

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

May 21, 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 21st day of May, 2020, by Webex video (Meeting ID: 629 767 302, Password: PHkeMaPc932 (74536272 from phones and video systems) and teleconference at (1-408-418-9388) due to the current COVID-19 Virus epidemic (the "Emergency"), Section 551.125 of the Texas Government Code, and the guidance of the Governor of the State of Texas, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Beth Murany	President
Vacant	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; Mary Moore Hayes, Executive Assistant General Manager/Board Liaison; Dominique Reddick, Director of Financial Services; Matt Kellems, Chief Operator; Terrie Sechrist of Sechrist·Duckers LLP, attorneys for the District; Chris Canonico of Ardurra Group, LLC ("Ardurra"); Chase Wolf of Masterson Advisors LLC, financial advisors for the District ("Masterson"); and David Patterson of Assessments of the Southwest ("ASW").

MINUTES

The Board first considered approval of the minutes of its regular meeting held on April 16, 2020. After discussion, Director Murany made a motion to approve the minutes of the April 16, 2020, Board meeting. Director Acosta seconded the motion and it carried unanimously.

PUBLIC COMMENTS

No members of the public were present.

DEVELOPER'S REPORT

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

TAX ASSESSOR/COLLECTOR'S REPORT

Mr. Patterson next presented the Tax Assessor/Collector's Report for April 2020, a copy of which is attached hereto as **Exhibit "A"**. He noted that 97.70% of the District's 2019 taxes and 99.77% of the District's 2018 taxes have been collected as of April 30, 2020.

After discussion, Director Murany moved that the Board accept the Tax Assessor/Collector's Report and authorize payment of all disbursements listed on the Tax Assessor/Collector's Report or otherwise presented at the meeting. 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"**.

After discussion, a motion was made by Director Thomas to accept the Delinquent Tax Report. Director Farley seconded the motion and it carried unanimously.

FINANCIAL ADVISOR'S REPORT

Mr. Wolf next informed the Board that the sale of the 2020 Refunding Bonds, which resulted in a net present value savings of 4.98%, met the sale parameters of a 4.25% minimum net present value savings.

Mr. Wolf also reported that based on the 2020 preliminary taxable values, the District can issue the remaining \$3,940,000 in unlimited tax bonds authorized by the Texas Commission on Environmental Quality (the "TCEQ") in 2019 (the "Remaining 2019 Bonds"). He then stated that the District is currently waiting on the TCEQ's approval of the District's application to extend the time to issue the Remaining 2019 Bonds. After discussion, Director Murany moved that the Board proceed with the issuance of the Remaining 2019 Bonds. Director Acosta seconded the motion, which 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 "C"**.

Mr. Canonico next updated the Board on the status of the request to FEMA for financial assistance to repair the damage to a portion of the District's storm drain outfall caused by Hurricane Harvey ("Outfall Repair Project"). He informed the Board that FEMA has agreed to provide an initial amount of \$243,461.98 to repair seven (7) of the ten (10) storm sewer outfalls damaged by Hurricane Harvey. He also informed the Board that the Outfall Repair Project is subject to FEMA's large project reconciliation rules. Mr. Canonico informed the Board that pursuant to FEMA's large project reconciliation rules, FEMA is obligated to pay the actual cost of the Outfall Repair Project even if it is more than the original estimated cost. He further stated that if the bids for the Outfall Repair Project are more than the FEMA estimate of costs, the actual reimbursement amount will be addressed with FEMA at that time. Mr. Canonico also informed the Board that three (3) remaining outfalls will be repaired by the District without FEMA funds.

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 that five (5) bids were received for the on-call sanitary sewer rehabilitation project (the "Sewer Rehab Project"). He informed the Board that Ardurra recommends that the contract for the Sewer Rehab Project be awarded to the lowest bidder, Texas Pride Utilities, LLC ("Texas Pride"), for an estimated price of \$3,336,549.20. He informed the Board that the Sewer Rehab Project will be performed in phases and at the prices set out in individual work orders to be submitted and approved by the Board. Mr. Canonico further stated that Ardurra recommends awarding the contract for the Sewer Rehab Project to Texas Pride.

