

MINUTES
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

August 27, 2024

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 August, 2024, 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:

Pam Kelley	President
Betty J. Stewart	Vice President
Lisa Dudley	Secretary
Jessica Fateh	Assistant Vice President
Jose Luis Fuentes Mendoza	Assistant Secretary

and all of the above were present except Director Fateh, thus constituting a quorum.

Also attending the meeting in person or by teleconference were Uba Fatima of Assessments of the Southwest, Inc.; Greg East of Perdue, Brandon, Fielder, Collins & Mott, LLP ("Perdue"); Loren Morales of Rathmann & Associates, L.P.; Kimberly Courte of Arthur J. Gallagher & Co.; Officer Calvin Johnson; Luis Cebrian and Sandra Leija of Champions Hydro-Lawn, Inc.; Erin Garcia of Myrtle Cruz, Inc.; Austin Muse of Municipal District Services LLC ("MDS"); Chad Abram and Roy Ward of IDS Engineering Group; Robert Fuentes of Townewest Homeowners Association, Inc. ("TWHOA"); Chad Nesvadba, Nancy Huang, and Huazhong Huang, residents of the District; and Whitney Higgins and Merry Heyne of Allen Boone Humphries Robinson LLP.

PUBLIC COMMENTS

Director Kelley opened the meeting for public comments.

Mr. Fuentes stated that the TWHOA is installing an LED sign at the Townewest Club House.

Ms. Huang addressed the Board regarding her water being disconnected. Mr. East stated he will discuss the matter with Ms. Huang.

There being no additional public comments, Director Kelley closed the meeting to public comments.

CONSENT AGENDA

The minutes from the July 23, 2024, regular meeting, the July 23, 2024, executive session meeting, the August 1, 2024, special meeting, and consultant reports were previously distributed. After discussion, Director Dudley moved to remove agenda item 2(b) and 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 July 23, 2024, regular meeting, the July 23, 2024, executive session meeting, the August 1, 2024, special meeting, as submitted; (2) the engineer's report; and (3) the operator's report. Director Stewart seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Garcia reviewed the bookkeeper's report, including the District's bills, budget comparison, and investment report. A copy of the bookkeeper's report is attached.

Ms. Garcia noted the following hand-written checks are also being presented for approval, but are not included in her report ("Additional Checks"):

1. check no. 2860 in the amount of \$4,387.95 payable to First Tire & Automotive for repairs on the Chevy Tahoe;
2. check no. 2861 in the amount of \$27,271.00 payable to Arthur Gallagher for the District's insurance renewal;
3. check no. 2862 in the amount of \$400.00 payable to Texas Mutual for the District's workers' compensation insurance renewal;
4. check no. 2863 in the amount of \$2,439.05 payable to Compucycle to reissue a check for the April 6, 2024 shredding and recycling event that was not cashed; and
5. check no. 2864 in the amount of \$104.95 payable to Calvin Johnson for reimbursement for car wash and vehicle registration expenses for the District's patrol vehicles.

Following review and discussion, Director Kelley moved to approve the bookkeeper's report and the bills presented for payment, including the Additional Checks noted above. Director Stewart seconded the motion, which passed unanimously.

DELINQUENT TAX REPORT AND HEARING REGARDING TERMINATION OF SERVICE TO DELINQUENT TAX ACCOUNTS

Mr. East presented and reviewed the delinquent tax report regarding the status of the District's delinquent tax collections, including the accounts recommended for water service termination. A copy of the delinquent tax report is attached.

The Board considered a request from a resident at 13506 Naples Bridge Road with an over 65 exemption to set up a payment plan for payment of delinquent taxes.

After review and discussion, Director Dudley moved to (1) authorize Perdue to set up a 12-month payment plan for the resident at 13506 Naples Bridge Road; and (2) authorize termination of water and wastewater service to the delinquent tax accounts recommended by Perdue, except for the account at 13506 Naples Bridge Road, due to the fact that said accounts had neither contacted the District nor had appeared at the Board meeting to discuss their tax accounts. Director Fuentes Mendoza seconded the motion, which passed unanimously.

ITEMS REMOVED FROM CONSENT AGENDA

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Fatima presented and reviewed the tax assessor/collector's report, a copy of which is attached. After discussion, Director Dudley moved to approve the tax assessor/collector's report, including payment of the bills. Director Fuentes Mendoza seconded the motion, which passed unanimously.

DISCUSS 2024 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Mr. Morales reviewed a debt service tax rate analysis reflecting the recommendation for the District to levy a 2024 water, sewer, and drainage debt service tax rate of \$0.185 per \$100 of assessed valuation, based on the District's initial 2024 certified value of \$535,195,813, plus \$3,247,836 representing 90% of the uncertified value under protest. A copy of the debt service tax rate analysis is attached. The Board then discussed the District's operation and maintenance tax rate. Mr. Morales discussed the two-step process for setting the District's tax rate.

Following review and discussion, Director Kelley moved to (1) set the public hearing date for September 24, 2024; and (2) authorize the tax assessor/collector to publish notice of the District's meeting on September 24, 2024, to set the proposed 2024 total tax rate of \$0.533 per \$100 of assessed valuation, with \$0.185 allocated for debt service on water, sewer, and drainage bonds, and \$0.348 allocated for operations and maintenance. Director Stewart seconded the motion, which passed unanimously.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Ms. Courte reviewed the renewal proposal for the District's insurance policies prepared by Arthur J. Gallagher & Co. After review and discussion, Director Dudley moved to accept the renewal proposal as presented and direct that the proposal be filed appropriately and retained in the District's official records. Director Stewart seconded the motion, which passed unanimously.

