

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

February 16, 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 16th day of February, 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; Chris Canonico with Ardurra Group, LLC ("Ardurra"), engineer for the District; David Patterson (by Zoom) with Assessments of the Southwest, tax assessor-collector for the District; Jared Welsh with Masterson Advisors LLC ("Masterson"), financial advisors for the District; Chief Jimmy Evans and Captain Veronica Martin with the Fort Bend County Precinct 3 Constables Office; 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 January 19, 2023, and the minutes of its special meeting held on January 21, 2023. After discussion, Director Addicks made a motion to approve the minutes of the January 19 and January 21, 2023, Board meetings, as presented. Director Williams seconded the motion and it carried unanimously.

PUBLIC COMMENTS

Chief Evans and Captain Martin then introduced themselves to the Board and stated that the Precinct 3 Constables Office was available to serve the District.

DEVELOPER'S REPORT

Mr. Canonico stated that he is working with the developers of the apartment complex behind Windsor Estates on a drainage plan. He also informed the Board that construction of the apartment complex is anticipated to begin this calendar year.

TAX ASSESSOR/COLLECTOR'S REPORT

Mr. Patterson next presented the Tax Assessor/Collector's Report for January 2023 (the "Tax Report"), a copy of which is attached hereto as **Exhibit "A"**. He reported that 78.10 % of the District's 2022 taxes and 99.46% of the District's 2021 taxes had been collected as of January 31, 2023.

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 Addicks and carried by unanimous vote.

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.

FINANCIAL ADVISOR'S REPORT

Mr. Welsh next presented the Financial Advisor's Report.

A. Receive and act upon bids and proposals for the purchase of the District's Series 2023 Unlimited Tax Bonds (the "Series 2023 Bonds")

Mr. Lentz announced that the District received five (5) bids for the purchase of the Series 2023 Bonds. He informed the Board that the bid submitted by SAMCO Capital Markets, Inc. ("**SAMCO**"), of 4.158168% resulted in the lowest net effective interest rate to the District. He then reported that Build America Mutual Assurance Company ("**BAM**") has agreed to issue a financial guaranty insurance policy for the Series 2023 Bonds and that SAMCO will pay the insurance premium. He informed the Board that Moody's Investors Service has assigned an underlying credit rating of A2 to the District. He further reported that Standard and Poor's ("**S&P**") has assigned an underlying credit rating of AA to the District. After discussion, Director Farley moved that the Board award the sale of the Series 2023 Bonds to SAMCO at a net effective interest rate 4.158168%. The motion was seconded by Director Williams and unanimously approved.

B. Consider and act upon the adoption of resolution authorizing the issuance, sale and delivery of the District's Series 2023 Bonds

Ms. Sechrist next presented a resolution authorizing the issuance, sale and delivery of the Series 2023 Bonds (the "2023 Bond Resolution"). After discussion, Director Farley moved that the Board adopt the 2023 Bond Resolution. The motion was seconded by Director Williams and carried unanimously.

C. Consider and act upon approving and authorizing distribution of a Final Official Statement in connection with the District's Series 2023 Bonds

The Board next discussed approving and authorizing the distribution of a Final Official Statement relating to the sale of the Series 2023 Bonds. After discussion, Director Farley made a motion to approve and authorize the distribution of the Final Official Statement relating to the sale of the Series 2023 Bonds. The motion was seconded by Director Williams and carried unanimously.

D. Consider approval and execution of a Paying Agent/Registrar Agreement by and between the District and Zions Bancorporation, National Association dba Amegy Bank ("Amegy Bank") in connection with the District's Series 2023 Bonds

The Board next considered approving and executing a Paying Agent/Registrar Agreement between the District and Amegy Bank in connection with the Series 2023 Bonds. After discussion, Director Farley made a motion that the Paying Agent/Registrar Agreement with Amegy Bank be approved and executed. Director Williams seconded the motion, which carried unanimously.

E. Consider proposal for special tax counsel services in connection with District's Series 2023 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 2023 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 2023 Bonds. After discussion, Director Farley moved that the Board approve the proposal for special tax counsel services from Orrick. Director Williams seconded the motion, which carried unanimously.

