

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

**March 21, 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 21<sup>st</sup> day of March, 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 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, Acting Assistant General Manager for Administration; Leonela Ruvalcaba, Acting Executive General Manager; 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; Greg Lentz of Masterson Advisors LLC, Financial Advisors for the District ("Masterson"); Deputy Misael Davila and Deputy Jeff Martinez of the Fort Bend County Sheriff's Office; and Kirk Francis, resident of the District.

**MINUTES**

The Board first considered approval of the minutes of its regular meeting held on February 21, 2019. After discussion, Director Murany made a motion to approve the minutes of the February 21, 2019, regular Board meeting, as presented. Director Acosta seconded the motion and it carried unanimously.

**PUBLIC COMMENTS**

Mr. Francis next addressed the Board regarding his objection to the bill received from Tackle Construction ("Tackle") for repair work on a sewer line at his property at 12907 Stratford Heights. He again informed the Board that Tackle did not have a master plumber on staff and, as such, was not qualified to perform the repair. He further stated that there were no identifying signs on the car which Tackle employees were driving. He also stated that he was going to post his complaints on the internet. After discussion, the Board concurred to offer Mr. Francis a six (6) month payment plan, sent via certified mail, return receipt requested, and regular mail, with a

return envelope, and provide him ten (10) days from receipt of the letter to accept the payment plan offer. The Board also agreed that Ms. Ruvalcaba would contact the District's public and media relations consultant.

### **OTHER MATTERS**

Mr. Lentz next addressed the Board regarding a possible refunding bond issue. He then presented a preliminary summary of a Series 2019 unlimited tax refunding bond issue, a copy of which is attached hereto as **Exhibit "A"**, which provides potential savings of \$1,201,024, with average annual savings of \$60,051.20. He stated that additional savings will be realized because Masterson and the District's bond counsel have agreed to reduce their respective fees to 0.0085% of the principal amount of the refunding bonds from 0.010% in light of the pending new money bond application report and that he also may be able to negotiate a lower underwriter's discount. After discussion, the Board concurred to proceed with the proposed refunding bond issue.

### **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 February 2019, a copy of which is attached hereto as **Exhibit "B"**. She noted that 95.96% of the District's 2018 taxes and 99.79% of the District's 2017 taxes have been collected as of February 28, 2019.

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

#### **A. Consider granting exemptions from taxation for tax year 2019 and the adoption of a resolution in connection therewith**

Ms. Sechrist next outlined for the Board the various tax exemptions available under the Texas Tax Code for the District to grant to landowners within the District's boundaries. She informed the Board that last year it granted an exemption of \$10,000 of the appraised value of the residence homestead of individuals who are under a disability for purposes of payment of disability insurance benefits under Federal Old Age, Survivors and Disability Insurance or who are sixty-five (65) years of age or older (the "**Disabled/Over 65 Exemption**"). After discussion, Director Thomas moved that the Board adopt a Resolution Concerning Exemptions from Taxation that grants a \$10,000 Disabled/Over 65 Exemption for tax year 2019. Director Acosta seconded the motion, which carried unanimously.

**B. Adopt a Resolution Authorizing Additional Penalty on Delinquent Taxes**

The Board next considered adopting a resolution that authorizes the imposition of an additional penalty of 20% on tax accounts that are not paid in accordance with the Texas Tax Code (the "Additional Penalty Resolution"). Ms. Sechrist reminded the Board that the additional penalty would be used to pay the District's delinquent tax attorney. After discussion, upon a motion made by Director Murany and seconded by Director Webb, the Board voted unanimously to adopt the Additional Penalty Resolution.

