

MINUTES
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

August 23, 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 23rd day of August, 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:

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 Don Jones; Greg East of Perdue, Brandon, Fielder, Collins & Mott, LLP ("Perdue"); Julie Williams of Rathmann & Associates, L.P. ("Rathmann"); 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"); David Patterson of Assessments of the Southwest, Inc. ("Assessments"); Dennis Shea and Carolyn Harris, residents of the District; and Teshia N. Judkins and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

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

CONSENT AGENDA

The minutes from the July 26, 2016, regular 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 26, 2016, regular Board meeting; (2) approve the Payment Services Agreement between First Mobile Trust, LLC, and the District, for Assessments new electronic payment provider; (3) the engineer's report; (4) the operator's report; and (5) authorize execution of an Interlocal Agreement between the District and the Fort Bend Subsidence District reflecting the sponsorship of Townewest Elementary school for the Water Wise Program. Director Stewart seconded

the motion, which passed unanimously, with Director Yack 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.

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 delinquent accounts that have not been paid or otherwise responded to delinquent tax and water termination letters, which does not include the account at 13502 Elder Bridge Drive because the owner has requested an extension to pay by August 26, 2016.

After review and discussion, Director Dudley moved to (1) approve the tax assessor/collector's report; and (2) authorize water termination for the delinquent accounts that have not been paid or otherwise responded, which does not include the account at 13502 Elder Bridge Drive. Director Barclay seconded the motion, which passed unanimously, with Director Yack being absent.

SERIES 2016 UNLIMITED TAX REFUNDING BONDS

Ms. Williams updated the Board on the pending refunding bond issue. She reported to the Board that the bonds will be closing on September 21, 2016.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board 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 26, 2016. Discussion ensued regarding the proposal. After review and discussion, Director Stewart moved to accept the renewal proposal. Director Kelley seconded the motion, which passed unanimously, with Director Yack being absent.

DISCUSS 2016 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Ms. Williams presented and reviewed the 2016 tax rate, a copy of which is attached. Ms. Williams recommended a debt service tax rate of \$0.32 per \$100 of assessed value. After review and discussion, Director Dudley moved to approve a proposed 2016 tax rate of \$0.61 per \$100 of assessed valuation, comprised of \$0.29 for operations and maintenance and \$0.32 for debt service, and to authorize the tax assessor/collector to publish notice of the September 27, 2016, 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, with Director Yack being absent.

SECURITY PATROL MATTERS

There was no discussion on this agenda item. 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 updated the Board on repairs to storm sewer outfalls. He reported that the concrete apron has still not been added in Segment 16 due to ongoing rain.

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 Change Order No. 2 increasing the contract amount for the project by \$5,600 and Change Order No. 3 reducing the contract amount by \$336,600.88.

Mr. Abram discussed the capital improvement project of replacing the solid inlet grates with locking, open grates in order to increase inlet capacity and allow more drainage. He recommended adding 14 additional grates for 7 inlets at a cost of \$3,395. He added that the operator will be discussing this matter further and adding additional grates.

The Board considered repairs to a back slope swale interceptor structure that was damaged from mowing. Following discussion, the Board requested that Champions obtain a proposal for repair of this structure.

Mr. Abram updated the Board on the possible installation of street lights along West Bellfort and Burney Road. He reported that CenterPoint discovered a conflict with their existing distribution lines and the proposed location of new light standards on the west side of Burney Road. Discussion ensued regarding possibly installing lighting on existing poles. Mr. Abram added that Centerpoint is working on obtaining a quote for installing lighting on existing poles, and that we are still waiting to obtain a quote for the double cobras in the median.

Mr. Abram updated the Board on the 2016 Sanitary Sewer Manhole Inspection project (the "Manhole Inspection project"). He reported that the Manhole Inspection project is about 80% complete. He also reported that the operator is taking care of two manholes that require immediate attention. He added that seven manholes could not be inspected because the contractor was denied access to the manholes. Mr. Abram informed the Board that the original contract did not include sanitary sewer manholes in Eldridge Park Village and Riverway Estates which have a total of 48 manholes. He recommended

adding these 48 manholes to the Manhole Inspection project and added that he would present a change order at the next Board meeting.

