

MINUTES
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

June 27, 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 27th day of June, 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:

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| 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 Officers Calvin Johnson and Scott Gill; Chad Abram of IDS Engineering Group ("IDS"); Erin Garcia of Myrtle Cruz, Inc. ("Myrtle Cruz"); Rebecca Marcucci and Bryan Chapline of Municipal District Services LLC ("MDS"); David Patterson of Assessments of the Southwest, Inc. ("Assessments"); 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 May 23, 2017, regular Board meeting, and consultant reports were previously distributed. After discussion, Director Yack 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 May 23, 2017, regular Board meeting; (2) the tax assessor/collector's report; (3) authorize the District's delinquent tax attorney to begin collecting the 2016 delinquent taxes on July 1, 2017; (4) the engineer's report, including Change Order No. 1 increasing the contract amount for the project by \$8,900 to pipe burst an 8" sanitary sewer line segment along Old Towne Lane just south of Village Point Lane; (5) the operator's report; and (6) approve reimbursement of eligible Association of Water Board Directors ("AWBD") summer conference expenses and authorize attendance at AWBD winter conference of any interested Directors. Director Stewart seconded the motion, which passed unanimously, with Directors Barclay and Kelley being absent. Copies of all reports approved as part of the consent agenda are attached.

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 the Valero gas station where the security officers purchase fuel had an illegal skimmer device placed on the fuel pump that was used to fraudulently obtain the District's fuel card information. He added that the card was then used fraudulently to purchase numerous items, and the card was cancelled as soon as this was discovered. Officer Johnson further informed the Board that the Valero gas station will now allow the security officers to purchase the gas directly from the Valero gas station, and Valero will bill the District on the 20th day of each month.

Officer Johnson, as the independent contractor responsible for security staffing decisions, informed the Board that he is requesting that Officer Donald Jones' contract be terminated effective today. He added that Officer Jones served as a relief officer. Officer Johnson further recommended in his capacity as the independent contractor responsible for security staffing decisions that the District hire a new security officer named Jeremiah Widder to replace Officer Jones, and requested the District's approval of the related Security Services Contract for Officer Widder. He added that all required documentation has been received from Officer Widder, except his W-9 form.

Director Kelley arrived at the meeting.

Following discussion, Director Dudley moved to (1) approve the Patrol Report; (2) approve the termination of Officer Donald Jones effective as of today, as recommended by Officer Johnson; and (3) authorize execution of the Security Services Contract with Officer Widder, as recommended by Officer Johnson, subject to receipt of Officer Widder's W-9 form, with Officer Johnson to fill District patrol hours at his discretion. Director Kelley seconded the motion, which passed unanimously, with Director Barclay being absent.

Director Barclay arrived at the meeting.

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

Director Dudley reported on detention and drainage facilities and landscaping in the District. She reported that the landscaping has been completed on Belknap Road.

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 Stewart seconded the motion, which passed unanimously.

AUDITING MATTERS

The Board discussed auditing matters, including termination of the contract with the District's current auditor, Sandersen & Scheffer, PLLC ("Sandersen"). Following discussion, Director Dudley moved to terminate the contract with Sandersen, upon 30 days written notice and to provide such written notice to Sandersen. Director Kelley seconded the motion, which passed unanimously.

After making the determination to terminate the District's contract with Sandersen, the Board next considered replacement auditor services from other providers. Following discussion, Director Yack moved to engage McCall Gibson Swedlund Barfoot PLLC ("McCall"), for auditor services, including without limitation preparation of the District's annual audit reports for fiscal years after 2016, and to authorize the execution of an engagement letter with McCall for such services. Director Kelley seconded the motion, which passed unanimously.

ACTION ITEMS FOR ENGINEERING AND OPERATIONS

Mr. Abram presented and reviewed proposals for channel access improvements along Townewest Boulevard, Spanish Grant Drive, Old Towne Lane, and Clark Towne Lane (the "channel access improvements"). He reviewed the tabulation of bids and reported that three bids were received. He recommended award of the contract for the channel access improvements project to the low bidder, Tackle Construction, in the amount of \$34,915. Following review and discussion, Director Stewart moved to award the contract for the channel access improvements project to Tackle Construction, the contractor whose bid, in the opinion of the Board of Directors, will result in the best and most economical completion of the project, as recommended by the engineer, at a cost of \$34,915. Director Dudley seconded the motion, which was approved by unanimous vote.

