

MINUTES
FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1 OF FORT BEND COUNTY

February 22, 2023

The Board of Directors (the "Board") of Fulshear Municipal Utility District No. 1 of Fort Bend County (the "District") met in regular session, open to the public, on the 22nd day of February, 2023, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Houston, Texas, outside the boundaries of the District, with supplemental access for the public provided by telephone conference, and the roll was called of the members of the Board:

Brooks D. Tueting	President
John Verburg	Vice President
Ronald Catchings	Secretary
Eugene R. Baker	Assistant Secretary / Asst. Vice President
Todd Gnospelius	Assistant Secretary / Asst. Vice President

and all of the above were present except Directors Baker and Gnospelius, thus constituting a quorum.

Also present at the meeting were Kevin White, resident of the District; Julie Peak of Masterson Advisors, LLC; Adam Swonke of Gleannloch Landscaping & Maintenance Company ("Glamco"); DeKecha Shepherd and Alex Khoshakhlagh of Costello, Inc. ("Costello"); Jackie Noyola of Myrtle Cruz, Inc.; Shammarie Leon of Bob Leared Interests; Bill Sweitzer of Sweitzer & Associates; Dave Cannon of Trend Development, Inc.; and Katie Carner, Alex Manautou, Jennifer Ramirez, and Shammara Polk of Allen Boone Humphries Robinson LLP.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

MINUTES

The Board considered approving the minutes of the January 25, 2023 regular meeting. Following review and discussion, Director Catchings moved to approve the minutes of the January 25, 2023 regular meeting, as presented. Director Verburg seconded the motion, which passed unanimously.

DISTRICT WEBSITE MATTERS

There was no discussion on this agenda item.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Noyola reviewed the bookkeeper's report, a copy of which is attached, including the monthly investment report and budget comparison, and the bills presented for payment from the District's accounts.

Ms. Carner reviewed and discussed check no. 4463 payable to Hurtado Construction Company in the amount of \$4,776.00 for the securing of open manholes and junction boxes left by Briggs Construction Enterprises, Inc. ("Briggs") and check no. 4465 payable to Porter Hedges LLP ("Porter Hedges") in the amount of \$4,512.50 for legal fees associated with the ongoing Briggs matter.

Following review and discussion, Director Verburg moved to approve the bookkeeper's report and payment of the bills. Director Catchings seconded the motion, which passed unanimously.

Ms. Peak discussed the latest estimate of value from the Fort Bend County Appraisal District. she requested authorization to perform a capacity analysis for a potential bond issue in the 3rd or 4th quarter. Following discussion, the Board concurred to authorize Ms. Peak to perform a bond capacity analysis.

AUTHORIZE ATTENDANCE AT ASSOCIATION OF WATER BOARD DIRECTORS ("AWBD") SUMMER CONFERENCE

The Board considered authorizing attendance by all interested directors at the AWBD summer conference. Following review and discussion, Director Tueting moved to authorize any interested Board members to attend the AWBD summer conference. Director Verburg seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Leon reviewed the tax assessor/collector's report, a copy of which is attached. She reported that the District's 2022 taxes were 97.5% collected as of January 31, 2023.

Following review and discussion, Director Tueting moved to approve the tax assessor/collector's report and payment of the tax bills. Director Verburg seconded the motion, which passed unanimously.

ADOPT RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board considered the optional exemptions from taxation for the 2023 tax year, including a general residential homestead exemption and a homestead exemption for disabled persons or persons over 65 years of age. Ms. Peak discussed the effects of increasing the current homestead exemption for residents over the age of 65 or disabled on the District's taxable value and tax rate. Following review and discussion, Director

Verburg moved to adopt the Resolution Concerning Exemptions from Taxation, granting an exemption in the amount of \$20,000 of the appraised value of the homestead property for residents over the age of 65 or disabled and rejecting the general homestead exemption from ad valorem taxation, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Tueting seconded the motion, which passed by unanimous vote.

