

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

August 17, 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 17th day of August, 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, 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; Manny Perez, Information Technology ("IT") Department; Terrie Sechrist with Sechrist-Duckers LLP, attorneys for the District; David Patterson with Assessments of the Southwest ("ASW"), tax assessor/collector for the District; Chris Canonico (by Zoom) and Hector Pena (by Zoom) with Ardurra Group, LLC ("Ardurra"), engineers for the District; Chase Eastland and Jared Welsh (by Zoom) with Masterson Advisors, LLC ("Masterson"), financial advisors for 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 August 3, 2023. After discussion, Director Farley made a motion to approve the minutes of the August 3, 2023, Board meeting, as presented. Director Turner 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 July 2023 (the "Tax Report"), a copy of which is attached hereto as Exhibit "A". He reported that 98.56% of the District's 2022 taxes and 99.65% of the District's 2021 taxes had been collected as of July 31, 2023.

After discussion, Director Farley moved that the Board accept the Tax Report and 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.

FINANCIAL ADVISOR'S RECOMMENDATION CONCERNING THE ESTABLISHMENT OF THE DISTRICT'S 2023 TAX RATE

Ms. Eastland next presented the tax rate analysis prepared by Masterson, a copy of which is attached hereto as Exhibit "B".

PROPOSED 2023 TAX RATE

The Board then considered adopting proposed 2023 debt service and maintenance tax rates. After discussion, Director Addicks moved that the Board adopt a proposed 2023 debt service tax rate of \$0.635 per \$100 of assessed valuation and a proposed 2023 maintenance tax rate of \$0.219 per \$100 of assessed valuation, for a total proposed 2023 tax rate of \$0.854 per \$100 of assessed valuation (the "Proposed 2023 Tax Rates"). The motion was seconded by Director Turner and carried by unanimous vote.

Mr. Patterson advised the Board that the language in the Notice of Public Hearing on Tax Rate (the "Notice") varies depending on whether the District is a low tax rate district, a developed district, a developed district in a designated disaster area (as these terms are defined in Sections 49.23601 and 49.23602 of the Texas Water Code) or is a developing district, which is a district not described in Texas Water Code Sections 49.23601 or 49.23602. After discussion, the Board concurred that the District is a developing district for purposes of the Notice.

The Board next discussed calling any public hearings and authorizing any publications or mailings required in connection with the levy of the Proposed 2023 Tax Rates. After discussion, a motion was made by Director Farley that a public hearing be held on the District's adoption of the Proposed 2023 Tax Rates on Thursday, September 21, 2023, at 5:30 p.m., and (ii) authorize ASW to publish notice of the Proposed 2023 Tax Rates in the *Fort Bend Herald*, the *Katy Times*, and the *Houston Chronicle* that includes the language required by Section 49.23603 of the Texas Water Code. 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 "C". She stated that no Board action was required.

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 "D"**.

Mr. Canonico reported that the City of Sugar Land (the "City") expects to adopt a surface water policy this Fall. He further reported that he advised the City that the District is interested in purchasing groundwater reduction credits from the City.

Ms. Hayes next informed the Board that there may be grant money available for flood management projects and Mr. Canonico has grant writing experience. She reported that District staff and Mr. Canonico will research the existence of any grants for which the District may qualify.

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. Authorize and/or approve Bond application reports

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

I. Grant or accept site and/or easement conveyances for facilities constructed or to be constructed for or on behalf of the District

Ms. Sechrist next presented a Storm Sewer Easement (the “Easement”) over a portion of the District’s property near the Administration Building to serve the adjacent property at 16403 West Belfort. She informed that Board that the Easement contains the conditions and restrictions discussed at previous Board meetings.

After discussion, a motion was made by Director Farley to grant the Storm Sewer Easement. The motion was seconded by Director Williams and carried by unanimous vote.

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 further information to report on this agenda item.

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

Mr. Pena stated that he had no further 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 Farley made a motion to accept the Engineer’s Report. Director Williams seconded the motion, which passed unanimously.

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 discussion, a motion was made by Director Farley to accept the Attorney's Report. The motion was seconded by Director Turner 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 "E". He reported that water accountability in the District was 94% for July.

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

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 "F" (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 Turner 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. Perez next reported that 250 new registrations have been received for the District's new mobile electronic payment processing system.

After discussion, a motion was made by Director Farley to accept the IT Report. Director Scott 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 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 "G"**.

After discussion, a motion was made by Director Williams to (i) accept the Bookkeeper's Report, and (ii) authorize the payment of all disbursements listed thereon or otherwise presented at the meeting. Director Addicks seconded the motion, which carried by unanimous vote.

- (ii) **Begin preliminary review of the budget for fiscal year ending September 30, 2024.**

Mr. Reddick next presented a proposed budget for the fiscal year ending September 30, 2024 (the "2024 Budget"), a copy of which is attached hereto as part of **Exhibit "G"**. After discussion, a motion was made by Director Farley to adopt the 2024 Budget as presented. The motion was seconded by Director Scott and 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; and**
(v) **Risk Management items.**

Ms. Ruvalcaba stated that she had no information to report on this agenda item.

H. Executive Management Reports to include Financial/Budget, Group Goals, Strategic, Legal, Engineering, Project and Future Strategic Planning updates, including:

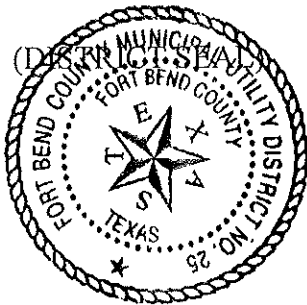
- (i) **General legal items;**
- (ii) **General engineering items;**
- (iii) **General project items; and**
- (iv) **Future/Strategic Planning Issues (overall).**

Ms. Ruvalcaba stated that all Group Goals are on track to be met.

OTHER MATTERS

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

PASSED, APPROVED, and ADOPTED this 21st day of September, 2023.



A handwritten signature in black ink, appearing to be 'Dan L.', written over a horizontal line.

Secretary, Board of Directors

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