

MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS

April 9, 2024

THE STATE OF TEXAS §

COUNTIES OF BRAZORIA AND FORT BEND §

BRAZORIA-FORT BEND COUNTIES MUNICIPAL UTILITY DISTRICT NO. 3 §

The Board of Directors (the “Board”) of Brazoria-Fort Bend Counties Municipal Utility District No. 3 (the “District”) met in regular session, open to the public, at 12:00 p.m. on Tuesday, April 9, 2024, at 9 Greenway Plaza, Suite 1000, Houston, Texas 77046, a designated meeting place outside the boundaries of the District; and via zoom and telephone conference at (346) 248-7799, participant code 839 672 43506#, whereupon, the roll was called of the members of the Board of Directors, to-wit:

Corinne Haworth	-	President
Julie Winkle	-	Vice President
Darby Kent	-	Secretary
Afolake Cannon	-	Assistant Secretary
Bret Fugate	-	Assistant Secretary

All members of the Board of Directors were present, thus constituting a quorum.

Also present at the meeting were: Que Chang, a resident of Caldwell Ranch via Zoom; Corey Laughner of KGA DeForest, the District’s landscape architect; Brandon West of Touchstone District Services, the District’s web services provider; Vanessa Hernandez of Myrtle Cruz, Inc., the District’s Bookkeeper; Sara Ahlschlager-Caudle of Utility Tax Service, LLC, the District’s Tax Assessor-Collector (“TAC”); Chris Prugar of Tierra Financial Advisors, LLC, the District’s Financial Advisor; Carlous Smith of SiEnvironmental (“Si”), the District’s Operator; Hunter Soape of CDC Unlimited, LLC, the District’s mowing/detention maintenance provider; Kathleen Kinchen of LJA Engineering, the District’s Engineer; and Mallory Craig, attorney, and Monica Britton, paralegal, of Coats Rose, P.C. (“Coats|Rose”), legal counsel for the District.

Whereupon, the meeting was called to order in accordance with the law and the notice posted, copies of which are attached hereto as Exhibit “A.”

HEAR FROM THE PUBLIC

No public comments were presented.

APPROVE MINUTES OF MEETING

The Board reviewed the minutes from the meeting held March 12, 2024, which were previously distributed to the Board. Upon a motion by Director Fugate, seconded by Director Kent, the Board voted unanimously to approve the minutes from the meeting held March 12, 2024.

AUTHORIZE PREPARATION OF FISCAL YEAR END AUDIT

Consideration was given to authorize the District's Auditor to prepare the fiscal year end March 31, 2024 audit.

Upon a motion duly made by Director Fugate, and seconded by Director Kent, the Board voted unanimously to authorize the District's Auditor to prepare the fiscal year end March 31, 2024 Audit. A copy of the Evergreen Audit Engagement Letter is attached hereto as Exhibit "B".

FINANCIAL ADVISOR'S REPORT

The Board recognized Mr. Prugar who provided an update on the District's Series 2024 WSD and Road Bonds. No action was taken.

APPROVE AND AUTHORIZE EXECUTION OF DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF NATIONAL FINANCE AUTHORITY SPECIAL REVENUE BONDS, SERIES 2024 (the "Bonds")

The Board recognized Ms. Craig, who presented to the Board the following documents in connection with the Bonds:

- a. Acknowledgment of the Sale and Assignment Agreement;
- b. Letter of Representation;
- c. Consent to the Issuance;
- d. Closing Certificate; and
- e. Consider taking such other actions and executing such other documents and certificates necessary to complete the National Finance Authority's issuance of bonds.

Ms. Craig explained that the Sale and Assignment Agreement is a contract between the Developer and the Issuer and Trustee of the National Finance Authority Bonds ("NFA Bonds") and provides, among other things that: (i) the Developer will assign its right to be reimbursed by the District for public infrastructure constructed at the expense of the Developer ("District Proceeds") to the Issuer, and (ii) the Issuer is in turn assigning the District Proceeds to the Trustee to secure the NFA Bonds. As a condition of this Agreement, and in compliance with the notice requirements of the Reimbursement Agreement entered into between the District and the Developer, the District is required to consent to the Assignment Agreement.

