

WALLER COUNTY MUNICIPAL UTILITY DISTRICT NO. 35

Minutes of the Meeting of Board of Directors January 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 January 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, 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"); David Wood of Robert W. Baird & Co., Inc. ("Baird"); Patty Rodriguez of BLICO, Inc., dba Bob Leared Interests ("BLICO"); Trey Patronella of Kudela & Weinheimer ("K&W"); and Christina Cole and Jenny Johnson of Schwartz, Page & Harding, L.L.P. ("SPH"). Mr. 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 December 11, 2023. After discussion regarding the minutes previously forwarded for review, it was moved by Director Ward, seconded by Director Battistini, and unanimously carried, that said minutes be approved, as written.

Mr. O'Bryant entered the meeting during the above discussion.

\$4,210,000 UNLIMITED TAX ROAD BONDS, SERIES 2023

Ms. Cole reported that the District's \$4,210,000 Unlimited Tax Road Bonds, Series 2023 successfully closed on Thursday, December 14, 2023.

\$510,000 BOND ANTICIPATION NOTE, SERIES 2023

The Board next considered the status of the District's \$510,000 Bond Anticipation Note, Series 2023. In connection therewith, Ms. Cole advised that the closing of the transaction occurred on Monday, December 18, 2023.

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 December 31, 2023, 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 CONCERNING EXEMPTIONS FROM TAXATION

Ms. Cole outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Section 11.13 of the Tax Code, as amended. She advised that under said provisions, the District may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the market value of residential homestead improvements for the year 2024, and the District may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or its successor, or persons sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2024, and, if any such exemptions are granted, they must be for not less than \$3,000 of the market value of such homesteads. After further discussion of the matter, Director Feiler moved that the District (a) not grant the residential homestead exemption and (b) not grant an exemption for persons under a disability or sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2024, and that the Resolution attached hereto as **Exhibit B** relative to same be approved and adopted by the Board and District. Director Battistini seconded said motion, which unanimously carried.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH THE DISTRICT

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Ms. Cole advised that pursuant to the Public Funds Investment Act, the Board is required to review such list at least annually. She presented and reviewed with the Board the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto, together with a comparison of the list submitted and the list previously adopted by the Board, copies of which are attached hereto as **Exhibit C**. Ms. Cole further noted that the broker list presented is a list of potential institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, but it is ultimately the Board's decision as to where the District's funds are actually placed. After

discussion, Director Feiler moved that: (i) the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, and (ii) that the President and Secretary be authorized to execute same. Director Battistini seconded said motion, which unanimously carried.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, a copy of which is attached hereto as **Exhibit D**. Ms. Cole advised that the Board is authorized pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, 60 days after the date the taxes become delinquent, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on personal property taxes that remain delinquent as of said 60th day, as more fully described in said Resolution. After discussion, it was moved by Director Feiler, seconded by Director Battistini and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes be adopted by the Board, and that Perdue, Brandon, Collins & Mott, PLLC, the District's delinquent tax attorneys, be authorized to proceed with the collection of the District's 2023 delinquent personal property accounts following proper notice as provided in said Resolution, including the filing of lawsuits, as necessary.

SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Ms. Cole reminded the Board that, pursuant to provisions of Chapter 403, Texas Government Code, and Chapter 203, Texas Local Government Code, the District is required to submit information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in a Special Purpose District Public Information Database. Following discussion, Director Feiler moved, Director Battistini seconded, and it was unanimously carried, that the District's auditor, FORVIS, LLP, be authorized to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Information Database.

OPERATOR'S REPORT

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

ENGINEERING REPORT

Mr. Bozarth next presented to and reviewed with the Board an Engineering Report dated January 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 approve Pay Estimate No. 4 and Final in the amount of \$24,982.31 and Change Order No. 1 as a reduction in the contract amount of \$10,529.25 from Gonzalez Construction Enterprise, Inc. for construction of water, sanitary sewer and drainage facilities to serve Sunterra Section 53. Director Battistini seconded the motion, which unanimously

carried.

