

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

April 25, 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 25th day of April, 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 during all or a portion of the meeting, 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; Hector Pena of Ardurra Group, LLC ("Ardurra"), Engineer for the District; Greg Lentz of Masterson Advisors LLC, Financial Advisors for the District ("Masterson"); Deputy Jeff Martinez of the Fort Bend County Sheriff's Office; Britnee Reddick, wife of Dominique Reddick; and Glenn Farley, a resident of the District.

MINUTES

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

PUBLIC COMMENTS

Mr. Farley next introduced himself to the Board, discussed his work and personal background and expressed his interest in serving as a Director if a vacancy occurs on the Board.

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 March 2019, a copy of which is attached hereto as **Exhibit "A"**. She noted that 96.97% of the District's 2018 taxes and 99.79% of the District's 2017 taxes have been collected as of March 31, 2019.

After discussion, Director Thomas 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.

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 "B"**. After 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. Pena stated that he had no information to report under this agenda item.

B. Capacity analysis

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

C. Bond application reports

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

D. Construction of non-capital projects

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

E. Coordination of projects with Project Management Engineer; and

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

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

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

PROJECT ENGINEER'S REPORT

Mr. Pena then 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. Pena 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. Pena next presented Pay Application No. 3 and Final in the amount of \$6,700.00 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 "C"**. He then stated that Ardurra recommends the Board's approval of Pay Application No. 3 and Final for the Digester Air Line Project. After discussion, a motion was made by Director Murany to approve Pay Application No. 3 and Final for in the Digester Air Line Project, as submitted by Gilleland. The motion was seconded by Director Webb and carried unanimously.

Mr. Pena next presented Pay Application No. 3 in the amount of \$28,888.41 and Pay Application No. 4 and Final in the amount of \$15,609.65 submitted by Gilleland in connection with digester piping modifications at WWTP No. 1 (the "Digester Piping Project"). He stated that Ardurra recommends the Board's approval of Pay Applications Nos. 3 and 4 and Final for the Digester Piping Project. After discussion, a motion to approve Pay Applications Nos. 3 and 4 and Final for the Digester Piping Project, as submitted by Gilleland. Director Webb seconded the motion which carried unanimously.

Mr. Pena then presented Pay Application No. 6 in the amount of \$18,127.35 and Pay Application No. 7 in the amount of \$24,817.75 submitted by Millis Development & Construction, LLC ("Millis"), in connection with the Park Pointe park enhancements project (the "Park Pointe Project"). He then stated that Ardurra recommends the Board's approval of Pay Applications Nos. 6 and 7 for the Park Pointe Project. After discussion, a motion was made by Director Murany to approve Pay Applications Nos. 6 and 7 for the Park Pointe Project, as submitted by Millis. 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. Pena stated he had no information to report on this agenda item.

D. Granting or consenting to easements over District property

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

E. Review status of the developments within the District

Mr. Pena 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. Pena next informed the Board that the Park Pointe Project is 95% complete.

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

Ms. Hayes then presented a five (5) year strategic plan for capital improvements to District facilities and District bond issues to finance the improvements, a copy of which is attached hereto as **Exhibit "D"** (the "Plan"). After discussion, a motion was made by Director Webb to approve the Plan. The motion was seconded by Director Thomas and carried by unanimous vote.

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

DISASTER RECOVERY ENGINEER'S REPORT

A. District Status

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

B. Procedures planned for remediation and recovery

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

C. Evaluation planned to determine status of storm drainage system

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

D. Reimbursement and payment options

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

FINANCIAL ADVISOR'S REPORT

A. Consider a plan of financing relating to the sale of the District's Series 2019 Refunding Bonds

Mr. Lentz discussed a plan of financing for the District's Series 2019 Refunding Bonds (the "Refunding Bonds"), a copy of which is attached hereto as **Exhibit "E"**. He informed the Board that the gross savings from the sale of the Refunding Bonds has increased to \$1,222,069 (with an average annual savings of \$61,103.44), which is \$20,000 more than last month, resulting in a net present value savings of 5.31274%. He further informed the Board that the pricing for the sale of the Refunding Bonds will be confirmed on June 4, with closing scheduled for July 9. Mr. Lentz also informed the Board that the plan of financing contemplates a contribution of \$137,000 from the District's Debt Service Fund. After discussion, a motion was made by Director Webb to approve the plan of financing, provided that the minimum net present value savings achieved from the sale of the Refunding Bonds is 4.25%. Director Thomas seconded the motion, which carried unanimously.

