

**MINUTES OF REGULAR MEETING OF
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 25,
OF FORT BEND COUNTY, TEXAS**

January 17, 2019

The Board of Directors (the "Board") of Fort Bend County Municipal Utility District No. 25, of Fort Bend County, Texas (the "District"), met in regular session, open to the public, on the 17th day of January, 2019 at a regular meeting place thereof, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Beth Murany	President
Richard Webb	Vice President/Assistant Secretary
James Dalton	Assistant Vice President
Escoto Thomas	Secretary/Investment Officer
Julio Acosta	Assistant Secretary

and all of said persons were present, except Director Dalton, thus constituting a quorum.

Also present during all or a portion of the meeting were Tyler Bridges, Assistant General Manager of Operations; Dominique Reddick, Accounting Manager; Mary Moore Hayes, Executive General Manager; Leonela Ruvalcaba, Assistant General Manager for Administration; Terrie Sechrist of Sechrist-Duckers LLP, attorney for the District; Chris Canonico of Ardurra Group, LLC ("Ardurra"), Disaster Recovery Engineer and Project Engineer for the District; and Deputy Misael Davila of the Fort Bend County Sheriff's Office.

MINUTES

The Board first considered approval of the minutes of its regular meeting held on December 20, 2018. After discussion, Director Murany made a motion to approve the minutes of the December 20, 2018, regular Board meeting, as presented. Director Thomas seconded the motion and it carried unanimously.

DEVELOPER'S REPORT

No report was received from developers of land within the District.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Sechrist next presented the Tax Assessor/Collector's Report for December 2018, a copy of which is attached hereto as Exhibit "A", and noted that 51.18% of the District's 2018 taxes and 99.79% of the District's 2017 taxes have been collected as of December 31, 2018.

After discussion, Director Acosta moved that the Board accept the Tax Assessor/Collector's Report and the checks drawn on the District's tax account. The motion was seconded by Director Webb and carried by unanimous vote.

DELINQUENT TAX ATTORNEY'S REPORT

Ms. Moore Hayes then presented the Delinquent Tax Report prepared by Larson & Weisinger, a copy of which is attached hereto as **Exhibit "B"**. She reported that four (4) of the previously delinquent accounts had been paid in full and that no action is required by the Board in connection with the other accounts. After further discussion, Director Murany made a motion to accept the Delinquent Tax Report. The motion was seconded by Director Acosta and carried by unanimous vote.

DISTRICT ENGINEER'S REPORT

A. Permit Amendments and renewals

Mr. Canonico stated that he had no information to report under this agenda item.

B. Capacity analysis

Mr. Canonico stated that he had no information to report under this agenda item.

C. Bond application reports

Mr. Canonico informed the Board that the Bond Application Report for the Series 2019 Bonds is for \$7,940,000 and is in the process of being finalized.

D. Construction of non-capital projects

Mr. Canonico stated that he had no information to report under this agenda item.

E. Coordination of projects with Project Management Engineer; and

Mr. Canonico stated that he had no information to report under this agenda item.

F. Developer Projects, new development and requests for service.

Mr. Canonico stated that he had no information to report under this agenda item.

PROJECT ENGINEER'S REPORT

Mr. Canonico next presented the Project Engineer's Report prepared by Ardurra, a copy of which is attached hereto as a part of **Exhibit "C"**.

A. Authorizing and/or concurring with the design, advertisement for bids and/or award of contracts for the construction of water, sanitary sewer and drainage or other facilities within the District

Mr. Canonico stated he had no information to report on this agenda item.

B. Approving and/or concurring in the approval of pay estimates and change orders on current construction projects within the District

Mr. Canonico next presented Change Order No. 1 in the amount of \$3,096.48 submitted by Gilleland Smith Construction, Inc. ("Gilleland"), in connection with the Waste Water Treatment Plant No. 1 ("WWTP") Digester Piping Modifications project (the "Digester Piping Project"), a copy of which is attached hereto as part of Exhibit "C". He also presented Pay Estimate No. 1 in the amount of \$51,300.00 submitted by Gilleland for the WWTP Digester Airline Repair project (the "Digester Airline Project"), a copy of which also is attached hereto as part of Exhibit "C". He informed the Board that Ardurra recommends the Board's approval of Change Order No. 1 to the Digester Pipeline Project and Pay Estimate No 1 for the Digester Airline Project. After discussion, a motion was made by Director Murany to approve Change Order No. 1 for the Digester Piping Project and Pay Estimate No. 1 for the Digester Airline Project, both as submitted by Gilleland. Director Webb seconded the motion, which carried unanimously.