ENGINEERING MATTERS

Mr. Khoshakhlagh reviewed the engineer's report, a copy of which is attached.

FULBROOK ON FULSHEAR CREEK, SECTION 11

There was no update on this agenda item.

FULBROOK ON FULSHEAR CREEK, SECTION 17 WATER, SEWER, AND DRAINAGE FACILITIES

Mr. Khoshakhlagh updated the Board on the status of construction of the water, sewer, and drainage facilities to serve Fulbrook on Fulshear Creek, Section 17, as reflected in his report. He stated on February 13, 2023, Costello met with Porter Hedges and the surety's claim consultants, Nicholson Professional Consulting, on site to inspect the current project status and discuss the remaining items left to complete the project.

FULBROOK ON FULSHEAR CREEK, SECTION 17 PAVING FACILITIES

Mr. Khoshakhlagh updated the Board on the status of construction of the paving facilities to serve Fulbrook on Fulshear Creek, Section 17, as reflected in his report. He reviewed and recommended approval of Pay Estimate No. 3 in the amount of \$50,457.55, submitted by A&M Contractors, Inc.

FULBROOK ON FULSHEAR CREEK, SECTION 18 WATER, SEWER, AND DRAINAGE FACILITIES

Mr. Khoshakhlagh updated the Board on the status of construction of the water, sewer, and drainage facilities to serve Fulbrook on Fulshear Creek, Section 18, as reflected in his report.

FULBROOK ON FULSHEAR CREEK, SECTION 18 PAVING FACILITIES

Mr. Khoshakhlagh updated the Board on the status of construction of the paving facilities to serve Fulbrook on Fulshear Creek, Section 18, as reflected in his report.

FULBROOK ON FULSHEAR CREEK, SECTION 19 WATER, SEWER, AND DRAINAGE FACILITIES

Mr. Khoshakhlagh updated the Board on the status of construction of the water, sewer, and drainage facilities to serve Fulbrook on Fulshear Creek, Section 19, as reflected in his report. He stated on February 13, 2023, Costello met with Porter Hedges and the surety's claim consultants, Nicholson Professional Consulting, on site to inspect the current project status and discuss the remaining items left to complete the project.

FULBROOK ON FULSHEAR CREEK, SECTION 19 PAVING FACILITIES

Mr. Khoshakhlagh updated the Board on the status of construction of the paving facilities to serve Fulbrook on Fulshear Creek, Section 19, as reflected in his report.

MASS GRADING AND REGIONAL DETENTION/AMENITY POND

Mr. Khoshakhlagh updated the Board on the status of construction of the mass grading and regional detention/amenity pond, as reflected in his report. He stated on February 13, 2023, Costello met with Porter Hedges and the surety's claim consultants, Nicholson Professional Consulting, on site to inspect the current project status and discuss the remaining items left to complete the project.

OTHER ENGINEERING MATTERS, INCLUDING RESIDENT REQUESTS

The Board discussed the erosion in and around the pipeline easement located adjacent to 4827 Legend Creek Drive. Mr. Khoshakhlagh stated that if the District wishes to proceed with a site evaluation, he recommended the Board authorize Cibor, Inc. to perform a geotechnical evaluation for an amount not to exceed \$4,000.00. Following discussion, the Board concurred not to move forward with a geotechnical evaluation at this time. The Board directed Costello to coordinate with the Railroad Commission of Texas to have the eroded area inspected.

Mr. Khoshakhlagh reported that there is additional erosion near an area previously completed by Hurtado behind 4811 Legend Creek Drive. He stated that the additional erosion was most likely caused by a number of adjacent property owners blocking the drainage inlets with large objects, thereby altering the designed flow. Mr. Khoshakhlagh stated that Hurtado removed the objects and covered the inlet tops with small wire mesh for safety earlier that day. He stated that Hurtado will repair the new areas of erosion in the original location. The Board requested that Costello obtain a proposal for new inlets with finer openings to replace the existing grates.

