

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

October 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 October, 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, except Directors Addicks and Williams, 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"), engineers for the District; Corrie Aday with Brown & Brown Lone Star Insurance Services ("Brown & Brown"); Jared Welsh 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 September 21, 2023. After discussion, Director Farley made a motion to approve the minutes of the September 21, 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 within the District.

FINANCIAL ADVISOR'S REPORT

Mr. Welsh presented the Financial Advisor's Report.

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

Mr. Welsh announced that the District received three (3) bids for the purchase of the Series 2023A Bonds. He informed the Board that the bid submitted by SAMCO Capital Markets, Inc. ("SAMCO"), of 5.081827% resulted in the lowest net effective interest rate to the District. Mr. Welsh then reported that Assured Guaranty Municipal Corp. ("AGM") has agreed to issue a financial guaranty insurance policy for the Series 2023A Bonds and that SAMCO will pay the insurance premium. He also informed the Board that Moody's Investors Service has assigned an underlying credit rating of A2 to the District. After discussion, Director Farley moved that the Board award the sale of the Series 2023A Bonds to SAMCO at a net effective interest rate 5.081827%. 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 2023A Bonds

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

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

The Board next discussed approving and authorizing the distribution of a Final Official Statement relating to the sale of the Series 2023A 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 Thomas 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 2023A Bonds

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

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

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

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Sechrist next presented the Tax Assessor/Collector's Report for August (the "Tax Report"), a copy of which is attached hereto as Exhibit "A". She reported that 99.01% of the District's 2022 taxes and 99.64% of the District's 2021 taxes had been collected as of September 30, 2023.

After discussion, Director Thomas 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 Farley 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". 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 "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. 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 then presented Pay Application No. 1 from Gilleland Smith Construction, Inc. ("Gilleland") in the amount of \$29,700 new hydropneumatics tank at Water Plant No. 3 (the "Hydro Tank Project"). He informed for the Board that Ardurra recommends approval of this Pay Estimate.

Mr. Pena next presented Pay Application No. 2 and Final pursuant to Work Order No. 3 submitted by CDC Unlimited, LLC ("CDC"), in the amount of \$14,896 for the manhole rehabilitation project within the Chelsea Harbour subdivision (the "Chelsea Harbour Manhole Rehabilitation Annual Service Project"). He informed the Board that Ardurra recommends approval of this Pay Estimate.

Mr. Pena then presented Pay Application No. 1 pursuant to Work Order No. 5 submitted by CDC in the amount of \$90,715.50 for the rehabilitation of stormwater and lift station manholes within the District (the "Stormwater/Lift Station Manhole Rehabilitation Annual Service Project"). He informed the Board that Ardurra recommends approval of this Pay Estimate.

Mr. Pena next presented Change Order No. 1 to the contract with McDonald Municipal & Industrial ("McDonald") for the generator replacement project at Water Well Nos. 1 and 2 and Lift Station Nos. 1, 3 and 4 (the "Generator Replacements at Water Well Nos. 1 & 2 and Lift Station Nos. 1, 3 & 4 Project") in the amount of \$24,469 for the removal of a generator at Lift Station No. 1 and relocating it at Detention Pond No. 2. He informed the Board that Ardurra recommends approval of these Pay Estimates.

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 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:

- (i) accept the Engineer's Report;
- (ii) approve Pay Application No. 1 from Gilleland in the amount of \$29,700 for the Hydro Tank Project;
- (iii) approve Pay Application No. 2 and Final from CDC pursuant to Work Order No. 3 in the amount of \$14,896 for the Chelsea Harbour Manhole Rehabilitation Annual Service Project;
- (iv) approve Pay Application No. 1 from CDC in the amount of \$90,715.50 for Stormwater/Lift Station Manhole Rehabilitation Annual Service Project; and
- (v) approve Change Order No. 1 to the contract with McDonald in the amount of \$24,469 for the Generator Replacements at Water Well Nos. 1 & 2 and Lift Station Nos. 1, 3 & 4 Project.

Director Turner 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 "D". He reported that water accountability in the District was 92% for September. He reported that since the report was prepared, seven (7) leaks were discovered and repaired.

After discussion, a motion was made by Director Thomas to accept the Field Operations Report. Director Turner 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 reported that fence at Water Plant No. 4 had been replaced.

After discussion, a motion was made by Director Thomas to accept the Construction and Projects Summary Report. Director Turner seconded the motion, which 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. She reported that only one customer of the District has not enrolled in the ACH program.

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 Turner seconded the motion, which carried unanimously.

D. Information Technology Report and other information to include:

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

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

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 "F".

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

- (ii) **Consider proposals relative to renewal of the District' insurance policies coverage expiring November 2023**

Ms. Aday next presented a proposal for the renewal of the District's insurance policies expiring in November. Discussion ensued regarding the possibility of reducing the premiums next year.

- (iii) **Report budget results for fiscal year October 1, 2022, through September 30, 2023**

Mr. Reddick reported that preliminary fiscal year budget results reflect a positive budget, and the final budget results will be presented after the upcoming audit review.

After discussion, a motion was made by Director Farley, seconded by Director Thomas, to approve the insurance proposal presented by Brown & Brown.

F. Human Resources, Operations Group Goals, Policies and General Policy matters, including:

Ms. Ruvalcaba informed that all of the Group Goals were met in the 2022-2023 fiscal year.

- (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 next reported on the team building events for District employees.

After discussion, a motion was made by Director Farley to approve the Human Resources report. The motion was seconded by Director Thomas and carried by unanimous vote.

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. Hayes reported that she is working with Mr. Bridges and Mr. Nguyen to replace the existing locks on the water plants with cyber security locks and badge readers in order to increase security.

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 under this agenda item.

OTHER MATTERS

Discussion next ensued regarding the date of the December Board meeting. After discussion, the Board concurred to meet on December 14.

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

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



[Handwritten Signature]
Assistant Secretary, Board of Directors

https://sclawfjms.sharepoint.com/sites/S-D_Data/Sechrst/Sechrst_Shared/IB25/Minutes/2023/Draft 10.19.23 Minutes.docx

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