

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

August 20, 2020

DRAFT

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 August, 2020, by Zoom video (Meeting ID: 837 4601 2913, Password: 160109) 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; Tyler Bridges, Executive Assistant General Manager, Operations; Terrie Sechrist of Sechrist-Duckers LLP, attorneys for the District; Chris Canonico of Ardurra Group, LLC (“Ardurra”), engineers for the District; Chase Wolf of Masterson Advisors LLC, financial advisors for the District (“Masterson”); David Patterson of Assessments of the Southwest (“ASW”); and Brian Addicks, resident of the District.

MINUTES

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

PUBLIC COMMENTS

No members of the public were present.

NEW DIRECTOR: (a) CONSIDER APPOINTMENT OF A DIRECTOR TO FILL THE CURRENT VACANCY ON THE BOARD; (b) APPROVE THE SWORN STATEMENT, BOND AND OATH OF OFFICE FOR THE NEW DIRECTOR; (c) REORGANIZE THE OFFICERS OF THE BOARD OF DIRECTORS, IF NECESSARY; AND (d) AUTHORIZE PREPARATION AND FILING OF AN UPDATED DISTRICT REGISTRATION FORM.

The Board next considered appointing a person to fill the current director vacancy. Mr. Addicks discussed his work and personal background with the Board and expressed his interest in serving as a Director. After discussion, a motion was made by Director Murany to appoint Brian Addicks to serve in the vacant director position and accept his Statement of Elected/Appointed Officer, Affidavit of Appointed Director, Official Bond, Election Not to Disclose Certain Information, and Oath of Office. The motion was seconded by Director Acosta and carried by unanimous vote.

The Board next considered reorganizing the Board. After discussion, the Board concurred that Director Murany will serve as President, Director Acosta will serve as Vice President/Assistant Secretary, Director Farley will serve as Assistant Vice President, Director Thomas will serve as Secretary/Investment Officer, and Director Addicks will serve as Assistant Secretary.

Ms. Sechrist then informed the Board that a revised District Registration Form would need to be filed with the Texas Commission on Environmental Quality (the “TCEQ”) to reflect the appointment of Director Addicks and the reorganization of the Board. After discussion, Director Murany moved that the Board authorize the District’s attorney to prepare an updated District Registration form for filing with the TCEQ. Director Acosta 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

Mr. Patterson presented the Tax Assessor/Collector’s Report for July 2020, a copy of which is attached hereto as **Exhibit “A”**. He noted that 98.86% of the District’s 2019 taxes and 99.77% of the District’s 2018 taxes have been collected as of July 31, 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 Farley and carried by unanimous vote.

FINANCIAL ADVISOR’S RECOMMENDATION CONCERNING ESTABLISHMENT OF THE DISTRICT’S 2020 TAX RATE

Mr. Wolf presented the 2020 tax rate recommendation prepared by Masterson, a copy of which is attached hereto as **Exhibit “B”**. He informed the Board that Masterson recommends a

debt service tax of \$0.615 per \$100 assessed valuation and a maintenance tax of \$0.225 per \$100 assessed valuation, for a total proposed 2020 District tax rate of \$0.84 per \$100 of assessed valuation. Mr. Wolf noted that the 2020 recommended tax rate is the same as last year's tax rate.

PROPOSED 2020 TAX RATE

The Board then considered adopting a proposed 2020 debt service and maintenance tax rate. After discussion, Director Murany moved that the Board adopt a proposed 2020 debt service tax rate of \$0.615 per \$100 of assessed valuation and a proposed 2020 maintenance tax rate of \$0.225 per \$100 of assessed valuation, for a total proposed 2020 District tax rate of \$0.84 per \$100 of assessed valuation (the "Proposed 2020 Tax Rate"), which is the same tax rate adopted in 2019. The motion was seconded by Director Acosta and carried by unanimous vote.

