

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

**January 23, 2020**

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 23<sup>rd</sup> day of January, 2020 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 Leonela Ruvalcaba, Executive General Manager; Tyler Bridges, Executive Assistant General Manager of Operations; Mary Moore Hayes, Executive Assistant General Manager/Board Liaison/Executive Director, Human Resources; Dominique Reddick, Director of Financial Services; Terrie Sechrist of Sechrist-Duckers LLP, attorneys for the District; Chris Canonico of Ardurra Group, LLC ("Ardurra"), engineers 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 December 19, 2019. After discussion, Director Murany made a motion to approve the minutes of the December 19, 2019, Board meeting, as presented. Director Farley seconded the motion and it carried unanimously.

**DEVELOPER'S REPORT**

Mr. Bridges reported that the car wash at West Airport will open in February.

**TAX ASSESSOR/COLLECTOR'S REPORT**

Ms. Sechrist next presented the Tax Assessor/Collector's Report for December 2019, a copy of which is attached hereto as **Exhibit "A"**. She noted that 55.27% of the District's 2019 taxes and 99.74% of the District's 2018 taxes have been collected as of December 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 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, a motion was made by Director Murany to accept the Delinquent Tax Report. Director Webb seconded the motion and it carried unanimously.

### **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"**. He first discussed Task Order No. E-25, Control Panel Replacement at Lift Station Nos. 4, 6, 7, 8 and Detention Pond Nos. 1 and 2. He informed the Board that Ardurra's fee for the design and bidding phase services for this project would not exceed \$56,270 and Ardurra's fee for the construction phase services would not exceed \$11,000.

Mr. Canonico then presented Task Order No. E-26, Storm Drain Repairs at Foursome Drive. He informed the Board that Ardurra's fee for the design and bidding phase services for this project would not exceed \$19,090 and Ardurra's fee for the construction phase services would not exceed \$11,000.

**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 next informed the Board the advertisement for bids for the storm sewer rehabilitation project would be published in February.

**H. Approving and/or concurring in the approval of pay estimates and change orders on current construction projects within the District**

Mr. Canonico then presented Pay Application No. 2 from Wharton-Smith, Inc. ("Wharton") in the amount of \$119,415 for the Wastewater Treatment Plant Nos. 1 and 2 Improvements project (the "WWTP Improvements Project"). He also presented Pay Application No. 5 from The Trey Evans Company ("Evans") in the amount of \$79,110 for the recoating of Wastewater Treatment Plant Nos. 1 and 2 (the "STP Recoating Project"). He informed the Board that Ardurra recommended payment of both Pay Applications.

**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**

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.

**M. Procedures planned for remediation and recovery**

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

**N. Evaluation planned to determine status of storm drainage systems**

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

**O. Reimbursement and payment options**

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

After discussion, Director Murany made a motion to (i) accept the District's Engineer Report, (ii) approve Pay Application No. 2 submitted by Wharton in the amount of \$119,415 for the WWTP Improvements Project, (iii) approve Pay Application No. 5 submitted by Evans in the amount of \$79,110 for the STP Recoating Project, and (iv) accept Task Order Nos. 25 and 26, subject to final review by the District's attorney. Director Farley seconded the motion, which passed unanimously.

**ATTORNEY'S REPORT**

Ms. Sechrist first presented to the Board a resolution authorizing an application to the Texas Commission on Environmental Quality (the "TCEQ") requesting an extension of time to issue the remaining unlimited tax bonds approved by the TCEQ by Order dated May 21, 2019 (the "TCEQ Extension Resolution"). She reminded the Board that the TCEQ's 2019 Order authorized the issuance of \$7,940,000 in unlimited tax bonds and the District issued its Series 2019A Bonds in the amount of \$4,000,000 on September 17, 2019. She informed the Board that the TCEQ's approval to issue the remaining \$3,940,000 in bonds was valid for one year and the TCEQ can extend that deadline for up to three (3) years. She informed the Board that the TCEQ Extension Resolution asks the TCEQ to extend the deadline to issue the remaining \$3,940,000 of unlimited tax bonds to May 21, 2022. After discussion, a motion was made by Director Farley to approve the TCEQ Extension Resolution. The motion was seconded by Director Thomas and carried by unanimous vote.

Ms. Sechrist next presented a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District (the "Qualified Brokers Resolution") for the Board's consideration. After discussion, a motion to approve the Qualified Broker Resolution was made by Director Webb, seconded by Director Acosta, and carried by unanimous vote.

Ms. Sechrist next presented the following items from the Supplemental Agenda.

**ORDER CALLING DIRECTORS' ELECTION**

The Board next considered calling a Directors' Election on May 2, 2020. Ms. Sechrist presented to the Board an Order Calling Directors' Election (the "Election Order"), which sets forth all legal requirements for such election. After discussion, Director Murany moved that the Board adopt the Election Order. Director Webb seconded the motion, which carried unanimously.

## **APPOINTMENT OF AN ELECTION AGENT**

The Board next considered the appointment of an agent for the Directors' Election. After discussion, Director Murany made a motion to appoint Erica Rhodes as the District's agent to perform election duties for the Directors' Election. Director Webb seconded the motion which carried unanimously.

## **ESTABLISH COMPENSATION TO BE PAID TO ELECTION OFFICIALS**

The Board next considered establishing the compensation to be paid to election officials in connection with the Directors' Election. Ms. Sechrist advised the Board that the compensation for election officials may not be fixed at a rate less than the federal minimum hourly wage of \$7.25. After discussion, Director Murany moved that judges and clerks for the Directors' Election, including the early voting clerk, be paid the rate established by Fort Bend County for its election officials. Director Webb seconded the motion, which carried unanimously.

