

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

Minutes of Meeting of Board of Directors

January 23, 2024

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 January 23, 2024, 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: Cory Burton of Municipal Accounts & Consulting, L.P. ("MAC"); Sherri Greenwood of FORVIS, LLP ("FORVIS"); Kristen Scott of Bob Leared Interests ("BLI"); Kim Cosco of Champions Hydro-Lawn, Inc. ("Champions"); Justin Klump of Storm Water Solutions, LLC ("SWS"); Angie Hartwell of Touchstone District Services, LLC ("Touchstone"); Mike Williams of Municipal Operations & Consulting, Inc. ("MOC"); Jeff Safe of BGE, Inc. ("BGE"); and Kate Henderson 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. No comments from the public were presented.

APPROVE MINUTES

The Board considered approval of the minutes of its meeting held on December 15, 2023. After discussion, Director Marken moved that the minutes for said meetings be approved, as written. Director Hajovsky seconded said motion, which unanimously carried.

BOOKKEEPER'S REPORT

The Board next considered the Bookkeeper's Report. In connection therewith, Mr. Burton presented to and reviewed with the Board the Bookkeeper's Report dated January 23, 2024, a copy of which is attached hereto as **Exhibit A**. The Board requested that SPH and BGE

determine a use for the surplus funds in connection with the District's Series 2021 Bonds. After discussion, Director Marken moved that the Bookkeeper's Report be approved and that the disbursements identified therein be approved for payment, except for check nos. 10767 and 10768, which were voided. Director Hajovsky seconded said motion, which unanimously carried.

ADOPTION OF RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS

The Board considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Ms. Henderson advised that pursuant to the Public Funds Investment Act, the Board is required to review such list at least annually. Ms. Henderson then presented to 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 to the list previously adopted by the Board, which are attached hereto as **Exhibit B**. Ms. Henderson 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 Hajovsky 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) the President and Secretary be authorized to execute same. Director Marken seconded said motion, which unanimously carried.

AUDIT REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2023

The Board next reviewed and considered approval of the District's audit report for the fiscal year ended September 30, 2023. In connection therewith, Ms. Greenwood presented to and reviewed in detail with the Board a draft of the audit report prepared by FORVIS, together with a draft Management Letter concerning the Board's internal controls over financial reporting and draft management's response to same, copies of which are attached hereto as **Exhibit C**. Ms. Greenwood advised the Board that the Management Letter is being submitted in connection with the requirements of Statement on Auditing Standards No. 115. After discussion, it was moved by Director Hajovsky, seconded by Director Marken and unanimously carried, that (i) the audit report for the fiscal year ended September 30, 2023, be approved, subject to final review and comments by the District's consultants, (ii) the draft management response be approved, as presented, and that same be included in the final Management Letter, (iii) the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the District, and (iv) such audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality ("TCEQ").

STATUS OF CONTINUING DISCLOSURE REPORT

Ms. Henderson advised the Board that the annual continuing disclosure report, due March 30, 2024, will be filed by the District's disclosure counsel after the audit has been finalized.

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS ("COMPTROLLER") SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Ms. Henderson informed the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the District is required to annually submit information to the Comptroller for inclusion in the Special Purpose District Public Information Database no later than April 1st of each year. Ms. Henderson recommended that FORVIS be authorized to prepare and submit the information for the 2024 reporting period. After discussion on the matter, it was moved by Director Marken, seconded by Director Hajovsky and unanimously carried, that FORVIS be authorized to prepare the required information for the 2024 reporting period and submit same to the Comptroller for inclusion in the Special Purpose District Information Database no later than April 1, 2024.

TAX ASSESSOR-COLLECTOR'S REPORT

Ms. Scott next presented to and reviewed with the Board the Tax Assessor-Collector's Report prepared by Bob Leared Interests, Inc. dated December 31, 2023, a copy of which is attached hereto as **Exhibit D**. 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.

BUSINESS LIST UPDATE FOR STRATEGIC PARTNERSHIP AGREEMENT ("SPA") WITH CITY OF HOUSTON ("COH")

Ms. Scott next discussed with the Board the annual update of a list of businesses in the District in compliance with the District's SPA with the COH. She advised the Board that BLI is in the process of updating the list of businesses located within the District's SPA boundaries and, upon completion, will submit same to the COH prior to the January 29, 2024 deadline for same.

DELINQUENT TAX REPORT

Ms. Henderson presented to and reviewed with the Board a Delinquent Tax Report dated January 23, 2024, from Perdue, Brandon, Fielder, Collins, and Mott, L.L.P. ("Perdue"), the District's delinquent tax collections attorneys, a copy of which is attached hereto as **Exhibit E**. The Board noted that there were no action items contained in the report.

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. Ms. Henderson 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 Hajovsky, seconded by Director Marken and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes attached hereto as **Exhibit F** be adopted by the Board, and that Perdue

be authorized to collect delinquent personal property taxes beginning April 1, 2024, including the filing of lawsuits, if necessary.

RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Henderson 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 Texas 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 Hajovsky moved that the District (a) not grant a residential homestead exemption, and (b) grant an exemption of \$30,000 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 G**, relative to same be passed and adopted by the Board and District. Director Marken seconded said motion, which unanimously carried.

DETENTION AND DRAINAGE FACILITIES REPORT ("D&D REPORT")

Mr. Cosco next presented to and reviewed with the Board a D&D Report dated January 23, 2024, prepared by Champions for Little Prong Creek and corresponding photographs, a copy of which is attached hereto as **Exhibit H**. In connection therewith, he noted the condition of a portion of Little Prong Creek at Fry Road, which was previously repaired by Double Oak Erosion ("Double Oak") utilizing the SOX erosion repair system, as depicted in the D&D Report. Mr. Safe advised the Board that BGE will contact Double Oak to repair and rehabilitate the area.

Mr. Cosco next presented a proposal prepared by Champions in the total estimated amount of \$6,294.50 for hand sowing wildflower seeds at the Long Meadow Channel pursuant to the Board's previous request. A copy of the proposal is included with **Exhibit H**. After discussion, the Board concurred to defer action on the proposal until later in the year when conditions for successful germination of the wildflower seeds are more favorable. No action was taken by the Board in connection with the D&D Report at this time.

STORMWATER MANAGEMENT PROGRAM

The Board considered the status of the District's Stormwater Management Plan ("SWMP"). In that regard, Mr. Klump presented to and reviewed with the Board the Year 5 Annual Report for the District's SWMP (the "Annual Report"), a copy of which is attached hereto as **Exhibit I**. He next presented a utility bill insert regarding stormwater runoff and prevention of stormwater pollution, a copy of which is included with **Exhibit I**, which is to be included in upcoming water bills to the District's customers. The Board requested that SWS provide a digital copy of said utility bill insert to Touchstone for posting on the District's

website. After discussion, Director Marken moved that the Annual Report and the utility bill insert be approved, as presented, and that the President be authorized to execute the Annual Report on behalf of the Board and the District. Director Hajovsky seconded said motion, which carried unanimously.

Mr. Klump next presented to and reviewed with the Board a summary of the SWMP Year 5 Extension Goals and Training (the "Training Summary"), a copy of which is included with **Exhibit I**, and began his first training session (of two required sessions each year) with the Board and other District consultants. Mr. Klump then explained the importance of keeping household hazardous waste, pet waste, and yard waste out of the storm sewers, to prevent adding to bacterial impairment. He then continued with the training, thoroughly explaining the source of bacteria and outlining the program elements of the SWMP that deal with these sources.

DISTRICT WEBSITE AND MASS NOTIFICATION MESSAGING MATTERS

Ms. Hartwell next presented to and reviewed with the Board a Monthly Communications Report prepared by Touchstone dated January 23, 2024, a copy of which is attached hereto as **Exhibit J**, regarding the status of the District's website and customer messaging system. Ms. Hartwell next proposed that Touchstone be authorized to send out a text reminder to District customers regarding the upcoming deadline for payment of 2024 property taxes. The Board concurred with Ms. Hartwell's proposal and requested that she coordinate same.

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

Ms. Henderson presented to the Board a Monthly Contract Deputy Report for the month of December 2023 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.

OPERATIONS AND MAINTENANCE REPORT

Mr. Williams 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 December 2023 prepared by MOC. In connection therewith, he reported that the District had 99% water accountability for the reporting period.

Mr. Williams next reported to the Board regarding a sanitary sewer line blockage within the District, which occurred on January 9, 2024. He reported that MOC determined such blockage had been caused by a grease build up in the line and reminded the Board that the District had cleaned and televised this sanitary sewer line approximately one and a half years ago. He advised the Board that, after the blockage was cleared, the accumulated sewage backed up into an adjacent residence. A lengthy discussion ensued regarding the sewage backup. After discussion, the Board requested that Touchstone post a notice on the District's website reminding customers about the importance of keeping fats, oil and grease out of the District's sanitary sewer system and, in addition, that Touchstone also send a text alert to all subscribers linking to said notice on the District's website two to three days after sending out the tax payment reminder discussed earlier in the meeting.

Mr. Williams next requested that the Board authorize MOC to provide required information to districts that received water from the District during 2023 prior to the April 1, 2024 deadline, in connection with preparation of Consumer Confidence Reports. Following discussion, Director Hajovsky moved that MOC be authorized to provide the necessary information to districts that received water from the District during 2023 prior to the April 1, 2024 deadline. Director Marken seconded the motion, which unanimously carried.

