

MINUTES
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

April 26, 2016

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 26th day of April, 2016, 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:

Lisa Dudley	President
Pam Kelley	Vice President
Terri Doyle	Secretary
Bernice Barclay	Assistant Vice President
Harry Dunham	Assistant Secretary

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

Also present for all or a portion of the meeting were Officer Calvin Johnson; Jerry Schroeder of Champions Hydro-Lawn, Inc. ("Champions"); Chad Abram of IDS Engineering Group ("IDS"); Christina Garcia of Myrtle Cruz, Inc.; Rebecca Marcucci of Municipal District Services LLC ("MDS"); Rhonda Rushton of Assessments of the Southwest, Inc. ("Assessments"); and Teshia N. Judkins and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Director Dudley opened the meeting for public comments. There being no public comments, Director Dudley closed the meeting to public comments.

CONSENT AGENDA

The minutes from the March 22, 2016, regular Board meeting, and March 19, 2016, and March 30, 2016, special Board meetings, and consultant reports were previously distributed. After discussion, Director Dudley moved to remove agenda item 2(b) from the consent agenda, to acknowledge, after annual review, that there are no recommended revisions to the District's Procedures for Continuing Disclosure Compliance at this time, and 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 22, 2016, regular Board meeting, and March 19, 2016, and March 30, 2016, special Board meetings; (2) the engineer's report; (3) the operator's report; (4) the Consumer Confidence Report, subject to final review, and authorize the operator to timely mail the Consumer Confidence

Report and file the certificate of mailing with the Texas Commission on Environmental Quality; (5) the Gross Solutions report on Multilin system; (6) approve and authorize MDS to file the water loss audit with the Texas Water Development Board and the North Fort Bend Water Authority ("NFBWA"); 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, with Director Dunham being absent. Copies of all reports approved as part of the consent agenda are attached.

ITEMS REMOVED FROM CONSENT AGENDA

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Rushton presented and reviewed the tax assessor/collector's report, a copy of which is attached. The Board discussed Perdue, Brandon, Fielder, Collins & Mott, LLP's procedures for collection of delinquent taxes. The Board further discussed Fort Bend Central Appraisal District's increasing valuations of property within the District over the last several years. Ms. Rushton explained that an increased property valuation by the Fort Bend Central Appraisal District can result in a property owner paying more in taxes even when the District lowers its tax rate, as it did last year. Ms. Rushton also reviewed a request for waiver of penalties and interest resulting from the delinquent payment of taxes for 10111 Overview. Ms. Rushton noted that the District has no authority to waive penalty and interest without evidence that an error or omission by the District, Fort Bend Central Appraisal District, or their agents caused or resulted in the taxpayer's failure to timely pay. Following review and discussion, Director Doyle moved to approve the tax assessor/collector's report and to deny the request for waiver of penalty and interest fees because there was no evidence of an error or omission as required. Director Kelley seconded the motion, which passed unanimously, with Director Dunham 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.

Discussion ensued regarding the recent heavy rains in the area and how well water in the channels in the District flowed during those rains. It was noted that there was very little debris in the channels. The Board commended Champions on a job well done. Mr. Schroeder added that the District's repair of the damaged storm inlet pipe in the Towneview channels at Belknap helped with the water flow.

Following review and discussion, Director Barclay moved to approve the detention and drainage facilities and landscaping report. Director Doyle seconded the motion, which passed unanimously, with Director Dunham being absent.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Garcia presented and reviewed the bookkeeper's report, a copy of which is attached, including the District's bills and investment report. The Board discussed the bond funds remaining from the Series 2014 Bond Sale and the requirements under state and federal law that govern bond sales and the use of bond funds. Discussion ensued regarding the reduction in annual repair costs that has resulted from the District's repair and rehabilitation of aging District infrastructure. Following review and discussion, Director Kelley moved to approve the bookkeeper's report, including payment of the bills. Director Barclay seconded the motion, which was approved by unanimous vote, with Director Dunham being absent.

QUARTERLY BUDGET REVIEW

Discussion ensued regarding the District budget. There was no action taken on this agenda item.

SECURITY PATROL MATTERS

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

Officer Johnson presented and reviewed a report on the crime statistics in the District, a copy of which is attached to the Security Patrol Report.