Following review and discussion, Director Barclay moved to (1) approve Change Order No. 2 increasing the contract amount for the project by \$5,600; and (2) approve Change Order No. 3 reducing the contract amount by \$336,600.88. Director Dudley seconded the motion, which passed unanimously, with Director Yack being absent.

Ms. Marcucci discussed adding a bill message regarding new bill payment options. Discussion ensued.

Ms. Marcucci also discussed with the Board the capital improvement project of replacing the solid inlet grates with locking, open grates in order to increase inlet capacity and allow more drainage. She recommended adding 6 more grates in addition to the 14 the engineer is recommending at a cost of \$1,455. She added that she and the engineer are recommending a total of 20 grates for 10 inlets for a total cost of \$4,850. Mr. Abram confirmed that this capital improvement project is payable from bond funds.

Ms. Marcucci presented and reviewed proposals for phase VII and phase VIII storm sewer inlet and manhole repairs in the amount of \$29,416 and \$27,816, respectively. Mr. Abram confirmed that these projects are capital improvements payable from bond funds.

The Board discussed adding stencils or buttons onto the storm sewer inlets as part of the District's MS4 Phase II Storm Water Management Plan.

The Board next discussed possibly adding electronic water meters in the District.

Following review and discussion, Director Dudley moved to (1) approve the bill message as discussed; (2) approve the additional of 20 grates for 10 inlets for a total cost of \$4,850, as recommended by the engineer and operator; and (3) authorize MDS to perform the phase VII and phase VIII storm sewer inlet and manhole repairs in the amount of \$29,416 and \$27,816, respectively. 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 and investment report.

Following review and discussion, Director Barclay moved to approve the bookkeeper's report, including payment of the bills. Director Yack seconded the motion, which was approved by unanimous vote.

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 ensued regarding a homeowner at 14102 Redbush Drive who is requesting an explanation about the automatic draft payment option that has changed. He also requested the late fee, disconnection fee, and additional deposit of \$35.00 be waived because of this change. Discussion also ensued regarding a homeowner at 10011 Limewood Lane who is requesting an extension until August 29, 2016, and a homeowner at 142223 Bay Gardens Drive who has a higher than normal water bill and is requesting an adjustment to her water bill due to a leak that has now been repaired.

Following review and discussion, Director Yack moved to (1) approve the extensions, adjustments, and write-off accounts as recommended by MDS; (2) approve the request of the homeowner at 14102 Redbush Drive to provide further explanation about the change in the automatic draft payment option and to waive the late fee, disconnection fee, and additional deposit of \$35.00; (3) approve the request of the homeowner at 10011 Limewood Land for an extension to pay her water bill on or before August 29, 2016; and (4) approve a credit for the homeowner at 14223 Bay Gardens Drive 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. Director Barclay seconded the motion, which passed unanimously, with Director Dudley abstaining. 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 Yack 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 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 an initial proposal was received from Waste Corporation of Texas ("WCA") indicating a \$1.41 monthly increase per household if heavy trash pickup was increased to twice a week. Director Dudley reported that WCA is now willing to provide twice a week heavy trash for an additional \$0.47 per household and WCA will not seek a CPI adjustment of its rate as modified, until after July 1, 2017. Discussion ensued. The Board concurred to discuss this matter further at the upcoming special budget meeting.

ANNUAL REVIEW OF CONSULTANT CONTRACTS

There was no discussion on this agenda item.

NORTH FORT BEND WATER AUTHORITY MATTERS

The Board discussed the information meeting for the 2017 Larry's Toolbox Program to be held on September 8, 2016, at Willowfork Country Club.

ATTORNEY'S REPORT

Ms. Judkins reminded the Board of the special budget meeting on September 17, 2016, at 11:00 a.m. at MDS.

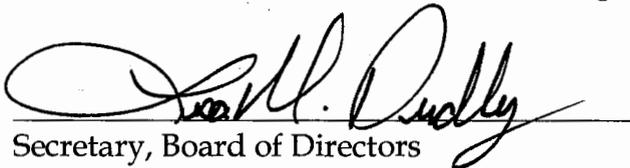
CONVENE IN EXECUTIVE SESSION

The Board did not convene in executive session pursuant to Section 551.072, Texas Government Code.

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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