

WALLER COUNTY MUNICIPAL UTILITY DISTRICT NO. 35

Minutes of the Meeting of Board of Directors February 12, 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 February 12, 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 Day, thus constituting a quorum.

Also present were: Blair Bozoarth of Quiddity Engineering, LLC ("Quiddity"); Jennifer Abad of Municipal Accounts & Consulting, L.P. ("MA&C"); Chantay Nunn of Municipal District Services, LLC ("MDS"); Mitchell Neupert of Robert W. Baird & Co., Inc. ("Baird"); Patty Rodriguez of BLICO, Inc., dba Bob Leared Interests ("BLICO"); Trey Patronella of Kudela & Weinheimer ("K&W"); Brian Krueger of FORVIS LLP ("FORVIS"); and Christina Cole and Kris Eddlemon 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 the Board.

PUBLIC COMMENTS

There were no comments from members of the public.

MINUTES

The Board considered the minutes of its meeting held on January 8, 2024. After discussion regarding the minutes previously forwarded for review, it was moved by Director Battistini, seconded by Director Walker, 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 January 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 Battistini, seconded by Director Walker and unanimously carried, the Board approved the TAC Report and authorized

the payments listed therein.

ADOPTION OF RESOLUTION CONCERNING DEVELOPED DISTRICT STATUS FOR 2024 TAX YEAR

Ms. Cole advised the Board that the procedures involved in setting a tax rate each year applicable to a particular district will depend, in part, upon whether it is determined to be a "Developed District" pursuant to Texas Water Code Section 49.23602. She then reviewed with the Board a worksheet completed by Quiddity to assist the Board in making this determination, along with a Resolution Concerning Developed District Status for the 2024 Tax Year (the "Resolution"). Ms. Cole advised the Board that, pursuant to said worksheet, the District is not a "Developed District" under said law. A copy of the Resolution is attached hereto as **Exhibit B**. Following discussion, upon motion made by Director Battistini, seconded by Director Walker and unanimously carried, the Resolution was adopted by the Board.

SILT SOLUTIONS, INC.

Ms. Cole next addressed the Board concerning the District's engagement of Silt Solutions, Inc. to provide storm water pollution prevention services for the District. After discussion, it was moved by Director Feiler, seconded by Director Battistini and unanimously carried, that the Board (i) approve the Service Agreement between the District and Silt Solutions, Inc., a copy of which is attached hereto as **Exhibit C**, and (ii) authorize the President and Assistant Secretary to execute same on behalf of the Board and the District.

OPERATOR'S REPORT

Ms. Nunn presented to and reviewed with the Board the Operations Report dated February 12, 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.

Ms. Cole 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 (the "DCP") not later than May 1, 2024, and every five years thereafter. She requested that the Board consider authorizing MDS and Quiddity to review the District's DCP for any required updates. After discussion, Director Feiler moved that MDS and Quiddity be authorized to review the District's DCP for any required updates. Director Battistini seconded the motion, which unanimously carried.

VARIOUS AGREEMENTS IN CONNECTION WITH THE DISTRICT'S PROGRAM FOR PAYMENT OF WATER BILLS BY CUSTOMERS

Ms. Nunn then discussed agreements in connection with the District's program for payment of water bills by customers. Following discussion, Director Feiler moved to approve and authorize the President and Assistant Secretary to execute the (i) Heartland Payments Systems, LLC's Bill Pay Merchant Setup Form and Government and Education Merchant Processing Agreement, (ii) Payment Services Agreement between First Mobile Trust, LLC ("FBS") and the District, (iii) FBS

Addendum to Merchant Processing Agreement, and (iv) Central Bank's Electronic Lockbox Payment Service documents, subject to SPH's review. Director Battistini seconded the motion, which unanimously carried.

ENGINEERING REPORT

Mr. Bozoarth next presented to and reviewed with the Board an Engineering Report dated February 12, 2024, a copy of which report is attached hereto as **Exhibit E**, relative to the status of various engineering and construction projects within the District. Upon review, Director Feiler moved that the Board (i) authorize Quiddity to design and solicit bids for the construction of water, sanitary sewer, drainage, and paving facilities to serve Sunterra Section 47; (ii) award a construction contract for the construction of water, sanitary sewer, and drainage facilities to serve Sunterra Section 55 to the lowest qualified bidder, Principal Services, Ltd., in the amount of \$411,593.67, subject to SPH's review of the payment and performance bonds and insurance certificate submitted in connection with the contract 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"), the provisions of the Texas Water Code and Astro Sunterra's, Brightland Homes, Ltd.'s ("Brightland") or KB Home Lone Star Inc.'s ("KB Home"), as applicable, execution of the special conditions of the contracts under which Astro Sunterra, Brightland or KB Home, as applicable, guarantees payment of all sums due thereunder; (iii) authorize design and solicit bids for the construction of water, sanitary sewer, drainage, and paving facilities to serve Sunterra Section 65; (iv) approve Pay Estimate No. 3 in the amount of \$2,610.00 from A&M Contractors, Inc. for construction of paving facilities serving Sunterra Section 48; (v) accept and approve (a) Quitclaim Conveyance of Utility Facilities (Water, Sanitary and Drainage Facilities to serve Sunterra Section 53) from Astro Sunterra, L.P.; (b) Special Warranty Deed (Recreational Sites in Sunterra Section 48) from KB Home Lone Star, Inc.; and (c) Special Warranty Deed (Recreational Sites in Sunterra Sections 53 and 54) from Astro Sunterra, L.P., and (vi) approve the draft Summary of Costs in connection with use of surplus road construction funds. Director Battistini seconded the motion, which unanimously carried.