Ms. Craig then explained that in connection with the NFA Bonds the District will sign a letter of representation that states that the information relating to that District in the Limited

Offering Memorandum is correct, accurate, and that if anything material changes, they will let the correct parties know.

Ms. Craig then explained that as a condition of the Agreement the District is being asked to confirm that it has been (i) informed about the NFA bonds, the related Project Agreement between the Authority and the Developer, the Sale and Assignment Agreement, Ohio laws governing the issuance of NFA bonds, and the potential benefit to the District of the project, and (ii) consents to the NFA financing, but is in no way obligated to take any specific actions as a condition of the financing.

Ms. Craig then presented the Closing Tax Certificate. She explained that this Certificate will be dated the day of closing on the sale of the Bonds. Ms. Craig further noted the Certificate states, in addition to other facts, that the District has met certain conditions pursuant to the Internal Revenue Code of 1986 which allows the Bonds to be qualified as tax exempt obligations.

Ms. Craig reminded the Board that the Bonds are not an obligation of the District and that Board consent does not obligate the District to issue bonds in any way.

Consideration was then given to authorizing any and all additional actions and executing such other documents and certificates necessary to complete the issuance of the bonds.

Upon a motion by Director Fugate, seconded by Director Cannon, the Board voted unanimously to approve (i) the Acknowledgement of the Sale and Assignment Agreement, (ii) Letter of Representation, (iii) Consent to the Issuance, (iv) Closing Certificate, and (v) taking such other actions and executing such other documents and certificates necessary to complete the National Financial Authority's issuance of bonds.

HEAR CDC UNLIMITED REPORT

The Board recognized Mr. Soape who presented the CDC Unlimited Report, a copy of which is attached hereto as Exhibit "C". Mr. Soape provided updates on mowing and detention maintenance in the District.

Next, Mr. Soape presented the following proposals to address erosion issues for the Board's review and consideration:

- Slope erosion repair and turf grass establishment for Lake B - \$6,500
- Slope erosion repair and turf grass establishment for Lake C - \$19,800
- Slope erosion repair and turf grass establishment for Lake E & G - \$24,500

Upon a motion duly made by Director Haworth, and seconded by Director Fugate, the Board voted unanimously to approve (i) the CDC Unlimited Report and (ii) the proposals for erosion repair and grass establishment. Copies of the proposals are included in the CDC Unlimited Report.

BOOKKEEPER'S REPORT

The Board recognized Ms. Hernandez who presented the Bookkeeper's Report for the Board's review and approval, along with certain checks for payment. A copy of the Bookkeeper's Report is attached hereto as Exhibit "D."

Upon a motion made by Director Winkle and seconded by Director Fugate, the Board voted unanimously to approve the Bookkeeper's Report and payment of the District bills.

TAX ASSESSOR-COLLECTOR'S REPORT

The Board recognized Ms. Ahlschlager-Caudle, who presented the Tax Assessor-Collector's Report for the Board's review and approval, along with certain checks for payment for the month of March, 2024. Ms. Ahlschlager-Caudle stated that 97.38% of the 2023 tax levy has been collected as of March 31, 2024. A copy of the TAC's Report is attached hereto as Exhibit "E." After review and discussion, Director Cannon moved to approve the TAC Report and payment of the bills presented therein. Director Fugate seconded the motion, which passed unanimously.

OPERATOR'S REPORT

The Board recognized Mr. Smith who presented the Operator's Report, a copy of which is attached hereto as Exhibit "F." Mr. Smith noted that there were 1,546 connections in the month ending March, 2024, and that the total water accountability for the District was 89.74%. He also presented a list of delinquent accounts.

Review and approve Consumer Confidence Report

Mr. Smith provided a copy of the District's annual Consumer Confidence Report ("CCR") which outlines the District's drinking water quality for the 2023. A copy of the CCR is attached hereto as Exhibit "G". Mr. Smith noted an insert of the CCR will be included in the customers water bills, and Mr. West noted he would post a copy of the CCR on the District's webpage.

