

MINUTES
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

April 25, 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 25th day of April, 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 Jerry Schroeder of Champions Hydro-Lawn, Inc. ("Champions"); Chad Abram of IDS Engineering Group ("IDS"); Christina Garcia of Myrtle Cruz, Inc. ("Myrtle Cruz"); Rebecca Marcucci of Municipal District Services LLC ("MDS"); David Patterson of Assessments of the Southwest, Inc. ("Assessments"); Mike Akaya, a resident of the District; and Teshia Judkins and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Director Yack opened the meeting for public comments. Mr. Akaya addressed the Board regarding questions concerning his recent water termination, the timing of the water termination notice that he received, and related procedures pursuant to the District's Rate Order. There being no additional public comments, Director Yack closed the meeting to public comments. Ms. Marcucci later responded to Mr. Akaya's questions.

CONSENT AGENDA

The minutes from the March 28, 2017, regular Board meeting, and consultant reports were previously distributed. After discussion, Director Barclay moved to acknowledge, after annual review, that there are no recommended revisions to the District's Procedures for Continuing Disclosure Compliance at this time, to approve all remaining 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 March 28, 2017, regular Board meeting; (2) the tax assessor/collector's

report; (3) the engineer's report; (4) the operator's report; (5) the annual report on the Identity Theft Prevention Program noting no incidents and recommending no changes to the program; (6) the Consumer Confidence Report, which the operator is authorized to timely mail and to file the certificate of mailing with the Texas Commission on Environmental Quality; and (7) the District's annual report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the bond resolutions pursuant to SEC Rule 15c2-12. Director Kelley seconded the motion, which passed unanimously. Copies of all reports approved as part of the consent agenda are attached.

SECURITY PATROL MATTERS

There was no discussion on this agenda item. A copy of the previously distributed Security Patrol Report is attached.

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 presented and reviewed a proposal to remove and replace the 23 dead oleanders on Belknap Road. Following discussion, Director Dudley moved to approve replacing the 23 dead oleanders with 40 red double knockout roses at a cost of \$1,568. Director Barclay seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. 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.

QUARTERLY BUDGET REVIEW

This agenda item was tabled until the next Board meeting.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

The Board discussed the District's policies for reimbursement of eligible expenses for the Association of Water Board Directors ("AWBD") conferences. It was noted that the bookkeeper is no longer registering the Directors for the AWBD conference so the Directors will need to register on their own. Following review and

discussion, Director Barclay moved to approve payment of up to three per diems, three hotel nights, six meals, and an advance, if requested, in the amount of up to \$1,000.00 for each director attending the AWBD summer conference. Director Kelley seconded the motion, which was approved unanimously.

ACTION ITEMS FOR ENGINEERING AND OPERATIONS

Mr. Abram updated the Board on possibly increasing the District's current water and sewer capacity. He reported that he spoke to a City of Houston representative regarding the possibility of acquiring additional sanitary sewer capacity. Discussion ensued.

Mr. Abram updated the Board on KB Homes' request for possible annexation of a tract of land into the District. He reported that he met with KB Homes to discuss the feasibility of the possible annexation into the District. He added that KB Homes is investigating the possibility of receiving water and sewer service to the tract from neighboring entities other than the District. Discussion ensued. The Board concurred for Mr. Abrams to reply to and attempt to gather additional information from KB Homes, as discussed.

Mr. Abram updated the Board on possible options for addressing the drainage issues in Townewest Sections 5 and 6, which drains to Vine River and on to Florence Road. He reported that he has left multiple messages for Mr. Hayes, the homeowner of the property adjacent to Vine River, and has not received a call back. Discussion ensued.

Mr. Abram updated the Board on potential redevelopment of the Auto Parts Yard located at the southeast intersection of Belknap and West Bellfort. He reported that he has not received plans for this development but has noticed cars parked at the business. Discussion ensued.

