

MINUTES
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

August 22, 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 22nd day of August, 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 except Director Dudley, thus constituting a quorum.

Also present for all or a portion of the meeting were Kimberly Courte of Arthur J. Gallagher & Co.; Greg East of Perdue, Brandon, Fielder, Collins & Mott, LLP ("Perdue"); Julie Williams of Rathmann & Associates, L.P. ("Rathmann"); Deputy Jeremiah Widder; Chad Abram of IDS Engineering Group ("IDS"); 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"); 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 July 25, 2017, regular Board meeting, and August 7, 2017, special Board meeting and consultant reports were previously distributed. After discussion, Director Kelley 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 July 25, 2017, regular Board meeting, and August 7, 2017, special Board meeting; (2) the engineer's report, including approval of Pay Estimate No. 2 for the 2016 Sanitary Sewer and Storm Sewer Manhole Rehabilitation project in the amount of \$52,888.50, as recommended; and (3) the operator's report.

Director Barclay seconded the motion, which passed unanimously. 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.

Mr. East reviewed the delinquent tax report, a copy of which is attached to the tax assessor/collector's report. He requested authorization for water termination of the eligible delinquent accounts that have not been paid or otherwise responded to delinquent tax and water termination letters.

After review and discussion, Director Kelley moved to (1) approve the tax assessor/collector's report; and (2) authorize water termination for the eligible delinquent accounts that have not been paid or otherwise responded to delinquent tax and water termination letters. Director Barclay seconded the motion, which passed unanimously.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Courte presented and reviewed the renewal proposal for the District's insurance policies as submitted by Arthur J. Gallagher & Co. noting that the current coverage expires on September 27, 2017. Ms. Courte confirmed the renewal proposal did not include any changes to terms, coverages, or insurance carriers from the current policies. After review and discussion, Director Yack moved to accept the renewal proposal. Director Kelley seconded the motion, which passed unanimously.

DISCUSS 2017 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Ms. Williams presented and reviewed the 2017 tax rate, a copy of which is attached. Ms. Williams recommended a debt service tax rate of \$0.29 per \$100 of assessed value. After review and discussion, Director Kelley moved to approve a proposed 2017 tax rate of \$0.56 per \$100 of assessed valuation, comprised of \$0.27 for operations and maintenance and \$0.29 for debt service, and to authorize the tax assessor/collector to publish notice of the September 26, 2017, Board meeting at 5:30 p.m. as the public hearing on the matter, after which the Board will vote on the District's tax levy. Director Stewart seconded the motion, which passed by unanimous vote.

SECURITY PATROL MATTERS

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

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

The Board reviewed the Detention and Drainage Facilities Report, a copy of which is attached.

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

AMENDMENT TO AGREEMENT FOR BOOKKEEPING SERVICES

Ms. Garcia presented and reviewed with the Board an Amendment to Agreement for Bookkeeping Services (the "Amended Agreement"), which includes a \$250 monthly increase in the base rate for bookkeeping services. Following review and discussion, Director Barclay moved to approve the Amended Agreement effective August 1, 2017, and direct that the Amended Agreement be filed appropriately and retained in the District's official records. Director Kelley seconded the motion, which was approved by unanimous vote.

Discussion ensued regarding scheduling the District budget meeting. Following discussion, the Board concurred to schedule the District budget meeting on September 7, 2017, at 11:00 a.m. at MDS, contingent upon MDS having an available meeting room.

ACTION ITEMS FOR ENGINEERING AND OPERATIONS

Discussion ensued regarding the upcoming National Night Out ("NNO") events being hosted by the homeowners associations and community improvement associations located within the District. The Board considered contributing items to distribute at the each of the NNOs in connection with the District's implementation of Larry's Toolbox program and other initiatives concerning water conservation, reduction of storm water pollution, and protection of District facilities, including informational materials, rain barrels, cans for grease collection, and stress balls to promote District initiatives. The Board also discussed purchase of a banner for use at such events and other similar events.

Ms. Marcucci discussed adding a bill message regarding the North Fort Bend Water Authority's ("NFBWA") water conservation message and the upcoming mobile vet. Discussion ensued regarding additional language to include in the bill message including notifying the District residents that the mobile vet is for all District residents and their guests.

Ms. Marcucci discussed adding a Back the Bay insert in the September water bills.

Following discussion, Director Yack moved to (1) approve the bill message as discussed; (2) approve the Back the Bay insert in the September water bills; (3) authorize the purchase of four rain barrels to be distributed, by random drawing, one at each of the NNOs in the District; and (4) authorize purchase of the banner as discussed. Director Stewart seconded the motion, which passed by a vote of three to one, with Director Kelley abstaining.

Following further discussion, Director Kelley moved to authorize the purchase of 250 Scoop the Poop stress balls at a cost not to exceed \$400 for distributing at the NNOs and mobile vet event as discussed. Director Stewart seconded the motion, which passed by a vote of three to one, with Director Yack voting against.

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 Barclay moved to approve the extensions, adjustments, and write-off accounts as recommended by MDS. 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 Barclay 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

There was no discussion on this agenda item.

CORRESPONDENCE RECEIVED BY THE DISTRICT, DIRECTORS OR CONSULTANTS

MEETING WITH HOMEOWNERS ASSOCIATIONS AND COMMUNITY IMPROVEMENT ASSOCIATIONS LOCATED WITHIN THE DISTRICT

The Board discussed the August 7, 2017, meeting with the homeowners associations and community improvement associations located within the District.

REPORTS ON DISTRICT BUSINESS AND OPERATIONS

Director Barclay informed the Board that she spoke with Felix DeLeon of WCA Waste Corporation of Texas, L.P. ("WCA") regarding the trash cans in the District that have been damaged and need to be replaced. Discussion ensued.

CONSUMER PRICE INDEX FOR WCA ADJUSTMENT

Ms. Judkins noted that, as of today's meeting, the District has not received a consumer price index adjustment from WCA.

AMEND RATE ORDER

The Board discussed the total NFBWA fees paid by the District, including any rebates of such fees, as well as the amounts paid by District customers to cover the expense of such fees. After review and discussion, Director Barclay moved to adopt an Amended Rate Order, effective today, that lowers the fee billed to a District customer to 113% of the then current NFBWA surface fee per 1,000 gallons of water delivered to such user, and direct that the Amended Rate Order be filed appropriately and retained in the District's official records. Director Kelley seconded the motion, which passed unanimously.

ANNUAL REVIEW OF CONSULTANT CONTRACTS

There was no discussion on this agenda item.

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

There was no further discussion on this agenda item.

ATTORNEY'S REPORT

There was no discussion on this agenda item.

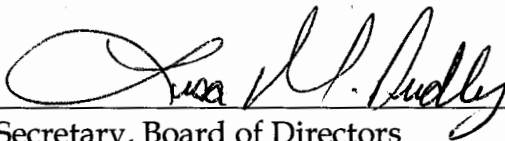
CONVENE IN EXECUTIVE SESSION

The Board convened in executive session at 6:49 p.m., pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with attorney to discuss pending or contemplated litigation, or a settlement offer.

RECONVENE IN OPEN SESSION

The Board reconvened in open session at 7:00 p.m. Director Yack moved to proceed as discussed, including to (1) authorize the filing of motion(s) necessary or advisable to cause the dismissal and/or removal of the District from litigation filed in Nevada Federal Court that wrongfully names the District, is unrelated to any District business, and fails to expressly allege any actions of omissions by the District; and (2) authorize the District's consultants, including without limitations, attorneys and directors to take such actions as is necessary for such motion(s). Director Stewart seconded the motion, which passed unanimously.

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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