The Board discussed with Officer Johnson the recent increase in break-ins of vehicles at an apartment complex adjacent to, but outside of, the District. Officer Johnson added that the District did not experience a similar increase in vehicle break-ins.

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 Doyle 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, with Director Dunham being absent.

ACTION ITEMS FOR ENGINEERING AND OPERATIONS

Mr. Abram updated the Board on the 2014 Sanitary Sewer Rehabilitation project (the "project"). He recommended the Board approve Pay Estimate No. 7 in the amount of \$240,965.10, payable to T Construction, LLC. Mr. Abram presented and reviewed Change Order No. 2 and Change Order No. 3. Following discussion, the Board concurred not to take action on Change Order No. 2 and Change Order No. 3 at this time.

Mr. Abram updated the Board on the 2016 Sanitary Sewer Manhole Inspection project of the brick sewer manholes in the older sections of the District (the "Inspection project") which will identify those manholes that require repair or replacement. He reviewed the tabulation of bids and reported that five bids were received. He then recommended award of the contract for the Inspection project to the second lowest bidder, Chief Solutions, Inc. ("Chief Solutions"), in the amount of \$41,140. The Board concurred that award of a contract to Chief Solutions will be most advantageous to the District and will result in the best and most economical completion of the Inspection project. The Board concurred to have MDS visually inspect the concrete manholes in the newer sections of the District and record related data in the GIS system.

The Board discussed the timeline to canvass the upcoming directors' election. The Board also discussed the importance of continuing its analysis with Mr. Abram of drainage issues within the District and possible options to address those issues. Following discussion, the Board concurred to hold a special meeting on May 18, 2016, at 11:00 a.m. at IDS to canvass the election and to continue its analysis of drainage matters.

Director Dunham arrived at the meeting.

Mr. Abram updated the Board on the possible installation of street lights along West Bellfort and Burney Road. Regarding the possible installation of street lights along the portion of Burney Road that borders both the District and Fort Bend Municipal Utility District No. 119 ("FB119"), Mr. Abram reported that he spoke to FB119's engineer about the districts equally sharing the installation and ongoing annual costs for such street lights, and FB119's engineer stated FB119 is interested in learning more. He added that FB119 requested additional information on the total estimated costs for such a project. Discussion ensued regarding the different options for the design of the street lights. Following discussion, the Board concurred to move forward with standard single cobra lights, which are less expensive, subject to FB119 agreeing to share the costs equally for the street lights along the portion of Burney Road that is adjacent to the District and FB119. Mr. Abram added that he will contact CenterPoint about obtaining separate contracts for each district and reducing the number of lights which would also reduce the cost.

Following review and discussion, Director Doyle moved to (1) approve Pay Estimate No. 7 for the project in the amount of \$240,965.10, as recommended; and (2) award the contract for the Inspection project in the amount of \$41,140, to Chief Solutions, as recommended by the District's engineer. Director Kelley seconded the motion, which passed unanimously.

Ms. Marcucci updated the Board regarding the replacement of posts for District signs that have been falling down, reporting that MDS is ordering and will install breakaway posts which can be cemented in the ground.

Ms. Marcucci discussed the District's participation in NFBWA's Larry's Toolbox program.

Ms. Marcucci discussed adding a bill message reminding District residents to not dump grass clippings or trash down storm sewer inlets.

Ms. Marcucci reported that the meter for the interconnect water line between the District and FB119 is broken. She then presented and reviewed a proposal to replace the interconnect meter at a cost to the District of approximately \$4,060. She added that each district is responsible for 50% of the costs to replace.

Ms. Marcucci presented and reviewed a proposal to replace 100 solid inlet grates with locking, open grates at 15 intersections, at a cost not to exceed \$24,500, in order to increase inlet capacity and allow more drainage.

Ms. Marcucci also presented and reviewed a proposal to replace the lift pump controller at the lift station with a Milltronics 200 ultrasonic pump controller at a cost of \$4,300.

Ms. Marcucci updated the Board regarding the ongoing project to repair certain storm sewer pipes beneath roads using cure-in-place pipe lining. She noted the District has been addressing these repairs in order of priority and explained the need to address the corrugated culvert pipe along Townewest between Belknap and Overview (the "Pipe Repair project"). Ms. Marcucci reported that three bids for the Pipe Repair project were solicited and that the low bid for the Pipe Repair project was in the amount of \$71,200.

