

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

September 27, 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 27th day of September, 2023, at The Lodge Welcome Center, 5005 Lodge Lake Drive, Fulshear, Texas, inside 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
William K. White	Assistant Secretary/ Asst. Vice President
Todd Gnospelius	Assistant Secretary/ Asst. Vice President

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Alex Khoshakhlagh of Costello, Inc. ("Costello"); Bill Sweitzer of Sweitzer & Associates; Marissa Iguess of Myrtle Cruz, Inc.; Shammarie Leon of Bob Leared Interests; Dave Cannon of Trend Development, Inc.; Julie Peak of Masterson Advisors LLC ("Masterson"); Adam Swonke of Gleannloch Landscaping & Maintenance Company ("Glamco"); Katie Carner and Shammara Polk of Allen Boone Humphries Robinson LLP ("ABHR"); and residents of the District as shown on the attached list.

COMMENTS FROM THE PUBLIC

Mr. Lordo addressed the Board regarding concerns of the irrigation system blocking walkways along Fulshear Trace in Fulbrook on Fulshear Creek, Section 1. Ms. Carner advised that the District will confirm who is responsible for those portions of the irrigation system and take appropriate action.

Mr. Ordeneaux thanked the Board for continuing to lower the tax rate.

Mr. Fryhofer addressed the Board regarding correspondence sent and concerns previously discussed at the August 23, 2023, Board meeting regarding landscape maintenance behind Fulbrook on Fulshear Creek, Section 8 and presented photographs for the Board's review. A copy of the correspondence is attached.

MINUTES

The Board considered approving the minutes of the August 23, 2023, regular meeting. Following review and discussion, Director Catchings moved to approve the minutes of the August 23, 2023, regular meeting, as presented. Director White seconded the motion, which passed unanimously.

DISTRICT WEBSITE MATTERS

There was no discussion regarding this agenda item.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, AND ADOPT ORDER LEVYING TAXES

Ms. Carner stated that notice was published of the public hearing to be held at today's meeting regarding adoption of the District's 2023 tax rate. Ms. Carner opened the public hearing regarding the District's proposed tax rate of \$0.87 per \$100 of assessed valuation, with \$0.77 allocated for debt service and \$0.10 allocated for operations and maintenance. There being no other members of the public in attendance who wished to address the Board, the public hearing was closed. Ms. Peak reviewed a debt service tax rate analysis and discussed pending and future expected bond issues. Discussion ensued.

The Board considered adopting an Order Levying Taxes reflecting the proposed 2023 tax rate. Discussion ensued regarding the proposed maintenance tax rate and pending revisions to the budget to account for the actual cost of the ongoing erosion repair projects.

Following review and discussion, Director Gnospelius moved to (1) adopt the Order Levying Taxes, reflecting the 2023 tax rate of \$0.85 per \$100 of assessed valuation, with \$0.77 allocated for debt service (\$0.30 for water, sewer, and drainage bond debt service and \$0.47 for road bond debt service), and \$0.08 allocated for operations and maintenance; and (2) direct that the Order be filed appropriately and retained in the District's official records. Director Tueting seconded the motion, which passed by a vote of 3-1, with Director White opposed and Director Catchings abstaining from voting.

SERIES 2023 UNLIMITED TAX ROAD BONDS

REVIEW BIDS AND AWARD SALE OF THE DISTRICT'S \$9,535,000 UNLIMITED TAX ROAD BONDS, SERIES 2023 (THE "SERIES 2023 ROAD BONDS")

Ms. Peak reviewed with the Board a summary of the five bids received for the sale of the District's Series 2023 Road Bonds, a copy of which is attached. She stated the bids were verified for accuracy, and that good faith checks were submitted by all of the bidders. Ms. Peak recommended that the Board award the sale of the District's Series 2023 Road Bonds to the low bidder, Robert W. Baird &

Co., Inc. ("Baird"), at a net effective interest rate of 4.992906%. She reported that Moody's Investor Service upgraded the District's underlying rating for the Series 2023 Road Bonds.

Ms. Peak then reviewed a Pricing Book prepared by Masterson, a copy of which is attached.

RESOLUTION AUTHORIZING ISSUANCE OF THE DISTRICT'S SERIES 2023 ROAD BONDS

Ms. Carner reviewed the provisions of a proposed Resolution Authorizing the Issuance of the District's Series 2023 Road Bonds and explained that the document sets forth the terms and provisions of issuance and delivery of the Bonds, the payment of principal and interest over the life of the Bonds, and certain District covenants regarding the tax-exempt status of the Bonds.