Discuss annual CPI Increase and consider amending Rate Order

This action was deferred.

Following review and discussion, upon a motion made by Director Fugate and seconded by Director Cannon, the Board voted unanimously to i) approve the Operator's Report and the action items listed therein and ii) approve the CCR, subject to revisions.

ENGINEER'S REPORT

The Board recognized Ms. Kinchen who presented and reviewed the Engineer's Report, a copy of which is attached hereto as Exhibit "H." Ms. Kinchen requested that the Board authorize and approve the following:

- Authorize design of Detention and Grading Phase 1 to serve Brazoria County MUD No. 87 ("MUD 87") (*pursuant to the Joint Detention Agreement between the District and MUD 87*);
- Approve plans and specifications for Detention and Grading Phase 1 to serve MUD 87 (*pursuant to the Joint Detention Agreement between the District and MUD 87*);
- Authorize advertisement for bids for Detention and Grading Phase 1 to serve MUD 87 (*pursuant to the Joint Detention Agreement between the District and MUD 87*);
- Approve Pay Estimate No. 7 in the amount of \$212,218.87 for construction of WS&D & Paving Caldwell Ranch Section 8 and Southern Colony Avenue Extension Phase 1 & 2;
- Approve Pay Estimate No. 6 in the amount of \$429,316.67 for construction of the WS&D & Paving Caldwell Ranch Section 9; and
- Approve Pay Estimate Nos. 1-11 in the amounts of \$65,279.35, \$114,584.88, \$1,648,862.97, \$204,910.72, \$209,302.23, \$145,324.85, \$215,421.21, \$34,033.81, \$46,327.95, \$115,604.50, and \$36,110.47 for construction of the Detention and Grading Phase 1 to serve MUD 87 (*pursuant to the Joint Detention Agreement between the District and MUD 87*).

After review and discussion and based on the engineer's recommendation, Director Cannon moved to approve the Engineer's report and action items listed therein. Director Kent seconded the motion, which passed unanimously.

HEAR LANDSCAPE ARCHITECT REPORT

The Board recognized Mr. Laughner who presented and reviewed the Landscape Architect Report, a copy of which is attached hereto as Exhibit "I". Mr. Laughner requested that the Board authorize and approve the following:

- Pay Application Nos. 3 and 4 in the amounts of \$114,241.62 and \$97,616.64 to JCT Landscape Maintenance and Irrigation Corp. dba Junction Landscape.

After discussion and the question being put to the Board, upon a motion by Director Fugate, seconded by Director Winkle, the Board voted unanimously to approve the Landscape Architect Report and the action items listed therein.

DEVELOPER'S REPORT

No Developer's report was received.

HEAR TOUCHSTONE DISTRICT SERVICE'S REPORT

The Board recognized Mr. West who presented Touchstone District Services' Communications Report, a copy of which is attached hereto as Exhibit "J." Mr. West provided updates on communication projects and tasks that have occurred since the last meeting. No action was taken.

ATTORNEY'S REPORT

The Board recognized Ms. Craig who presented the Attorney's Report.

Approve Amended and Restated Investment Policy

Ms. Craig presented an Amended and Restated Order Designating Investment Officer and Establishing Rules, Policies and Code of Ethics for the Investment of District Funds and Review of Investments for the Board's review and approval, a copy of which is attached hereto as Exhibit "K". She reminded the Board that the Public Funds Investment Act requires the Board to review the District's Investment Policy annually. Ms. Craig advised that updates are required under Section 5.03 of the Investment Policy per amendments to Chapter 2256 of the Government Code.

Upon a motion by Director Fugate, seconded by Director Kent, the Board voted unanimously to approve the Amended and Restated Investment Policy.

There being no further business to come before the Board, upon a motion duly made, seconded and approved unanimously, the meeting was adjourned.

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PASSED, APPROVED AND ADOPTED, this 14th day of May, 2024.



Afalak Cennor
Asst. Secretary, Board of Directors