**C. Adopt a Resolution Concerning Tax Collection Procedures**

Ms. Sechrist next outlined for the Board the various tax collection procedures available to the District. She reported that the Board has the option of rejecting or permitting: (i) the District to refrain from sending a tax bill for less than \$15.00, unless a property owner files a written request with the District before the tax bill is prepared that the tax bill not be sent until it is \$15.00 or more; (ii) the split payment of taxes; and (iii) discounts for the early payment of taxes. After discussion, Director Acosta moved that the Board adopt a Resolution Concerning Tax Collection Procedures that rejects: (i) the option to not send a tax bill for less than \$15.00, unless a property owner files a written request with the District before the tax bill is prepared that the tax bill not be sent until it is \$15.00; (ii) the option to allow the split payment of taxes; and (iii) the option to offer discounts for the early payment of taxes. Director Murany seconded the motion, which carried unanimously.

**DELINQUENT TAX ATTORNEY'S REPORT**

Ms. Hayes then presented the Delinquent Tax Report prepared by Larson & Weisinger, a copy of which is attached hereto as Exhibit "C". She reported that the District's delinquent tax attorney is focusing on the collection of delinquent business personal property taxes at this time. After further discussion, Director Murany made a motion to accept the Delinquent Tax Report. The motion was seconded by Director Webb and carried by unanimous vote.

**DISTRICT ENGINEER'S REPORT**

Mr. Canonico next discussed the District's Groundwater Reduction Plan ("GRP"). He informed the Board that by developing its own GRP rather than staying in the North Fort Bend Water Authority (the "Water Authority"), the District has saved approximately \$10,000,000 in Water Authority fees. After discussion, the Board concurred to publicize this information on the District's website. He further informed the Board that the City of Sugar Land is considering an expansion of its surface water plant and he will contact City representatives about the possibility of purchasing credits in the expanded plant to apply to the District's GRP rather than building more reuse or surface water facilities.

Mr. Canonico next discussed a complaint from a resident in Orchard Lake Estates about the lack of rebar on the District's storm drain inlets. He informed the Board that the type of storm

drain permitted to be installed in the District is dictated by the City of Houston and that he does not believe the City will allow adding rebar as a variance to the standard inlet design. He also stated that the picture submitted by the resident depicts a storm drain inlet in a private parking lot, which is not subject to the City's design criteria. After discussion, the Board determined to follow best management practices for storm water drainage systems and not install rebar in the District's storm drain inlets. The Board requested that Ms. Ruvalcaba prepare a letter to the resident informing her of the Board's decision.

**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 stated that the Bond Application Report for the District's Series 2019 Unlimited Tax Bonds (the "Bonds") has been completed. After discussion, a motion was made by Director Murany to adopt a resolution authorizing an application to the Texas Commission on Environmental Quality (the "TCEQ") for approval of the Bonds and the projects to be funded by the Bonds. The motion was seconded by Director Thomas and carried by unanimous vote.

**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 "D"**. He first presented the following task orders for the Board's approval: (i) Task Order E-18 at a cost not to exceed \$155,000 relating to the cleaning and videoing of the sanitary sewer lines in the Pheasant Creek subdivision and reviewing the existing investigative videos of the sanitary sewer lines in the Park Pointe subdivision (the "Pheasant Creek/Park Pointe Sanitary Sewer Inspection Project"); and (ii) Task Order E-19 in the amount of \$115,000 relating to SCADA work and engineering services to replace the

programmable logic controllers at Water Plants Nos. 1 through 4. After discussion, Director Murany made a motion to approve Ardurra's Task Orders E-18 and E-19 in the total amount of \$270,000. Director Thomas seconded the motion, which carried unanimously.