C. Granting or accepting site and/or easement conveyances for facilities constructed or to be constructed for or on behalf of the District

Mr. Canonico stated he had no information to report on this agenda item.

D. Granting or consenting to easements over District property

Mr. Canonico stated he had no information to report on this agenda item.

E. Review status of the developments within the District

Mr. Canonico stated he had no information to report on this agenda item

F. OLIP Status of Phase 2: Trails, Beacon and Pocket Parks status update

Mr. Canonico stated he had no information to report on this agenda item.

G. Review summary of pending projects, including the status thereof

Mr. Canonico stated he had no information to report on this agenda item.

After further discussion, a motion was made by Director Murany that the Board accept the Project Engineer's Report. The motion was seconded by Director Webb and carried by unanimous vote.

DISASTER RECOVERY ENGINEER'S REPORT

Mr. Canonico next reported that Ardurra is completing the FEMA form for an overhead allowance claim relating to Hurricane Harvey repairs to the District's facilities. He advised the Board that the maximum payment from FEMA for overhead is \$5,000.00.

A. District Status

Mr. Canonico stated he had no information to report on this agenda item.

B. Procedures planned for remediation and recovery

Mr. Canonico stated he had no information to report on this agenda item.

C. Evaluation planned to determine status of storm drainage system

Mr. Canonico stated he had no information to report on this agenda item.

D. Reimbursement and payment options

Mr. Canonico stated he had no information to report on this agenda item.

ATTORNEY'S REPORT

A. Receive requests for annexation of land into the District and authorize all appropriate action, including acceptance of annexation petitions from landowners, execution of petitions to the City of Houston for consent to annexation, adoption of Order(s) Adding Land into the District and approval of Amendment to District Information Form

Ms. Sechrist stated that she had no information to report on this agenda item.

B. Approval of utility commitment letters

Ms. Sechrist stated that she had no information to report on this agenda item.

C. Approval of developer reimbursement agreements

Ms. Sechrist stated that she had no information to report on this agenda item.

D. Approval of resolutions to the Texas Commission on Environmental Quality (the "TCEQ") regarding the release of escrowed funds, the use of surplus funds or a change in use of funds

Ms. Sechrist stated that she had no information to report on this agenda item.

E. Approval of the audit of reimbursements to be made to a developer from the proceeds of the sale of the District Bonds

Ms. Sechrist stated that she had no information to report on this agenda item.

F. Review the District's Investment Policy; adopt resolution amending same

The Board next considered its yearly review of the District's Investment Policy, as required by statute. Ms. Sechrist then presented a Resolution Adopting Amended Investment Policy for the District (the "Amended Investment Policy Resolution") that reflects recent statutory changes to the Public Funds Investment Act and the Public Funds Collateral Act. After discussion, Director Webb moved that the Board adopt the Amended Investment Policy Resolution. Director Acosta seconded the motion, which carried unanimously.

G. Adopt Order Calling Bond Election to be held on May 4, 2019

The Board next considered calling a Bond Election for May 4, 2019 (the "Bond Election"). Ms. Sechrist presented an Order calling the Bond Election (the "Election Order"), which sets forth all legal requirements for such election. After discussion, it was moved by Director Acosta, seconded by Director Webb, and unanimously carried that the Election Order be adopted and that the District's attorney and election agent be instructed to handle the mechanics of the Bond Election.

H. Appoint an Agent for the District in Connection with the May 4, 2019 Bond Election

The Board next considered the appointment of an agent for the Bond Election. After discussion, Director Murany made a motion to appoint Erica Rhodes as the District's agent to perform election duties in connection with the Bond Election. Director Acosta seconded the motion which carried unanimously.

I. Establish Compensation to be paid to Election Officials

The Board next considered establishing the compensation to be paid to election officials in connection with the Bond Election. Ms. Sechrist advised the Board that the compensation for election officials may not be fixed at a rate less than the federal minimum hourly wage of \$7.25. After discussion, Director Acosta moved that judges and clerks for the Bond Election, including the early voting clerk, be paid the rate established by Fort Bend County for its election officials. Director Webb seconded the motion, which carried unanimously.

GENERAL MANAGER'S REPORT

A. Operations and Special Projects Reports, including:

- (i) Overall Field Operations Report; and
- (ii) Illegal Hookups and/or violations of the District's Rate Order
- (iii) Construction, Engineering and project updates; and
- (iv) Other Operations issues.

Mr. Bridges next presented the monthly Field Operations Report, a copy of which is attached hereto as **Exhibit "D"**. He informed the Board that there was a regulatory violation in January when the water flea portion of the WET test for Waste Water Treatment Plant No. 1 failed. Mr. Bridges next reported that there was an ammonia spike at Waste Water Treatment Plant No. 2 due to flow from Fort Bend County Fresh Water Supply District No. 2 and a low volume of sludge hauls.

