

## MINUTES

### FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 2

February 20, 2019

The Board of Directors (the "Board") of Fort Bend County Levee Improvement District No. 2 (the "District"), met in regular session, open to the public, on the 20th day of February, 2019, at the William "Bill" Little Pump Station (aka Pump Station A), 4435 Greystone Way, Sugar Land, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

Andre D. McDonald	President
Bryan K. Chapline	Vice President/ Assistant Secretary
Glen R. Gill	Secretary

and all of said persons were present except for Director Gill who attended by video conference, thus constituting a quorum.

Also present for all or part of the meeting were Jorge Diaz of McLennan & Associates, LP; Michelle Guerrero of Bob Leared Interests, Inc.; Mike Stone and Phil Martin of Mike Stone Associates, Inc. ("MSAi"); Russell Jones of The Holoway Jones Law Firm, P.L.L.C.; Mary DuBois of Acclaim Energy Advisors; Eric Burrer of Burrer Engineering; Rita Anderson of Freese and Nichols, Inc. ("FNI"); Bob Hodge and Phil Nichols of Tech3 Business Systems, LLC ("Tech3"); David Beyer of Storm Water Solutions, LLC; Mike Thelen, Jason Klump, and Tyler Werlein of LID Solutions, LLC; Craig Kalkomey of LJA Engineering, Inc.; Jorge Alba of the City of Sugar Land (the "COSL"); and David Oliver and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR").

#### PUBLIC COMMENTS

Director McDonald opened the meeting to receive public comments. There being no public comments, Director McDonald closed the meeting to public comments.

#### CONSENT AGENDA:

Minutes of Prior Board Meetings;  
Financial and Bookkeeping matters, including Payment of District's Bills; and  
Tax Assessment and Collections Matters, including Payment of Tax Bills.

The Board concurred to remove the bookkeeper's report from the Consent Agenda. Following review and discussion, Director Chapline moved to approve the remaining items included on the Consent Agenda, including the minutes of the Board meetings held January 16, 2019, January 23, 2019, and February 6, 2019. Director Gill

seconded the motion, which passed by unanimous vote. Copies of the minutes and the bookkeeper's and tax assessor/collector's reports are included in the attached Board Book.

#### ADDITIONAL TAX ASSESSMENT AND COLLECTION MATTERS

There were no additional tax assessment or collection matters.

#### ADOPT RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board considered establishing the District's tax exemptions for the 2019 tax year and reviewed a proposed Resolution Concerning Exemptions from Taxation, a copy of which is included in the attached Board Book. Following review and discussion, Director Chapline moved to adopt a Resolution Concerning Exemptions from Taxation which provides for the exemption from ad valorem taxation the amount of \$15,000 of the appraised value of residence homesteads of individuals who are disabled or are sixty-five years of age or older, and rejects the general residential homestead exemption. Director Gill seconded the motion, which was approved by unanimous vote.

#### ADDITIONAL FINANCIAL AND BOOKKEEPING MATTERS

The Board discussed charges included on an invoice submitted by Husch Blackwell LLP and the District's budget line items for legislative, permitting, and other legal services. Following review and discussion, the Board requested that MSAi obtain clarification of the charges and report back.

Mr. Diaz presented one additional check from the General Fund for payment of two invoices for reimbursement of Director conference expenses in the total amount of \$792.92. Mr. Diaz presented two additional checks from the Capital Projects Fund for payment of: (1) Pay Application No. 8 submitted by Texas Wall & Landscape LLC for the District's project to rehabilitate Ditches B, B-1, C, C-1, and E in the amount of \$407,178.98; and (2) property acquisition costs for the District's proposed third storm water pump station and ancillary facilities in the amount of \$9,500.00. Mr. Diaz stated that the additional checks will be included in next month's bookkeeper's report. Following review and discussion, Director Chapline moved to approve the bookkeeper's report and authorize execution of the three additional checks for payment of the additional invoices as presented. Director Gill seconded the motion, which was approved by unanimous vote.

