

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

August 15, 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 15th day of August, 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; Leonela Ruvalcaba, Acting Executive General Manager; Mary Moore Hayes, Acting Assistant General Manager for Administration; Terrie Sechrist of Sechrist-Duckers LLP, attorneys for the District; Hector Pena of Ardurra Group, LLC (“Ardurra”), engineers for the District; Chase Wolf of Masterson Advisors, LLC (“Masterson”), financial advisors for the District; David Patterson and Tommy Lee of Assessments of the Southwest (“ASW”), tax assessor-collector 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 July 16, 2019. After discussion, Director Acosta made a motion to approve the minutes of the July 16, 2019, Board meeting, as presented. Director Farley seconded the motion and it carried unanimously.

DEVELOPER’S REPORT

Ms. Hayes next reported that in connection with future out-of-district service requests, the District’s groundwater reduction plan (the “GRP”) will need to be reviewed before granting a request. She informed the Board that Chris Canonico with Ardurra is currently reviewing the GRP in connection with the request for out-of-district water service.

After discussion, a motion was made by Director Acosta to accept the Developer’s Report. 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 "A"**. She informed the Board that no action was needed on any accounts at this time.

After discussion, a motion as made by Director Murany, seconded by Director Farley and unanimously carried, to accept the Delinquent Tax Attorney's Report.

DISTRICT ENGINEER'S REPORT

Mr. Pena then presented the District Engineer's Report prepared by Ardurra, a copy of which is attached hereto as a part of **Exhibit "B"**. He informed the Board that the current permit for Wastewater Treatment Plant No. 1 ("STP 1") does not reflect the correct influent organic BOD loading that was established after the last plant expansion. He stated that Ardurra is in contact with the Texas Commission on Environmental Quality (the "TCEQ") regarding the procedure to correct the STP 1 permit.

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

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.

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

H. 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. 1 for the Voss Road and Old Richmond Road Water Line Extension project (the “Fisher Global Project”) from AR Turnkee Construction Company, Inc. (“Turnkee”), in the amount of \$217,728.45. After discussion, Director Murany made a motion to approve Pay Application No. 1 submitted by Turnkee in the amount of \$217,728.45 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. Pena stated that he had no information to report on this agenda item.

J. Granting or consenting to easements over District property

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

K. Review status of the developments within the District

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

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

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

M. Procedures planned for remediation and recovery

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

N. Evaluation planned to determine status of storm drainage systems

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

O. Reimbursement and payment options

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

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

TAX ASSESSOR/COLLECTOR'S REPORT

Mr. Patterson next presented the Tax Assessor/Collector's Report for July 2019, a copy of which is attached hereto as **Exhibit "C"**. He noted that 99.05% of the District's 2018 taxes and 99.83% of the District's 2017 taxes have been collected as of July 31, 2019.

Mr. Patterson then presented a request from District residents Malik and Samian Merchant (the "Merchants"), a copy of which is attached hereto as part of **Exhibit "C"**, for a waiver of the late payment penalty and interest assessed against their 2018 District property tax account. He informed the Board that the Merchants were requesting the waiver because they thought the District taxes were included on the Fort Bend County tax bill and because of financial hardship.

After discussion, Director Murany moved that the Board (i) accept the Tax Assessor/Collector's Report and authorize payment of the checks drawn on the District's tax account, (ii) deny the Merchants' request for waiver of the late payment penalty and interest as no evidence had been presented that an error by the District's tax assessor/collector or the Fort Bend County Appraisal District had caused or contributed to the late payment, and (iii) authorize ASW to offer the Merchants a twelve (12) month payment plan for their 2018 taxes, provided that they timely pay their 2019 taxes, and to notify the Merchants that they are not eligible to request or receive another payment plan for a period of twenty-four (24) months. The motion was seconded by Director Farley and carried by unanimous vote.

SERIES 2019A UNLIMITED TAX BONDS

Mr. Wolf presented next reported on the results of the sale of the District's \$4,000,000 Unlimited Tax Bonds, Series 2019A (the "Series 2019A Bonds"). A copy of the bid/pricing package prepared by Masterson is attached hereto as **Exhibit "D"**.