PAYING AGENT/REGISTRAR AGREEMENT

Ms. Carner reviewed the provisions of a proposed Paying Agent/Registrar Agreement with Bank of New York Mellon Trust Company, N.A. by which the Paying Agent/Registrar will handle registration, transfer, and payment of the District's Series 2023 Road Bonds.

OFFICIAL STATEMENT

Ms. Carner explained that the Preliminary Official Statement for the District's Series 2023 Road Bonds will be updated to reflect the terms of the sale, including the purchaser, interest rates, and debt service requirements, and will be used as the Official Statement for the Series 2023 Road Bonds.

CERTIFICATE REGARDING PROVISION OF FINANCIAL ADVICE

Ms. Carner presented and reviewed with the Board a Certificate Regarding Provision of Financial Advice reflecting that the Board has relied on Masterson for financial advice concerning the issuance of the District's Series 2023 Road Bonds.

AUTHORIZE SIGNATURES AND ALL NECESSARY ACTION

Ms. Carner noted that it will be necessary for the President or Vice President and the Secretary or Assistant Secretary of the Board to sign documents relating to the sale and closing of the District's Series 2023 Road Bonds and actions will be required to be taken by the District's attorney and financial advisor to deliver the District's Series 2023 Road Bonds to the purchaser.

APPROVE PAYMENT TO ATTORNEY GENERAL

Ms. Carner stated that it will be necessary for the District to submit payment to the Attorney General of Texas relating to the bond issue transcript review.

AMENDMENT TO INFORMATION FORM

The Board reviewed an Amendment to Information Form reflecting the sale of the District's Series 2023 Road Bonds and adoption of the District's 2023 tax rate for filing with the Fort Bend County Clerk's Office and the Texas Commission on Environmental Quality ("TCEQ").

Following review and discussion, and based on the financial advisor's recommendation, Director Catchings moved to (1) award the sale of the District's Series 2023 Road Bonds to Baird at a net effective interest rate of 4.992906%; (2) adopt the Resolution Authorizing the Issuance of the District's Series 2023 Road Bonds; (3) approve the Paying Agent/Registrar Agreement for the Bonds with the Bank of New York Mellon Trust Company, N.A.; (4) approve the Official Statement; (5) authorize execution of the Certificate Regarding Provision of Financial Advice; (6) authorize the Board to sign all documents relating to the sale of the Bonds and authorize ABHR and Masterson to take all necessary steps to deliver the Bonds to the purchaser; (7) approve payment to the Attorney General of Texas relating to the bond issue transcript review; (8) authorize execution of the Amendment to Information Form; and (9) direct that all bond documents be filed appropriately and retained in the District's official records. Director Verburg seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Iguess 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. Iguess requested that the Board approve an amendment to the budget for the fiscal year ending April 30, 2024, to reflect the adopted maintenance tax rate.

Following review and discussion, Director Catchings moved to (1) approve the bookkeeper's report and payment of the bills; and (2) adopt the amended budget for the fiscal year ending April 30, 2024, as discussed. Director White 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 99.9% collected as of August 31, 2023.

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

ENGINEERING MATTERS

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

FULBROOK ON FULSHEAR CREEK, SECTION 11 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 11, as reflected in his report.

FULBROOK ON FULSHEAR CREEK, SECTION 11 PAVING FACILITIES

Mr. Khoshakhlagh updated the Board on the status of construction of the paving facilities to serve Fulbrook on Fulshear Creek, Section 11, as reflected in his report.

FULBROOK ON FULSHEAR CREEK, SECTION 17 WATER, SEWER, AND DRAINAGE FACILITIES, INCLUDING LIFT STATION NO. 10

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 reviewed and recommended approval of Pay Estimate No. 2 in the amount of \$463,682.37, submitted by Hurtado Construction Company ("Hurtado").

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. 5 and Final in the amount of \$52,368.26, submitted by A&M Contractors, Inc.

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 reviewed and recommended approval of Change Order No. 2 to increase the contract in the amount of \$244,472.00, submitted by Hurtado for realignment of the outfall into Fulshear Creek with funding for the Change Order to be provided

by Costello. The Board determined that Change Order No. 2 is beneficial to the District.

EROSION PROTECTION ALONG FULSHEAR CREEK SOUTH BANK

Mr. Khoshakhlagh updated the Board regarding bank erosion along Fulshear Creek, as reflected in his report.