Mr. Bozoarth next advised that Royal Independent School District ("Royal ISD") requested an estimated tap fee for an elementary school to be located on a 15.19 acre tract of land located at Caymus Creek Drive and Bartlett Road (the "Tract"). He noted that the estimated Tap Fee for the Tract is approximately \$125,000. Ms. Cole advised that due to the timing of Royal ISD's closing on the Tract, the President authorized SPH to submit correspondence outlining the Tap Fee for the Tract to Royal ISD in advance of the meeting, a copy of which is attached hereto as **Exhibit G**. Ms. Cole noted that an agenda item was included for the Board to consider ratifying such prior action. Following discussion, Director Feiler moved that the correspondence to Royal ISD and the calculation of the Tap Fee be ratified, approved and confirmed in all respects. Director Battistini seconded the motion, which unanimously carried.

BOND APPLICATION REPORT FOR PROPOSED ISSUANCE OF UNLIMITED TAX BONDS, SERIES 2024 ("SERIES 2024 BONDS")

Regarding the District's Bond Application Report No. 1 (the "BAR") in connection with the proposed issuance of the District's Series 2024 Bonds, Mr. Bozoarth reminded the Board that the BAR is currently in the technical review process at the Texas Commission on Environmental Quality.

LANDSCAPE ARCHITECTURE REPORT

Mr. Patronella presented to and reviewed with the Board a monthly report prepared by K&W regarding the status of landscape architecture design services for Sunterra Sections 46, 47, 48, 53, 54, and 56, a copy of which report attached hereto as **Exhibit H**. Following discussion, Director Feiler moved to approve the action items requested by K&W for landscape architecture design services for Sunterra Sections 46, 47, 48, 53, 54, and 56, including authorize K&W to authorize K&W to proceed with the design and advertisement for bids for hardscape and softscape improvements to serve Sunterra Section 47 and 56. Director Battistini seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT AND QUARTERLY INVESTMENT INVENTORY REPORT

Ms. Abad presented to and reviewed with the Board the Bookkeeper's Report, dated January 8, 2024, attached hereto as **Exhibit I**, 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 November 30, 2023, 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 November 30, 2023, 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.

PUBLIC FINANCE AUTHORITY SPECIAL REVENUE BONDS, SERIES 2023

Ms. Cole next addressed the Board concerning the Wisconsin Public Finance Authority Special Revenue Bonds, Series 2024 (the "2024 Special Revenue Bonds"). In that regard, she advised the Board that the Public Finance Authority (the "PFA"), which is a unit of government and a public body corporate and politic of the State of Wisconsin, will issue its 2024 Special Revenue Bonds, and that the proceeds from the bonds will be disbursed to Astro Sunterra to reimburse Astro Sunterra for existing water, sanitary sewer, drainage, road and recreational projects, and will also be escrowed to pay for the cost of construction of additional water, sanitary sewer, drainage, road and recreational facilities within the District. Ms. Cole reported that, as security, Astro Sunterra will assign all of its future receivables due from the District to the PFA. Ms. Cole then presented to and reviewed with the Board various documentation for approval by the Board in connection with the Series 2024 Special Revenue Bonds, including: (i) correspondence from the District addressed to the PFA consenting to the transaction in order to satisfy the State of Wisconsin statutes; (ii) correspondence from the District addressed to the PFA regarding the status of the existing Utility Development Agreements by and between the District and Astro Sunterra; (iii) an Acknowledgment, Consent and Indemnity in connection with a Sale and Assignment Agreement by and between Astro Sunterra, the PFA, and UMB Bank, N.A. (as trustee for the PFA); and (iv) a Certificate of the District to acknowledge and/or certify various representations so that Bond Counsel for the PFA can issue an opinion that the Series 2024 Special Revenue Bonds are qualified tax-exempt bonds. Copies of the documentation set forth above are attached hereto as **Exhibit J**. After discussion on the matter, Director Norris moved that: (i) all documentation presented by Ms. Cole in connection with the Series 2024 Special Revenue Bonds be approved and that the President be authorized to execute same on behalf of the Board and the District, to be held in escrow pending the closing on the Series 2024 Special Revenue Bonds tentatively scheduled for February 22, 2024; and (ii) the President be authorized to execute any other documentation required to close the transaction. Director Luton seconded said motion, which unanimously carried.