A. Receive and act upon bids and proposals for the purchase of the District's Series 2019A Bonds

Mr. Wolf announced that the District had received four (4) bids for the purchase of the Series 2019A Bonds. He informed the Board that the bid submitted by Robert W. Baird & Co., Inc. ("Baird") of 2.542271% resulted in the lowest net effective interest rate to the District. He then reported that Assured Guaranty Municipal Corp. ("AGM") had agreed to issue a financial guaranty insurance policy for the Series 2019A Bonds and that Moody's Investors Service ("Moody's") had assigned an underlying credit rating of A2 to the District. After discussion, Director Murany moved that the Board award the sale of the Series 2019A Bonds to Baird at a net effective interest rate of 2.542271%. The motion was seconded by Director Thomas and unanimously approved.

B. Adopt a Resolution authorizing the issuance, sale and delivery of the District's Series 2019A Bonds

Ms. Sechrist next presented a resolution authorizing the issuance, sale and delivery of the Series 2019A Bonds (the "Bond Resolution"). After discussion, Director Webb moved that the Board adopt the Bond Resolution, which was seconded by Director Thomas and carried unanimously.

C. Approve and authorize distribution of a Final Official Statement in connection with the District's Series 2019A Bonds

The Board next discussed approving and authorizing the distribution of a Final Official Statement relating to the sale of the Series 2019A Bonds. After discussion, Director Murany made a motion to approve and authorize the distribution of the Final Official Statement relating to the Series 2019A Bonds. The motion was seconded by Director Thomas and carried unanimously.

D. Consider approval and execution of a Paying Agent/Registrar Agreement in connection with the District's Series 2019A Bonds

The Board next considered approving and executing a Paying Agent/Registrar Agreement between the District and Zions Bancorporation, National Association, Amegy Bank Division (the "Zions"), in connection with the Series 2019A Bonds. After discussion, Director Thomas made a motion that the Paying Agent/Registrar Agreement with Zions be approved and executed. Director Webb seconded the motion, which carried unanimously.

K. Consider a proposal from Orrick, Herrington & Sutcliffe LLP Special Tax Counsel services in connection with the District's Series 2019A Bonds

Ms. Sechrist next presented for the Board's approval a proposal from Orrick, Herrington & Sutcliffe, LLP ("Orrick"), for Special Tax Counsel services related to the Series 2019A Bonds. Ms. Sechrist explained that Orrick will prepare the Federal Tax Certificate and Internal Revenue Service Form 8038G and perform other necessary tax work and analysis required in connection with the Series 2019A Bonds. After discussion, Director Murany moved that the Board approve the proposal for Special Tax Counsel services from Orrick. Director Webb seconded the motion, which carried unanimously.

L. **Consider and act upon any other matters concerning the District's Series 2019A Bonds**

Ms. Sechrist next discussed the various closing documents that will need to be executed in connection with the issuance of the Series 2019A Bonds and the other action required in connection therewith. After discussion, Director Webb moved that the Board authorize the Directors, the District's attorney, the District's financial advisor, and the District's employees to prepare and/or execute various closing documents in connection with the issuance of the Series 2019A Bonds and to take any other action required in connection therewith. Director Acosta seconded the motion, which carried unanimously.

FINANCIAL ADVISOR'S RECOMMENDATION CONCERNING ESTABLISHMENT OF THE DISTRICT'S 2019 TAX RATE

Mr. Wolf next presented the 2019 tax rate recommendation prepared by Masterson, a copy of which is attached hereto as **Exhibit "E"**.

PROPOSED 2019 TAX RATE

The Board then considered adopting a proposed 2019 debt service and maintenance tax rate. After discussion, Director Acosta moved that the Board adopt a proposed 2019 debt service tax rate of \$0.615 per \$100 of assessed valuation and a proposed 2019 maintenance tax rate of \$0.225 per \$100 of assessed valuation, for a total proposed 2019 District tax rate of \$0.84 per \$100 of assessed valuation, which is the same tax rate adopted in 2018. The motion was seconded by Director Webb and carried by unanimous vote.

