

MINUTES
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

September 27, 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 27th day of September, 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 Calvin Johnson; Alan Sandersen of Sandersen & Scheffer, PLLC ("Sandersen"); Justin Markel of Roberts Markel Weinberg Butler Hailey, PC; Dayne Burson and Jennifer Smith of Accurate Meter & Supply; 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"); Jackie Yack, Harry Dunham, and Anthony Duran, residents of the District; and Lynne Humphries and Merry Heyne of Allen Boone Humphries Robinson LLP ("ABHR").

PUBLIC COMMENTS

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

CONSENT AGENDA

The minutes from the August 23, 2016, regular Board meeting, and September 16, 2016, special Board meeting, and consultant reports were previously distributed. After discussion, Director Kelley 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 August 23, 2016, regular Board meeting, and September 16, 2016, special Board meeting; (2) the tax assessor/collector's report; (3) the engineer's report; and (4) the operator's report. Director Stewart seconded the motion, which passed unanimously, with Director Barclay being absent. Copies of all reports approved as part of the consent agenda are attached.

ACCURATE METERS PROPOSAL FOR ELECTRONIC METERS

Following discussion, the Board concurred to not proceed with adding electronic meters in the District at this time.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ADOPT ORDER LEVYING TAXES, AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Mr. Patterson confirmed that the District's tax assessor/collector has published a Notice of the proposed tax rate and public hearing. Director Yack then opened the public hearing regarding the adoption of the District's 2016 tax rate. There being no members of the public in attendance who wished to address the Board, the public hearing was closed.

Ms. Humphries presented and reviewed an Order Levying Taxes for 2016 to levy a debt service tax of \$0.32 per \$100 of assessed valuation and a maintenance and operations tax of \$0.27 per \$100 of assessed valuation, for a total District tax rate of \$0.59 per \$100 of assessed valuation. After review and discussion, Director Stewart moved to adopt the Order Levying Taxes as presented and to direct that the Order be filed appropriately and retained in the District's official records. Director Barclay seconded the motion, which passed by unanimous vote.

Ms. Humphries then presented and reviewed an Amendment to Information Form reflecting the newly adopted tax rate. After review and discussion, Director Stewart moved to approve the Amendment to Information Form as presented and direct that the Amendment be filed appropriately and retained in the District's official records. Director Barclay seconded the motion, which passed by unanimous vote. The Board confirmed its intention that the 2016 tax levy includes a debt service component for the calendar year ending December 31, 2017, and a maintenance tax component for the fiscal year ending October 31, 2017.

SECURITY PATROL MATTERS

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

Officer Johnson presented and reviewed with the Board a proposal for an extended warranty for the Chevy Tahoe patrol vehicle from Classic Chevrolet at a cost of \$2,952 that will cover an additional three years and 75,000 miles.

Officer Johnson next discussed the maintenance performed on the patrol car. He reported that the DVR hard drive has broken and needs to be replaced. He added that more than one hard drive could be broken, and that 2GB hard drives can be purchased for under \$100.

Following discussion, Director Stewart moved to (1) approve the Patrol Report; (2) authorize the purchase of an extended warranty for the Chevy Tahoe patrol vehicle at a cost of \$2,952; and (3) authorize the replacement of the DVR hard drives, as discussed. Director Barclay seconded the motion, which passed unanimously.

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.

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 Stewart seconded the motion, which passed by a vote of three to two, with Directors Dudley and Kelley voting against.

ADOPT BUDGET FOR FISCAL YEAR ENDING OCTOBER 31, 2017

Following review and discussion, Director Barclay moved to adopt the budget for fiscal year ending October 31, 2017, subject to the revisions as discussed. A copy of the budget is attached to the bookkeeper's report. Director Stewart seconded the motion, which passed by a vote of three to two, with Directors Dudley and Kelley voting against.

ACTION ITEMS FOR ENGINEERING AND OPERATIONS

Ms. Marcucci discussed adding a bill message regarding the new heavy trash pickup on both Wednesdays and Saturdays beginning on October 1, 2016, as well as the reduction in the tax rate. Discussion ensued.

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

Dudley seconded the motion, which passed unanimously. 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 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 Dudley seconded the motion, which passed unanimously.

DISTRICT WEBSITE MATTERS

The Board discussed additions to the District website, including the reduction of the tax rate.

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

The Board discussed combining the November and December Board meetings due to the holidays. Following discussion, Director Dudley moved to combine the November and December Board meetings and to meet on November 29, 2016, at 5:30 p.m. at the District's regular meeting place. Director Barclay seconded the motion, which passed unanimously.

ANNUAL REVIEW OF CONSULTANT CONTRACTS

Mr. Sandersen introduced himself to the new Board members. He requested the Board consider a 3-year engagement to conduct the District audit for fiscal year end October 31, 2016, that will be on the agenda at the October Board meeting.

NORTH FORT BEND WATER AUTHORITY ("NFBWA") MATTERS

The Board discussed the Notice of Preliminary 2017 Fees from the NFBWA regarding the proposed increases to the Groundwater Reduction Plan Fee to \$3.05 per 1,000 gallons of water pumped, and the Surface Water Fee to \$3.40 per 1,000 gallons of surface water received, effective January 1, 2017.

ATTORNEY'S REPORT

There was no discussion on this agenda item.

CONVENE IN EXECUTIVE SESSION

The Board convened in executive session at 6:37 p.m. pursuant to Section 551.071, Texas Government Code.

RECONVENE IN EXECUTIVE SESSION

The Board reconvened in open session at 6:57 p.m. No Board action was taken.

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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