Ms. Marcucci discussed repairing the RTD well motor no. 2 as recommended in the Gross Solutions report.

Ms. Marcucci presented and reviewed a proposal to rehabilitate sidewalks and ADA ramps along Spanish Grant where repair of District facilities may have contributed to settling at a cost of \$21,245. Mr. Abram confirmed that this project is a capital improvement payable from bond funds.

Director Barclay left the meeting.

Following review and discussion, Director Dudley moved to (1) approve the bill message as discussed; (2) authorize the replacement of the interconnect meter and payment of the District's 50% share of the costs to replace; (3) authorize replacing 100 solid inlet grates with locking, open grates at a cost not to exceed \$24,500, as discussed; (4) authorize replacing the lift pump controller at a cost of \$4,300, as discussed; (5) authorize cure-in-place pipe lining of the corrugated culvert pipe along Townewest between Belknap and Overview at a cost of \$71,200; (6) authorize the repair of the RTD well motor no. 2 as recommended in the Gross Solutions report at a cost not to exceed \$6,000; and (7) authorize the removal and replacement of sidewalks and ADA ramps along Spanish Grant at a cost of \$21,245. Director Doyle seconded the motion, which passed unanimously, with Director Barclay being absent.

Director Dunham left the meeting.

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.

Following review and discussion, Director Kelley moved to approve the extensions, adjustments, and write-off accounts as recommended by MDS. Director Doyle seconded the motion, which passed unanimously, with Directors Dunham and Barclay being absent. Copies of the lists for extensions, adjustments, and write-offs are included in the operator's report.

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 Kelley 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 Doyle seconded the motion, which passed unanimously with Directors Dunham and Barclay being absent. A copy of the termination list is included in the report.

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

Ms. Judkins informed the Board that a letter was received from WCA Waste Corporation of Texas ("WCA") regarding a proposed price increase to the District's recycling rate. Discussion ensued regarding the ongoing problems the District is having with WCA, including without limitation complaints from residents about WCA's failure to pick-up trash and the lack of responsiveness when trying to reach WCA representatives. Following discussion, the Board concurred to have ABHR obtain waste and recycling bids for the District.

AMEND RATE ORDER

There was no discussion on this agenda item.

ANNUAL REVIEW OF CONSULTANT CONTRACTS, INCLUDING REQUESTS FOR PROPOSALS

There was no discussion on this agenda item.

TOWNE HALL RENTAL POLICIES AND USAGE AGREEMENT WITH TOWNEWEST HOMEOWNERS ASSOCIATION

The Board discussed the proposed clubhouse rental agreement that will be effective as of today. Following review and discussion, Director Kelley moved to approve the clubhouse rental agreement. Director Doyle seconded the motion, which passed unanimously, with Directors Dunham and Barclay being absent.

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

The Board discussed the District's participation in the NFBWA's water conservation program called Larry's Toolbox that the NFBWA is offering to participant municipal utility districts that will provide a reduction in the amount of \$0.10 per 1,000 gallons of the District's groundwater pumpage or surface water if certain goals are met. Ms. Judkins presented and reviewed Larry's Toolbox Participation Agreement (the "Agreement"). Following review and discussion, Director Doyle moved to approve the Agreement. Director Kelley seconded the motion, which passed unanimously, with Directors Dunham and Barclay being absent.

ATTORNEY'S REPORT

There was no discussion on this agenda item.

CONVENE IN EXECUTIVE SESSION

The Board convened in executive session at 10:56 a.m., pursuant to Section 551.072, Texas Government Code, to deliberate the purchase, exchange, lease, or value of real property.

RECONVENE IN EXECUTIVE SESSION

The Board reconvened in open session at 11:03 a.m. Director Kelley moved to authorize ABHR to proceed as directed in preparing a draft lease. Director Doyle seconded the motion, which passed unanimously, with Directors Dunham and Barclay being absent.

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)



LIST OF ATTACHMENTS TO MINUTES

	<u>Page</u>
Consumer Confidence Report.....	2
Gross Solutions report on Multilin system	2
Engineer's Report.....	2
Operator's Report.....	2
Tax assessor/collector's report	2
Detention and Drainage Facilities Report	2
Bookkeeper's Report.....	3
Security Patrol Report	3