The Board next discussed calling any public hearings and authorizing any publications or mailings required in the connection with the levy of the District's 2019 taxes. After discussion, a motion was made by Director Murany, seconded by Director Webb and unanimously carried, that (i) a public hearing be held on the adoption of the District's 2019 proposed tax rate on September 19, 2019, at 5:30 p.m. at 10347 Clodine Road, Richmond, Texas, and (ii) ASW publish notice of the District's 2019 proposed tax rate as required by law in the *Fort Bend Star*.

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 next reported that R. E. Smith Interests, Ltd., has requested out-of-District water service to an approximate 80-acre tract for livestock purposes. After discussion, the Board agreed to table this request until such time as Mr. Canonico completed his analysis of the impact on the District's GRP if the request was granted.

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 presented a resolution to the TCEQ requesting the use of surplus funds from the Series 2014B Unlimited Tax Park Bonds in the amount of \$112,150 for maintaining the landscape improvements along F.M. 1464 and Old Richmond Road and surplus funds from the Series 2014A Unlimited Tax Bonds in the amount of \$17,141 for a 12" hydro stop insertion valve so a portion of a water line can be shut down for repair without disrupting service to all users on the line (the "Surplus Funds Resolution"). After discussion, a motion was made by Director Webb to approve the Surplus Funds Resolution and authorize its submission to the TCEQ. The motion was seconded by Director Farley and carried by unanimous vote.

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.

G. Receive and act upon bids and proposals for the purchase of the District's Series 2019A Bonds

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

H. Adopt a Resolution authorizing the issuance, sale and delivery of the District's Series 2019A Bonds

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

I. Approve and authorize distribution of a Final Official Statement in connection with the District's Series 2019A Bonds

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

J. Consider approval and execution of a Paying Agent/Registrar Agreement in connection with the District's Series 2019A Bonds

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

K. Consider a proposal from Orrick, Herrington & Sutcliffe LLP Special Tax Counsel services in connection with the District's Series 2019A Bonds

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

L. Consider and act upon any other matters concerning the District's Series 2019A Bonds

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

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

GENERAL MANAGER'S REPORT

A. Operations and Projects Reports, including:

- (i) Overall Field Operations Report;**
- (ii) Illegal Hookups and/or violations of the District's Rate Order;**
- (iii) Construction, Engineering and project updates;**
- (iv) Other Operations issues;**
- (v) General Operations issues;**
- (vi) General construction issues;**
- (vii) Detention and outfall updates; and**
- (viii) QLIP items, including pocket park status.**

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%.

After discussion, a motion was made by Director Webb to accept the Field Operations Report. The motion was seconded by Director Farley 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 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**
- (ii) 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 "H"**. She informed the Board that the all of the equipment upgrade projects are complete and the final cost was \$22,000 under budget.

After discussion, a motion was made by Director Murany 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 "I". He informed the Board that a certificate of deposit ("CD") at Industry State Bank was maturing on September 18 and would be used to make the October 1 debt service payment. Mr. Reddick also informed the Board that The Houstonian has been paying late because its accounts payable department relocated to Colorado.

Mr. Reddick next presented a proposed budget for fiscal year 2019-2020 (the "Budget"), a copy of which is attached hereto as Exhibit "J". He informed the Board that the Budget includes a seven percent (7%) increase in expenses due to increased general liability insurance premiums, an increase in employee-related expenses, and increased costs for sludge and waste disposal. He also informed the Board that \$100,000 has been budgeted for a 3500 series crane truck.

Mr. Reddick then reported that the year-end audit review should be complete on October 14, 2019.

After discussion, a motion was made by Director Farley to (i) accept the Bookkeeper's Report and authorize payment of all disbursements listed on the Bookkeeper's Report or otherwise presented at the meeting, and (ii) approve the Budget. The motion was seconded by Director Acosta and carried by unanimous vote.

E. 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.

F. 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 eight (8) SOPs for the Board's approval: one (1) updated SOP for Human Resources; four (4) updated SOPs and one (1) new SOP for Operations; and two (2) updated SOPS for Risk Management. A summary of SOPs presented is attached hereto as **Exhibit "K"**.

