

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

July 16, 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 16th day of July, 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, except Director Farley, 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; Leonela Ruvalcaba, Acting Executive General Manager; Terrie Sechrist of Sechrist-Duckers LLP, attorneys for the District; Chris Canonico of Ardurra Group, LLC ("Ardurra"), engineers 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 June 20, 2019. After discussion, Director Murany made a motion to approve the minutes of the June 20, 2019, Board meeting, as presented. Director Acosta seconded the motion and it carried unanimously.

REVIEW AND CONSIDER APPROVAL OF THE OFFICIAL NOTICE OF SALE AND PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH THE DISTRICT'S SERIES 2019A UNLIMITED TAX BONDS AND AUTHORIZE DISTRIBUTION OF SAME

Mr. Wolf next presented and reviewed with the Board the Official Notice of Sale and Preliminary Official Statement for the District's \$4,000,000 Unlimited Tax Bonds, Series 2019A (the "Series 2019A Bonds"). After discussion, Director Webb moved that the Board approve the Official Notice of Sale and Preliminary Official Statement for the Series 2019A Bonds, subject to the inclusion of all comments from the Board and District consultants, and authorize the distribution of same. Director Acosta seconded the motion, which passed unanimously.

DESIGNATE A DATE, TIME AND PLACE FOR THE SALE OF THE SERIES 2019A UNLIMITED TAX BONDS AND AUTHORIZE THE DISTRICT'S FINANCIAL ADVISOR TO ADVERTISE THE SALE OF THE DISTRICT'S SERIES 2019A UNLIMITED TAX BONDS

The Board next discussed setting a date for the sale of the Series 2019A Bonds. After discussion, Director Webb moved that the Board sell the Series 2019A Bonds on Thursday, August 15, 2019 at 5:30 p.m. at the District's Administration Building and authorize Masterson to advertise such sale as required by law. Director Acosta seconded the motion, which passed unanimously.

DESIGNATE A PAYING AGENT/REGISTRAR IN CONNECTION WITH THE DISTRICT'S SERIES 2019A UNLIMITED TAX BONDS

The Board then considered designating a paying agent/registrar for the Series 2019A Bonds. Mr. Wolf informed the Board that Zions Bancorporation, National Association dba Amegy Bank ("Amegy Bank"), currently serves as the paying agent/registrar for the District's Series 2019 refunding bonds. After discussion, Director Webb moved that the Board designate Amegy Bank as the Paying Agent/Registrar for the Series 2019A Bonds. Director Acosta seconded the motion, which carried unanimously.

DEVELOPER'S REPORT

Mr. Canonico next informed the Board that LRI Investment Group, Ltd., is considering developing 21 acres within Windsor Estates as a residential subdivision.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Sechrist next presented the Tax Assessor/Collector's Report for June 2019, a copy of which is attached hereto as **Exhibit "A"**. She noted that 98.52% of the District's 2018 taxes and 99.83% of the District's 2017 taxes have been collected as of June 30, 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 Thomas and carried by unanimous vote.

DELINQUENT TAX ATTORNEY'S REPORT

Ms. Ruvalcaba 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.

DISTRICT ENGINEER'S REPORT

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

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 he had no information to report under this agenda item.

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

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.

G. 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 first presented the bid tabulation report of the five (5) bids received for the improvements to Wastewater Treatment Plants Nos. 1 and 2 (the "WWTP Improvements 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 Wharton-Smith, Inc., in the amount of \$3,266,030 will be most advantageous to the District and result in the best and most economical completion of the WWTP Improvements Project. After discussion, Director Murany made a motion that the Board accept the bid of Wharton-Smith, Inc., because, in the Board's judgment, the award of the contract for the WWTP Improvements Project to Wharton-Smith, Inc., will be most advantageous to the District and result in the best and most economical completion of the WWTP Improvements Project. Director Webb seconded the motion and it carried unanimously.

H. 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 for the Voss Road and Old Richmond Road Water Line Extension (the "Fisher Global Project") from AR Turnkee Construction Company, Inc. ("Turnkee"), in the amount of \$46,028 for the installation of a 12" trenchless water line. He informed the Board that it was recently discovered that Comcast has two fiber optic cables in the right-of-way on the south side of the Fisher Global Project which will require directional drilling from Turnkee to avoid cutting the cables. After discussion, Director Acosta made a motion to approve Change Order No. 1 submitted by Turnkee in the amount of \$46,028 for the Fisher Global Project. Director Webb seconded the motion which passed unanimously.