After discussion, a motion was made by Director Murany to accept the Field Operations Report. The motion was seconded by Director Acosta and carried by unanimous vote.

B. Billing & Collections Report, including:

- (i) Conduct hearing and authorize termination of water service to delinquent accounts;
- (ii) Review of customer communications regarding billing issues;
- (iii) Consider Rate Order issues; and
- (iv) Consider other actions or issues associated with billing.

Ms. Ruvalcaba next presented the Billings and Collections Report. The Board then conducted a hearing regarding water and sewer service terminations. She informed the Board that the customers on the list attached hereto as **Exhibit "E"** (the "Termination List") were delinquent in the payment of their utility bills and were given written notification at least seven (7) days prior to the meeting of the opportunity to appear before the Board to explain, contest or correct their utility service bills and to show reason why utility service should not be terminated for reason of nonpayment.

After discussion, Director Thomas made a motion to terminate water service to those accounts on the Termination List that have not been paid in accordance with the District's Rate Order. Director Acosta seconded the motion, which carried unanimously.

Ms. Ruvalcaba next reported that there was a recent preventable complaint from a new customer. She reported that the District made a repair on a District line and the customer was not notified by the phone call out system of the disruption in water

service due to the repair. She reported that the District's phone notification system is in the process of being updated.

C. Information Technology Reports and other information to include:

- (i) **Fixed network update (meter reads and analytics); and**
- (iii) **Any other Information Technology related items.**

Ms. Ruvalcaba next presented a report on the status of the information technology equipment upgrades, a copy of which is attached hereto as **Exhibit "F"**. She reported that she and Fabi Padron are editing the current District website content. After discussion, a motion was made by Director Thomas to accept the Information Technology Report. The motion was seconded by Director Acosta and carried by unanimous vote.

D. Financial Services Report, including:

- (i) **Approve the District Bookkeeper's Report, the Investment Report and other Financial Reports and payment of bills;**

Mr. Reddick then presented the bookkeeper's report, a list of bills presented for payment, a summary of the District's budget and expenditures, and the investment report prepared in accordance with the Public Funds Investment Act (collectively, the "**Bookkeeper's Report**"). A copy of the Bookkeeper's Report is attached hereto as **Exhibit "G"**. He informed the Board that there is a \$300,000 CD maturing at Industry State Bank which can be renewed for a 15-month term at an interest rate of 2.60%. Mr. Reddick also confirmed that 1099s have been sent to vendors. After discussion, a motion was made by Director Murany to (i) accept the Bookkeeper's Report and (ii) authorize payment of all bills contained therein or otherwise presented at the meeting. Director Webb seconded the motion, which carried by unanimous vote.

E. General Operations Report, including:

- (i) **General Operations issues;**
- (ii) **General construction issues;**
- (iii) **Detention and outfall updates; and**
- (iv) **OLIP items to include pocket parks.**

Ms. Hayes next reported on the Park Pointe pocket park construction. She reported that a recent drainage survey revealed that the soccer field may need to be raised and/or the pavilion may need to be moved. Ms. Hayes also reported that surplus bond funds may be needed for new plants in the medians on Old Richmond Road and F.M. 1464.

F. Human Resources, Operations Group Goals, Policies and General Policy matters, including:

- (i) **Update, review and approve, if appropriate, Policy Manuals, SOPs, etc.;**

Ms. Ruvalcaba stated that she had no information to report on this agenda item.

- (ii) **Review and approve first quarter result of Group Goals for fiscal year 2018-2019**

Ms. Ruvalcaba next presented the first quarter Group Goals Results, a copy of which is attached hereto as **Exhibit "H"**. She reported that the District is on track to meet all goals for the 2018-2019 fiscal year.

- (iii) **Review and approve first Quarter Budget Adjustments**

Ms. Ruvalcaba next presented the first quarter budget adjustments for fiscal year 2018-2019, a copy of which is attached hereto as **Exhibit "I"**. She reported that contract labor costs were higher than anticipated due to the loss of a backhoe operator, which required retaining a contractor to fix leaks on deep pipes. She also reported that costs of sidewalk repairs have increased and two (2) work trucks were purchased with depreciation funds. After discussion, a motion was made by Director Webb to approve the budget adjustments. Director Thomas seconded the motion, which carried by unanimous vote.