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 Pay Application No. 2 in the amount of \$9,000.00 submitted by Gilleland Smith Construction, Inc. ("Gilleland"), in connection with Wastewater Treatment Plant No. 1 ("WWTP No.1") Digester Air Line Repair project (the "Digester Air Line Project"), a copy of which is attached hereto as part of **Exhibit "D"**. He next presented Pay Application No. 2 in the amount of \$52,794.95 in connection with Digester Piping Modifications at WWTP No. 1 (the "Digester Piping Project"). Mr. Canonico then informed the Board that the Digester Air Line Repair Project is 100% complete and the Digester Piping Project is 99% complete. He then stated that Ardurra recommends the Board's approval of both Pay Application No. 2 for the Digester Air Line Project and Pay Application No. 2 for the Digester Piping Project. After discussion, a motion was made by Director Murany to approve Pay Application No. 2 for the Digester Air Line Project and Pay Application No. 2 for the Digester Piping Project, as submitted by Gilleland. Director Acosta 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. **QLIP Status of Phase 2: Trails, Beacon and Pocket Parks status update**

Mr. Canonico stated that the Park Pointe pocket park project is substantially complete.

**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 to accept the Project Engineer's Report. The motion was seconded by Director Dalton and carried by unanimous vote.

**DISASTER RECOVERY ENGINEER'S REPORT**

**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 next reported that FEMA has agreed to pay to repair the District's storm water outfall structures caused by Hurricane Harvey and Ardurra is now negotiating the amount of the payment. He informed the Board that it is estimated that the outfall repairs will cost approximately \$1,000,000 and that FEMA has offered payment of \$100,000.

**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 next addressed the Board regarding a proposed application to the TCEQ for use of escrowed/surplus funds for the following projects: (1) a change in use and release of \$330,217 in escrowed funds previously designated for improvements to Lift Station No. 4 and an associated force main to Wastewater Treatment Plant No. 2 ("STP 2") for the following: (a) \$8,720 to repair the headworks at STP 2; (b) \$29,600 to replace the manhole in the rear easement of the Pheasant Ridge Drive cul-de-sac; (c) \$26,500 to replace the reuse pump at STP 2; (d) \$155,000 for the Pheasant Creek/Park Pointe Sewer Inspection Project; (e) \$11,445 to conduct fire hydrant flow tests and valve inspections; and (f) \$98,952 to replace the fence at detention pond number 2; and (2) use of \$80,675 in surplus funds from the Series 2014 Park Bonds as follows: (a) \$19,560 to purchase and install a fence around an existing pocket park in the Pheasant Creek subdivision; and (b) \$61,115 to replace landscape materials in the FM 1464 medians (collectively, the "Project").

Ms. Ruvalcaba then informed the Board that the wood fence at Detention Pond No. 2 located near Chelsea Harbour needs to be replaced at an approximate cost of \$100,000 (the "Chelsea Harbour Fence Project"). She stated that the Chelsea Harbour detention pond fence is over twenty (20) years old and portions of it were blown over in 2018, resulting in an insurance claim and a \$2,500 deductible paid by the District. Regarding the fire hydrant valves, she reported that they will be tested at least once each year.

After discussion, a motion was made by Director Murany to approve a resolution to the TCEQ for change in use and release of escrowed funds and release of surplus funds for the Projects and the Chelsea Harbour Fence Project. The motion was seconded by Director Thomas and carried unanimously.

**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. Adopt amendments to the District's Rate Order**

Ms. Sechrist next presented to the Board an Amended Rate Order. Mr. Canonico recommended that language be added to the Rate Order that the District will not replace landscaping that property owners have installed in easements or public rights-of-way if such landscaping is disturbed during a District repair project. After discussion, a motion was made by Director Murany to approve the Amended Rate Order, as further amended to include the change proposed by Mr. Canonico. Director Thomas seconded the motion, which carried unanimously.

**G. Authorize all interested directors to attend the AWBD Summer Conference to be held in June in Fort Worth**

The Board next discussed the AWBD Summer Conference to be held in June in Fort Worth, Texas (the “AWBD Summer Conference”). After discussion, a motion was made by Director Thomas to approve the attendance of all interested Directors at the AWBD Summer Conference. The motion was seconded by Director Murany and carried by unanimous vote.