F. Consider proposal for disclosure counsel services in connection with District's Series 2023 Bonds

Ms. Sechrist then presented for the Board's approval a proposal from McCall Parkhurst & Horton, LLP ("McCall") for disclosure counsel services in connection with the Series 2023 Bonds. After discussion, Director Farley moved that the Board approve the proposal of McCall for underwriter/disclosure counsel services to be provided in connection with the District's Series 2023 Bonds. Director Addicks seconded the motion, which carried unanimously.

G. Consider and act upon any other matters concerning the District's Series 2023 Bonds

Ms. Sechrist next discussed the various closing documents that will need to be executed in connection with the issuance of the Series 2023 Bonds and other actions required in connection therewith. After discussion, Director Farley 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 2023 Bonds and to take any other action required in connection therewith. Director Williams seconded the motion, which carried unanimously.

ENGINEER'S REPORT

Mr. Canonico 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 discussed with the Board the current Fort Bend Subsidence District surface water conversion requirements. He stated that by 2030, the District must have sufficient water reuse credits to equate to a 60% conversion of the District's water use to surface water or a disincentive fee of \$6.00 per 1,000 gallons will be imposed. He informed the Board that the City of Sugar Land is proposing to expand its surface water plant in 2028 and is in the process of developing a policy for the sale of conversion credits.

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. 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 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. Canonico then presented Pay Application No. 4 from CDC Unlimited, LLC (“CDC”), in the amount of \$119,192.40 pursuant to Work Order No. 1 issued in connection with the manhole rehabilitation project (the “Manhole Rehabilitation Annual Service”). He informed the Board that Ardurra recommends approval of this Pay Estimate.

Mr. Canonico then presented Pay Application No. 5 from C³ Constructors (“C³ Constructors”) in the amount of \$14,250.00 for the replacement of the conveyors at Wastewater Treatment Plant No. 1 (the “WWTP No. 1 Centrifuge and Blower Rehabilitation 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. 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 further information to report on this agenda item.

L. Review summary of pending projects, including the status thereof

Mr. Canonico stated that he had no further 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 Farley made a motion to (i) accept the Engineer's Report, (ii) approve Pay Application No. 4 from CDC in the amount of \$119,192.40 for the Manhole Rehabilitation Annual Service, and (ii) approve Pay Application No. 5 from C³ Constructors in the amount of \$14,250.00 for the WWTP No. 1 and 2 Centrifuge and Blower Rehabilitation Project. 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 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 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 January. He also reported that the fall protection equipment has been installed on the District's ground storage tanks.

After discussion, a motion was made by Director Farley 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 Farley 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 Farley 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 Williams 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 should be active by April 26 and the test demo site is currently being evaluated.

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"**.

After discussion, a motion was made by Director Farley to accept the Bookkeeper's Report. Director Addicks seconded the motion, which carried by unanimous vote.

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) **Approve the AWBD Water Smart Application Resolution; and**
- (vi) **Risk Management items.**

Ms. Ruvalcaba next presented a resolution applying for the AWBD WaterSmart program (the "WaterSmart Resolution").

After discussion, a motion was made by Director Farley to adopt the WaterSmart Resolution. 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:

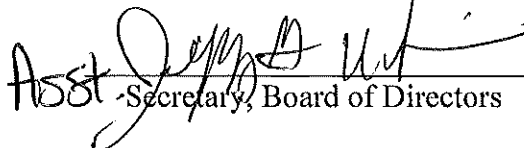
- (i) **General legal items;**
- (ii) **General engineering items;**
- (iii) **General project items; and**
- (iv) **Future/Strategic Planning Issues (overall)**

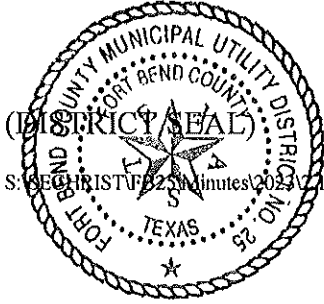
Ms. Hayes next discussed the long-term management of District assets.

Ms. Ruvalcaba next informed the Board that Touchstone District Services, the District's public relations firm, is preparing an article on the District's tax rate for posting on the District's website and otherwise distributed to the District's customers with the monthly utility bills.

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

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


Asst. Secretary, Board of Directors



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