ANNUAL REVIEW OF SURVEY OF WAGE RATE SCALES AND ADOPTION OF RESOLUTION ADOPTING PREVAILING WAGE RATE SCALE FOR CONSTRUCTION PROJECTS

Ms. Cole presented to the Board for review and approval a Resolution Adopting Prevailing Wage Rate Scale for Construction Projects (the "Resolution"), attached hereto as **Exhibit F**. She reviewed various provisions of the Resolution with the Board. Ms. Cole also presented and reviewed with the Board a survey which reflected prevailing wage rates for Waller County and the U.S. Department of Labor. After discussion and consideration of the survey and the proposed Resolution, Director Battistini moved (i) that the Board adopt the Resolution reflecting the wage rates for Waller County, as set out on the attached survey, and (ii) that the President and the Assistant Secretary be authorized to execute and attest same on behalf of the Board and the District. Director Ward seconded said motion, which unanimously carried.

ENGAGEMENT OF AUDITOR – SURPLUS ROAD CONSTRUCTION FUNDS

The Board next considered the engagement of an auditor to prepare a reimbursement audit of payments to be made to the developer out of surplus road construction funds. In connection therewith, Mr. Krueger presented and reviewed with the Board an engagement letter, a copy of which is attached hereto as **Exhibit G**. After discussion, Director Feiler moved that FORVIS be engaged to prepare the audit report as set forth in the engagement letter, and that the Texas Ethics Commission ("TEC") Form 1295 submitted by FORVIS be accepted and acknowledged by the District. Director Battistini seconded the motion, which unanimously carried.

MAINTENANCE AGREEMENT – SUNTERRA PROPERTY OWNERS ASSOCIATION, INC.

The Board next considered approval of a revised exhibit to the Maintenance Agreement between the District and Sunterra Property Owners Association, Inc., a copy of which is attached hereto as **Exhibit H**. Following discussion, Director Walker moved that the Board approve the revised exhibit and authorize the President to execute same on behalf of the Board and the District. Director Ward seconded the motion, which unanimously carried.

LANDSCAPE ARCHITECTURE REPORT

Mr. Patronella presented to and reviewed with the Board a monthly report prepared by K&W regarding the status of various projects in the District, a copy of which report attached hereto as **Exhibit I**. Following discussion, Director Walker moved to approve the action items requested by K&W, including (i) award of 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 TCEQ, the provisions of the Texas Water Code and Astro Sunterra's execution of the special conditions of the contracts under which Astro Sunterra guarantees payment of all sums due thereunder, for the construction of (a) softscape improvements to serve Sunterra Section 48 to the lowest qualified bidder, PGS Landscaping, Inc., in the total amount of \$315,170.77, (b) hardscape improvements to serve Sunterra Section 48 to the lowest qualified bidder, Strickscapes, Inc., in the total amount of \$18,997.71, (ii) approve: (a) Pay Application No. 1 in the amount of \$13,638.20 from Strickscapes, Inc. for softscape improvements to serve Sunterra Sections 35, 36 and 44, and (b) Pay Application No. 1 in the amount of \$19,127.65 from Strickscapes, Inc. for softscape improvements to serve Sunterra Sections 45, 51, and 52. Director Battistini seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

Ms. Abad presented to and reviewed with the Board the Bookkeeper's Report, dated February 12, 2024, attached hereto as **Exhibit J**, including the disbursements presented for payment, as prepared by MA&C. After discussion, it was moved by Director Feiler that the Bookkeeper's Report be approved, and that the disbursements identified in the Bookkeeper's Report be authorized for payment. Director Battistini seconded said motion, which unanimously carried.

DEVELOPER'S REPORT

It was noted that a developer representative was not present at the meeting.

DISTRICT INSURANCE POLICIES

As the next order of business, the Board considered a renewal proposal for the District's insurance coverage. Ms. Cole presented and discussed with the Board a renewal insurance proposal from McDonald & Wessendorff Insurance ("M&W"), a copy of which is attached hereto as **Exhibit K**, relative to various coverages as reflected therein. After discussion on the matter, Director Battistini moved that the proposals for general liability, Director's position schedule bond, directors' and officers' liability, and public employee blanket crime be approved, the TEC Form 1295 provided by M&W be approved, and SPH be authorized to acknowledge receipt of same with the TEC. Director Feiler seconded said motion, which unanimously carried.

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 January 2024, a copy of which is attached hereto as **Exhibit L**.

ATTORNEY'S REPORT

The Board considered the attorney's report. In connection therewith, Ms. Cole advised the Board that she had nothing further to discuss with the Board of a legal nature which was not covered under a specific agenda item.

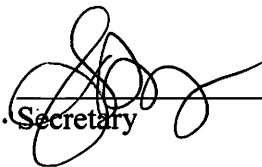
FUTURE AGENDA ITEMS

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 Concerning Developed District Status for 2024 Tax Year
- EXHIBIT C Service Agreement between the District and Silt Solutions, Inc.
- EXHIBIT D Operations Report
- EXHIBIT E Engineering Report
- EXHIBIT F Resolution Adopting Prevailing Wage Rate Scale for Construction Projects
- EXHIBIT G Engagement Letter provided by FORVIS LLP
- EXHIBIT H Revised Exhibit to Maintenance Agreement between the District and Sunterra Property Owners Association, Inc.
- EXHIBIT I K&W Landscape Architect Report
- EXHIBIT J Bookkeeper's Report
- EXHIBIT K Insurance proposal from McDonald & Wessendorff Insurance
- EXHIBIT L Security Patrol Report