

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

January 19, 2023

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 19th day of January, 2023, at a regular meeting place thereof, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Glenn Farley	President
Escoto Thomas	Vice President/Assistant Secretary
Brian Addicks	Assistant Vice President/Investment Officer
Dan Turner	Secretary
Jeffery Williams	Assistant Secretary

and all of said persons were present during all or a portion of the meeting, with Director Thomas participating by Zoom, thus constituting a quorum.

Also present during all or a portion of the meeting were: Leonela Ruvalcaba, Executive General Manager; Mary Moore Hayes (by Zoom), Executive Assistant General Manager; Dominique Reddick, Director of Financial Services; Tyler Bridges, Construction and Maintenance Manager; David Nguyen, Information Technology (“IT”) Department; Terrie Sechrist with Sechrist-Duckers LLP, attorneys for the District; Hector Pena with Ardurra Group, LLC (“Ardurra”), engineer for the District; David Patterson with Assessments of the Southwest, tax assessor-collector for the District; Greg Lentz and Jared Welsh of Masterson Advisors LLC (“Masterson”), financial advisors for the District; Ella Guillory (by Zoom), a resident of the District; and Deputy Jeff Martinez with the Fort Bend County Sheriff’s Office

MINUTES

The Board first considered approval of the minutes of its regular meeting held on December 15, 2022. After discussion, Director Williams made a motion to approve the minutes of the December 15, 2022, Board meeting, as presented. Director Addicks seconded the motion and it carried unanimously.

PUBLIC COMMENTS

No comments were received from members of the public.

DEVELOPER’S REPORT

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

TAX ASSESSOR/COLLECTOR'S REPORT

Mr. Patterson next presented the Tax Assessor/Collector's Report for December 2022 (the "Tax Report"), a copy of which is attached hereto as **Exhibit "A"**. He reported that 50.38 % of the District's 2022 taxes and 99.33% of the District's 2021 taxes had been collected as of December 31, 2022.

After discussion, Director Farley moved that the Board (i) accept the Tax Report, and (ii) authorize payment of all disbursements listed thereon or otherwise presented at the meeting. The motion was seconded by Director Williams and carried by unanimous vote.

FINANCIAL ADVISOR'S REPORT

Mr. Lentz next presented the Financial Advisor's Report (the "Financial Advisor's Report").

A. **Review and consider approval of the Official Notice of Sale and Preliminary Official Statement in connection with the District's Series 2023 Unlimited Tax Bonds and authorize distribution of same**

Mr. Lentz first presented and reviewed with the Board the Official Notice of Sale and Preliminary Official Statement for the District's \$9,530,000 Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds"). After discussion, Director Farley moved that the Board (i) approve the Official Notice of Sale and Preliminary Official Statement for the Series 2023 Bonds, subject to the review of and comments by the Board, District staff, and District consultants and authorize the distribution of same. Director Turner seconded the motion, which passed unanimously.

B. **Designate a date, time, and place for the sale of the District's Series 2023 Unlimited Tax Bonds and authorize the District's Financial Advisor to advertise the sale of same**

The Board next discussed setting a date for the sale of the Series 2023 Bonds. After discussion, Director Farley moved that the Board sell the Series 2023 Bonds on Thursday, February 16, 2023, at 5:30 p.m. and authorize Masterson to advertise such sale as required by law. Director Turner seconded the motion, which passed unanimously.

C. **Designate a Paying Agent/Registrar in connection with the District's Series 2023 Unlimited Tax Bonds**

The Board then considered designating a paying agent/registrar for the Series 2023 Bonds. Mr. Lentz informed the Board that Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas ("Zions Bank"), currently serves as the paying agent/registrar for several of the District's bond issues. After

discussion, Director Farley moved that the Board designate Zions Bank as the Paying Agent/Registrar for the Series 2023 Bonds. Director Turner seconded the motion, which carried unanimously.

DELINQUENT TAX ATTORNEY'S REPORT

Ms. Ruvalcaba next presented the Delinquent Tax Attorney's Report prepared by Larson & Weisinger, a copy of which is attached hereto as **Exhibit "B"**.

After discussion, Director Farley moved that the Board accept the Delinquent Tax Attorney's Report. The motion was seconded by Director Turner and carried by unanimous vote.

ENGINEER'S REPORT

Mr. Pena next presented the District Engineer's Report prepared by Ardurra (the "**Engineer's Report**"), a copy of which is attached hereto as **Exhibit "C"**. He first presented the following Task Orders for the Board's approval:

1. Ardurra Task Order E-56 for engineering services related to the replacements of natural gas generators at Water Well No. 1, Water Well No. 2 and Lift Station Nos. 1, 3 and 4 in an amount not to exceed \$145,500; and
2. Ardurra Task Order E-57 for engineering services related to the rehabilitation of the well at Water Plant No. 3 in an amount not to exceed \$18,500.

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 stated that he had no information to report under this agenda item.

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

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

Mr. Pena then presented Pay Application No. 3 from CDC Unlimited, LLC (“CDC”) in the amount of \$97,569.00 pursuant to Work Order No. 1 issued in connection with the manhole rehabilitation project (the “Manhole Rehab Project”). He informed the Board that Ardurra recommends approval of this Pay Estimate.

Mr. Pena then presented Pay Application No. 4 from C³ Constructors (“C³ Constructors”) in the amount of \$33,364.00 for the replacement of a conveyor at Wastewater Treatment Plant No. 1 (the “WWTP No. 1 Conveyor Replacement Project”). He informed the Board that Ardurra recommends approval of this Pay Estimate.

