

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

June 20, 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 20th day of June, 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
Julio Acosta	Assistant Vice President
Escoto Thomas	Secretary/Investment Officer
Glenn Farley	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; Chase Wolf of Masterson Advisors, LLC (“Masterson”), financial advisors for the District; and Deputy Jeff Martinez of the Fort Bend County Sheriff’s Office.

MINUTES

The Board first considered approval of the minutes of its regular meeting held on May 16, 2019. After discussion, Director Murany made a motion to approve the minutes of the May 16, 2019, Board meeting, as presented. Director Acosta 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 May 2019, a copy of which is attached hereto as **Exhibit “A”**. She noted that 98.00% of the District’s 2018 taxes and 99.80% of the District’s 2017 taxes have been collected as of May 31, 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 Farley 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"**. She informed the Board that no action was needed on any accounts at this time. 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 first presented the bid tabulation report of the ten (10) bids received for the recoating of Wastewater Treatment Plants Nos. 1 and 2 (the “STP Recoating Project”), a copy of which is attached hereto as part of Exhibit “C”. He then informed the Board that it was the opinion of Ardurra and District staff that the award of the contract to The Trey Evans Company in the amount of \$414,312 will be most advantageous to the District and result in the best and most economical completion of the STP Recoating Project. After discussion, Director Acosta made a motion that the Board accept the bid of The Trey Evans Company because, in the Board’s judgment, the award of the contract for the STP Recoating Project to The Trey Evans Company will be most advantageous to the District and result in the best and most economical completion of the STP Recoating Project. Director Farley seconded the motion and it carried unanimously.

Discussion then ensued regarding proposals to prepare a new boundary map and metes and bounds description of the District to reflect upcoming annexations. After discussion, the Board concurred to authorize Ms. Hayes and Ms. Ruvalcaba to accept the proposal that will be most advantageous to the District and result in the best and most economical preparation of a new boundary map and metes and bounds description of the District.

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. 8 and Final for the Park Pointe Park Enhancement project (the “Park Pointe Project”) from Millis Development & Construction, LLC (“Millis”) in the amount of \$24,817.76 for the release of the final retainage. After discussion, Director Webb made a motion to approve Pay Application No. 8 and Final to Millis in the amount of \$24,817.76 for the Park Pointe Project. Director Farley seconded the motion which passed 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 that 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 stated that he had no information to report on this agenda item.

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

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

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

DISASTER RECOVERY ENGINEER'S REPORT

A. Procedures planned for remediation and recovery

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

B. Evaluation planned to determine status of storm drainage systems; and

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

C. Reimbursement and payment options

Mr. Pena stated that 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 next discussed submitting a resolution to the TCEQ requesting a change in use of approximately \$26,600 from the 2014A Unlimited Tax Bonds surplus funds to pay the cost of purchasing and installing two double disc pumps for Wastewater Treatment Plant No. 1 (the "Surplus Funds Resolution"). After discussion, Director Farley made a motion to approve the Surplus Funds Resolution. 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. Designate an escrow agent for the Series 2019 Refunding Bonds

Ms. Sechrist stated that this agenda item would be discussed under Other Matters.

G. Adopt amendments to the District's Rate Order

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

After 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 "D"**. He reported that water accountability is at 93%.

Mr. Bridges then proposed to the Board that the District implement a \$2,500 fine for illegal use of water if no backflow preventer is installed or if no meter is in use. After discussion, the Board concurred to implement the proposed \$2,500 fine.

Director Murany next proposed a revision to the service agreement which would state that if a property owner in the District sells their property, they are required to inform the District of the sale. After discussion, the Board concurred to amend the service agreement as proposed.

After discussion, a motion was made by Director Farley to accept the Field Operations Report. The motion was seconded by Director Thomas 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 then requested the Board's approval to send the delinquent account of customer Mr. Kirk Francis to collections. After discussion, Director Murany made a motion to turn over Mr. Francis' account to a collection agency. The motion was seconded by Director Acosta and carried by unanimous vote.

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 ("IT") equipment upgrades, a copy of which is attached hereto as **Exhibit "F"**. She informed the Board that remaining IT projects are: (i) the fixed network upgrades (90% complete); (ii) the data center servers (75% complete); and (iii) the web and mobile application (50% complete).

Ms. Ruvalcaba next discussed the cost to the District to provide the web and mobile application. She informed the Board that of the 4,085 District customers, only 183 are active/registered users of the application. She reported that a recently received proposal to make improvements to the application and annual maintenance is approximately \$10,000. After discussion, the Board requested that Ms. Ruvalcaba provide it with the District's current annual cost to maintain the web and mobile application.