#### LETTER OF AUTHORIZATION FOR ELECTRICITY PROPOSAL

Ms. DuBois presented a document summarizing trends in the electricity market. A copy of the document is attached. Ms. DuBois recommended that the Board consider reviewing electricity prices to determine whether to enter into an electricity agreement

that begins at the termination of the District's current agreement with Cavallo Energy Texas, LLC on January 31, 2021. Discussion ensued regarding the impact of the District's proposed third pump station on the District's electricity contract. Following review and discussion, Director Chapline moved to authorize execution of a Letter of Authorization for the Request of Historical Energy Information for an energy market update and electricity proposal from Acclaim Energy Advisors. Director Gill seconded the motion, which was approved by unanimous vote.

#### STORM WATER MANAGEMENT PLAN, TRAINING, AND PUBLIC COMMENTS

Mr. Beyer updated the Board on the District's Storm Water Management Plan ("SWMP"). He distributed and reviewed the Year 5 Annual Report for the SWMP and a summary of the Texas Commission on Environmental Quality's ("TCEQ") permit renewal process for the Texas Pollutant Discharge Elimination System General Permit No. TXR040000, Small MS4 (Phase II) General Permit, copies of which are included in the attached Board Book.

Mr. Beyer began his training session with the Board and consultants. He explained that the time between December 31, 2018, and the adoption date of the new permit, January 24, 2019, will be included in the Year 1 Annual Report for the new permit term. He continued his training by outlining the schedule of events for obtaining permit coverage under the new permit. He stated that the District will have 180 days from January 24, 2019, to obtain permit coverage. He stated that permit coverage will include preparation of a new SWMP and submittal of a Notice of Intent to the TCEQ. He stated that a public meeting will be held as necessary based on significant public interest generated by public comments. Mr. Beyer further explained that once permit coverage is achieved, the District will execute the program elements of Year 1 as outlined in the District's new SWMP during the fourth quarter of 2019. Mr. Beyer stated that he will present a proposal for preparing and implementing the District's new SWMP for the new permit term at the March regular meeting of the Board.

Mr. Beyer responded to questions regarding the anticipated requirements for the new permit term. Following review and discussion, Director Gill moved to approve the SWMP Year 5 Annual Report. Director Chapline seconded the motion, which carried unanimously.

#### GENERAL MANAGER MATTERS

Mr. Stone and Mr. Martin reported on General Manager matters, including the status of current and future District Capital Improvement Plan projects. A copy of the General Manager's report is included in the attached Board Book.

Mr. Martin reported on public communication matters, including the number of

subscribers to the email and text alert services through the District's website and development of a webpage providing an Emergency Operations Update. Discussion ensued regarding whether the District's advertisements included in the First Colony Community Association, Inc.'s newsletters were impacting the number of subscriptions to the alert services.

Mr. Martin stated that a newsletter providing an annual report of the District's activities will be distributed within the District soon. A copy of the newsletter is included in the attached Board Book.

Mr. Stone reported on upcoming presentations of the District's activities at meetings of homeowners associations located within the District. He stated that a few of the presentations were planned to be given in coordination with Mr. Alba's presentation of the COSL's activities. Mr. Stone discussed scheduling a similar presentation to the community at a larger venue in April, 2019.

Discussion ensued regarding possible coordination with Fort Bend County on including some of the District's flood control improvement projects in an anticipated Fort Bend County bond issue.

Mr. Martin reported on the status of the District's project to rehabilitate Ditches B, B-1, C, C-1, and E, including the COSL's storm sewer outfall rehabilitation project (the "Interior Ditch Rehabilitation Project"). Mr. Stone discussed delays in the project schedule. Mr. Martin reviewed and recommended approval of Pay Application No. 8, payable to Texas Wall and Landscape LLC, in the amount of \$407,178.98. Mr. Martin reported on the preparation of a change order for changes in contract quantities related to dirt excavation. After review and discussion, Director Chapline moved to approve Pay Application No. 8, payable to Texas Wall and Landscape LLC for the Interior Ditch Rehabilitation Project, in the amount of \$407,178.98. Director Gill seconded the motion, which passed by unanimous vote.

Mr. Martin reported that additional improvements needed for the COSL's storm sewer outfalls were identified during construction of the Interior Ditch Rehabilitation Project. He recommended that the Board approve an Amendment to Development Participation Agreement for Storm Sewer Outfall Improvements with the COSL to add the additional improvements to the project. A copy of the amended agreement is included in the attached Board Book. Following review and discussion, Director Chapline moved to authorize execution of an Amendment to Development Participation Agreement for Storm Sewer Outfall Improvements with the COSL. Director Gill seconded the motion, which was approved by unanimous vote.