G. Risk Management Policies, Compliance Matters, Standard Operations Procedures (SOPs), Red Flag Policies, Safety Reports, Group Goals and other related administrative items, including:

- (i) **Approve SOPs presented;**
(ii) **Approve any policy changes and/or amendments;**
(iii) **Ongoing training items;**
(iv) **Community Projects and Communication, including Fall Food Drive, Annual Calendar Contest; and**
(v) **Risk Management items.**

Ms. Ruvalcaba next presented a new SOP for taking samples at the sewage treatment plants. After discussion, a motion was made by Director Murany to approve the sampling SOP. The motion was seconded by Director Webb and carried by unanimous vote.

Ms. Ruvalcaba next reported that the calendars made by Garcia Middle School students have been mailed. She also reported that the Texas Water Development Board Municipal Water Use Survey and the annual Homeland Security updates have been completed and submitted to the appropriate entities.

After further discussion, a motion was made by Director Murany to approve the Risk Management report. The motion was seconded by Director Webb and carried by unanimous vote.

H. Building Maintenance and Landscaping/Grounds Maintenance Items, including:

(i) General building items;

Ms. Ruvalcaba stated she had no further information to report under this agenda item.

(ii) General landscape and grounds items; and

Ms. Ruvalcaba next informed the Board that the plants around the buildings will be replaced in February. She next requested that the Board approve the purchase of the following items from monies in the depreciation fund: (i) a zero turn lawn mower, (ii) a sidewalk edger, (iii) weed-eaters and (iv) bush trimmers (collectively the "Depreciation Fund Purchases"). After discussion, a motion was made by Director Acosta to approve the Depreciation Fund Purchases. The motion was seconded by Director Thomas and carried by unanimous vote.

(iii) QLIP items to include pocket parks.

Ms. Ruvalcaba stated she had no further information to report under this agenda item.

After further discussion, a motion was made by Director Acosta to accept the Landscaping, Grounds and Building Maintenance Report. The motion was seconded by Director Thomas and carried by unanimous vote.

I. Legal, Engineering and Project Updates, including:

(i) General legal items;

Ms. Ruvalcaba next reported that an arbitrage review will be prepared for the Series 2014A and the Series 2014B Bonds. She also reported that Ms. Sechrist recently conducted a bond document review with District staff.

(ii) General engineering items; and

Ms. Ruvalcaba stated she had no information to report under this agenda item.

(iii) **General project items.**

Ms. Ruvalcaba stated she had no information to report under this agenda item.

After discussion, a motion was made by Director Murany to approve the Legal, Engineering and Project Updates report. The motion was seconded by Director Acosta and carried by unanimous vote.

OTHER MATTERS

Ms. Hayes next reported that Ms. Ruvalcaba is transitioning to Acting Executive General Manager as of January 1, 2019. She informed the Board that the transition period is 3 to 6 months. She also reported that Ms. Ruvalcaba will receive a 5% salary increase as of the next pay period.

CONVENE IN EXECUTIVE SESSION TO DELIBERATE, REVIEW AND DISCUSS EMPLOYEE MATTERS

At 7:17 p.m., the Board convened in Executive Session pursuant to the Texas Government Code.

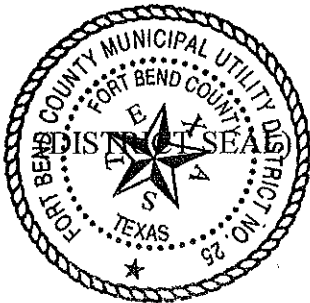
ACTION RESULTING FROM EXECUTIVE SESSION

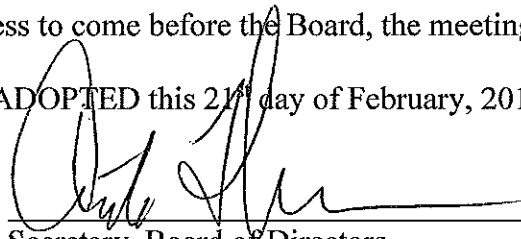
The Board reconvened in public session at 7:35 p.m. After discussion, Director Murany made a motion to approve a lump sum bonus to Ms. Hayes, as recommended, with no pay increase at this time. The motion was seconded by Director Acosta and carried unanimously.

ADJOURNMENT

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

PASSED, APPROVED and ADOPTED this 21st day of February, 2019.





Secretary, Board of Directors

ACTION LIST

- 1. General Manager will:
 - a. Terminate utility service to delinquent water and sewer accounts approved by the Board

LIST OF ATTACHMENTS

	Minutes
	<u>Page</u>
tax assessor/collector's report	1
delinquent tax attorney's report	2
project engineer's report	2
operations report	6
termination list	6
information technology report	7
bookkeeper's report	7
first quarter group goals	8
first quarter budget adjustments.....	8