Mr. Khoshakhlagh reported on correspondence received from a resident regarding erosion along the south bank of Fulshear Creek. Mr. Khoshakhlagh stated that Costello conducted a site visit and repairs will be required. The Board discussed the costs associated with the repairs and options for funding said repairs. The Board directed Costello to prepare a cost estimate for any necessary repairs.

The Board reviewed correspondence from Director Gnospelius regarding noise and drainage issues related to FM 1093, a copy of which is attached. The Board requested Glamco investigate the drainage at the perimeter walls along FM 1093. Discussion ensued regarding criteria for the Texas Department of Transportation to install sound walls. The Board concurred to table any discussion regarding additional landscaping or other measures.

REQUEST FOR AMENDMENT TO RATE SCHEDULE FOR ENGINEERING SERVICES AGREEMENT WITH COSTELLO

Mr. Khoshakhlagh reviewed an updated schedule of rates for engineering services performed by Costello, a copy of which is attached. Discussion ensued and the Board requested Costello remove the additional 10% cost for mileage from the updated rate schedule.

Following review and discussion, and based on the engineer's recommendation, Director Catchings moved to (1) approve the engineer's report; (2) approve Pay Estimate No. 3 in the amount of \$50,457.55, submitted by A&M Contractors, Inc; and (3) approve the updated schedule of rates, amended as discussed. Director Verburg seconded the motion, which passed unanimously.

DEEDS AND EASEMENTS, PHASE I ENVIRONMENTAL PROPOSALS, AND CONSENTS TO ENCROACHMENT OF EASEMENTS

The Board reviewed a proposal from Berg Oliver Associates, Inc. ("Berg Oliver") in the amount of \$2,900.00 to conduct a phase I environmental assessment for a portion of Reserve A within Fulbrook on Fulshear Creek, Section 14. Following review and discussion, Director Verburg moved to approve the proposal from Berg Oliver Associates, Inc. Director Catchings seconded the motion, which passed unanimously.

Ms. Carner reported on a Texas Public Information Act request for the Berg Oliver proposal and response to same.

UTILITY COMMITMENTS

There was no discussion on this agenda item.

UTILITY CONVEYANCE AND SECURITY AGREEMENTS

There was no discussion on this agenda item.

PARK PROJECTS

The Board reviewed correspondence from a resident regarding drainage issues at a section of sidewalk adjacent to the bridge crossing on Farm Hill Way, a copy of which is attached. Mr. Sweitzer stated that the drainage issue will be addressed as part of the landscape development to serve the Fulbrook on Fulshear Creek, Sections 9, 10, 15, and 16 project.

Mr. Sweitzer reviewed the landscape architect's report, a copy of which is attached.

Mr. Sweitzer updated the Board on the status of the construction of landscape development to serve Fulbrook on Fulshear Creek, Sections 9, 10, 15, and 16, as reflected in his report. He reviewed and recommended approval of Change Order Nos. 2 and 3 to increase the contract in the respective amounts of \$6,000.00 and \$2,000.00, submitted by Platinum Grass Services, LTD. ("PGS"). Mr. Sweitzer stated that Change Order No. 2 is for the higher cost of water meters than originally estimated by the City of Fulshear and Change Order No. 3 is for drainage remediation adjacent to the bridge crossing on Farm Hill Way, as noted in the resident correspondence. Mr. Sweitzer advised he would bring a revised Change Order No. 2 to the next Board meeting. He recommended the Board defer action on Change Order No. 2 and only approve Change Order No. 3 at this time. The Board determined that Change Order No. 3 is beneficial to the District.

Mr. Sweitzer updated the Board on the status of the landscape development of Fulbrook on Fulshear Creek, Section 6. He reviewed and recommended approval of Pay Estimate Nos. 5 and 6 in the amounts of \$20,159.99 and \$14,220.34, respectively, submitted by Earth First Landscapes, LLC ("Earth First").

Mr. Sweitzer updated the Board on the status of the design of the Parkside Passage Recreation Center.

