

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

December 17, 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 17th day of December, 2020, by Zoom video (Meeting ID: 860 1913 1916, Password: 829546) 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
Julio Acosta	Vice President/Assistant Secretary
Glenn Farley	Assistant Vice President
Escoto Thomas	Secretary/Investment Officer
Brian Addicks	Assistant Secretary

and all of said persons were present, except Director Thomas, 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, Construction and Maintenance Manager; Terrie Sechrist of Sechrist·Duckers LLP, attorneys for the District; Chris Canonico and Hector Pena of Ardurra Group, LLC ("Ardurra"), engineers for the District; David Patterson of Assessments of the Southwest ("ASW"), tax assessor/collector for the District; Mike Brotherton of Belt Harris Pechacek, LLP ("BHP"), auditors for the District; and Brad Moon and Michael Slater, residents of the District.

MINUTES

The Board first considered approval of the minutes of its regular meeting held on November 19, 2020. After discussion, Director Murany made a motion to approve the minutes of the November 19, 2020, Board meeting, as presented. Director Acosta seconded the motion and it carried unanimously.

PUBLIC COMMENTS

Mr. Slater next reported that the Texas Commission on Environment Quality (the "TCEQ") told him to call the Fort Bend County Sheriff's Department to obtain information about recent criminal activity at Wastewater Treatment Plant No. 1 (the "Plant"), but the Sheriff's Department stated that it did not have any related reports. Ms. Sechrist stated that the District did report the criminal activity to the Sheriff's Department.

Mr. Moon then inquired when the District will convert to surface water. Ms. Hayes referred him to the District's groundwater reduction plan (the "GRP").

DEVELOPER'S REPORT

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

APPROVE AUDIT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2020

Mr. Brotherton next presented a draft audit for the District's fiscal year ending September 30, 2020 (the "Audit"). He explained that the District received an unqualified opinion because BHP considers that the District appropriately followed all accounting rules and that the Audit is an accurate representation of the District's financial condition. After discussion, a motion was made by Director Murany, seconded by Director Farley and unanimously carried, to (i) approve the Audit, subject to final review by the District's attorney, (ii) authorize the District's attorney to file the Audit with the TCEQ, and (iii) authorize the District's attorney to file related secondary disclosure documents in accordance with Rule 15c2-12 of the Securities and Exchange Commission.

TAX ASSESSOR/COLLECTOR'S REPORT

Mr. Patterson presented the Tax Assessor/Collector's Report for November 2020 (the "Tax Report"), a copy of which is attached hereto as **Exhibit "A"**. He noted that 99.43% of the District's 2019 taxes and 99.8% of the District's 2018 taxes have been collected as of November 30, 2020.

After discussion, Director Murany moved that the Board (i) accept the Tax Report, and (ii) authorize payment of all disbursements listed on the Tax Report or otherwise presented at the meeting. 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 "B"**. After discussion, a motion was made by Director Murany, seconded by Director Acosta and unanimously carried, to accept the Delinquent Tax Attorney's Report and authorize the recommended items be moved to the uncollectible roll.

DISTRICT ENGINEER'S REPORT

Mr. Pena then presented the District Engineer's Report prepared by Ardurra, a copy of which is attached hereto as **Exhibit "C"**.

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 next informed the Board that the Bond Application Report for the Series 2021 Bonds has been filed with the TCEQ.

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. 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. Pena then informed the Board that four (4) bids were received for the on-call valve repair project (the "Valve Repair Project"). He informed the Board that Ardurra recommends that the contract for the Valve Repair Project be awarded to, Aztlan Utilities and Construction, LLC ("Aztlan"), for an estimated price of \$198,732.08. He informed the Board that the Valve Repair 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. Pena further stated that Ardurra recommends awarding the contract for the Valve Repair Project to Aztlan.

After discussion, the Board requested that District staff conduct further investigation of the qualifications of Aztlan.

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

Mr. Pena next presented Pay Application No. 13 from Wharton-Smith, Inc. ("Wharton"), in the amount of \$100,393.18 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. Pena then presented Pay Application No. 1 from Texas Pride Utilities, LLC (“Texas Pride”), in the amount of \$280,373.29 for the Summerfield sanitary sewer rehab annual service (the “Summerfield Sewer Project”). He informed the Board that Ardurra recommends payment of this Pay Application.

Mr. Pena next presented Pay Application No. 3 and Final from Texas Pride in the amount of \$4,645.56 for the emergency repair portion of the Pheasant Creek sanitary sewer rehab annual service (the “Pheasant Creek Sewer Project”), He informed the Board that Ardurra recommends payment of this Pay Application.

Mr. Pena then presented Texas Pride’s Work Order No. 4 for the remainder of the Pheasant Creek Sewer Project.

I. Grant or accept 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. Grant or consent 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 discussion, Director Murany made a motion to: (i) accept the District’s Engineer Report; (ii) approve Pay Application No. 13 submitted by Wharton in the amount of \$100,393.18 for the WWTP Improvements Project; (iii) approve Pay Application No. 1 from Texas Pride in the amount of \$280,373.29 for the Summerfield Sewer Project; (iv) approve Pay Application No. 3 and Final from Texas Pride in the amount of \$4,645.56 for the emergency repair portion of the

Pheasant Creek Sewer Project; and (v) approve Texas Pride's Work Order No. 4 for the remainder of the Pheasant Creek Sewer Project in the amount of \$1,104,509.55. Director Farley 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 stated that she had no information to report under this agenda item.

- B. **Approval of utility commitment letters**

Ms. Sechrist stated that she had no information to report under 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.

- G. **Adopt a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District.**

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 Brokers Resolution, subject to final review by Mr. Reddick, was made by Director Acosta, seconded by Director Farley, and carried unanimously.

After further discussion, Director Murany made a motion to accept the Attorney's Report. Director Addicks 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 reported that water accountability decreased to 92%, in large part due to weather/rain issues.

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. After discussion, a motion was made by Director Murany to terminate water no earlier than December 28 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 Acosta seconded the motion, which carried unanimously.

After further discussion, a motion was made by Director Murany to accept the Billing and 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) **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"**. He informed the Board that 1099s have been sent to vendors and he is in the process of calculating the quarterly budget adjustments. After discussion, a motion was made by Director Murany 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 Addicks 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 stated that she had no information to report under this agenda item.

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

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

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

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

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

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; and**
- (iv) **Future/Strategic Planning Issues (overall).**

Ms. Hayes reported that the District staff is waiting to hear from the Texas Department of Transportation (“TXDot”) regarding the proposed F.M. 1464 median landscaping project.

After discussion, Director Addicks 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 6:25 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 6:41 p.m. No action was taken.

ADJOURNMENT

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

PASSED, APPROVED, and ADOPTED this 21st day of January, 2021.

Assistant

Secretary, Board of Directors

(DISTRICT SEAL)

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LIST OF ATTACHMENTS

	Minutes
	<u>Page</u>
tax assessor/collector's report.....	2
delinquent tax attorney's report.....	2
engineer's Report.....	2
operations report	6
penalty register	6
bookkeeper's report	7