

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

February 20, 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 20th day of February, 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, except Director Webb, 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 (via Skype); Dominique Reddick, Director of Financial Services; Matt Kellums, Chief Operator; Terrie Sechrist of Sechrist-Duckers LLP, attorneys for the District; Chris Canonico of Ardurra Group, LLC (“Ardurra”), engineers for the District; Greg Lentz and Chase Wolf of Masterson Advisors LLC, financial advisors for the District (“Masterson”); and Deputy Misael Davila of the Fort Bend County Sheriff’s Office.

MINUTES

The Board first considered approval of the minutes of its regular meeting held on January 23, 2020. After discussion, Director Murany made a motion to approve the minutes of the January 23, 2020, Board meeting, as presented. Director Farley seconded the motion and it carried unanimously.

DISCUSS AND CONSIDER A PLAN OF FINANCING RELATING A SERIES 2020 REFUNDING BONDS ISSUE (THE “2020 REFUNDING BONDS”); APPOINT AN UNDERWRITER(S) IN CONNECTION WITH THE 2020 REFUNDING BONDS; AND AUTHORIZE THE DISTRICT’S FINANCIAL ADVISOR TO PREPARE DOCUMENTS, APPLY FOR A BOND RATING AND APPLY FOR INSURANCE IN CONNECTION WITH THE 2020 REFUNDING BONDS

Mr. Wolf next discussed the following items from the Supplemental Agenda.

A. Consider a plan of financing relating to the sale of the District's Series 2020 Refunding Bonds

Mr. Wolf first presented a plan of financing for the District's Series 2020 Refunding Bonds (the "Refunding Bonds"), a copy of which is attached hereto as **Exhibit "A"**. He informed the Board that a portion of the District's Series 2013 Refunding Bonds and Series 2013A Refunding Bonds will be redeemed with proceeds from the Refunding Bonds. He further informed the Board that the gross savings from the sale of the Refunding Bonds is estimated to be \$628,985 (with an average annual savings of \$48,383), resulting in a projected net present value savings of 7.25%. He also informed the Board that the pricing for the sale of the Refunding Bonds will be confirmed on April 7, with closing scheduled for May 7. Mr. Wolf also informed the Board that the plan of financing contemplates a contribution of \$49,000 from the District's Debt Service Fund. After discussion, a motion was made by Director Acosta 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 Series 2020 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 the President and Vice President to serve 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 Series 2020 Refunding Bonds

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

D. Appoint an underwriter(s) in connection with the Series 2020 Refunding Bonds

The Board next considered appointing an underwriter in connection with the Refunding Bonds. After discussion, Director Acosta moved that the Board appoint SAMCO Capital Markets, Inc. (“SAMCO”), to serve as the underwriter for the Refunding Bonds. Director Thomas seconded the motion, which carried unanimously.

E. Approve a Bond Purchase Agreement in connection with the Series 2020 Refunding Bonds

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

F. Adopt a Resolution authorizing the issuance of the District’s Series 2020 Refunding Bonds

The Board next considered adopting a resolution authorizing the issuance of the Refunding Bonds (the “Bond Resolution”). 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 2020 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 Series 2020 Refunding Bonds

Mr. Lentz next informed the Board that Zions Bancorporation, National Association, Amegy Bank Division (“Amegy”), is interested in serving as the Paying Agent/Registrar for the Refunding Bonds. After discussion, Director Acosta made a motion to designate Amegy as the Paying Agent/Registrar for the

Refunding Bonds. Director Thomas seconded the motion, which passed unanimously.

I. **Approve the Preliminary Official Statement in connection with the District's Series 2020 Refunding Bonds and authorize distribution of same**

Mr. Wolf 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 \$7,655,000. After discussion, Director Acosta moved that the Board approve the Preliminary Official Statement, subject to final review by the District's attorney, and authorize its distribution. 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 2020 Refunding Bonds to the underwriter(s)**

Mr. Wolf 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 SAMCO, including applying for a bond rating and insurance. 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 SAMCO, including applying for a bond rating and insurance. Director Thomas seconded the motion, which carried unanimously.

DEVELOPER'S REPORT

No report was received from a developer of land within the District.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Sechrist next presented the Tax Assessor/Collector's Report for January 2020, a copy of which is attached hereto as **Exhibit "B"**. She noted that 84.85% of the District's 2019 taxes and 99.77% of the District's 2018 taxes have been collected as of January 31, 2020.

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 Acosta 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 "C"**.

After discussion, a motion was made by Director Murany to accept the Delinquent Tax Report. Director Farley 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 **Exhibit "D"**.