B. Appoint a pricing committee pursuant to Section 1207.007, Texas Government Code, to affect the sale of the District's 2019 Refunding Bonds

The Board then considered appointing a Pricing Committee pursuant to Section 1207.007 of the Texas Government Code relating to the sale of the Refunding Bonds. Ms. Sechrist explained that in order to allow the District to sell the Refunding Bonds as soon as the requirements of the City of Houston refunding bond ordinance and the sale parameters set by the Board are met, a Pricing Committee should be established and delegated the authority to approve certain terms of the sale of the Refunding Bonds. After discussion, Director Acosta moved that the Board appoint Directors Murany and Webb as the Pricing Committee for the Refunding Bonds pursuant to Section 1207.007 of the Texas Government Code. Director Thomas seconded the motion, which carried unanimously.

C. Approve Officers' Pricing Certificate in connection with the District's 2019 Refunding Bonds

The Board next considered approving an Officers' Pricing Certificate relating to the Refunding Bonds. After discussion, Director Murany moved that the Board approve the Officers' Pricing Certificate relating to the Refunding Bonds, subject to revisions to reflect the final pricing. Director Acosta seconded the motion, which carried unanimously.

D. Appoint an underwriter(s) in connection with the Series 2019 Refunding Bonds

The Board next considered appointing an underwriter in connection with the Refunding Bonds. After discussion, Director Murany moved that the Board appoint Raymond James to serve as the underwriter for the Refunding Bonds. Director Webb seconded the motion, which carried unanimously.

E. Approve a Bond Purchase Agreement in connection with the Series 2019 Refunding Bonds

The Board next considered approving a Bond Purchase Agreement in connection with the Refunding Bonds. After discussion, Director Webb moved that the Board approve the Bond Purchase Agreement, subject to final review by the District's attorney. Director Acosta seconded the motion, which carried unanimously.

F. Adopt a Resolution authorizing the issuance of the District's Series 2019 Refunding Bonds

The Board next considered adopting a resolution authorizing the issuance of the Refunding Bonds (the "Bond Resolution"). Ms. Sechrist reviewed the Bond Resolution with the Board. After discussion, Director Acosta moved that the Board adopt the Bond Resolution, subject to revisions to include the final terms and details of the Refunding Bonds as approved by the Pricing Committee. Director Thomas seconded the motion, which carried unanimously.

G. Approve engagement of Special Tax Counsel Services in connection with the District's Series 2019 Refunding Bonds

Ms. Sechrist next presented for the Board's approval the proposed contract for Special Tax Counsel Services with Orrick, Herrington & Sutcliffe, LLP ("Orrick"), in connection with the Refunding Bonds. She explained that Orrick will serve as special tax counsel to the District, prepare the federal tax certificates and Internal Revenue Service Form 8038G and perform other necessary tax work and analysis required in connection with the Refunding Bonds. After discussion, Director Acosta moved that the Board approve the contract for Special Tax Counsel Services with Orrick. Director Thomas seconded the motion, which carried unanimously.

H. Designate a Paying Agent/Registrar for the District's Serie 2019 Refunding Bonds

Mr. Lentz next informed the Board that the Amegy Bank is interested in serving as the Paying Agent/Registrar for the Refunding Bonds. After discussion, Director Acosta made a motion to designate Amegy Bank as the Paying Agent/Registrar for the Refunding Bonds. Director Webb seconded the motion, which passed unanimously.

I. Approve the Preliminary Official Statement in connection with the District's Series 2019 Refunding Bonds and authorize distribution of same

Mr. Lentz next presented a Preliminary Official Statement prepared in connection with the sale of the Refunding Bonds. He informed the Board that the estimated principal amount of the Refunding Bonds is \$16,495,000. After discussion, Director Murany moved that the Board approve the Preliminary Official Statement, subject to final review by the District's attorney. Director Thomas seconded the motion, which passed unanimously.

J. Authorize the Board, the District's Attorney and the District's Financial Advisor to take all necessary action to deliver the District's Series 2019 Refunding Bonds to underwriter(s)

Mr. Lentz next requested that the Board, the District's Attorney and the District's Financial Advisor be authorized to take all necessary action to deliver the Refunding Bonds to Raymond James. After discussion, Director Acosta moved that the Board authorize the District's attorney and financial advisor to take all necessary action to deliver the Refunding Bonds to Raymond James. Director Thomas seconded the motion, which carried unanimously.

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. Adopt Resolution Adopting Prevailing Wage Rate Scale for Construction Projects

The Board next considered the adoption of a Resolution Adopting Prevailing Wage Rate Scale for Construction Projects (the "Wage Rate Resolution") and reviewed a survey, which reflected the prevailing wage rates for the City of Houston, Fort Bend County and the United States Department of Labor (the "DOL"). Ms. Sechrist informed the Board that Fort Bend County adopted the wage rate scale set by the DOL and that the proposed Wage Rate Scale for the District was an average of the DOL and the City of Houston wage rates. After discussion, a motion was made by Director Murany to adopt the Wage Rate Resolution. Director Webb seconded the motion, which carried unanimously.

After further discussion, a motion was made by Director Murany that the Board accept the Attorney's Report. The motion was seconded by Director Acosta 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 "F". He reported that water accountability is at 92%.