DEVELOPER'S REPORT

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

DISTRICT INSURANCE POLICIES

The Board next discussed the renewal of the District's insurance policies and authorizing the solicitation of proposals for same. Ms. Cole advised the Board that the District's current insurance policies, brokered through McDonald & Wessendorff ("McDonald"), will expire on March 31, 2024. After discussion concerning the various options available to the District, it was moved by Director Ward, seconded by Director Battistini and unanimously carried, to authorize SPH to solicit a renewal proposal from McDonald to be reviewed and discussed at the next Board meeting.

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 December 2023, 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 the water, sanitary sewer, and drainage facilities to serve Sunterra Sections 57 and 58. 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.

MATTERS RELATED TO MAY 4, 2024 DIRECTORS ELECTION

Ms. Cole reported on issues related to the District's Directors Election (the "Election") to be held on May 4, 2024. In connection therewith, Ms. Cole presented to and discussed with the Board a memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit L**, regarding participation in the joint election with Waller County (the "County"). In connection therewith, Ms. Cole advised that the County will administer the Election if the District participates in the County's joint election. Following discussion, it was moved by Director Feiler, seconded by Director Ward and unanimously carried that SPH be authorized to notify the County of the District's intent to participate in the joint Election.

SUPPLEMENTAL AGENDA

The Board next considered calling the Election in accordance with the requirements of the Texas Water Code. In connection therewith, Ms. Cole presented the Order Calling Directors Election (the "Order") attached hereto as **Exhibit M** calling the Election to be held on May 4, 2024. It was noted that the terms of office of Directors Battistini, Ward and Feiler expire in May of this year. In reviewing the Order with the Board, Ms. Cole advised that the Order provides for the conduct of the Election by the County, jointly with elections of other political subdivision, using County election officials, voting equipment, and polling locations at a shared expense. She advised that, although the County will conduct the Election, the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Election, and that the Order named Jenny Johnson as such agent (the "Election Agent"). Ms. Cole further advised the Board that notice of the Election must be given in accordance with the requirements of the Texas Election Code. Ms. Cole advised the Board that notice of the Election could be given by one or more of the following methods: (i) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before the election; (ii) posting the notice at a public place in each County election precinct that overlaps the District at least twenty-one (21) days before the election; or (iii) mailing the notice to each registered voter in the District at least ten (10) days before the election. She further advised that, in addition to the above, notice must be posted on the District's website at least twenty-one (21) days before the election. Ms. Cole also noted that the County will determine the compensation paid to the County election officials. After discussion on the matter, Director Feiler moved that said Order be passed and

adopted, that the President and Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Election in accordance with the Order. Director Ward seconded said motion, which unanimously carried. Ms. Cole advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 20, 2024, the Board may thereafter cancel the Election in accordance with the Texas Election Code.

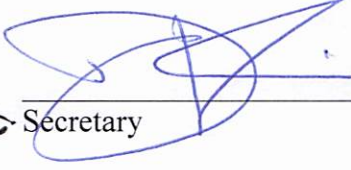
FUTURE AGENDA ITEMS

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 Ward, 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 Exemptions From Taxation
- EXHIBIT C Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District
- EXHIBIT D Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
- EXHIBIT E Operations Report
- EXHIBIT F Engineering Report
- EXHIBIT G Tap Fee Calculation for Royal Independent School District
- EXHIBIT H K&W Landscape Architect Report
- EXHIBIT I Bookkeeper's Report
- EXHIBIT J Copies of Documentation relating to Series 2024 Special Revenue Bonds
- EXHIBIT K Security Patrol Report
- EXHIBIT L Memorandum regarding Joint Elections with Waller County
- EXHIBIT M Order Calling Directors Election