- 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 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 approximately \$65,000 in surplus bond funds for painting and sandblasting approximately 419 hydrants in the District (the "Hydrant Project"). After discussion, Director Webb made a motion to submit a resolution to the TCEQ for the use of surplus bond funds for the Hydrant Project. The motion was seconded by Director Farley 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's 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. Review Investment Policy; adopt resolution amending or confirming same; obtain new certificates from dealers and bankers, if needed; amend Depository Pledge Agreements, if needed; accept disclosures from Investment Officer(s); and**

The Board next conducted its yearly review of the District's Investment Policy, as required by law, and considered a Resolution Confirming Investment Policy for the District (the "Investment Policy Resolution"). After discussion, Director Acosta moved that the Board adopt the Investment Policy Resolution, as presented. Director Webb seconded the motion and it carried unanimously.

After discussion, Director Murany made a motion to accept the Attorney's Report. Director Farley seconded the motion which carried by a 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 "D". He reported that water accountability was 96% as of December 31, 2019.

Regarding the safety violation listed on the Field Operations Report, Mr. Bridges informed the Board that an employee switched lanes while driving a District truck with a trailer and hit a car. He reported that no injuries were sustained by either the District employee or the driver of the other car. He informed the Board that extended mirrors have been added to the District's trucks to help avoid this type of accident in the future.

Mr. Bridges next informed the Board that the dry cleaning facility on Highway 6 near Park Pointe Drive failed another perc test. He reported that water service was disconnected until such time as the grease trap and pipes were cleaned and a perc test did not fail.

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

After discussion, a motion was made by Director Murany to accept the Billing and Collections Report. The motion was seconded by Director Thomas and carried by unanimous vote.

**C. Information Technology Reports and other information to include:**

- (i) **Fixed Network Update (meter reads and analytics); and**
- (ii) **Other Information Technology related items.**

Ms. Ruvalcaba next reported that the fixed network is operating at 99%. After discussion, a motion was made by Director Farley to accept the Information Technology Report. Director Thomas seconded the motion, which carried unanimously.

**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 “F”**. He reported that a \$300,000 certificate of deposit at Industry State Bank matures in February.

After discussion, a motion was made by Director Acosta to accept the Bookkeeper’s Report and authorize payment of all disbursements listed on the Bookkeeper’s Report or otherwise presented at the meeting. The motion was seconded by Director Farley 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 reported that employee performance reviews will be complete by the end of the week.

After discussion, a motion was made by Director Acosta to accept the Human Resources Report. The motion was seconded by Director Farley and carried by unanimous vote.

**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;**
- (v) **Risk Management items;**
- (vi) **Review and approve first quarter results of Group Goals for fiscal year 2019-2020; and**
- (vii) **Review and approve first Quarter Budget Adjustments.**

Ms. Ruvalcaba next presented for the Board’s approval three (3) SOPs: (i) one new SOP for Operations relating to the Wagner Flexio electric paint sprayer; (ii) one new SOP for Human Resources relating to the creation of a HRIS payroll schedule; and (iii) one updated SOP for Accounting relating to ACH. A summary of the SOPs presented is attached hereto as **Exhibit “G”**.

Mr. Reddick then presented the first quarter budget adjustments for the 2019-2020 fiscal year, a copy of which is attached hereto as part of **Exhibit “F”**. He reported



that the expense line items for postage, information technology storage, sludge and waste disposal increased.

Ms. Ruvalcaba next presented the first quarter Group Goal results for fiscal year 2019-2020, a copy of which is attached hereto as **Exhibit "H"**. She reported that all categories are on track to meet established goals except Incidents and Accidents.

Ms. Ruvalcaba next reported that a Water Smart application has been submitted to the Association of Water Board Directors ("AWBD"). She also reported that the District's Drought Contingency Plan has been reviewed and no changes are recommended.

After discussion, a motion was made by Director Farley to (i) approve the SOPs presented, (ii) accept the first quarter budget adjustments, (iii) accept the first quarter Group Goal results, and (iv) accept the Risk Management Report. The motion was seconded by Director Webb and carried by unanimous vote.

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

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

Mr. Bridges next informed the Board that the coil and capacitor for the air conditioning unit in the District's Administration Building that services the Accounting Department were replaced and the lines were unclogged.

Ms. Hayes reported that the privacy fences around District facilities are being pressure washed and sealed on a yearly basis to extend the life of the fences.

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

Mr. Bridges stated that he had nothing 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.

**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) Future/Strategic Planning Issues (overall).**

Ms. Hayes stated that she had nothing further to report on this agenda item.

**OTHER MATTERS**

Director Murany next reported on the recent AWBD Winter Conference. She informed the Board that she attended sessions on rebates for water conservation and active shooter awareness seminars. She also reported on a seminar regarding a phone app that allows water district customers to track their water usage in real time. Ms. Ruvalcaba stated that this type of service is available on the District's current app available to its customers.

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

At 6:35 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 7:10 p.m. After discussion, the Board concurred to accept the performance reviews of Ms. Hayes and Ms. Ruvalcaba.

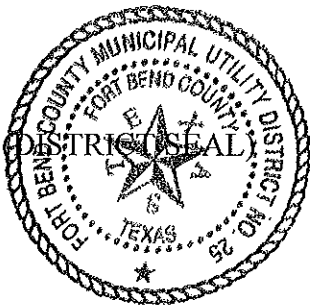
**ADJOURNMENT**

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

PASSED, APPROVED and ADOPTED this 20<sup>th</sup> day of February, 2020.



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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