The Board next discussed calling any public hearings and authorizing any publications or mailings required in connection with the levy of the District's 2020 taxes. After discussion, a motion was made by Director Murany, seconded by Director Acosta, and unanimously carried to (i) hold a public hearing on the adoption of the District's 2020 proposed tax rate on Thursday, September 17, 2020, at 5:30 p.m. by Zoom meeting, and (ii) authorize ASW to publish notice of the Proposed 2020 Tax Rate in the *Fort Bend Herald*, as required by law.

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". She informed the Board that there are no changes from last month's report.

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

SERIES 2020A UNLIMITED TAX BONDS

Mr. Wolf next reported on the results of the sale of the District's \$3,940,000 Unlimited Tax Bonds, Series 2020A (the "Series 2020A Bonds"). A copy of the bid/pricing package prepared by Masterson is attached hereto as Exhibit "D".

A. Receive and act upon bids for the purchase of the District's Series 2020A Bonds

Mr. Wolf announced that the District had received six (6) bids for the purchase of the Series 2020A Bonds. He informed the Board that the bid submitted by Raymond James & Associates, Inc. ("Raymond James") of 1.815412% resulted in the lowest net effective interest rate to the District. He then reported that Build America Mutual ("BAM") has agreed to issue a financial guaranty insurance policy for the Series 2020A Bonds and that Moody's Investors Service ("Moody's") has assigned an underlying credit rating of A2 to the District. After discussion, Director Acosta moved that the Board award the sale of the Series 2020A Bonds to Raymond James at a net effective interest rate of 1.815412%. The motion was seconded by Director Thomas and unanimously approved.

B. Consider and act upon the adoption of resolution authorizing the issuance, sale and delivery of the District's Series 2020A Bonds

Ms. Sechrist next presented a resolution authorizing the issuance, sale and delivery of the Series 2020A Bonds (the "Bond Resolution"). After discussion, Director Thomas moved that the Board adopt the Bond Resolution, which was seconded by Director Acosta and carried unanimously.

C. Approve and authorize distribution of a Final Official Statement in connection with the District's Series 2020A Bonds

The Board next discussed approving and authorizing the distribution of a Final Official Statement relating to the sale of the Series 2020A Bonds. After discussion, Director Thomas made a motion to approve and authorize the distribution of the Final Official Statement relating to the Series 2020A Bonds. The motion was seconded by Director Murany and carried unanimously.

D. Consider a proposal from Orrick, Herrington & Sutcliffe LLP for special Tax Counsel services in connection with the District's Series 2020A 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 2020A Bonds. She 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 2020A Bonds. After discussion, Director Murany moved that the Board approve the proposal for Special Tax Counsel services from Orrick. Director Addicks seconded the motion, which carried unanimously.

E. Consider and act upon any other matters concerning the District's Series 2020A Bonds

Ms. Sechrist next discussed the various closing documents that will need to be executed in connection with the issuance and delivery of the Series 2020A Bonds and the other action required in connection therewith. After discussion, Director Thomas 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 2020A Bonds and to take any other action required in connection therewith. 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 "E". He reported that the Foursome Lane project is complete.

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 Ardurra is preparing the bond application report for the District's Series 2021 unlimited tax bonds.

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. Authorize and/or concur 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 informed the Board that only one (1) bid was received for the replacement of the control panels at Lift Station Nos. 4, 6, 7 and 8, and Detention Pond Nos. 1 and 2 (the "Control Panel Replacement Project"), which was below the engineer's estimate. After discussion, the Board concurred that Ardurra should rebid the Control Panel Replacement Project in an effort to receive more than one (1) bid.

H. Approve and/or concur in the approval of pay estimates and change orders on current construction projects within the District

Mr. Canonico then presented Pay Application No. 9 from Wharton-Smith, Inc. ("Wharton"), in the amount of \$214,875.75 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. 6 for the WWTP Improvements Project in the amount of \$47,179.17 for removal and replacement of lift station

pumps at Wastewater Treatment Plant No. 2 and additional plug valve replacement for piping at Wastewater Treatment Plant No. 1. He informed the Board that Ardurra recommends approval of this Change Order.

