

MINUTES  
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

February 28, 2017

The Board of Directors (the "Board") of Fort Bend County Municipal Utility District No. 2 (the "District") met in regular session, open to the public, on the 28th day of February, 2017, at Townewest Club House, 10322 Old Towne Lane, Sugar Land, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

Robert Yack	President
Bernice Barclay	Vice President
Lisa Dudley	Secretary
Betty J. Stewart	Assistant Vice President
Pam Kelley	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present for all or a portion of the meeting were Melanie Folkert and Natalia Melo of KB Home; Alan Sandersen of Sandersen & Scheffer, PLLC; Officer Calvin Johnson; Jerry Schroeder of Champions Hydro-Lawn, Inc. ("Champions"); Chad Abram of IDS Engineering Group ("IDS"); Christina Garcia and Erin Garcia of Myrtle Cruz, Inc. ("Myrtle Cruz"); Rebecca Marcucci of Municipal District Services LLC ("MDS"); David Patterson of Assessments of the Southwest, Inc. ("Assessments"); Barbara Wilson, a resident of the District; and Teshia Judkins and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Director Barclay opened the meeting for public comments. Ms. Wilson addressed the Board asking about the safety of the District's drinking water after reading about chromium-6 being found in the water in the Alief area. There being no additional public comments, Director Barclay closed the meeting to public comments.

CONSENT AGENDA

The minutes from the January 24, 2017, regular Board meeting, and consultant reports were previously distributed. After discussion, Director Barclay moved to approve all items on the consent agenda, and to direct that, where appropriate, items are filed and retained in the District's official records, including the following: (1) the minutes from the January 24, 2017, regular Board meeting; (2) the tax assessor/collector's report; (3) a Resolution Concerning Exemptions from Taxation reflecting that the Board of Directors grants a \$20,000.00 homestead exemption for

disabled persons or persons of 65 years of age or older, declines granting any exemptions from ad valorem taxation for residence homesteads generally and travel trailers; (4) the engineer's report; (5) the operator's report; and (6) approve reimbursement of eligible Association of Water Board Directors ("AWBD") winter conference expenses and authorize attendance at the AWBD summer conference. Director Stewart seconded the motion, which passed unanimously, with Directors Yack and Kelley being absent. Copies of all reports approved as part of the consent agenda are attached.

Director Kelley arrived at the meeting.

#### SECURITY PATROL MATTERS

Officer Johnson presented and reviewed security patrol matters included in the previously distributed Patrol Report, a copy of which is attached.

Officer Johnson updated the Board on changing the service account for the patrol vehicle from Classic Chevrolet to Auto Nation Chevrolet on Highway 6. He reported that the vehicle maintenance account has now been set up at Auto Nation Chevrolet, and they have had positive results so far.

Officer Johnson informed the Board that Officer Megan Herrin, who is a relief officer, has been unavailable and unable to cover shifts for the other officers. He is requesting that Officer Herrin's contract be terminated effective today.

Following discussion, Director Dudley moved to (1) approve the Patrol Report; and (2) approve the termination of Officer Megan Herrin effective as of today, as recommended by Officer Johnson. Director Barclay seconded the motion, which passed unanimously, with Director Yack being absent.

#### PRESENTATION REGARDING POTENTIAL DEVELOPMENT NEAR DISTRICT

Ms. Folkert informed the Board that KB Home may be interested in annexing property into the District. She presented and reviewed a preliminary proposal for such development in conjunction with possible development of that property. Discussion ensued regarding the District's current water and sewer capacity availability and the potential costs associated with increasing that capacity.

#### ACTION ITEMS FOR ENGINEERING AND OPERATIONS

Ms. Marcucci responded to the question from Ms. Wilson about the District's drinking water and stated she will provide additional information to Ms. Wilson after the meeting.

AUDIT FOR FISCAL YEAR ENDING OCTOBER 31, 2016

Mr. Sandersen presented and reviewed the District's audit for the fiscal year ending October 31, 2016, and the related management and representation letters. After review and discussion, Director Dudley moved to approve the audit, subject to final review, and to direct that the audit be filed appropriately and retained in the District's official records. Director Kelley seconded the motion, which passed by unanimous vote, with Director Yack being absent.

DETENTION AND DRAINAGE FACILITIES AND LANDSCAPING REPORT FROM CHAMPIONS HYDRO-LAWN, INC., PROJECTS, AND RELATED AGREEMENTS

Mr. Schroeder reviewed a Detention and Drainage Facilities Report, a copy of which is attached.

Mr. Schroeder updated the Board on trimming the trees on the channels. He reported that the tree trimming is scheduled for early March 2017 and should take three days to complete.