OTHER ENGINEERING MATTERS, INCLUDING RESIDENT REQUESTS

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. He reviewed and recommended approval of Pay Estimate No. 6 and Final in the amount of \$24,551.09, submitted by Blazey Construction Services, LLC ("Blazey") and the final quantity adjustment deduction in the amount of \$20,353.50.

Ms. Khoshakhlagh informed the board that Costello has been acquired by Pape-Dawson Engineers ("Pape-Dawson"). He stated Costello will officially go under the name of Pape-Dawson starting January/February of 2024.

Following review and discussion, and based on the engineer's recommendation, Director Verburg moved to (1) approve the engineer's report; (2) approve Pay Estimate No. 2 in the amount of \$463,682.37, submitted by Hurtado; (3) approve Pay Estimate No. 5 and Final in the amount of \$52,368.26, submitted by A&M Contractors, Inc.; (4) approve Change Order No. 2 to increase the contract in the amount of \$244,472.00, submitted by Hurtado with funding for the Change Order to be provided by Costello, based on the Board's determination that the Change Order is beneficial to the District; and (5) approve Pay Estimate No. 6 and Final in the amount of \$24,551.09, submitted by Blazey and the final quantity adjustment deduction in the amount of \$20,353.50. Director White 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 \$3,465.00 to conduct a phase I environmental assessment for reserves within Fulbrook on Fulshear Creek, Sections 6, 7, 17, 18, and 19.

Following review and discussion, Director Verburg moved to approve the proposal from Berg Oliver Associates, Inc. and direct that the proposal be filed appropriately and retained in the Districts official records. Director Catchings seconded the motion, which passed unanimously.

UTILITY COMMITMENTS

There was no discussion on this agenda item.

UTILITY CONVEYANCE AND SECURITY AGREEMENTS

Ms. Carner informed the Board that the City has accepted the water, sewer, and drainage facilities and paving for Fulbrook on Fulshear Creek, Section 17. However, until the Lift Station is complete, the City indicated they will not formally approve the Utility Commitment and Security Agreement.

PARK PROJECTS

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 Pay Estimate Nos. 7 and 8 and Final in the amounts of \$11,027.70 and 26,004.26, respectively, submitted by Platinum Grass Services, LTD. ("PGS"). Mr. Sweitzer also requested the Board approve the Certificate of Final Acceptance.

Mr. Sweitzer updated the Board on the status of the design of the Parkside Passage Recreation Center, as reflected in his report. Director White inquired about the timeline for receiving bids for this project.

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, as reflected in his report.

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 Pay Estimate Nos. 7 and 8 and Final in the amounts of \$11,027.70 and 26,004.26, respectively, submitted by PGS; (3) approve the Certificate of Final Acceptance for the landscape development of Fulbrook of Fulshear Creek, Sections 9,10,15, and 16. Director White seconded the motion, which passed unanimously.

MOWING AND MAINTENANCE OF DISTRICT PROPERTY

The Board reviewed a 2024 budget proposal from Lake Management Services ("LMS") for lake maintenance services, a copy of which is attached. After review and discussion, Director Verburg moved to approve the proposal and direct that it be

incorporated as a new exhibit to the Service Agreement between the District and Lake Management Services. Director White seconded the motion, which passed unanimously.

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

The Board reviewed and discussed resident requests.

The Board discussed correspondence previously received in February from a resident on Wild Garden Way requesting the investigation of drainage concerns. Mr. Swonke stated that Glamco is currently looking into the issue and will bring a proposal to the October Board meeting.

The Board discussed correspondence previously reviewed at the April 26, 2023, Board meeting from a resident on Lake Hill Farm Way requesting the District paint the fence that lines the creek/old trail. Mr. Swonke stated the fence will be painted next week.

The Board discussed correspondence previously reviewed at the May 24, 2023, Board meeting from a resident on Legend Creek Drive requesting repair of a sinkhole behind their residence. Mr. Swonke stated that temporary fencing around the area has been installed, pending completion of the erosion repair project.

The Board discussed correspondence previously reviewed at the July 26, 2023, Board meeting from a resident on Lake Hill Farm Way requesting the removal of a dead tree behind their residence. Mr. Swonke stated the tree has been removed.

The Board discussed correspondence previously reviewed at the August 23, 2023, Board meeting from a resident on West Farm Way regarding a possible irrigation leak near the border of their yard and requesting the removal of a dead tree behind their residence. Mr. Swonke stated a bleeder swale needs to be cut for drainage and requested the Board authorize Glamco to perform the work for an amount not to exceed \$750.00. Mr. Sweitzer stated there are no signs of rot or decay at the base and trunk of the tree and recommended that the Board take no action.