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 reported that bids were solicited to replace forty feet (40') of storm sewer pipe in Foursome Drive (the "Storm Sewer Repair Project"). He informed the Board that RJ&M Utility Construction LLC ("RJ&M") submitted the lowest bid for the Storm Sewer Repair Project in the amount of \$21,620. He stated that Ardurra recommends that the Board retain RJ&M to complete the Storm Sewer Repair Project.

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. 3 from Wharton-Smith, Inc. ("Wharton") in the amount of \$67,032 for the Wastewater Treatment Plant Nos. 1 and 2 Improvements project (the "WWTP Improvements Project"). He also

presented Pay Application No. 6 from The Trey Evans Company (“Evans”) in the amount of \$67,950 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. 3 submitted by Wharton in the amount of \$67,0325 for the WWTP Improvements Project, (iii) approve Pay Application No. 6 submitted by Evans in the amount of \$67,950 for the STP Recoating Project, and (iv) accept the bid from RJ&M to complete the Storm Sewer Repair Project.. Director Farley seconded the motion, which passed unanimously.

ATTORNEY’S REPORT

Ms. Sechrist next reported that the Directors Election scheduled for May 2, 2020, will be cancelled at the March Board meeting because only three (3) candidate applications were received for the three (3) positions up for election.

- 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 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'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.

After discussion, Director Murany made a motion to accept the Attorney's Report. Director Acosta 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. Kellums next presented the monthly Field Operations Report, a copy of which is attached hereto as part of **Exhibit “E”**. He also presented a status update on District and developer projects, a copy of which is attached hereto as part of **Exhibit “E”**.

After discussion, a motion was made by Director Murany to accept the Field Operations Report. Director Acosta 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 “F”** (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 requested the Board’s approval to sell the surplus information technology items listed on **Exhibit “G”** (the “Surplus Technology Items”) by private sale as authorized by Section 49.226 of the Texas Water Code. After discussion, a motion was made by Director Murany to (i) authorize the private sale of the Surplus Technology Items, and (ii) approve Information Technology Report. Director Farley 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 "H"**. He reported that a \$300,000 certificate of deposit at Industry State Bank was renewed for eighteen (18) months at an interest rate of 2.10%.

Mr. Reddick also reported that District staff participated in an arbitrage training telephone conference seminar on January 28, 2020.

After discussion, a motion was made by Director Murany 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 Thomas 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 for the Board's approval one (1) new SOP for Operations relating to the collection of bacterial samples.

After discussion, a motion was made by Director Murany to (i) approve the SOP presented, and (ii) accept the Risk Management Report. The motion was seconded by Director Farley and carried by unanimous vote.

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

(i) General building items; and

Mr. Bridges stated that he had nothing to report under this agenda item.

(ii) General landscape and grounds items.

Mr. Bridges reported that a car recently damaged a flower bed, trees, and grass in a median in F.M. 1464. After discussion, a motion was made by Director Murany to accept the Landscaping/Grounds and Building Maintenance Report. The motion was seconded by Director Farley 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. Ruvalcaba next informed the Board that a Summerfield resident recently complained about noise in connection with the upgrade/rehabilitation work on Lift Station No. 2 and Wastewater Treatment Plant No. 1. She stated that the District measured the decibel level of the noise and found it to be under the legal limit. She also stated that the District built a plywood wall around the construction area in an effort to reduce the noise. Mr. Bridges stated that the construction activity will continue for approximately one more month.

Mr. Bridges then reported that the water plant recoating project is almost complete. He further informed the Board that the recently constructed car wash is open for business, the gas station on F.M. 1464 will soon be open for business, and the gas station/strip center in front of the Windsor Estates subdivision is under construction.

Ms. Hayes then informed the Board that District staff and Ardurra are investigating the best method to replace the sanitary sewer pipes in the Pheasant Creek and Park Pointe subdivisions due to the age of the pipes.

Mr. Bridges next informed the Board that the drain pipes in the clarifier aeration basin are too high and that Wharton Smith will lower them as part of the WWTP Improvements Project pursuant to a change order in the amount of \$11,092.

Mr. Bridges then informed the Board that a sewer spill recently occurred near the walking trail and Red Gully. He stated that the spill was cleaned up and the incident was reported to the Texas Commission on Environmental Quality.

ADJOURNMENT

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

PASSED, APPROVED and ADOPTED this 19th day of March, 2020.

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

	Minutes
	<u>Page</u>
plan of financing for the Series 2020 Refunding Bonds.....	2
tax assessor/collector’s report.....	4
delinquent tax attorney’s report.....	4
district engineer’s report.....	5
operations report.....	8
termination list.....	8
surplus technology items.....	8
bookkeeper’s report.....	9