Discussion then ensued regarding the source of funding for the Sewer Rehab Project. Ms. Hayes informed the Board that the District currently has \$1,226,500 from its Series 2015A Bonds for the Park Pointe subdivision portion of the Sewer Rehab Project and \$1,100,000 from its Series 2017 Bonds for the Summerfield subdivision portion of the Sewer Rehab Project. She informed the Board that bond funds from the District's Series 2014A Bonds previously allocated for the construction of a reclaimed water line to The Houstonian Golf Course will be used for the Pheasant Creek subdivision portion and the Stratford Park subdivision portion of the Sewer Rehab 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. 6 from Wharton-Smith, Inc. ("Wharton") in the amount of \$142,167.50 for the Wastewater Treatment Plant

Nos. 1 and 2 improvements project (the "WWTP Improvements Project"). He informed the Board that Ardurra recommends payment of this Pay Application.

Mr. Canonico next presented Change Order No. 2 for the WWTP Improvements Project in the amount of \$32,722.67 for the removal and replacement of two (2) slide gates and an extension to the current 6" ductile iron RAS pipe over the maximum water level so that the District's Operators can visually inspect the pipe. He informed the Board that Ardurra recommends approval of this Change Order.

Mr. Canonico then presented Change Order No. 3 for the WWTP Improvements Project in the amount of \$53,680.91 to replace four (4) existing slide gates at the chlorine contact chamber at WWTP No. 1. He informed the Board that Ardurra recommends approval of this Change Order.

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 next discussed the status of the storm sewer repair project on Foursome Lane (the "Storm Sewer Project"). He reported that the contractor, RJ&M Utility Construction, LLC ("RJ&M"), will be issued the full and final payment in the amount of \$2,250.00 due under its contract with the District. He next reported that Ardurra recommends that the Board award the contract for the Storm Sewer Project to the second bidder, AR Turnkee Construction, Inc. ("Turnkee"), in the amount of \$55,400.00.

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) award the contract for the Sewer Rehab Project to Texas Pride for the Park Pointe subdivision in the estimated amount of \$595,894 and for the Summerfield subdivision in the estimated amount of \$683,121.50, subject to approval by the District's attorney of the payment and performance bonds and insurance certificates submitted in connection therewith to determine if they meet the requirements of the Texas Insurance Code, the rules of the TCEQ, and the provisions of the Texas Water Code, (iii) approve Pay Application No. 6 submitted by Wharton in the amount of \$142,167.50 for the WWTP Improvements Project, (iv) approve Change Order No. 2 submitted by Wharton in the amount of \$32,722.67 for the WWTP Improvements Project, (v) approve Change Order No. 3 submitted by Wharton in the amount of \$53,680.91 for the WWTP Improvements Project, and (vi) award the contract for the Storm Sewer Project to Turnkey in the amount of \$55,400.00, subject to approval by the District's attorney of the payment and performance bonds and insurance certificates submitted in connection therewith to determine if they meet the requirements of the Texas Insurance Code, the rules of the TCEQ, and the provisions of the Texas Water Code. Director Farley seconded the motion, which passed unanimously.

ATTORNEY'S REPORT

Ms. Sechrist first informed the Board that pursuant to Section 2054.5191(a-1) of the Texas Government Code, all directors and all District employees with access to a District computer are required to take a cybersecurity training class by June 14, 2020, and every year thereafter. Ms. Hayes informed the Board that the District's Information Technology Department will be providing the required cybersecurity training.

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 reported that Mr. George Kaleh recently inquired as to the feasibility of the District annexing an approximate 10-acre tract at 17120 Old Richmond Road on which he intends to construct 120 to 140 townhomes. After discussion, the Board requested that Ms. Sechrist contact Mr. Kaleh and obtain more details of the proposed development.