Mr. Abram updated the Board on the MS4 Phase II Storm Water Management Plan. He reported that a letter was received from the Texas Commission on Environmental Quality ("TCEQ") on June 12, 2017, stating no violations were found as a result of the investigation of the audit of the Year 3 Report.

Mr. Abram updated the Board on the installation of streetlights along Burney Road and West Bellfort. He reported that the new installation, according to CenterPoint, should be completed in July 2017.

Mr. Abram updated the Board on the 2016 Sanitary Sewer and Storm Sewer Manhole Rehabilitation project. He reported the sanitary sewer work is approximately 50% complete, and the storm sewer work is approximately 10% complete.

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 IDS received preliminary plans for this development on June 6, 2017, that he is reviewing.

Mr. Abram updated the Board on KB Homes' request for possible annexation of a tract of land into the District. He reported that it was confirmed the property is in the extraterritorial jurisdiction of the City of Sugar Land and not Houston. Discussion ensued regarding the feasibility of the possible annexation into the District. Following discussion, the Board concurred to take no further action on this matter at this time.

Mr. Abram updated the Board on possibly increasing the District's current water and sewer capacity. Discussion ensued regarding costs associated with increasing the District's current water and sewer capacity, and costs for engineering services for preparation of an Elevated Storage Tank Pressure Variance Application and improvements to the District water plant.

Mr. Chapline presented and reviewed proposals for phases XV, XVI, 17, 18, and 19 storm sewer inlet and manhole repairs in the amount of \$35,225, \$44,155, \$35,215, \$48,560, and \$47,435, respectively. Mr. Abram confirmed that the capital improvements made as part of these projects are payable from bond funds.

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

Ms. Marcucci updated the Board on the private sanitary sewer houseline at 14038 Towneway that has separated and needs to be repaired by the homeowner. She reported that MDS sent the homeowner a letter informing them of their need to repair the sanitary sewer houseline. She added that the homeowner replied saying that they are elderly and unable to perform this work and cannot afford to pay to have this work done. Ms. Marcucci further reported that it is her understanding that J.C. Pena of Ready Construction offered to perform this work for the homeowners pro bono.

Following discussion, Director Dudley moved to (1) approve the bill message as discussed; and (2) authorize MDS to perform the phases XV, XVI, 17, 18, and 19 storm sewer inlet and manhole repairs in the amount of \$35,225, \$44,155, \$35,215, \$48,560, and \$47,435, respectively. Director Barclay 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.

Following review and discussion, Director Dudley moved to approve the extensions, adjustments, and write-off accounts as recommended by MDS. Director Barclay 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 Barclay seconded the motion, which passed unanimously.

DISTRICT WEBSITE MATTERS

The Board discussed the website seminar that was held at the recent AWBD conference. The Board also discussed additions to the District website.

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

Ms. Judkins updated the Board on a District resident's complaint that Waste Corporation of Texas, L.P. ("WCA") was not picking up her garbage. She reported that, according to Felix DeLeon of WCA, WCA contacted the resident and found out the resident was using the recycling bin for garbage which is the reason it was not being picked up, and WCA worked with the resident to resolve the issue.

The Board discussed possibly scheduling a meeting with the homeowners associations and community improvement associations located within the District. Following discussion, the Board concurred to have Director Dudley determine the availability of representatives from each of these associations.

Director Kelley discussed an incident that occurred with a purported worker of one of the District's independent contractors.

RESOLUTION VOTING FOR WATER DISTRICT NOMINEE FOR THE ELECTION OF THE BOARD OF DIRECTORS OF FORT BEND CENTRAL APPRAISAL DISTRICT

Ms. Judkins reviewed with the Board a Resolution Nominating Candidate for Board of Director Election for Fort Bend Central Appraisal District. Following discussion, the Board concurred to take no action on this item.

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

There was no further discussion on this agenda item.

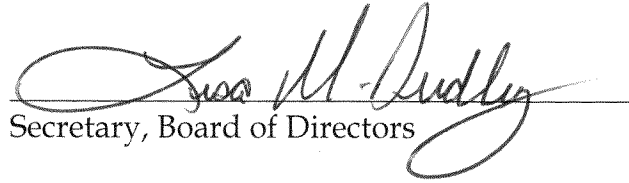
ATTORNEY'S REPORT, INCLUDING REPORT REGARDING LEGISLATIVE MATTERS

This agenda item was tabled until the next Board meeting.

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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