Mr. Stone and Mr. Martin reported on the status of the five contract bid packages for the District's proposed third storm water pump station and ancillary facilities. A copy of AECOM's Progress Status Report is included in the attached Board Book. Mr.

Martin stated that the contract for Bid Package No. 1 for the project, consisting of the procurement of seven storm water pumps and motors, is advertising for bids and the contract is anticipated to be awarded at the March 20, 2019, Board meeting. Mr. Stone discussed coordination with ABHR on options for Bid Package No. 2 for the project, consisting of backup generator power for the proposed pump station, including long-term lease/purchase options. Discussion ensued regarding Bid Package No. 5 for the project, consisting of permitting matters.

Mr. Martin reported that the Michael "Mike" Thelen Pump Station (aka Pump Station F) pump replacement project is advertising for bids. He stated that the contract is anticipated to be awarded at the March 20, 2019, Board meeting.

Mr. Martin reported on the status of the District's participation in the Harris County Flood Warning System pursuant to the District's Interlocal Agreement for Installation and Maintenance of Seven (7) Gauge Stations with the COSL. Mr. Martin stated that three bids were received for the electrical work related to expanding closed circuit television coverage for the District's drainage channels and Steep Bank Creek outfall (the "Camera and Stream Gauge Electrical Improvements Project"). Mr. Kalkomey recommended that the Board award the contract, including Bid Alternate No. 2, to McDonald Municipal and Industrial - A Division of C.F. McDonald Electric ("McDonald") in the amount of \$197,269.00. The Board concurred that, in its judgment, McDonald was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. Following review and discussion, Director Chapline moved to award the contract for the Camera and Stream Gauge Electrical Improvements Project to McDonald in the amount of \$197,269.00, based upon Mr. Kalkomey's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor. Director Gill seconded the motion, which passed by unanimous vote. Copies of the bid tabulation and recommendation of award are included in the attached Board Book.

Mr. Martin recommended approval of Tech3's Sales Order 17-19 for the procurement, configuration, and installation of 11 cameras to expand the District's closed circuit television coverage for the District's drainage channels and Steep Bank Creek outfall. A copy of the sales order is included in the attached Board Book. Mr. Hodge responded to Board members' questions regarding the proposed configuration and installation of the cameras. Following review and discussion, Director Chapline moved to authorize approval of the sales order. Director Gill seconded the motion, which was approved by unanimous vote.

Mr. Martin reported on the status of FNI's hydrologic and hydraulics analyses of the District's drainage system and discussed holding a future workshop to focus on additional analyses. A copy of FNI's progress report is included in the attached Board Book.

Mr. Martin stated there is no recommended action at this time related to FNI's Phase I analysis of alternatives related to closing the Steep Bank Creek outfall structure and re-routing the flows to the Ditch A watershed. Mr. Stone reported on discussions with the engineer and attorney for Fort Bend County Levee Improvement District No. 19 ("FB LID 19") regarding the scope of FB LID 19's pump station expansion project and whether the District will cost-share in the project. He stated that he will schedule additional discussions to determine the best approach for handling drainage through the Steep Bank Creek outfall and report back.

Mr. Martin reported on District operation and maintenance activities, including increased FileCloud license fees, evaluation of proposed erosion repair options for the toe of the slope of Ditch H at US 59/I-69, increased costs for the installation of the security and fire alarms at the District's pump stations, and installation of upgraded keypads inside the District's pump stations. A copy of the work order report is included in the attached Board Book.

The Board discussed First Colony - Missouri City (also known as SugarStone) perimeter levee system matters. Mr. Kalkomey reported that the tour of the perimeter levee system scheduled for February 11, 2019, was cancelled due to rainy weather conditions. Mr. Martin stated that the next quarterly meeting of the perimeter levee participants is scheduled for April 16, 2019.

Mr. Martin discussed the status of FNI's update of the District's Operations Manual and Emergency Preparedness Plan. Copies of FNI's Progress Reports are included in the attached Board Book. Ms. Anderson discussed scheduling of the table top exercise for the District to include upstream and downstream levee improvement districts. Following discussion, the Board concurred to tentatively schedule the table top exercise for May 3, 2019.