The Board discussed correspondence previously received from a resident on Spanish Moss Crossing requesting the removal of poison oak from behind their residence that has grown into their pecan tree in their yard. Mr. Swonke stated that herbicide has been applied and once the poison oak has died, Glamco will remove it.

The Board reviewed correspondence from a resident on Streamside Trail reporting the irrigation system on the District's property near their residence is not working. A copy of the correspondence is attached. Mr. Swonke stated the irrigation system has been repaired.

The Board reviewed correspondence from a resident on Sweet Dewberry Lane requesting a downed tree be removed from behind their residence. A copy of the correspondence is attached. Mr. Swonke stated the tree has been removed.

The Board reviewed correspondence from a resident on Southpoint Way requesting additional landscape maintenance. A copy of the correspondence is attached. Ms. Carner reminded the Board that at the August 23, 2023, Board meeting the Board had decided not to take any action but requested for Mr. Sweitzer to look into the matter further. Mr. Sweitzer stated that the Board may want to consider additional mowing of the area. Following discussion, the Board directed Ms. Carner to inform the resident to obtain signatures in support of the additional landscape maintenance from all residents who are impacted and, once all signatures are received that the Board would consider a proposal for quarterly maintenance of that area at the next Board meeting.

The Board reviewed correspondence from a resident on Founder Pecan Street requesting permission to access their backyard through District property for pool construction. A copy of the correspondence is attached. Following discussion, the Board requested Ms. Carner to prepare an agreement for the homeowner to sign allowing them to access District property for pool construction subject to them putting down a \$2,000.00 deposit and agreeing to restore the area to its original condition. The Board also requested Ms. Carner prepare a draft policy for the use of District property.

The Board continued discussion from earlier public comments regarding landscape maintenance behind Fulbrook on Fulshear Creek, Section 8. Following discussion, the Board directed Costello to obtain a proposal from HDR to confirm the boundary of the wetlands adjacent to Fulbrook on Fulshear Creek, Section 8 for discussion at the next Board meeting.

Following review and discussion, Director Catchings moved to (1) authorize Glamco to cut a bleeder swale on West Farm Way to address the drainage issue for an amount not to exceed \$750.00; (2) authorize execution of an agreement with the homeowner on Founder Pecan Street to allow them to access District property for pool construction subject to them putting down a \$2,000.00 deposit and agreeing to restore the area to its original condition; (3) authorize Costello to obtain a proposal from HDR to confirm the boundary of the wetlands adjacent to Fulbrook on Fulshear Creek, Section 8 for discussion at the next Board meeting; and (4) authorize ABHR to prepare a policy for the use of District property. Director Verburg seconded the motion, which passed unanimously.

Director Gnospelius left the meeting.

REPORT ON DEVELOPMENT

Mr. Cannon updated the Board on development in the District.

ATTORNEY'S REPORT

ANNUAL REPORT

Ms. Carner stated that, as part of the District's continuing disclosure obligations, the District is required to file its annual report with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System, pursuant to SEC Rule 15c2-12. Following review and discussion, Director Verburg moved to approve the Annual Report and direct that the Annual Report be filed appropriately and retained in the District's official records. Director Catchings seconded the motion, which passed by a vote of 4-0 with Director Gnospelius absent from voting.

ANNUAL REVIEW OF PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

The Board reviewed the District's procedures for continuing disclosure compliance and concurred no changes are needed at this time.

CITY OF FULSHEAR MATTERS

Ms. Carner informed the Board of drought notices from the City and the North Fort Bend Water Authority that were added to the District's website.

Ms. Carner reviewed and discussed a presentation from the City regarding their projects and proposed schedule to address water supply concerns. Discussion ensued.

COMMENTS FROM THE PUBLIC CONT'D

Mr. Fryhofer addressed the Board regarding the stakes that were installed behind Fulbrook on Fulshear Creek, Section 9. He stated the stakes are for the maintenance boundary and is not a representation of the location of the wetlands. Mr. Swonke confirmed the stakes were installed to identify the maintenance boundary.

Mr. Degner addressed the Board regarding erosion issues. He inquired as to insurance coverage options available for major erosion issues and if the District could request upstream users to assist in paying for the remediation.

Director Tueting left the meeting.

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 did not convene in Executive Session.

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




Secretary, Board of Directors

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