

MINUTES
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

May 23, 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 23rd day of May, 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 Officer Calvin Johnson; Jerry Schroeder of Champions Hydro-Lawn, Inc. ("Champions"); Erin Garcia of Myrtle Cruz, Inc. ("Myrtle Cruz"); Bryan Chapline of Municipal District Services LLC ("MDS"); David Patterson of Assessments of the Southwest, Inc. ("Assessments"); Maria Llamas, a resident of the District; and Teshia Judkins and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

Ms. Judkins opened the meeting for public comments. There being no public comments, Ms. Judkins closed the meeting to public comments.

CONSENT AGENDA

The minutes from the April 25, 2017, regular Board meeting, and consultant reports were previously distributed. After discussion, Director Dudley moved to remove agenda item 2(b) from the consent agenda, 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 April 25, 2017, regular Board meeting; (2) the engineer's report; (3) the operator's report; and (4) the Critical Load Spreadsheet for District's facilities that will be filed with the appropriate governmental agencies as required by the Water Code, noting that there were no revisions to the spreadsheet. Director Kelley seconded the motion, which passed unanimously, with Directors Yack and Stewart 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

Mr. Patterson presented and reviewed the tax assessor/collector's report, a copy of which is attached.

Discussion ensued regarding the District's current tax exemptions and any financial affect it would have on the District if the amount of the homestead exemption for disabled persons or persons of 65 years of age or older was increased in the future. Following discussion, the Board concurred to have the District's financial advisor provide an analysis, prior to approving the 2018 tax exemptions, of increasing the homestead exemption for disabled persons or persons of 65 years of age or older.

The Board discussed delinquent tax accounts. Mr. Patterson agreed to follow up with the delinquent tax attorney, as discussed, on accounts listed on the delinquent tax attorney's report, a copy of which is included in the tax assessor/collector's report.

Directors Yack and Stewart arrived at the meeting.

Following review and discussion, Director Kelley moved to approve the tax assessor/collector's report. Director Barclay seconded the motion, which passed unanimously.

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 reported that MDS recently requested that the District security officers assist with traffic control at the site of certain District repairs. Although Officer Johnson was able to accommodate the requests, he asked that similar requests in the future be made with more advance notice so he can accommodate such requests while maintaining the same security coverage in the District.

Officer Johnson informed the Board that the relief officer has been unable to cover shifts on short notice. He is, therefore, looking for a replacement officer who is available to serve as an alternate and is available to cover shifts on short notice.

The Board discussed a vacant house that has been broken into several times. Discussion ensued regarding posting a no trespassing sign on the property if Officer Johnson is able to obtain permission from the property owner.

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 revised proposal to remove and replace the 12 dead oleanders on Belknap Road. Following discussion, Director Dudley moved to approve the revised proposal replacing the 12 dead oleanders with 20 red double knockout roses, seven oleanders, and one wax myrtle at a cost of \$1,970 and to rescind the Board's approval at the last regular meeting of the proposal in the amount of \$1,568 for replacement of the 23 dead oleanders. Director Barclay seconded the motion, which passed unanimously.

Mr. Schroeder informed the Board that his crew saw trash dumped behind the homes at 13958 Towneway Drive and 13962 Towneway Drive. Following discussion, the Board concurred to have Director Stewart contact Officer Johnson to request that security remind the residents at these addresses that the dumping of trash is not permitted.

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 Barclay moved to approve the bookkeeper's report, including payment of the bills. Director Kelley seconded the motion, which passed unanimously.

QUARTERLY BUDGET REVIEW

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

ACTION ITEMS FOR ENGINEERING AND OPERATIONS

Mr. Chapline discussed adding a bill message regarding storm water pollution. Discussion ensued. Following discussion, the Board concurred to instead add a bill message informing District residents about the District's manhole rehabilitation project.

Following discussion, Director Dudley moved to approve the bill message as discussed. Director Stewart seconded the motion, which passed unanimously.

Director Dudley presented and reviewed information received from the Federal Emergency Management Administration ("FEMA") regarding revisions to the District's flood insurance rate map. Discussion ensued.

Director Dudley presented and reviewed a proposal from Lopez Utilities Contractors, LLC ("Lopez") in the amount of \$8,900 to pipe burst an 8" sanitary sewer line segment along Old Towne Lane just south of Village Point Lane that was programmed to be pipe burst previously by T Construction, LLC ("T Construction"). She added that, during the T Construction project, this pipe segment was erroneously identified as having already been pipe burst and, therefore, was removed from the project and T Construction was not paid to pipe burst it. She also added that, during a recent inspection, it was determined that this segment is original pipe and needs to be replaced.