I. 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 that he had no information to report on this agenda item.

J. Granting or consenting to easements over District property

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

K. Review status of the developments within the District; and

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

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

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

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

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

C. Reimbursement and payment options

Mr. Canonico next informed the Board that the District is scheduled to receive a payment this week from FEMA for storm damages sustained by the following District facilities: Lift Station No. 11, Wastewater Treatment Plant No. 1, the fence at Detention Pond No. 2, and the trees and control panel at Wastewater Treatment Plant No. 2.

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 a resolution to the TCEQ requesting a release of \$28,270 in surplus funds from the Series 2014A Bonds to pay the cost of purchasing a new pump for Lift Station No. 11 (the "Surplus Funds Resolution"). After discussion, Director Murany made a motion to approve the Surplus Funds Resolution. The motion was seconded by Director Webb 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 stated that she had no information to report on this agenda item.

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 92%.

After discussion, a motion was made by Director Murany to accept the Field Operations Report. The motion was seconded by Director Webb 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 Acosta 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 Thomas seconded the motion, which carried unanimously.

After further discussion, Director Murany made a motion to accept the Billing & Collections Report. 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 the data center servers project is now 80% complete.

Ms. Ruvalcaba next discussed the cost to the District to provide the web and mobile application to its customers. She informed the Board that the current annual cost to maintain the web and mobile applications is \$2,940 and that the contract was recently renewed. She reminded the Board that a recently received proposal to make improvements to the application and annual maintenance was approximately \$10,000. After discussion, the Board concurred to (i) continue offering the current web and mobile application to its customers, and (ii) not proceed with the web and mobile application upgrade project.

After discussion, a motion was made by Director Murany to accept the Information Technology Report. The motion was seconded by Director Thomas 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 next informed the Board that an eleven (11) month certificate of deposit at Industry Bank with a 2.15% interest rate will be renewed at a 2.63% interest rate.

Mr. Reddick next informed the Board that the budget for the 2019-2020 fiscal year will be ready to present to the Board for review and approval after receipt of the 2019 certified property values.

Mr. Reddick then presented the 2019-2020 Insurance Proposal from Harco Insurance. He informed the Board that premiums are five percent higher than last year.

After discussion, a motion was made by Director Murany to (i) accept the Bookkeeper's Report, (ii) renew the certificate of deposit at Industry Bank at a 2.63% interest rate, and (iii) accept the 2019-2020 Insurance Proposal from Harco Insurance. The motion was seconded by Director Webb and 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 park status.**

Mr. Bridges next discussed inspection of the District's fire hydrants. He stated that 24 of 26 of the priority 1 and 2 repairs have been made. He further reported that the remaining hydrant repairs will be done in phases by the end of the current fiscal year.

Mr. Bridges next reported that the sanitary sewer televising and cleaning project in the Pheasant Creek area will be completed by the end of July.

After discussion, a motion was made by Director Murany to accept the General Operations Report. The motion was seconded by Director Acosta 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.

After discussion, a motion was made by Director Murany to accept the Human Resources report. Director Acosta seconded the motion and it carried unanimously.

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 one (1) Operations Department SOP relating to severe weather procedures for the Board's approval. She then presented the Third Quarter Group Goals Report, a copy of which is attached hereto as **Exhibit "H"**. She informed the Board that 97% of the Third Quarter Group Goals have been met. After discussion, a motion was made by Director Murany to (i) approve the Operations Department SOP, (ii) accept the Third Quarter Group Goals Report, and (iii) accept 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;**

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 prepared for Hurricane Barry by cutting back, trimming and pruning trees at District facilities.

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

Mr. Bridges stated that he had no 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 Acosta and carried by unanimous vote.

I. Legal, Engineering and Project Updates, including:

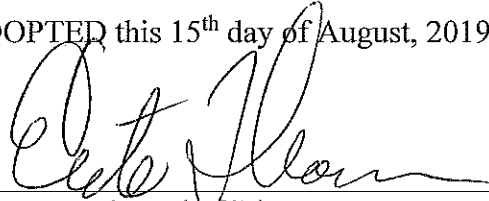
- (i) General legal items;**
- (ii) General engineering items; and**
- (iii) General project items.**

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

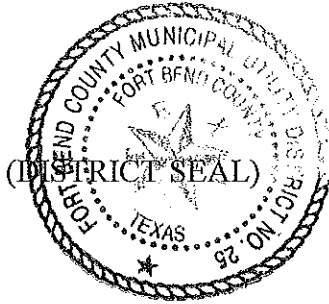
ADJOURNMENT

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

PASSED, APPROVED and ADOPTED this 15th day of August, 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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