Ms. Hayes next discussed recent issues the sampling well for the on-site dry cleaning establishment in the District. She reported that although the samples taken at the well contained contaminates, no contaminates were found at Lift Station No. 3. She reported that the District is now testing the sewer lines between the sampling well and Lift Station No. 3.

After discussion, a motion was made by Director Murany to (i) approve the eight (8) SOPs presented, and (ii) accept the Risk Management Report. The motion was seconded by Director Webb and carried by unanimous vote. Director Thomas then exited the meeting.

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

- (i) General building items; and**

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

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

Mr. Bridges next informed the Board that the automatic sprinkler systems installed in the medians in F.M. 1464 was adjusted to water the trees every thirty (30) minutes (instead of every twenty (20) minutes) and the plants to every twelve (12) minutes (instead of every seven (7) minutes).

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.

H. **Executive Management Reports to include Financial/Budget, Group Goals, Strategic, Legal, Engineering, Project and Future Strategic Planning updates, including:**

- (i) **General legal items;**
- (ii) **General engineering items;**
- (iii) **General project items;**
- (iv) **Present proposed 2019-2020 Operations budget;**
- (v) **Present proposed Group Goals for 2019-2020; and**
- (vi) **Future/Strategic Planning Issues (overall).**

Ms. Ruvalcaba next presented proposed Group Goals for fiscal year 2019-2020, a copy of which is attached hereto as **Exhibit "L"**. She informed the Board that the following goals were added: (i) creation of an interdepartmental cross-training program to expand company knowledge and skill; (ii) creation of a bi-annual internal newsletter for distribution to employees; (iii) a quarterly facility walk-through to prepare for TCEQ inspections; and (iv) strict compliance with manufacturer's guidelines for regular maintenance on fleet vehicles. After discussion, a motion was made by Director Webb to approve the Group Goals. The motion was seconded by Director Farley and carried unanimously.

Ms. Hayes next discussed future strategic planning issues. She informed the Board that the District's GRP may require a possible extension of the District's effluent reuse system to Orchard Lake Estates. She stated that Lift Station No. 5 currently serves four subdivisions and an apartment complex. She informed the Board that if the vacant land near Lift Station No. 5 was developed, some of the flow to Lift Station No. 5 would need to be diverted directly to STP 1. She further informed the Board that District staff is currently reviewing the District's existing infrastructure for possible upgrades due to the fact that some of the existing infrastructure was constructed in 1975.

After discussion, Director Murany made a motion to accept the Executive Management Report. Director Farley seconded the motion which carried with a unanimous vote.

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

At 7:23 p.m., the Board convened in Executive Session pursuant to the Texas Government Code.

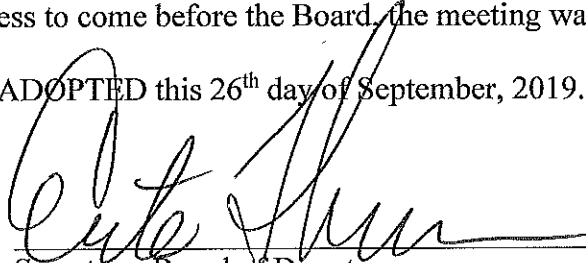
ACTION RESULTING FROM EXECUTIVE SESSION

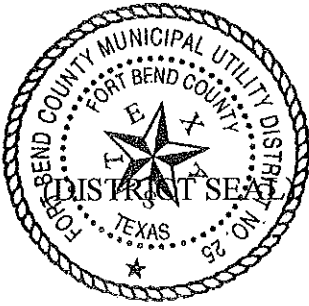
The Board reconvened in public session at 7:55 p.m. After discussion, Director Murany announced that Ms. Ruvalcaba will serve as the District's Executive General Manager, Ms. Hayes will serve as the District's Assistant Executive General Manager/Board Liaison and Acting Operations Manager at the salaries recommended by the Human Resources Department. After further discussion, the Board concurred to award gift cards to the IT Department employees for excellence in the work place.

ADJOURNMENT

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

PASSED, APPROVED and ADOPTED this 26th day of September, 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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