The Board discussed repairs needed for Ditch H.

#### PROFESSIONAL ENGINEERING SERVICES AGREEMENT

The Board reviewed a Professional Engineering Services Agreement with Burrer Engineering, Inc. for professional electrical and mechanical engineering services. A copy of the agreement is included in the attached Board Book. Following review and discussion, Director Chapline moved to authorize execution of the Professional Engineering Services Agreement with Burrer Engineering, Inc. Director Gill seconded the motion, which was approved by unanimous vote.

#### REVISED ENGAGEMENT LETTERS FOR LEGAL SERVICES AND FEDERAL LEGISLATIVE SERVICES

The Board reviewed a revised engagement letter with Husch Blackwell LLP, a copy of which is included in the attached Board Book. Discussion ensued regarding the

budget line items for legislative, permitting, and other legal services provided to the District. Following review and discussion, Director Gill moved to authorize execution of the engagement letter, subject to revisions to add task order procedures as discussed. Director Chapline seconded the motion, which was approved by unanimous vote.

#### OPERATION OF DISTRICT FACILITIES

There was no discussion regarding the operator's report, a copy of which is included in the attached Board Book.

#### ENGINEERING MATTERS, INCLUDING UPDATE ON BOND APPLICATION

Mr. Kalkomey reported on engineering matters. A copy of the engineer's report, including the Engineer's Report for the District's May 4, 2019 Bond Election, is included in the attached Board Book.

Mr. Kalkomey reported that the TCEQ issued a letter stating the District's bond application in the amount of \$48,000,000.00 is administratively complete. A copy of the letter is included in the attached Board Book.

In response to Directors' inquiries, Mr. Kalkomey stated that, as previously reported, the United States Army Corps of Engineers ("USACE") acknowledged receipt of the District's response to USACE's final report on the Initial Eligibility Inspection of the First Colony - Missouri City (also known as SugarStone) perimeter levee for the Rehabilitation and Inspection Program submitted August 27, 2018. He stated that a formal response to the information submitted by the District has not been received from the USACE.

Mr. Alba reported on the status of the COSL's design of storm water drainage improvements.

#### DEEDS, EASEMENTS, RIGHT OF ENTRY, AND ENCROACHMENTS

There was no discussion regarding this item.

#### CONFERENCES AND LEGISLATIVE MATTERS

The Board reviewed a calendar of upcoming conferences and discussed legislative and regulatory development matters related to federal levee, floodplain management, and flood insurance matters with potential significant impacts on Fort Bend County levees. Following review and discussion, Director Chapline moved to authorize Directors' attendance at conferences as discussed. Director Gill seconded the motion, which was approved by unanimous vote.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 10:43 a.m. to: (i) discuss the purchase, exchange, lease, or value of real property pursuant to Section 551.072, Texas Government Code, and (ii) conduct consultation with attorneys pursuant to Section 551.071, Texas Government Code. The Board determined that the attendance in this executive session of Mr. Stone, Mr. Martin, and Mr. Kalkomey was necessary in order for the Board to obtain the necessary legal advice from its attorneys, and the Board requested their presence in the executive session.

RECONVENE IN OPEN SESSION

At 11:12 a.m., the Board reconvened in open session. Director Gill moved to authorize the execution of two checks for the purchase of one of the three tracts of land for the District's proposed third storm water pump station and ancillary facilities and payment of settlement costs as discussed. Director Chapline seconded the motion, which was approved by unanimous vote.

86<sup>TH</sup> TEXAS LEGISLATURE UPDATE AND PROPOSALS FOR LEGISLATIVE SERVICES

Mr. Oliver discussed matters related to the 86<sup>th</sup> Texas Legislature and noted the deadline for filing General Law bills is March 8<sup>th</sup>. He stated he will update the Board regarding legislation with potential impact to the District at its March meeting, after the General Law filing deadline.

MEETING SCHEDULE

The Board concurred to cancel its March 6, 2019, workshop meeting and a hold its March 20, 2019, regular meeting at 8:30 a.m. at the William "Bill" Little Pump Station.

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

  
Asst. Secretary, Board of Directors

(SEAL)



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