Mr. Bridges then informed the Board that a customer recently hit one of the District's work trucks from behind, which did not cause damage to the truck but did cause the District employee driving the truck to be taken to the emergency room. He reported that the District employee was not seriously injured.

Director Acosta next reported that a resident expressed concern that the medians in F.M. 1464 were being overwatered. Ms. Ruvalcaba explained that the medians are shallow and District staff investigation did not find any evidence of overwatering.

After discussion, a motion was made by Director Thomas 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 "G"** (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 Murany 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 then informed the Board that the six (6) month payment plan of \$350 per month was presented to resident Kirk Francis relating to the sewer repairs made to his private lines. She reported that although Mr. Francis has not accepted the plan in writing, he did send a payment of \$250 over and above his utility bill. After discussion, the Board concurred to offer Mr. Francis a ten (10) month payment plan at \$250 per month relating to the sewer repairs made to his private lines.

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 “H”**. She informed the Board that the network infrastructure upgrades have been completed and computers and printers have been upgraded. She further informed the Board that there will be training on the new software on May 6, 2019.

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:

Ms. Hayes next discussed the pending bond application report in the amount of \$7,200,000 and the possible issuance of the bonds in two phases.

- (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 “I”**.

- ii) Review and approve Second Quarter Budget Adjustments**

Mr. Reddick then presented the second quarter budget adjustments, a copy of which is attached hereto as part of **Exhibit “I”**. He informed the Board that expense line items for engineering, lab expenses, tech support, sludge and waste disposal, contract labor and website maintenance increased. He reported that the budget is positive by \$114,881.10. He also reported that the on-site audit was completed on April 24, 2019. After discussion, a motion was made by Director Webb to approve the second quarter budget adjustments. The motion was seconded by Director Thomas and carried unanimously.

After further 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 Thomas 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) QLIP items to include pocket parks; and**

Ms. Hayes next informed the Board that Phase III of the parks development project contemplates the purchase of additional park land, which is not feasible at this time. She explained that the corridor enhancements and pocket parks projects are complete.

Ms. Hayes then reported that she received an email from the Association of Water Board Directors (the "AWBD") regarding proposed Senate Bill 239, which requires the addition of meeting place information on utility bills and sets out website site content requirements on municipal utility districts, among other items. After discussion, Director Murany made a motion to authorize the District's attorney to draft a letter regarding Senate Bill 239. Director Webb seconded the motion, which carried unanimously.

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 second quarter result of Group Goals for fiscal year 2018-2019;**

Ms. Ruvalcaba next presented the Group Goals report, a copy of which is attached hereto as Exhibit "J". She reported that 89% of the second quarter Group Goals have been met because of an error in the posting of a reuse payment from the Houstonian to a water bill and the inadvertent disconnection of a customer's utility service.

After discussion, a motion was made by Director Thomas to accept the Group Goals report. The motion was seconded by Director Acosta which carried by unanimous vote.

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

Ms. Ruvalcaba stated that she had no further 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) Approve the five year “Water Conservation Plan”;
- (v) Ongoing training items;
- (vi) Community Projects and Communication, including Fall Food Drive, Annual Calendar Contest; and
- (vii) Risk Management items.

Ms. Ruvalcaba next reported on changes to several Risk Management Policies, including a requirement that Department managers develop a training plan for their employees.

Ms. Ruvalcaba then presented a new SOP for the Operations Department which details how to record chlorine samples/tests taken at the District’s sewage treatment plants.

Ms. Ruvalcaba next presented for the Board’s approval a five-year Water Conservation Plan, a copy of which is attached hereto as Exhibit “K”. After discussion, a motion was made by Director Acosta to approve the Water Conservation Plan. The motion was seconded by Director Thomas and carried by unanimous vote.

After further discussion, a motion was made by Director Murany to (i) approve the SOP 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 stated that she had no further information to report under this agenda item.

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

Ms. Ruvalcaba then reported that ground covers have been added to the landscape areas at District buildings. Ms. Hayes next informed the Board that four (4) bottle brush plants recently were stolen from the F.M. 1464 medians and that the District may change to ground cover in the medians if the theft of plants continues.

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

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

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

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

(i) **General legal items;**

Ms. Sechrist next discussed the need for a special meeting to canvass the May 4, 2019, bond election results. After discussion, the Board concurred to hold a special meeting on May 9, 2019, at 5:30 p.m. to canvass the bond election.

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

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

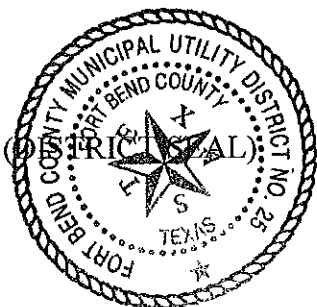
(iii) **General project items.**

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

ADJOURNMENT

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

PASSED, APPROVED and ADOPTED this 16th day of May, 2019.



Asst. 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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