the meeting at this time.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT REAL PROPERTY TAXES

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes. Ms. Cole advised that the Board is authorized, pursuant to Section 33.07 of the Texas Tax Code, as amended, to impose, under certain conditions on July 1, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on taxes that remain delinquent as of July 1 of the year in which they became delinquent. She noted that the additional penalty to be imposed by this Resolution will not apply to delinquent personal property taxes which have incurred an additional penalty pursuant to that certain Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, which was passed and approved by the District on January 8, 2024. After further discussion, it was moved by Director Feiler, seconded by Director Battistini, and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes, which is attached hereto as **Exhibit C**, be adopted by the District, and that the District's delinquent tax collections attorneys be authorized to proceed with the collection of the District's 2023 delinquent real property tax accounts on July 1, 2024, subject to proper notice having been given as provided in said Resolution, including the filing of lawsuits as necessary

OPERATOR'S REPORT

Ms. Hollingsworth presented to and reviewed with the Board the Operations Report dated April 8, 2024, a copy of which is attached hereto as **Exhibit D**. She noted that no Board action was required in connection with the Operations Report at this time.

IDENTITY THEFT PREVENTION PROGRAM

The Board then considered review of the District's Identity Theft Prevention Program (the "Program"). In connection therewith, Ms. Hollingsworth presented MDS' annual report and advised the Board regarding the District's experience with identity theft during the prior year, current identity theft methods, the types of accounts maintained by the District and the District's business arrangements with other entities. She recommended that no changes be made to the

District's Program. After discussion on the matter, the Board concurred that no changes were necessary to the District's Program at this time.

DROUGHT CONTINGENCY PLAN

Ms. Cole next discussed with the Board the requirements of Title 30, Section 288.30 of the Texas Administrative Code for retail public water suppliers such as the District to review and, if appropriate, revise their Drought Contingency Plan ("DCP") no later than May 1, 2024, and every five years thereafter. She further advised that no changes are being recommended to the District's DCP at this time. After discussion, Director Feiler moved that the District adopt the Resolution Regarding Review of Drought Contingency Plan, attached hereto as **Exhibit E**. Director Battistini seconded such motion, which passed unanimously.

CONSUMER CONFIDENCE REPORT

The Board considered authorizing MDS to prepare a draft Consumer Confidence Report ("CCR") for review by the Board. Ms. Cole advised that pursuant to CCR requirements promulgated by the United States Environmental Protection Agency and the Texas Commission on Environmental Quality ("TCEQ"), the District is required to provide a report containing various information regarding the District's water supply to all customers of the District by July 1, 2024. After discussion on the matter, it was moved by Director Feiler seconded by Director Battistini and unanimously carried, that MDS be authorized to prepare a draft CCR and SPH be authorized to review same for compliance with the TCEQ's regulatory requirements and its 2024 template.

ENGINEERING REPORT

Mr. Bozoarth next presented to and reviewed with the Board an Engineering Report dated April 8, 2024, a copy of which report is attached hereto as **Exhibit F**, relative to the status of various engineering and construction projects within the District. Upon review, Director Feiler moved that the Board authorize Quiddity to award construction contracts, subject to SPH's review of the payment and performance bonds and insurance certificates submitted in connection with the contracts to determine if the payment and performance bonds and insurance meet the requirements of the bid specifications, the Texas Insurance Code, the rules of the Texas Commission on Environmental Quality ("TCEQ") and the provisions of the Texas Water Code and Astro Sunterra's, Gehan Homes, Ltd.'s or KB Home Lone Star Inc.'s, as applicable, execution of the special conditions of the contracts under which Astro Sunterra, Gehan Homes, Ltd. or KB Home Lone Star Inc., as applicable, guarantees payment of all sums due thereunder, for the construction of: (i) paving facilities to serve Sunterra Section 55 to the lowest qualified bidder, A&M Contractors, Inc., in the amount of \$306,019.50; (ii) water, sanitary sewer, drainage, and paving facilities to serve Sunterra Sections 65 and 66 to the lowest qualified bidder, Principal Services, Ltd., in the amount of \$1,427,959.37; (iii) water, sanitary sewer, drainage, and paving facilities to serve Sunterra Sections 67 and 68 to the lowest qualified bidder, Gonzalez Construction Enterprises, Inc., in the amount of \$1,634,513.35; (iv) water, sanitary sewer, drainage, and paving facilities to serve Sunterra Section 69 to the lowest qualified bidder, R Construction Civil, LLC, in the amount of \$1,199,717.70; (v) water, sanitary sewer, drainage, and paving facilities to serve Sunterra Section 71 to the lowest qualified bidder, TexaSite, LLC, in the amount of \$1,057,046.80;