Mr. Sweitzer updated the Board on the status of design of landscape development and greenway enhancements perimeter walls to serve Fulbrook on Fulshear Creek, Section 7, including the repairs to the damaged portion of the District's greenway enhancements perimeter walls along Southpoint Way and Creekbend Drive.

Mr. Sweitzer updated the Board on the status of the paver repairs at the roundabout on Fulshear Trace.

Mr. Sweitzer reported on water quality issues in the District's detention facilities near Lodge Lake Drive. He stated he spoke with Lake Management Services regarding

chemical treatment to clarify the water. Mr. Khoshakhlagh advised that Costello is looking into the matter further and does not recommend moving forward at this time. He recommended deferring any action until completion of the construction near the facilities. The Board requested Costello to contact the District's stormwater consultant to see if there are any other options that would be more long-lasting to discuss at the March Board meeting. Mr. Cannon advised that the Fulbrook on Fulshear Creek Community Association is willing to consider providing monetary support to improve water clarity in the facilities.

Following review and discussion, and based on the landscape architect's recommendation, Director Verburg moved to (1) approve the landscape architect's report; (2) approve Change Order No. 3 to increase the contract in the amount of \$2,000.00, submitted by PGS, based on the Board's determination that the Change Order is beneficial to the District; and (3) approve Pay Estimate Nos. 5 and 6 in the amounts of \$20,159.99 and \$14,220.34, respectively, submitted by Earth First. Director Catchings seconded the motion, which passed unanimously.

MOWING AND MAINTENANCE OF DISTRICT PROPERTY

Mr. Swonke updated the Board on mowing and maintenance in the District.

The Board reviewed correspondence from a resident on Legend Ridge Court regarding the removal of the debris behind their residence on District property, a copy of which is attached.

The Board continued discussion from the January 25, 2023, Board meeting of a resident's request for the installation of a fountain. The Board concurred not to install a fountain at this time but to look into the matter further as part of the budget process.

The Board reviewed the attached correspondence from residents in Fulbrook on Fulshear Creek, Section 9 regarding landscape maintenance adjacent to their property. The Board directed ABHR to notify the residents that the Board has authorized the maintenance necessary for the District's drainage facilities.

REPORT ON DEVELOPMENT

Mr. Cannon updated the Board on development in the District and requested the Board consider possible reimbursement through bond proceeds. Ms. Peak advised she would look at the numbers regarding a potential bond issue in the fall.

ATTORNEY'S REPORT

There was no discussion on this agenda item.

CITY OF FULSHEAR MATTERS

There was no discussion on this item.

2023 DIRECTORS ELECTION

Ms. Carner reported that the District received two applications for the two director positions and there will be agenda items to cancel the election at the next meeting.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 557.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, OR A SETTLEMENT OFFER

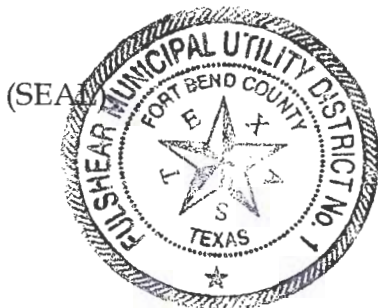
The Board convened in Executive Session at 1:32 p.m. pursuant to Section 551.071 of the Texas Government Code to conduct a private consultation with their attorney to discuss pending or contemplated litigation or a settlement offer. Ms. Carner, Ms. Manautou, Ms. Ramirez, Ms. Polk, Ms. Shepherd, and Mr. Khoshakhlagh also were present. Ms. Carner requested the presence of Ms. Shepherd and Mr. Khoshakhlagh in this Executive Session in order for the Board to obtain the necessary legal advice from its attorney, and the Board concurred to have them present.

RECONVENE IN OPEN SESSION

The Board reconvened in Open Session at 1:58 p.m.

Following review and discussion, Director Catchings moved to appoint Director Tueting as the Board's liaison for the Briggs matter. Director Verburg seconded the motion, which passed unanimously.

There being no further business to come before the Board, the meeting was adjourned.




Secretary, Board of Directors

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