After discussion, a motion was made by Director Thomas to accept the Information Technology Report. The motion was seconded by Director Farley 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 further reported that the annual Budget will be presented at the August Board meeting.

After discussion, a motion was made by Director Murany to accept the Bookkeeper's Report. The motion was seconded by Director Webb and carried by unanimous vote.

ii) Authorize preparation of Unclaimed Property Report for utility deposits that have not been claimed for more than one year as of March 1, 2016 and authorize filing of same with State Comptroller prior to July 1, 2019.

Mr. Reddick next reported that the Unclaimed Property Report for utility deposits had been prepared and \$1,134.69 in unclaimed utility deposit refunds were escheated to the State of Texas

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 park status.**

Ms. Hayes next reported that the owner of property located at 10437 FM 1464 (the "Property") has offered to sell fifteen (15) acres to the District for park purposes. After discussion, the Board concurred that it was not in the District's best financial interest at this time to purchase the Property for the offered price.

Ms. Hayes next discussed inspection of the District's fire hydrants. She informed the Board that there are a total of 419 hydrants, of which 25 are either priority 1 or 2. She reported that the proposed cost to inspect the 25 priority 1 and 2 hydrants is \$15,000 and the proposed cost to inspect all 419 hydrants is \$79,000.

After discussion, a motion was made by Director Thomas to accept the General Operations Report and authorize District staff to proceed with the inspection of the 25 priority 1 and 2 hydrants. The motion was seconded by Director Farley and carried by unanimous vote.

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, Regulatory 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; and**
- (v) **Risk Management items.**

Ms. Ruvalcaba next presented four (4) Billing Department SOPs for the Board's approval. She also informed the Board that the Consumer Confidence Report had been mailed to District residents. She further reported that the MS4 report would be filed on June 21, 2019. After discussion, a motion was made by Director Webb to (i) approve the Billing Department SOPs, and (ii) accept the Risk Management Report. The motion was seconded by Director Thomas and carried by unanimous vote.

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

- (i) **General building items;**

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

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

Mr. Bridges next informed the Board that the District is hiring a new landscape company, Superior LawnCare, and that Ms. Sechrist is currently drafting a contract.

- (iii) **QLIP items to include pocket parks status.**

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

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

I. Legal, Engineering and Project Updates, including:

- (i) **General legal items;**

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

(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.

OTHER MATTERS

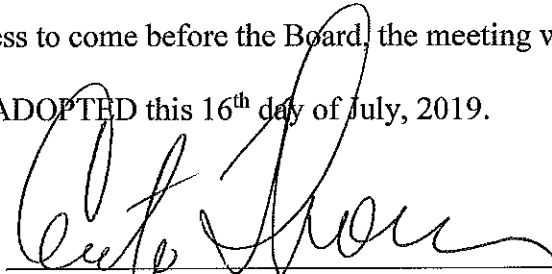
Mr. Wolf next presented a summary of the Series 2019 Refunding Bonds prepared by Masterson, a copy of which is attached hereto as **Exhibit "H"**. He informed the Board that the gross debt service savings to the District after the issuance of the refunding bonds is \$1,748,814, with a net present value savings of 7.90%. He next requested the Board's approval to retain Zions Bancorporation, National Association dba Amegy Bank ("Amegy Bank") as the Escrow Agent for the Series 2019 Refunding Bonds. After discussion, a motion was made by Director Murany to approve Amegy Bank as the Escrow Agent for the Series 2019 Refunding Bonds. The motion was seconded by Director Acosta and carried by unanimous vote.

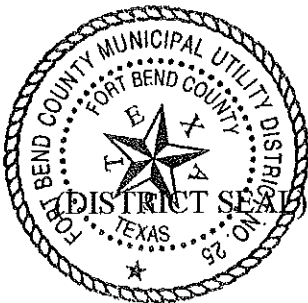
Mr. Reddick next presented an engagement letter with McGrath & Co., PLLC ("McGrath") to prepare a developer reimbursement audit in connection with payments to D.R. Horton from the proceeds of the District's Series 2019A Unlimited Tax Bonds. After discussion, Director Acosta made a motion to approve the engagement letter with McGrath to prepare the developer reimbursement audit for the Series 2019A Bonds. Director Murany seconded the motion and it carried unanimously.

ADJOURNMENT

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

PASSED, APPROVED and ADOPTED this 16th day of July, 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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