

MINUTES
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

October 24, 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 24th day of October, 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 Yack, thus constituting a quorum.

Also present for all or a portion of the meeting were Joseph Ellis of McCall Gibson Swedlund Barfoot PLLC ("McCall"); Officer Calvin Johnson; Jerry Schroeder and Kim Cosco of Champions Hydro-Lawn, Inc. ("Champions"); 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

The Board opened the meeting for public comments. Mr. Ellis introduced himself and discussed preparation of the audit for fiscal year end October 31, 2017. The Board closed the meeting to public comments.

CONSENT AGENDA

The minutes from the September 26, 2017, 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 September 26, 2017, regular Board meeting; (2) the engineer's report; (3) the operator's report; and (4) authorize McCall to conduct audit for fiscal year end October 31, 2017, pursuant to its evergreen engagement letter with the District at an estimated cost between \$14,500 and \$15,500, plus out of pocket costs. Director Dudley seconded the motion, which passed unanimously, with Director Barclay 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. Patterson 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.

Director Barclay arrived at the meeting.

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. Director Stewart 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 updated the Board on the insurance coverage that the District security officers carry while driving vehicles they do not own. He reported that he checked with the current security patrol officers to determine if they carry supplemental liability insurance to cover driving non-owned vehicles and discovered that most of the District security officers do not. He further reported that the officers indicated that such supplemental liability insurance is costly, and several of the officers indicated that it is not cost effective for them to carry this supplemental insurance. The Board discussed including a requirement in the Security Services Contract that all District security officers carry such supplemental liability insurance.

Officer Johnson, as the independent contractor responsible for security staffing decisions, informed the Board that Officer Yuri Saenz has resigned, and he is requesting that his contract be terminated effective today. 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 Sarfaraz Momin, and requested the District's approval of the related Security Services Contract for Officer Momin, subject to receipt of all required documentation.

Following discussion, Director Dudley moved to (1) approve the Security Patrol Report; (2) approve the termination of Officer Yuri Saenz effective as of October 24, 2017, as recommended by Officer Johnson; and (3) authorize execution of the Security Services Contract with Officer Momin, subject to receipt of all required documentation, as

recommended by Officer Johnson, with Officer Johnson to fill District patrol hours at his discretion. Director Stewart 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 presented and reviewed a proposal for Towne West Channel slope repairs in area "A" that includes installing three trenches with 35 feet by 10 feet of riprap at a cost of \$13,142.50.

Mr. Schroeder then presented and reviewed a proposal for Towne West Channel slope repairs in area "B" that includes installing three trenches with 50 feet by 10 feet of riprap at a cost of \$14,020.

Mr. Schroeder also presented and reviewed a proposal for Towne West Channel backslope swale regrade at a cost of \$6,930.

Mr. Schroeder finally presented and reviewed a proposal for Towne West Channel backslope swale interceptor repairs at a cost of \$1,800.

Following review and discussion, Director Dudley moved to (1) approve the Towne West Channel slope repairs in area "A" at a cost of \$13,142.50; (2) approve the Towne West Channel slope repairs in area "B" at a cost of \$14,020; (3) approve the Towne West Channel backslope swale regrade at a cost of \$6,930; and (4) approve the Towne West Channel backslope swale interceptor repairs at a cost of \$1,800. Director Barclay seconded the motion, which passed unanimously.

ADOPT RESOLUTION VOTING FOR DIRECTOR FOR BOARD OF DIRECTORS ELECTION FOR FORT BEND CENTRAL APPRAISAL DISTRICT ("FBCAD")

The Board concurred to defer this item pending receipt of a ballot from the Fort Bend Central Appraisal District.

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.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted an annual review of the District's Investment Policy and considered adoption of an Amended Investment Policy to comply with 2017 legislative changes. Ms. Judkins reviewed a Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy with the Board. Following review and discussion, Director Dudley moved to adopt a Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy and direct that the Resolution and Amended Investment Policy be filed appropriately and retained in the District's official records. Director Kelley seconded the motion, which passed by unanimous vote.

ACTION ITEMS FOR ENGINEERING AND OPERATIONS

Mr. Abram presented and reviewed the engineer's report, a copy of which is attached, providing an updated status of engineering projects in the District.

Mr. Abram updated the Board on the 2016 Sanitary Sewer and Storm Sewer Manhole Rehabilitation project. He reported that completion of the project has been delayed because Lopez Utilities Contractor, LLC ("Lopez") is proposing to use a product named SewperCoat which was not included in the list of acceptable products in the contract. He added that Lopez was initially planning on scheduling a demonstration of the application of SewperCoat but despite some time, has not done so and has now requested that IDS instead attend a presentation by the vendor. Following discussion, the Board concurred to have Lopez use the product that is in the contract rather than using SewperCoat in order to avoid further delay of the project's completion.

Ms. Marcucci discussed adding a bill message regarding water conservation.

Ms. Marcucci discussed a homeowner at 14014 Panhandle who admitted to improperly disposing grease down the storm inlet in violation of the District's Rate Order. Discussion ensued.

Following discussion, Director Dudley moved to (1) approve the bill message as discussed; (2) fine the homeowner at 14014 Panhandle \$100 as a penalty for violation of the District's Rate Order (the "Fine"); and (3) authorize MDS to send the homeowner at 14014 Panhandle a certified letter containing information on how to properly dispose of grease and notice of the Fine. Director Barclay seconded the motion, which passed unanimously.

WATER SMART PROGRAM

This agenda item was deferred until the next Board meeting.

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.

NORTH FORT BEND WATER AUTHORITY ("NFBWA") MATTERS, INCLUDING LARRY'S TOOLBOX PROGRAM

Discussion ensued regarding the application for the NFBWA's 2018 Larry's Toolbox Program (the "2018 Program"). Ms. Marcucci informed the Board of changes and new requirements for the 2018 Program, including a two point increase in the designated number of incentive points that are required in order to qualify for a rebate of NFBWA fees during 2019. Following discussion, the Board concurred that the District would be unable to qualify for a rebate under the modified program rules and, therefore, declined to complete the application for the 2018 Program.

Ms. Judkins noted the District received the attached Notice of Consideration of Modification of Director Precincts, previously distributed to the Board.

NOVEMBER AND DECEMBER MEETING DATES DUE TO HOLIDAYS

The Board concurred, due to the holidays, to meet in November during the regular meeting date and time on November 28, 2017, and to cancel the December Board meeting.

DISTRICT WEBSITE MATTERS

The Board discussed additions and deletions to the District website.

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

The Board discussed the rain barrels given to District residents at recent community events as part of the Larry's Toolbox Program and the distribution of the remaining rain barrel.

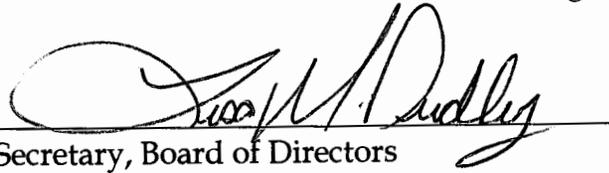
ATTORNEY'S REPORT

There was no discussion on this agenda item.

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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