

MINUTES OF MEETING
OF THE
BOARD OF DIRECTORS

July 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, July 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 850 9780 6990#, whereupon, the roll was called of the members of the Board of Directors, to-wit:

Corinne Haworth	-	President
Julie Winkle	-	Vice President
Afolake Cannon	-	Assistant Secretary
Bret Fugate	-	Assistant Secretary
Quinan Chang	-	Director

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

Also present at the meeting were: Brandon West of Touchstone District Services, the District’s web services provider; Lisa Sustaita 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; Kathleen Kinchen of LJA Engineering, the District’s Engineer; and Emily Forswall, attorney, and Monica Britton, paralegal, of Coats Rose, P.C. (“CoatsRose”), 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 June 11, 2024, which were previously distributed to the Board. Upon a motion by Director Fugate, seconded by Director Cannon, the Board voted unanimously to approve the minutes from the meeting held June 11, 2024.

HEAR FINANCIAL ADVISOR’S REPORT

The Board recognized Mr. Prugar who presented the Financial Advisor’s Report.

Review bids and consider awarding the sale of the District’s Series 2024 \$15,000,000 Unlimited Tax Bonds (the “Utility Bonds”) and the District’s Series 2024 \$3,000,000 Unlimited Tax Road Bonds (the “Road Bonds”), (the “Utility Bonds and Road Bonds are collectively referred to herein as “Bonds”)

Mr. Prugar presented the bid results for the District’s Bonds. Mr. Prugar informed the Board that three (3) bids were received for the Utility Bonds.

The bids were as follows:

<u>Bidder</u>	<u>Net Effective Interest Rate</u>
SAMCO Capital Markets	4.393%
Robert W. Baird & Co.	4.414%
Hilltop Securities	4.453%

Mr. Prugar next informed the Board that four (4) bids were received for the Road Bonds.

The bids were as follows:

<u>Bidder</u>	<u>Net Effective Interest Rate</u>
Robert W. Baird & Co.	4.405%
SAMCO Capital Markets	4.412%
Hilltop Securities	4.495%
Crews & Associates	4.500%

Mr. Prugar recommended that the Board accept the bid submitted by SAMCO Capital Markets, LLC for the Utility Bonds as it was the lowest bid with a net effective interest rate of 4.393% and accept the bid submitted by Robert W. Baird & Co. for the Road Bonds as it was the lowest bid with a net effective interest rate of 4.405%. A copy of the bids are attached hereto as Exhibit “B”.

Upon a motion made by Director Fugate, seconded by Director Cannon, after full discussion and the question being put to the Board, the Board voted unanimously to (i) authorize the award of sale of the Utility Bonds to SAMCO Capital Markets, LLC with a net effective interest

rate of 4.393% (the “WSD Underwriter”) and (ii) authorize the award of the sale of the Road Bonds to Robert W. Baird & Co. (the “Road Underwriter”) with a net effective interest rate of 4.405%. The WSD Underwriter and Road Underwriter will collectively be referred to herein as the “Underwriter.”

APPROVE AND AUTHORIZE EXECUTION OF THE BOND DOCUMENTS

The Board recognized Ms. Forswall who presented the following documents in connection with the sale of the Utility Bonds and Road Bonds:

- a. Order Authorizing Issuance of Bonds;
- b. Order Approving Official Statement;
- c. General Certificate;
- d. Signature Identification and No Litigation Certificate;
- e. Tax Exemption Certificate;
- f. Bond Registrar, Paying Agent and Transfer Agency Agreement;
- g. Letters addressed to Attorney General of Texas and Coats Rose, P.C. regarding dating of the Signature ID and No Litigation Certificate and the General Certificate and Letter to the Comptroller regarding delivery of the Initial Bonds;
- h. Rule 15c2-12 Certificate;
- i. DTC Blanket Issue Letter of Representation; and
- j. IRS Form 8038-G.

Ms. Forswall explained that the Order Authorizing Issuance of the Bonds is the contract between the District and the Underwriter and provides, among other things: (i) the legal authority for the District to issue the Bonds; (ii) the interest rates on the Bonds; (iii) the District’s obligation to levy ad valorem taxes to pay the principal and interest due on the Bonds; (iv) the designation of the Paying Agent/Registrar for the Bonds; and (v) the covenant by the Board to maintain the tax-exempt status of the Bonds.

Ms. Forswall then presented the Order Adopting Execution and Authorizing Distribution of Official Statement and Ratifying Distribution of Official Notice of Sale, Preliminary Official Statement, and Official Bid Forms, explaining that the Order states that relevant information from the sale of the Bonds will be included in the Final Official Statement adopted by the Board prior to its printing, and it authorizes the execution of the Final Official Statement substantially in the form being presented. Further, Ms. Forswall stated that the Final Official Statement is the document provided to the Underwriter which will be used to review all relevant information about the bonds and the risks associated with the investment with prospective buyers of the Bonds.