PLANTING ALONG FLORENCE AT THE DETENTION POND

The Board discussed the planting along Florence at the detention pond and the various plants and vegetation that would be appropriate for that area. Following discussion, Director Barclay moved to not proceed with adding additional plants along Florence. Director Stewart seconded the motion, which passed unanimously, with Director Yack being absent.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Christina Garcia presented and reviewed the bookkeeper's report, a copy of which is attached, including the District's bills, budget comparison, and investment report. Following review and discussion, Director Dudley moved to approve the bookkeeper's report, including payment of the bills. Director Barclay seconded the motion, which passed unanimously, with Director Yack being absent.

ADOPT AMENDED BUDGET FOR FISCAL YEAR END OCTOBER 31, 2017

Ms. Christina Garcia reviewed with the Board an amended budget for the fiscal year ending October 31, 2017, a copy of which is attached to the bookkeeper's report. Ms. Garcia stated that there was a line item added for the monthly cost of the street lights and the line item for Electricity/Gas in the budget was amended. Following review and discussion, Director Dudley moved to adopt the amended budget for the fiscal year ending October 31, 2017. Director Barclay seconded the motion, which passed by unanimous vote, with Director Yack being absent.

## ACTION ITEMS FOR ENGINEERING AND OPERATIONS (CONTINUED)

Ms. Marcucci discussed adding a bill message regarding recycling rainwater as part of the North Fort Bend Water Authority's Larry's Toolbox program.

Ms. Marcucci requested authorization for approval of a proposal from Neil Technical Services ("NTS") for a new booster pump #5 at a cost of \$9,335. Ms. Marcucci added that MDS will submit a claim to the District's insurance company for the new booster pump #5 and the Variable Frequency Drive that was approved at the last Board meeting.

Ms. Marcucci updated the Board on the problems at Water Plant 1 that are resulting in the plant shutting down and being run in backup mode. She reviewed the tabulation of bids for a new supervisory control and data acquisition ("SCADA") system at Water Plant 1 and reported that three bids were solicited and one bid was received. She recommended award of the contract for the project to the low bidder, NTS, in the amount of \$36,512.50. Mr. Abram confirmed that the capital improvements made as part of this project are payable from bond funds.

Director Yack arrived at the meeting.

Following review and discussion, Director Dudley moved to (1) approve the bill message as discussed; (2) authorize NTS to replace booster pump #5 at a cost of \$9,335; and (3) award the contract for the new SCADA at Water Plant 1, to NTS, the contractor whose bid, in the opinion of the Board of Directors, will result in the best and most economical completion of the project, in the amount of \$36,512.50. Director Kelley seconded the motion, which passed unanimously.

## HEARING ON TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS AND CUSTOMER APPEALS

Ms. Marcucci reviewed customer correspondence and discussed updates to the extensions and adjustments approved by MDS since the last Board meeting and reviewed accounts recommended for write-off as listed in the operator's report.

Discussion ensued regarding a homeowner at 10311 Ripplewave Drive who is requesting a credit due to plumbing services paid for by the homeowner relating to a blockage in the District's sewer line. Discussion also ensued regarding a homeowner at 10523 Permian Drive who is requesting an extension until March 1, 2017.

Following review and discussion, Director Dudley moved to (1) approve the extensions, adjustments, and write-off accounts as recommended by MDS; (2) approve a credit for the homeowner at 10311 Ripplewave Drive in the amount of \$262.87; and (3) approve the request of the homeowner at 10523 Permian Drive for an extension to pay

her water bill on or before March 4, 2017. Director Yack seconded the motion, which passed unanimously. Copies of the lists for extensions, adjustments, and write-offs are filed and retained in the District's official records.

The Board next conducted a hearing on the termination of utility service to delinquent accounts. Ms. Marcucci reported that the residents on the delinquent list were mailed written notice prior to this meeting in accordance with the District's Rate Order, notifying them of the opportunity to appear before the Board to explain, contest, or correct the nonpayment of their utility service bill, and to show reason why utility service should not be terminated for reason of nonpayment. After review and discussion, Director Dudley moved to authorize that service to the customers on the termination list with accounts remaining unpaid and who were not present at the meeting and had not presented any written statement on the matter be terminated in accordance with the District's Rate Order, except for accounts in amounts below \$30.00. Director Yack seconded the motion, which passed unanimously.

#### AMEND RATE ORDER

Ms. Marcucci reviewed an Amended Rate Order with the Board and stated that proposed revisions reflect current operational practices. After review and discussion, Director Dudley moved to adopt the Amended Rate Order as discussed, and direct that the Rate Order be filed appropriately and retained in the District's official records. Director Barclay seconded the motion, which passed unanimously.

#### ACTION ITEMS FOR ENGINEERING AND OPERATIONS (CONTINUED)

Mr. Abram updated the Board on the MS4 Phase II Storm Water Management Plan. He requested approval of the Year 3 Report that will be submitted to the Texas Commission on Environmental Quality ("TCEQ") by March 13, 2017.