and (vi) water, sanitary sewer, drainage, and paving facilities to serve Sunterra Section 73 to the lowest qualified bidder, R Construction Civil, LLC, in the amount of \$1,318,770.80; and to authorize the District and SPH to accept and acknowledge the corresponding Texas Ethics Commission Form 1295s on behalf of the Board and the District relative to the various construction contracts. Mr. Bozoarth further requested the Board's approval to concur in the approval and/or payment of: (i) Change Order No. 1 in the amount of -\$33,747.66 to TexaSite, LLC for work completed on Sunterra Section 48, paving facilities; (ii) Change Order No. 1 in the amount of -\$10,529.25 to Gonzalez Construction Enterprise, Inc. for work completed on Sunterra Section 53 water, sanitary sewer, and drainage facilities; (iii) Change Order No. 4 in the amount of \$325.50 to Allgood Construction Co., Inc. for work completed on Sunterra Section 53 paving facilities; and (iv) Pay Estimate No. 1 in the amount of \$257,957.97 to Principal Services, Ltd. for work completed on Sunterra Section 55 water, sanitary sewer, and drainage facilities. Director Battistini seconded the motion, which unanimously carried.

RESOLUTION AUTHORIZING THE USE OF SURPLUS ROAD CONSTRUCTION FUNDS; APPROVAL OF SUPPLEMENTAL AUDIT

The Board next considered the adoption of a Resolution Authorizing Use of Surplus Road Bond Construction Funds and Interest Earned on Road Bond Construction Funds (the "Resolution"), and approval of a developer reimbursement audit report and disbursement of proceeds in accordance with same. Mr. Krueger addressed the Board at this time and presented to and reviewed a draft developer reimbursement audit, a copy of which is attached hereto as **Exhibit G**. Following discussion, Director Feiler moved that the Board approve the audit and disbursement of proceeds to Astro Sunterra, subject to receipt by the District of an executed Receipt and Indemnity, and adopt the Resolution, attached hereto as **Exhibit H**. Director Battistini seconded the motion, which unanimously carried.

SILT SOLUTIONS, INC.

The Board next considered a report from Silt Solutions, Inc. ("SSI") in connection with storm water pollutions and prevention services. Ms. Cole advised that SSI provided reports for the periods February 26, 2024 – March 18, 2024, and March 18, 2024 – April 2, 2024, copies of which are attached hereto as **Exhibit I**. No action was taken by the Board at this time.

LANDSCAPE ARCHITECTURE REPORT

The Board deferred consideration of the landscape architect report, upon noting that a representative of Kudela & Weinheimer was not present at the meeting.

BOOKKEEPER'S REPORT AND QUARTERLY INVESTMENT REPORT

Ms. Abad presented to and reviewed with the Board the Bookkeeper's Report, dated April 8, 2024, attached hereto as **Exhibit J**, including the disbursements presented for payment, as prepared by MA&C. Ms. Abad also presented to and reviewed with the Board a Quarterly Investment Inventory Report for the investment period ended February 29, 2024, a copy of which report is included in the Bookkeeper's Report. After discussion, it was moved by Director Feiler

that (i) the Bookkeeper's Report be approved, and that the disbursements identified in the Bookkeeper's Report be authorized for payment, and (ii) the Quarterly Investment Report for the investment period ended February 29, 2024, be approved as presented, and the Investment Officers of the District be authorized to execute same on behalf of the Board and the District. Director Battistini seconded said motion, which unanimously carried.