GARBAGE AND RECYCLING MATTERS

Director Dudley reported on District garbage matters. She reported that Fort Bend County is no longer picking up storm debris from Hurricane Beryl and missed picking up certain areas in the District. The Board discussed having District residents contact Fort Bend County if their debris has not been picked up.

SECURITY PATROL MATTERS

Officer Johnson discussed security patrol matters in the District. A copy of the security patrol report is attached.

Officer Johnson reported on traffic and parking issues on Spanish Grant now that school has resumed. He stated the Townwest Community Improvement Association will need to obtain the necessary paperwork to get the signage installed to prevent parents from blocking resident driveways. He noted that once an officer begins patrolling the Spanish Grant and West Bellfort areas near the KIPP School, this should rectify the problems. Officer Johnson stated he will be in contact with the KIPP School regarding these issues.

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

Mr. Cebrian reviewed a detention and drainage facilities report, a copy of which is attached.

The Board discussed illegal dumping at the business located at the intersection of Florence at Eldridge, more specifically the area behind the dumpster near the District's detention pond. The Board requested that Champions contact the business owner for assistance in stopping the illegal dumping.

The Board discussed overgrown grass and grass clippings along West Bellfort. Mr. Cebrian stated this area is maintained every other week through March when it will then be maintained every week. He stated he will bring a proposal to clean up the area along West Bellfort for the Board's review at the next meeting.

ACTION ITEMS FOR ENGINEERING AND OPERATIONS

Mr. Muse reviewed the operator's report, a copy of which is attached. He also reviewed the proposed bill message with the Board.

Mr. Muse updated the Board on the current installation of both diesel and natural gas generators at the District's facilities.

The Board discussed sending a postcard to District residents regarding signing up for eye on water, signing up for text alerts, and informing District residents that they could be fined for dumping items into the District's storm sewers.

Mr. Muse reviewed a proposal in the amount of \$13,625.00 to install an air relief valve upstream of the Kingsbridge Interconnect.

Mr. Muse reviewed a tree trimming report, a copy of which is attached to the operator's report. He stated there are 108 locations identified for tree trimming for a total cost of \$21,735.00.

After review and discussion, Director Dudley moved to (1) approve the operator's report; (2) approve the bill message, as presented; (3) authorize MDS to send out post cards, as discussed; (4) approve the proposal to install an air relief valve upstream of the Kingsbridge Interconnect for a cost of \$13,625.00; and (5) approve the tree trimming for a cost of \$21,735.00. Director Kelley seconded the motion, which passed unanimously.

HEARING ON TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS AND CUSTOMER APPEALS

Mr. Muse 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. A copy of the lists for extensions, adjustments, and write-offs is filed and retained in the District's official records.

The Board next conducted a hearing on the termination of utility service to delinquent accounts. Mr. Muse 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 (1) approve the extensions, adjustments and write-off accounts as recommended by MDS; and (2) 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 Kelley seconded the motion, which passed unanimously.

ACTION ITEMS FOR ENGINEERING AND OPERATIONS (continued)

Mr. Ward presented and reviewed the engineer's report, a copy of which is attached, and provided an update on the status of engineering projects in the District as noted in his report.

Mr. Ward updated the Board on the status of the Phase II MS4 General Permit ("General Permit"). He stated the District is required to prepare and submit a new Storm Water Management Program ("SWMP") and Notice of Intent ("NOI") no later than February 10, 2025, or 180 days after the effective date of the General Permit. Mr. Ward requested authorization to prepare the SWMP and NOI to comply with the renewal of the General Permit.

Following review and discussion, Director Dudley moved to (1) approve the engineer's report; and (2) authorize IDS to prepare the SWMP and NOI. Director Stewart seconded the motion, which passed unanimously.

ANNEXATION MATTERS

There was no discussion on this agenda item.

DISTRICT WEBSITE MATTERS

Director Dudley updated the Board on the District's website.

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

There was no discussion on this agenda item.

ATTORNEY'S REPORT

The Board discussed scheduling the budget workshop for September 17, 2024, at 11:00 a.m. at the offices of MDS.

NORTH FORT BEND WATER AUTHORITY ("NFBWA")

There was no discussion on this agenda item.

UPDATE ON PROPERTY ACQUISITION MATTERS AND AUTHORIZE APPROPRIATE ACTION

The Board discussed the property acquisition matter.

CONSIDER USE OF EMINENT DOMAIN AUTHORITY TO CONDEMN PROPERTY AND, IF APPROPRIATE, ADOPT RESOLUTION AUTHORIZING ACQUISITION OF REAL PROPERTY TO CONFIRM THE EXISTENCE OF A PUBLIC NECESSITY FOR THE ACQUISITION OF CERTAIN PROPERTIES AND PROPERTY INTERESTS ALONG THE ROUTE DESCRIBED IN THE RESOLUTION

There was no discussion on this agenda item.

CONVENE IN EXECUTIVE SESSION

The Board did not convene in executive session.

There being no further business to come before the Board, the meeting was adjourned by agreement.

(SEAL)




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	<u>Page</u>
Engineer's report.....	2
Operator's report.....	2
Bookkeeper's report.....	2
Delinquent tax report	2
Tax assessor/collector's report	3
Debt service tax rate analysis	3
Security patrol report	4
Detention and drainage facilities report.....	4