

MINUTES
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

September 24, 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 24th day of September, 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 were Loren Morales of Rathmann & Associates, L.P.; Brittany Keeswood of Assessments of the Southwest, Inc.; Officer Calvin Johnson; 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; Michael Akaya, a resident of the District; and Whitney Higgins and Merry Heyne of Allen Boone Humphries Robinson LLP.

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

Mr. Morales presented and reviewed a tax rate analysis, a copy of which is attached. The Board generally discussed the District's tax rate.

PUBLIC COMMENTS

Director Dudley opened the meeting for public comments.

Mr. Akaya addressed the Board and stated that he had questions about his water bill. Mr. Muse assisted Mr. Akaya with his questions.

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

CONSENT AGENDA

The minutes from the August 21, 2024, special meeting, August 27, 2024, regular meeting, and consultant reports were previously distributed. After discussion, Director Kelley 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 August 21, 2024, special meeting, and August 27, 2024, regular meeting, as submitted; (2) the engineer's report; and (3) the operator's report. Director Dudley seconded the motion, which passed unanimously.

ITEMS REMOVED FROM CONSENT AGENDA

TAX ASSESSMENT AND COLLECTION MATTERS

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

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

Ms. Keeswood stated that notice was published of the public hearing to be held at today's meeting regarding adoption of the District's proposed 2024 total tax rate of \$0.533.

The Board opened the public hearing. There being no comments from the public, the Board closed the public hearing.

Ms. Higgins presented an Order Levying Taxes reflecting the proposed 2024 tax rate. She then presented an Amendment to Information Form reflecting the tax rate and stated that the Amendment will be filed with the Texas Commission on Environmental Quality and recorded in the Official Public Records of Fort Bend County.

After review and discussion, Director Kelley moved to (1) adopt the Order Levying Taxes reflecting a total 2024 tax rate of \$0.533 per \$100 of assessed valuation, comprised of \$0.185 to pay debt service on water, sewer, and drainage bonds, and \$0.348 for operations and maintenance; (2) authorize execution of the Amendment to Information Form; and (3) direct that the Order and Amendment be filed appropriately and retained in the District's official records. Director Dudley seconded the motion, which passed unanimously.

GARBAGE AND RECYCLING MATTERS

Director Dudley reported on District garbage matters.

SECURITY PATROL MATTERS, INCLUDING HOURLY RATES PAID TO OFFICERS

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

Officer Johnson recommended, in his capacity as the independent contractor responsible for security staffing decisions, that the District hire a new security officer, Danny R. Bonilla, and he requested the District's approval of the related Security Services Contract for Officer Bonilla.

The Board discussed increasing the officers' hourly pay rate.

Following discussion, Director Kelley moved to (1) authorize execution of the Security Services Contract with Officer Bonilla, as recommended by Officer Johnson, subject to finalization; and (2) increase the officers' hourly pay rate, as discussed. Director Stewart seconded the motion, which passed unanimously.

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

Ms. Leija reviewed a detention and drainage facilities report, a copy of which is attached.

The Board discussed the owner of an auto shop who is illegally dumping debris. Following discussion, the Board concurred for MDS to send the owner a letter, as discussed.

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 reviewed a draft budget for fiscal year end October 31, 2025, a copy of which is attached to the bookkeeper's report. Discussion ensued regarding changes to the draft budget.

The Board discussed policies for director per diems and what constitutes a director fee. Ms. Garcia reminded the Directors that there is a \$7,200 annual maximum for director fees. Discussion ensued.

Following review and discussion, Director Kelley moved to (1) approve the bookkeeper's report and the bills presented for payment; and (2) approve the budget for

fiscal year end October 31, 2025, as amended. Director Dudley seconded the motion, which passed unanimously.

APPROVE SECOND AMENDMENT TO FLOOD DAMAGE PREVENTION ORDER

Ms. Higgins presented and reviewed an Amendment to Flood Damage Prevention Order. She informed the Board that the Flood Damage Prevention Order was amended to comply with the requirements for continued participation in the National Flood Insurance Program. Mr. Abram recommended adopting Fort Bend County's flood damage prevention regulations. Following discussion, Director Dudley moved to approve the Amendment to Flood Damage Prevention Order, subject to finalization. Director Fuentes Mendoza seconded the motion, which passed unanimously.

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. The Board discussed changes to the proposed bill message.

The Board discussed a District resident who is blowing debris into the storm inlets. Following discussion, the Board concurred for MDS to send the resident a letter, as discussed.

Mr. Muse presented and reviewed a proposal prepared by MDS in the amount of \$96,367.00 to repair 94 storm sewer manholes and inlets.

Mr. Muse presented and reviewed proposals prepared by MDS to repair or replace the well motor at the Water Plant. Mr. Muse recommended replacing the well motor.

After review and discussion, Director Dudley moved to (1) approve the operator's report; (2) approve the bill message, as revised; (3) approve the proposal in the amount of \$96,367.00 to repair 94 storm sewer manholes and inlets; and (4) approve the proposal in the amount of \$67,205.00 to replace the well motor at the Water Plant. Director Stewart 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 Kelley 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 Fuentes Mendoza seconded the motion, which passed unanimously.

ADOPT AMENDED RATE ORDER

The Board discussed amending the Rate Order to increase the sewer rate. Mr. Muse reviewed a draft Amended Rate Order. Following review and discussion, Director Dudley moved to adopt the Amended Rate Order to be effective September 24, 2024, 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 by 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. He stated he had no action items for the Board.

ANNEXATION MATTERS

Mr. Ward presented and reviewed a preliminary plan for improvements and annexation feasibility for an approximate 49-acre annexation for AECO Contracting, Inc.

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.

NORTH FORT BEND WATER AUTHORITY ("NFBWA")

The Board discussed the NFBWA fees and noted that there has not been an increase in a couple of years.

ATTORNEY'S REPORT

The Board discussed retention of District records.

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.




Secretary, Board of Directors

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