Ms. Judkins presented proposals, provided by the District engineer, for channel access improvements along Townewest Boulevard, Spanish Grant Drive, Old Towne Lane, and Clark Towne Lane. Following discussion, the Board concurred to defer taking action on this item until the District's regular June meeting.

The Board discussed matters concerning a request from KB Homes for the possible annexation of a tract of land into the District. Ms. Judkins reported that, according to the District's engineer, the property may be in the extraterritorial jurisdiction of the City of Sugar Land and not Houston. Discussion ensued.

Following discussion, Director Yack moved to authorize Lopez to pipe burst the 8" sanitary sewer line segment along Old Towne Lane just south of Village Point Lane at a cost of \$8,900. Director Barclay seconded the motion, which passed unanimously.

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

Mr. Chapline 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 10602 Highland Woods Drive who is requesting a \$10 late fee and \$6 late penalty be credited to his account. Discussion also ensued regarding a homeowner at 14334 Blue Falls who has a higher than normal water bill and is requesting an adjustment to his water bill due to a leaking toilet that has now been repaired and a three-month payment plan for paying the balance.

Discussion also ensued regarding homeowners at 9922 Kent Towne Lane, 14130 Bay Gardens Drive, and 10407 Ripplewave Drive who are requesting extensions until June 4, 2017.

Following review and discussion, Director Dudley moved to (1) approve the extensions, adjustments, and write-off accounts as recommended by MDS; (2) approve the request of the homeowner at 10602 Highland Woods Drive to credit a \$10 late fee and \$6 penalty, as a one time courtesy; (3) approve a credit for the homeowner at 14334 Blue Falls on District water fees only (noting no credit is given for NFBWA fees or District sewer

fees) for water use in excess of average usage, as discussed, and approve a three-month payment plan for the balance; and (4) approve the requests of the homeowners at 9922 Kent Towne Lane, 14130 Bay Gardens Drive, and 10407 Ripplewave Drive for extensions to pay their water bills on or before June 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. Mr. Chapline 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.

RESOLUTION APPROVING TREASURY MANAGEMENT SERVICES AND AUTHORIZING OPERATOR

Mr. Chapline reported MDS is entering into a Treasury Management Services Agreement with BBVA/Compass and requested and recommended the Board adopt the Resolution Approving Treasury Management Services and Authorizing Operator (the "Resolution"). After review and discussion, Director Dudley moved to adopt the Resolution and direct that the Resolution be filed appropriately and retained in the District official records. 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

The Board discussed the information that was distributed to the Directors at the last Board meeting from a textile recycling company called Simple Recycling. The Directors concurred to take no further action at this time.

Ms. Judkins reported on an issue a District resident had with Waste Corporation of Teas, L.P. ("WCA") picking up her garbage. She added that Felix DeLeon of WCA has been contacted and has agreed to contact the homeowner and address the situation.

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

Ms. Judkins informed the Board that Townewest HOA has signed the amendment to the agreement between the District and Townewest HOA concerning the payment station (the "amendment"). Following discussion, Director Yack moved to approve the amendment. Director Barclay seconded the motion, which passed unanimously.

ACTION ITEMS FOR ENGINEERING AND OPERATIONS (CONTINUED)

Mr. Chapline informed the Board the private sanitary sewer houseline at 14038 Towneway has separated and needs to be repaired by the homeowner. He added that a sinkhole is starting to develop as a result. Discussion ensued. Following discussion, the Board concurred to have MDS send the homeowner a letter informing them of their need to repair the sanitary sewer houseline, as discussed.

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

There was no discussion on this agenda item.

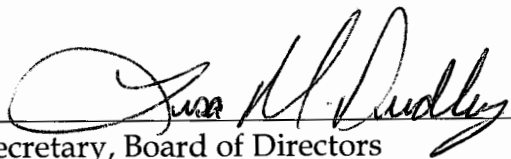
ATTORNEY'S REPORT

Ms. Judkins updated the Board on the status of the District's audit. Ms. Garcia confirmed that, despite several requests from Myrtle Cruz, the District's auditor has not yet returned the District's records, including the adjustment, closing, and other journal entries resulting from the 2016 fiscal year end audit, to their office. Following discussion, the Board requested that ABHR send the District auditor a letter requesting that he return these District records to the District's bookkeeper within ten business days, as discussed.

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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