Mr. Pena then presented Pay Application No. 2 and Final from AR Turnkee Construction Company, Inc. (“AR Turnkee”) in the amount of \$101,300.00 for repairs to eleven (11) stormwater outfalls to Red Gully partially funded by FEMA (the “Red Gully Outfall Repair Project”). He informed the Board that Ardurra recommends approval of this Pay Estimate.

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 the modifications to eleven (11) stormwater outfalls to Red Gully have been completed.

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 Farley made a motion to (i) accept the District Engineer's Report, (ii) approve Pay Application No. 2 from CDC in the amount of \$97,569.00 for the Manhole Rehab Project, (ii) approve Pay Application No. 4 from C³ Constructors in the amount of \$33,364.00 for the WWTP No. 1 Conveyor Replacement Project, (iii) approve Pay Application No. 2 and Final from AR Turnkey in the amount of \$101,300.00 for the Red Gully Outfall Repair Project. and (iv) approve Task Orders E-56 and E-57, subject to review and approval by District staff and the District's attorney. Director Addicks seconded the motion, which passed unanimously.

ATTORNEY'S REPORT

Ms. Sechrist next presented the Attorney's Report.

A. Consider 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 under 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 and Mr. Reddick next discussed a resolution to the TCEQ requesting a change in use of funds and release of funds from the Series 2018 Bonds in the total amount of \$774,515 to pay the costs of replacing the centrifuge at water plant no. 1 and to add handrails to the seven (7) ground storage tanks located at the District's water wells (the "Surplus Funds Resolution"). After discussion, Director Farley made a motion to adopt the Surplus Funds Resolution. The motion was seconded by Director Williams 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 under this agenda item.

F. Adopt amendments to the District's Rate Order

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

After further discussion, a motion was made by Director Farley to accept the Attorney's Report. The motion was seconded by Director Williams and carried by 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 and the Construction and Projects Summary Report, copies of which are attached hereto as part of **Exhibit "D"**. He reported that water accountability in the District was at 92% for December.

Mr. Bridges also reported that the District recently passed a surprise inspection of its water wells by the Texas Commission on Environmental Quality. He then informed the Board that there was one regulatory violation occurred last month when an incorrect number was inserted on a report for the wastewater treatment

plants. He stated that the new employee who incorrectly filled out the reports has been re-trained.

After discussion, a motion was made by Director Addicks to accept the Field Operations Report and the Construction and Projects Summary Report. Director Williams seconded the motion, which carried by unanimous vote.

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

- (i) **General building items; and**
- (ii) **General landscape and grounds items.**

Mr. Bridges next presented the Building Maintenance and Landscaping Grounds Report, a copy of which is attached hereto as part of **Exhibit "D"**.

After discussion, a motion was made by Director Addicks to accept the Building Maintenance and Landscaping Grounds Report. The motion was seconded by Director Williams and carried by unanimous vote.

C. 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. Ms. Ruvalcaba 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 Williams 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.

D. Information Technology Reports and other information to include:

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

Mr. Nguyen stated that the payment processing system now is on track to be active mid-April 2023.

After discussion, a motion was made by Director Farley to accept the IT Report. Director Williams seconded the motion, which carried by unanimous vote.

E. Financial Services Report, including:

- (i) Approve the District Bookkeeper's Report, the Investment Report and other Financial Reports and payment of bills**

Mr. Reddick next 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 then presented a proposal from Belt Harris Pechacek, LLP ("BHP") to prepare the District's interim audit and final audit for the fiscal year ending September 30, 2023, for a cost not to exceed \$26,000, which is \$2,745 higher than last year.

After discussion, a motion was made by Director Farley to accept (i) the Bookkeeper's Report, and (ii) accept the proposal from BHP to prepare the to prepare the District's interim audit and final audit for the fiscal year ending September 30, 2023, for a cost not to exceed \$26,000. Director Williams seconded the motion, which carried by unanimous vote.

- (ii) Review and approve first Quarter Budget Adjustments.**

Mr. Reddick reported that there were no recommended budget adjustments for the first quarter of the current fiscal year.

F. 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.

G. 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) Review and approve first quarter result of Group Goals for fiscal year 202202023;
- (vi) Status of GRP Subsidence reports;
- (vii) Approve Annual Drought Contingency Plan; and
- (viii) Risk Management items.

Ms. Ruvalcaba next presented the first quarter Group Goal results, a copy of which is attached hereto as **Exhibit “G”**. She informed the Board that there was one preventable accident and all other goals were on track to be met.

Ms. Ruvalcaba then presented the Drought Contingency Plan (the “Drought Contingency Plan”), a copy of which is attached hereto as **Exhibit “H”**. She informed the Board that there have been no changes from last year’s plan.

After discussion, a motion was made by Director Farley to (i) accept the Risk Management Report, (ii) accept the first quarter Group Goal results, and (iii) approve the Drought Contingency Plan, as presented. Director Williams seconded the motion, which 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; and
- (iv) Future/Strategic Planning Issues (overall)

Ms. Ruvalcaba and Ms. Hayes stated that they had no information to report on this agenda item.

OTHER MATTERS

Discussion then ensued regarding ways to inform the District's residents about the District's operational and other activities. Ms. Ruvalcaba presented a proposal from Touchstone District Services ("Touchstone") to design a flyer to include with the monthly utility bills and to create articles to be added to the District's website. After discussion, a motion was made by Director Williams to accept Touchstone's proposal at a cost not to exceed \$5,000 unless otherwise authorized by further Board action. The motion was seconded by Director Farley and carried by unanimous vote.

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

PASSED, APPROVED, and ADOPTED this 16th day of February, 2023.



Secretary, Board of Directors

(DISTRICT SEAL)

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