ENGINEER'S REPORT

Mr. Safe presented to and reviewed with the Board a written Engineer's Report dated January 23, 2024, 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 rehabilitation of Water Well No. 1 at the Joint Water Plant (the "WW No. 1 Rehabilitation Project"), Ms. Henderson advised the Board that SPH and BGE submitted correspondence to the TCEQ requesting emergency approval of the project. She then reported that, upon review of the information contained in the request for emergency approval, the TCEQ approved the District's request for a waiver of the competitive bidding requirements of Section 49.273 of the Texas Water Code. Mr. Safe then advised the Board that, in order to account the cost for the required payment and performance bonds, the estimated total cost for the project has increased from \$465,000 to \$492,930. He reminded the Board that, should C&C Water Services, LLC ("C&C") determine upon investigation that the existing well liner does not need replacing, C&C will submit a change order relative to same and the total cost for the WW No. 1 Rehabilitation Project would be reduced by approximately \$100,000. Mr. Safe then requested that the Board ratify its previous award of the contract for the WW No. 1 Rehabilitation Project to C&C. After discussion, it was moved by Director Hajovsky, seconded by Director Marken and unanimously carried, that the Board's previous award of the contract for the WW No. 1 Rehabilitation Project to C&C be ratified in all respects, as recommended by BGE.

UTILITY COMMITMENT REQUESTS

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

AMENDMENT TO LETTER AGREEMENT WITH HICKORY CREEK HOMEOWNERS ASSOCIATION ("HICKORY CREEK")

The Board deferred considered the status of its Letter Agreement with Hickory Creek relative to funding of the agreement with Flock Group, Inc. (the "Flock Agreement") in connection with the license plate cameras within the District (the "Security Camera System") after Ms. Henderson reported that she still has not received a response from Hickory Creek's Board of Directors regarding the proposed Letter Agreement or its wishes relative to status of the Flock Agreement.

RENEWAL OF DISTRICT INSURANCE COVERAGES

The Board discussed obtaining insurance proposals for the 2024-2025 term. Ms. Henderson advised the Board that the District's current insurance coverages through Arthur J.

Gallagher & Co. ("AJG") are set to expire on March 31, 2024. After discussion on the matter, Director Marken moved that SPH be authorized to request a renewal proposal from AJG for the District's property, comprehensive boiler and machinery, general, hired/non-owned automobile, commercial umbrella and directors' and officers' liability policies, Directors Position Schedule Bond, Public Employee Blanket Bond and all other policies for the term commencing April 1, 2024. Director Hajovsky seconded the motion, which unanimously carried.

MATTERS RELATED TO MAY 4, 2024 DIRECTORS ELECTION

Ms. Henderson reported on issues related to the District's Directors Election (the "Election") to be held on May 4, 2024. In connection therewith, Ms. Henderson presented to and discussed with the Board a memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit N**, regarding participation in the joint election with Fort Bend County (the "County"). She reported that the County will administer the Election if the District chooses to participate in the County's joint election and advised the Board that SPH strongly recommends that the District do so for the reasons outlined in the memorandum. After discussion, it was moved by Director Hajovsky, seconded by Director Marken and unanimously carried that SPH be authorized to notify the County of the District's intent to participate in the joint Election.

ATTORNEY'S REPORT

The Board considered the Attorney's Report. In that regard, Ms. Henderson discussed a memorandum from the North Fort Bend Water Authority ("NFBWA") regarding the 2024 Appointment Process for Authority Directors and the 2023 Water Usage Reporting Form, a copy of which is attached hereto as **Exhibit O**. She advised the Board that SPH forwarded the Water Usage Reporting Form to MOC for completion and submittal to the NFBWA prior to the March 1, 2024, deadline for same.

SUPPLEMENTAL AGENDA

The Board next considered calling the Election in accordance with the requirements of the Texas Water Code. In connection therewith, Ms. Henderson presented the Order Calling Directors Election (the "Order") attached hereto as **Exhibit P** calling the Election to be held on May 4, 2024. It was noted that the terms of office of Directors Haehnel and Piper expire in May of this year. In reviewing the Order with the Board, Ms. Henderson 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 Melanie Walsh as such agent (the "Election Agent"). Ms. Henderson further advised the Board that notice of the Election must be given in accordance with the requirements of the Texas Election Code. Ms. Henderson 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. Following discussion of the options, the Board concurred that notice of the Election be given by posting same at a public place in each County election precinct that overlaps the District. and on the District's website. Ms. Henderson also noted that the County will determine the compensation paid to the County election officials. After discussion on the matter, Director Marken moved that said Order be passed and adopted, that the President and Secretary or Assistant 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 Hajovsky seconded said motion, which unanimously carried. Ms. Henderson 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.

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.




Secretary, Board of Directors

TABLE OF EXHIBITS

January 23, 2024

- Exhibit A: Bookkeeper's Report
- Exhibit B: Resolution Adopting List of Qualified Brokers
- Exhibit C: Draft Audit Report; draft Management Letter and management's response
- Exhibit D: Tax Assessor-Collector Report
- Exhibit E: Delinquent Tax Report
- Exhibit F: Resolution Authorizing Additional Penalty on Delinquent Personal Property Taxes
- Exhibit G: Resolution Concerning Exemptions from Taxation
- Exhibit H: Detention and Drainage Facilities Report
- Exhibit I: SWMP Annual Report and Training Summary; utility bill insert
- Exhibit J: Communications Report
- Exhibit K: FBCCO Report
- Exhibit L: Monthly Operations Report
- Exhibit M: Engineer's Report
- Exhibit N: Memorandum regarding Joint Elections with Fort Bend County
- Exhibit O: NFBWA Memorandum
- Exhibit P: Order Calling Directors Election