The Board discussed drainage issues in the District. Mr. Abram updated the Board on his discussions with the Texas Water Development Board ("TWDB") regarding the low interest loan programs the TWDB offers. Based on those discussion, he recommended the District not submit an application until the District has plans, specifications, and cost estimates for a specific project. Mr. Abram updated the Board on his efforts to arrange a meeting between the District's directors and the Fort Bend County's Road and Bridge Department or Fort Bend County's Engineering Department to further investigate possible solutions for drainage and other issues in the District. Following discussion, the Board concurred to schedule the meeting for March 8, 2017.

Mr. Abram updated the Board on the installation of streetlights along Burney Road and West Bellfort. He reported that the executed contracts and payment were sent to CenterPoint Energy ("CenterPoint") on January 30, 2017, and the new

installation, according to CenterPoint, will take approximately 6 to 8 weeks once work begins, weather permitting.

Mr. Abram next updated the Board on the sidewalks at several channel crossings that are being damaged when Champions crosses to maintain District facilities. Mr. Abram informed the Board that he is still analyzing possible cost effective solutions and anticipates presenting recommended options at the District's regular March meeting.

Following review and discussion, Director Dudley moved to approve the Year 3 Report for the MS4 Phase II Storm Water Management Plan and authorize Mr. Abram to submit the Year 3 Report to the TCEQ. Director Kelley seconded the motion, which was approved by unanimous vote.

Mr. Abram informed the Board that he was contacted today by someone at Cornerstone Church, located within the District at 2515 Eldridge, about a request for District sewer service.

#### DISTRICT WEBSITE MATTERS

The Board discussed additions to the District website.

#### SIGNAGE FOR DISTRICT MEETINGS

The Board considered creating and posting signs to inform District residents when District meetings will be held each month. Discussion ensued. Following discussion, Director Dudley moved to authorize MDS to work with Director Stewart to obtain aluminum wire signs at a cost not to exceed \$500, as discussed. Director Yack seconded the motion which passed by a vote of four to one, with Director Kelley voting against.

#### APPOINTMENT OF CONSULTANT LIAISONS

The Board discussed designating liaisons for District consultant matters. After discussion, Director Yack moved to appoint: (1) Director Yack as the attorney liaison; (2) Director Barclay as the landscape contractors and garbage collection contractor liaison; (3) Director Dudley as the operator and engineer liaison; (4) Director Stewart as the security liaison; and (5) Director Kelley as the tax assessor/collector and delinquent tax collection attorney liaison. Director Dudley seconded the motion, which passed by unanimous vote.

#### CORRESPONDENCE RECEIVED BY THE DISTRICT, DIRECTORS OR CONSULTANTS, AND REPORTS ON DISTRICT BUSINESS AND OPERATIONS

The Directors discussed the upcoming document shred and electronic recycling event to be held on March 18, 2017, from 11:00 a.m. to 1:00 p.m.

The Directors discussed the contents for the spring newsletter that typically is sent out between April and May each year.

Ms. Marcucci reviewed the District's Water Smart Application with the Board. She presented and reviewed a Resolution Approving Submittal of the Water Smart Application for Inclusion in the AWBD Water Smart Partners Program. Following discussion, Director Barclay moved to approve the Water Smart Resolution and authorize MDS to submit the District's Water Smart Application for the AWBD Water Smart Partners Program. Director Kelley seconded the motion, which passed unanimously.

AMENDMENT TO AGREEMENT WITH TOWNEWEST HOMEOWNERS ASSOCIATION CONCERNING PAYMENT STATION

The Board discussed the letter that was received from Townewest Homeowners Association ("Townewest HOA") requesting an amendment to the agreement between the District and Townewest HOA concerning the dropbox. Mr. Abram stated that he will contact NTS to obtain the specifications on what needs to be done so the attorney can then draft an amendment.

NORTH FORT BEND WATER AUTHORITY ("NFBWA") MATTERS, INCLUDING LARRY'S TOOLBOX PROGRAM

There was no discussion on this agenda item.

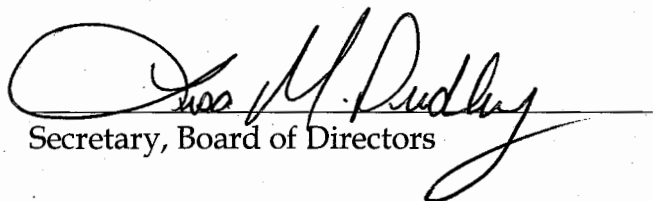
ATTORNEY'S REPORT

Ms. Judkins reported that the summer AWBD conference will be held in Corpus Christi from June 22-25, 2017, and that the registration opened on February 22, 2017. Ms. Judkins reminded the Directors that the Board previously approved to not allow Directors to register late for the AWBD conferences and also that the Directors must register themselves.

CONVENE IN EXECUTIVE SESSION

The Board did not convene in executive session pursuant to Section 551.071, Texas Government Code.

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

  
Secretary, Board of Directors

(SEAL)



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