**L. Consider annual review of the prevailing wage rate scale for construction projects and consider authorizing survey of wages**

Ms. Sechrist next advised the Board that Chapter 2258 of the Texas Government Code requires that each year, the District determine the general prevailing rate of per diem wages for certain crafts and types of workers on District construction projects and the general prevailing rate of per diem wages for legal holiday and overtime work. After discussion, a motion was made by Director Acosta to authorize the District’s attorney to conduct a survey of the wages received by classes of workers employed on public works projects of Fort Bend County, the City of Houston and the United States Department of Labor. The motion was seconded by Director Webb and carried by unanimous vote.

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

**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 “E”**. He reported that water accountability is at 92%. He also informed the Board that the District purchased a mini excavator for use on smaller jobs as discussed at the February Board meeting.

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 "F" (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 Webb 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.

**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 "G". She informed the Board that the District's Website has been updated and a new printer was purchased for the HR Department.

After discussion, a motion was made by Director Murany to accept the Information Technology Report. The motion was seconded by Director Webb 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 "H". He informed the Board that a \$2,000,000 debt service account

Certificate of Deposit (“CD”) with a 1.35% interest rate will be renewed on April 1 at a 2.60% interest rate at Fayetteville Bank.

Ms. Hayes next reported that a forensic accountant recently reviewed the Financial Services Department software database and found no irregularities.

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 Acosta 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;**
- (iv) **QLIP items to include pocket parks; and**
- (v) **Conduct yearly reviews of the District’s drought contingency plan.**

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

**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) **Any other matters deemed appropriate and related to overall Administrative items, Human Resources, etc.**

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

**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;**
- (v) **Approve Annual Drought Contingency Plan; and**
- (vi) **Risk Management items.**

Ms. Ruvalcaba next reported that the Consumer Confidence Report will be completed upon receipt of the template from the TCEQ. She also reported that the Notice of Intent relating to the MS4 Plan has been updated. She then presented five (5) SOPs: (i) Accounting Department: payment of the annual TCEQ Regulatory Assessment Fee online; (ii) IT Department: remote arming and disarming of security panels at District facilities; (iii) IT Department: procedures to reestablish certain sensor links after reboot; (iv) IT Department: DSX LAN module programming and cable creation; and (v) Risk Management: relating to TEEX water/wastewater course registration.

Ms. Ruvalcaba next informed the Board that this week was “Fix a Leak Week”.

Ms. Ruvalcaba reported that no changes have been made to the current Drought Contingency Plan. After discussion a motion was made by Director Thomas to approve the Drought Contingency Plan. The motion was seconded by Director Acosta

After further discussion, a motion was made by Director Thomas to (i) approve the SOPs as presented, and (ii) accept the Risk Management report. The motion was seconded by Director Acosta and carried by unanimous vote.

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

**(i) General building items;**

Ms. Ruvalcaba informed the Board that the HVAC unit in the Billing Department had been recently repaired. She also reported that the garage door at Operations has been repaired. She then reported that bids are being solicited to redesign the HVAC system for the Administration Building, with the associated cost to be added to the District’s five-year strategic plan.

**(ii) General landscape and grounds items; and**

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

**(iii) OLIP items to include pocket parks status.**

Ms. Ruvalcaba next reported that dwarf bottle brush and trees have been planted in the FM 1464 medians and that twenty (20) dwarf crepe myrtles also will be planted. She also reported the Board that perennials will be added as ground cover around trees and large beds at District facilities instead of mulch to save costs.

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

**I. Legal, Engineering and Project Updates, including:**

**(i) General legal items;**

Ms. Sechrist next discussed procedures for the upcoming Bond Election.

**(ii) General engineering items; and**

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

**(iii) General project items.**

Ms. Hayes reported that Mr. Bridges is putting together a plan room, which will be a history of the construction of District facilities.

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

**ADJOURNMENT**

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

PASSED, APPROVED and ADOPTED this 25<sup>th</sup> day of April, 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**

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