I. Grant or accept 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. Grant or consent 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 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. 9 submitted by Wharton in the amount of \$214,875.75 for the WWTP Improvements Project; and (iii) approve Change Order No. 6 submitted by Wharton in the amount of \$47,179.17 for the WWTP Improvements Project. Director Thomas seconded the motion, which passed unanimously.

ATTORNEY'S REPORT

A. 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 the City of Houston approved the District's annexation of a 9.1076 acre tract (the "Fisher Tract"). She then presented an Order adding the Fisher Tract to the District and redefining the boundaries of the District (the "Order") and recommended that the Board approve the Order as presented. After discussion, Director Murany moved that the Board approve the Order. Director Acosta seconded the motion, which carried unanimously.

The Board next considered approving an Amended District Information Form reflecting the redefined boundaries of the District to include the Fisher Tract. After discussion, Director Thomas moved that the Board approve the Amended Information Form, to be filed in the Fort Bend County Deed Records and with the TCEQ. Director Acosta seconded the motion, which carried unanimously.

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 under 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. Ruvalcaba next informed the Board that updates have been made to the Customer Service Inspection Certificate and the Backflow Prevention Assembly Test and Maintenance Report, both of which are attached as Exhibits to the District's Rate Order. After discussion, a motion was made by Director Thomas to

approve the Amended Rate Order. Director Farley seconded the motion, which carried unanimously.

After further discussion, Director Murany made a motion to accept the Attorney's Report. Director Thomas 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 "F"**. After discussion, a motion was made by Director Murany to accept the Field Operations Report. Director Farley 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 "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, a motion was made by Director Acosta to terminate water service to those accounts on the Termination List that have not been paid in accordance with the District's Rate Order or an approved payment plan. Director Farley seconded the motion, which carried unanimously.

After further discussion, a motion was made by Director Thomas to accept the Billing and Collections Report. The motion was seconded by Director Farley 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 “H”**. After discussion, a motion was made by Director Thomas to (i) accept the Bookkeeper’s Report, and (ii) 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.

Mr. Reddick next presented a proposed budget for fiscal year 2020-2021 (the “Budget”), a copy of which is attached hereto as **Exhibit “I”**. After discussion a motion was made by Director Acosta to adopt the Budget, as presented. The motion was seconded by Director Murany 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 office was closed the rest of the week for sanitizing due to a District employee’s exposure to someone with the COVID-19 virus. She reported that the employee has tested negative for the COVID-19 virus.

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) Risk Management items.**

Ms. Ruvalcaba next presented the Group Goals for fiscal year 2020-2021, a copy of which is attached hereto as **Exhibit “J”**. She reported that the goals are the same as last year. After discussion, Director Farley made a motion to accept the fiscal year 2020-2021 Group Goals. The motion was seconded by Director Thomas and carried by unanimous vote.

Ms. Ruvalcaba next discussed the Association of Water Board Directors (“**AWBD**”) Winter Conference to be held January 29 and 30, 2021, in Austin, Texas. After discussion, a motion was made by Director Acosta to authorize all interested Directors to attend the AWBD Winter Conference. The motion was seconded by Director Thomas and carried by unanimous vote.

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

- (i) General building items; and**

Mr. Bridges stated the air conditioners in the blower rooms at Wastewater Treatment Plant No. 1 have been replaced.

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

Mr. Bridges next reported that District staff obtained and installed the conversion kits for the sprinkler heads in the median near Voss Road.

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. Hayes informed the Board that District staff are working with the Texas Department of Transportation (“TXDot”) regarding the proposed FM 1464 median work. She reported that conceptual plans for the project were submitted to TXDot on July 1, 2020.

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

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

At 7:05 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 7:24 p.m. After discussion, the Board concurred to: (i) approve the settlement agreement with RJ&M Utility Construction, LLC; (ii) accept Fort Bend County’s counteroffer to purchase a portion of the District’s Water Plant No. 3 site in connection with the construction of John Sharp Drive; and (iii) approve the District’s Covid-19 policy.

ADJOURNMENT

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

PASSED, APPROVED, and ADOPTED this 17th day of September, 2020.

Secretary, Board of Directors

(DISTRICT SEAL)

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