The Board discussed the storm inlets that are being cleaned and the discovery of several storm sewer inlet leads that are completely blocked with debris. Discussion ensued regarding the inspection and maintenance schedule of the inlet leads. After review and discussion, the Board concurred, as recommended by the District's engineer and operator, to inspect, and if necessary to clear and repair, all inlet leads every four to five years by inspecting half of them every two years beginning in the winter of 2018.

Ms. Marcucci updated the Board on the testing of the District's water for the presence of chromium-6. She explained that neither the State of Texas nor the federal government has set limits on the amount of chromium-6 allowed in potable water, California is the only state to have set such a limit, and currently there is no requirement for the District to test for chromium-6. Ms. Marcucci presented the results of the tests which showed non-detectable amounts of chromium-6 in water well no. 1

and at the point where the North Fort Bend Water Authority (“NFBWA”) delivers surface water to the District. She reported there was a small detectable amount of chromium-6 in water well no. 2 but the amount detected was well below the limit that would apply in California, as there is no limit applicable to the District. She also noted that water well no. 2 provided only 2%, approximately, of all of the water supplied to the District in 2016 and only 1% of the water provided to the District in the first four months of 2017.

Ms. Marcucci discussed adding a bill message reminding District residents to weed their flowerbeds so the weeds do not take water away from plants and gardens as you are watering them.

Ms. Marcucci presented and reviewed proposals for phase XIII and phase XIV storm sewer inlet and manhole repairs in the amount of \$26,841 and \$40,835, respectively. Mr. Abram confirmed that the capital improvements made as part of these projects are payable from bond funds.

Following discussion, Director Barclay moved to (1) approve the bill message as discussed; and (2) authorize MDS to perform the phase XIII and phase XIV storm sewer inlet and manhole repairs in the amount of \$26,841 and \$40,835, respectively. Director Stewart seconded the motion, which passed unanimously.

The Board discussed the homeowner at 13903 Towneway who was seen blowing leaves and debris into the storm sewer. Following discussion, the Board concurred to have MDS send the homeowner at 13903 Towneway a letter advising that such activities are in violation of the District’s Rate Order and other laws and subject to imposition of civil fines, among other District remedies.

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 also ensued regarding a homeowner at 10523 Permian Drive who is requesting an extension until May 1, 2017. Ms. Marcucci noted that this will be the homeowner’s third requested extension in the past 12 months and the homeowner will be advised that no more than three extensions will be granted during a 12-month period.

Following review and discussion, Director Dudley moved to (1) approve the extensions, adjustments, and write-off accounts as recommended by MDS; and (2) approve the request of the homeowner at 10523 Permian Drive for an extension to pay

her water bill on or before May 4, 2017. Director Stewart 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 Stewart seconded the motion, which passed unanimously.

DISTRICT WEBSITE MATTERS

The Board discussed additions to the District website.

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

Director Dudley reported that the spring newsletter was mailed to the District residents and put on the District website.

Ms. Judkins distributed information that was sent to the District from a textile recycling company called Simple Recycling. Discussion ensued.

AGREEMENTS WITH TOWNWEST HOMEOWNERS ASSOCIATION ("TOWNWEST HOA"), INCLUDING AMENDMENT TO AGREEMENT CONCERNING PAYMENT STATION AND AGREEMENT CONCERNING TOWNE HALL USAGE

Discussion ensued regarding the proposed amendment to the agreement between the District and Townwest HOA concerning the payment station. Ms. Judkins confirmed that the proposed amendment will be sent to Townwest HOA for execution. She also noted that the District has not received a new clubhouse usage agreement from Townwest HOA.

NORTH FORT BEND WATER AUTHORITY MATTERS, INCLUDING LARRY'S TOOLBOX PROGRAM

Ms. Judkins presented invitations from the NFBWA to an informational workshop for the Directors of all municipal utility districts within the NFBWA

boundaries. She noted the workshop will be held on May 16, 2017, at the Willow Fork County Club at 5:30 p.m.

ATTORNEY'S REPORT

Ms. Judkins updated the Board on the status of the District's audit. She reported that the audit has now been filed with the Texas Commission on Environmental Quality and will be timely filed with all other appropriate parties. Discussion ensued.

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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