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 discussed submitting a resolution to the TCEQ for the following projects: (1) an escrow release and change in use of approximately \$569,086 from the District's 2010 Unlimited Tax Bonds to pay a portion of the cost of the Sewer Rehab Project relating to the Stratford Park subdivision, and (2) a change in use and release of \$1,864,879 of the funds previously allocated to the construction of a reclaimed water line from the District's wastewater treatment plant no. 2 to The Houstonian Golf Course (the "Reclaimed Water Funds") to pay (i) the remaining portion of cost of the Sewer Rehab Project relating to the Stratford Park subdivision, (ii) the cost of the Pheasant Creek subdivision portion of the Sewer Rehab Project, and (iii) the cost to purchase pumps for the District's detention pond Nos. 1 and 2 (the "TCEQ Resolution").

After discussion, Director Murany made a motion to approve the TCEQ Resolution. 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.

After further 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. Kellems next presented the monthly Field Operations Report, a copy of which is attached hereto as part of Exhibit "D". He also reported that water accountability has increased to 94%, in large part due to a recent main break repair on Blue Mist Circle.

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 "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. She stated that 186 residents currently were delinquent, with 23 delinquent since February and 62 delinquent since March. After discussion, a motion was made by Director Murany to terminate water service in June to those accounts on the Termination List that have not been paid in accordance with the District's Rate Order or have entered into a payment plan. Director Farley seconded the motion, which carried unanimously.

After discussion, a motion was made by Director Thomas to accept the Billing and Collections Report. The motion was seconded by Director Murany 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 stated that she had no information to report on this agenda item.

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".

Mr. Reddick next informed the Board that on May 19, 2020, a certificate of deposit (“CD”) in the amount of \$307,899.06 (at an interest rate of 2.60%) matured. He informed the Board that because the highest interest rate currently being offered for certificates of deposit is 0.55%, the proceeds from the CD were placed in the money market account for the District’s General Operating account. He also reported that there are no outstanding accounts receivable.

After further 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 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 stated that the District’s business office, including both the lobby and the drive-through, is now open. She reported that the business office will have a maximum ten (10) individuals in office at one time and social distancing will be maintained. Ms. Hayes also reported that the Cupp Center has been converted to offices for the Operations staff in order to maintain social distancing.

After discussion, a motion was made by Director Murany to accept the Human Resources Report. The motion was seconded by Director Acosta 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; and**

- (v) **Authorize the preparation and distribution of a draft Consumer Confidence Report;**

Ms. Ruvalcaba informed the Board that the 2019 Consumer Confidence Report is being prepared and will be distributed prior to July 1, 2020.

- (vi) Approve the five year “Water Conservation Plan”; and
- (vii) Risk Management items.

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 yearly tree trimming services have started. Ms. Hayes reported that a resident behind Wastewater Treatment Plant No. 1 (“STP No. 1”), has complained that the tree trimming now allows too much light into his backyard.

Mr. Bridges next reported that someone sawed off forty (40) of the District’s sprinkler heads and ten (10) to twelve (12) decoders on Old Richmond Road. Ms. Hayes informed the Board that a police report was filed and security cameras are being added to the area.

Ms. Hayes next informed the Board that a resident has complained about noise from the generator at STP No. 1. She stated that the District added insulation and a cover to the generator, which reduced the noise level by ten (10) decibels. She also stated that a plant wall is being considered in attempt to further reduce the noise.

After discussion, a motion was made by Director Murany to accept the Landscaping, Grounds and Building Maintenance Report. The motion was seconded by Director Thomas 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 stated that she had no information to report under this agenda item.

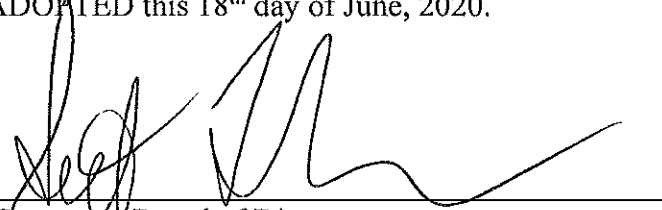
OTHER MATTERS

Ms. Sechrist next reported that the deadline for Cyber Security training is June 14, 2020.

ADJOURNMENT

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

PASSED, APPROVED, and ADOPTED this 18th day of June, 2020.



Secretary, Board of Directors



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