UNCLAIMED PROPERTY REPORT

The Board considered approval of Unclaimed Property Reports as of March 1, 2024, and the filing of same with the Texas Comptroller of Public Accounts (the "Comptroller") prior to July 1, 2024. In connection therewith, Ms. Abad noted that the District has no unclaimed operating funds. Ms. Rodriguez then reported that the District has no unclaimed tax funds for the applicable reporting period, and noted that BLICO will submit its Unclaimed Property Report reflecting same. After discussion, Director Feiler moved that MA&C and BLICO be authorized to file said Reports with the Comptroller prior to July 1, 2024. Director Battistini seconded said motion, which unanimously carried.

DEVELOPER'S REPORT

Mr. O'Bryant discussed the status of development within the District.

SECURITY PATROL REPORT

Ms. Cole presented to and reviewed with the Board the Security Patrol Report prepared by On-Site Services, LLC for the month of March 2024, a copy of which is attached hereto as **Exhibit K**.

ATTORNEY'S REPORT

The Board next considered the Attorney's Report. In connection therewith, Ms. Cole advised the Board that the District is in receipt of an open records request from Real Cost Analytics requesting copies of certain documents related to the construction of facilities to serve Sunterra Sections 55, 65, 66, 67, 68, and 73. She further advised that SPH will provide the requested documents to Real Cost Analytics on behalf of the District. It was noted that no action was required of the Board at this time in connection with said request.

SUPPLEMENTAL AGENDA

The Board considered cancellation of the Directors Election called for May 4, 2024. Ms. Cole advised that, in accordance with Subchapter C, Chapter 2 of the Texas Election Code, the District may cancel the Directors Election if each candidate whose name is to appear on the ballot and/or has registered as a write-in candidate is unopposed as of 5:00 p.m. on February 20, 2024. In such case, the Board may declare the unopposed candidates to be elected. In that regard, there was presented to the Board a certificate of the Secretary declaring all candidates unopposed. Ms. Cole then presented and reviewed the Order Declaring Candidates Elected, attached hereto as **Exhibit L**. After discussion, Director Battistini moved that the Order be adopted by the Board

declaring Victoria Battistini, Ryan Ward, and Daniel Feiler elected Directors of the District, each to serve a term of four years or until a successor is duly elected or appointed, that the President be authorized to execute and the Secretary to attest same on behalf of the Board and the District, and that the Directors Election called for May 4, 2024, be cancelled. Director Feiler seconded said motion, which unanimously carried.

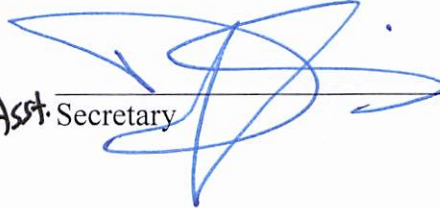
FUTURE AGENDA ITEMS

The Board considered items for placement on future agendas. No items were requested to be added to future agendas other than those items discussed hereinabove.

ADJOURNMENT

There being no further business to come before the Board, on motion made by Director Feiler, seconded by Director Battistini, and unanimously carried, the meeting was adjourned.

(SEAL)

Asst. Secretary 

LIST OF ATTACHMENTS

- EXHIBIT A Tax Assessor-Collector's Report
- EXHIBIT B Resolution Requesting Appraisal of Property
- EXHIBIT C Resolution Authorizing an Additional Penalty on Delinquent Real Property Taxes
- EXHIBIT D Operations Report
- EXHIBIT E Resolution Regarding Review of Drought Contingency Plan
- EXHIBIT F Engineering Report
- EXHIBIT G Draft Reimbursement Audit
- EXHIBIT H Resolution Authorizing Use of Surplus Road Bond Construction Funds and Interest Earned on Road Bond Construction Funds
- EXHIBIT I Reports provided by Silt Solutions, Inc.
- EXHIBIT J Bookkeeper's Report
- EXHIBIT K Security Patrol Report
- EXHIBIT L Order Declaring Candidates Elected