Ms. Forswall then presented the General Certificate and explained that this Certificate gives a brief history of the District, including the directors and their terms of office, information on previous bond sales, the District’s current tax rate, and the District’s current assessed valuation. She noted the General Certificate also contains information that the Attorney General has determined is helpful and necessary to consider when evaluating the legality of the Bonds.

Ms. Forswall next presented the Signature Identification and No-Litigation Certificate, explaining that said Certificate represents to the Attorney General and the Underwriter that there is no litigation pending against the District affecting the Bonds and that the signatures of the President and Secretary are genuine.

Ms. Forswall then presented the Certificate as to Tax Exemption. She explained that this Certificate will be dated the day of closing on the sale of the Bonds. Ms. Forswall further stated that 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. Forswall next presented a Bond Registrar, Paying Agent, and Transfer Agency Agreement (the "Agreement") with Zions Bancorporation, National Association, Houston, Texas ("Zions"), noting that the Financial Advisor has identified Zions to serve as the Paying Agent and Bond Registrar. Ms. Forswall explained that all tax-exempt municipal bonds are required to be fully registered with registry books maintained by a registrar on behalf of the District. The books reflect the names, addresses, and principal amounts of bonds registered in the name of the owners. Ms. Forswall further explained that the Agreement sets forth the duties, responsibilities, and fees involved for maintaining this information and making payments to bond owners.

Ms. Forswall then presented: (i) the letter to the Attorney General for the State of Texas which authorizes the execution of the General Certificate and the Signature Identification and No Litigation Certificate as of the date of the Approving Opinion for the Bonds; (ii) the letter to the Comptroller of Public Accounts which authorizes the Comptroller of Public Accounts to deliver the bonds to Coats Rose once they are approved by the Attorney General and registered; and (iii) the letter to Coats Rose which authorizes the dating of the General Certificate, the Signature Identification and No Litigation Certificate and the Certificate as to Tax Exemption and provides that the District will immediately notify Coats Rose if any of the facts contained in those documents change prior to the date of closing and delivery of the bonds.

Ms. Forswall next presented the Rule 15c2-12 Certificate (the "Certificate") in connection with the issuance of the Bonds. He noted that the purpose of this Certificate is to enable the Underwriter for the Bonds to comply with the Securities Exchange Act of 1934 in connection with the offering and sale of the Bonds. In addition, the Certificate certifies that the District has complied with all its duties under Rule 15b2-12.

Ms. Forswall then presented the DTC Blanket Letter of Representation, explaining that this letter is required by the Depository Trust Company ("DTC") so that DTC can serve as custodian of the deposited securities. She noted that the letter is only necessary for the first bond issuance of the District.

The Board next considered authorizing the President to execute IRS Form 8038-G. Ms. Forswall explained that this form provides information about the Bonds to the IRS for recordkeeping purposes.

Consideration was then given to authorizing other actions and execution of other documents and certificates necessary to obtain approval of the Bonds by the Attorney General of Texas. Ms. Forswall advised the Board that once the Attorney General's office has received and reviewed the Transcript of Proceedings with all the aforementioned bond documents, it is possible they will request additional information and/or documents and therefore he is requesting the Board's authorization for Coats Rose and Tierra to respond to the Attorney General and to prepare and have executed any requested documents or amendments to the existing documents.

Upon a motion made by Director Fugate, seconded by Director Cannon, the Board, after due discussion, voted unanimously to approve all the foregoing documents and to authorize Coats Rose and Tierra to perform any additional actions necessary in connection with obtaining approval of the Attorney General of the Bonds, subject to final review.

HEAR ENHANCED ENERGY REPORT

This action was deferred.

HEAR CDC UNLIMITED REPORT

No report was presented.

BOOKKEEPER'S REPORT

The Board recognized Ms. Forswall, who presented the Bookkeeper's Report on behalf of Myrtle Cruz 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 "C."

Upon a motion made by Director Fugate and seconded by Director Cannon, 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. Sustaita, 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 June, 2024. Ms. Sustaita stated that 98.79% of the 2023 tax levy has been collected as of June 30, 2024. A copy of the Tax Assessor-Collector's Report is attached hereto as Exhibit "D." After review and discussion, Director Fugate moved to approve the Tax Assessor-Collector's Report and payment of the bills presented therein. Director Cannon 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 "E." Mr. Smith noted that there were 1,702 connections in the month

ending June, 2024, and that the total water accountability for the District was 94.46%. He also presented a list of delinquent accounts.

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

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 "F."

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

HEAR LANDSCAPE ARCHITECT REPORT

No report was presented.

DEVELOPER'S REPORT

No report was presented.

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 "G." 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. Forswall who presented the Attorney's Report. No action was taken.

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

PASSED, APPROVED AND ADOPTED this 13th day of August, 2024.

(DISTRICT SEAL)


Secretary, Board of Directors

