

## MINUTES

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

March 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 March, 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 Karin Jacoby of Husch Blackwell LLP via video conference; Jorge Diaz of McLennan & Associates, LP; Michelle Guerrero of Bob Leared Interests, Inc.; Mike Stone and Phil Martin of Mike Stone Associates, Inc. ("MSAi"); Mary DuBois of Acclaim Energy Advisors; Bob Hodge of Tech3 Business Systems, LLC; David Beyer of Storm Water Solutions, LLC; Mike Thelen and Jason Klump of LID Solutions, LLC; Craig Kalkomey of LJA Engineering, Inc. ("LJA"); 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. Director McDonald reported that a "Keep First Colony Dry Advocacy Group" has formed in response to the District's 2019 Bond Election. There being no additional 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.

Following review and discussion, Director Chapline moved to approve the items included on the Consent Agenda, including the minutes of the Board meeting held February 20, 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

Ms. Guerrero reported that 87 uncollectible delinquent personal property tax accounts have been forwarded to the District's delinquent tax attorney to determine whether to recommend that the Board move the accounts to the uncollectible roll.

ADDITIONAL FINANCIAL AND BOOKKEEPING MATTERS

Mr. Diaz presented three additional checks from the Capital Projects Fund, each in the amount of \$350.00, for payment of the Special Commissioners for eminent domain proceedings related to the acquisition of a tract of land for the District's proposed third storm water pump station and ancillary facilities. Following review and discussion, Director Chapline moved to authorize execution of the three additional checks as presented. Director Gill seconded the motion, which was approved by unanimous vote.

ELECTRICITY PROPOSAL

Ms. DuBois presented a document summarizing trends in the electricity market and a Pricing Report and Summary, copies of which are attached. Ms. DuBois discussed the District's current contract for electricity services, electricity market pricing trends, pricing offers, and a recommendation for electricity services beginning at the February 1, 2021, expiration of the District's current contract with Cavallo Energy Texas, LLC. Following review and discussion, Director Chapline moved to authorize Mr. Stone to execute an electricity contract with Hudson Energy on behalf of the District for a 72-month term beginning at the expiration of the District's current contract for a price not to exceed 5% of the offer price included in the Pricing Report. Director Gill seconded the motion, which was approved by unanimous vote.

APPROVE ANNUAL REPORT

The Board reviewed the District's Annual Report for filing with the appropriate information depositories by March 31, 2019, in accordance with the District's Continuing Disclosure of Information Agreements and as required by SEC Rule 15c2-12. Following review and discussion, Director Chapline moved to approve the Annual Report and direct that the report be filed appropriately and retained in the District's official records. Director Gill seconded the motion, which was approved by unanimous vote.

ORDER ADOPTING AMENDED AND RESTATED PROCEDURES FOR CONTINUING DISCLOSURE COMPLIANCE

Mr. Oliver stated that, when the District issues bonds, the District enters into a

continuing disclosure undertaking for the benefit of the bondholders. Mr. Oliver added that the provisions of that undertaking require that the District comply with certain continuing disclosure requirements for its bonds. Mr. Oliver explained that the Board is ultimately responsible for continuing disclosure compliance for its bonds, with assistance by its consultants. Mr. Oliver added that, in order to ensure that the District's procedures for continuing disclosure compliance are well documented, the Board has previously adopted such procedures in writing. Mr. Oliver stated that, because the United States Securities and Exchange Commission has amended its Rule 15c2-12, ABHR recommends that the District's written procedures be amended by the Board. Mr. Oliver reviewed an Order Adopting Amended and Restated Procedures for Continuing Disclosure Compliance with the Board. Following review and discussion, Director Chapline moved to adopt the Order Adopting Amended and Restated Procedures for Continuing Disclosure Compliance and direct that the Order be filed appropriately and retained in the District's official records. Director Gill seconded the motion, which passed by unanimous vote.

RECEIVE STORM WATER MANAGEMENT PROGRAM REPORT, INCLUDING RENEWAL OF COVERAGE UNDER TPDES GENERAL PERMIT NO. TXR040000, APPROVE PROPOSAL FOR SERVICES WITH STORM WATER SOLUTIONS, LLC, AND RECEIVE PUBLIC COMMENTS

Mr. Beyer updated the Board on the status of the District's current storm water management program ("SWMP") and the 2019 renewal of the Texas Pollutant Discharge Elimination System General Permit No. TXR040000 (the "MS4 Permit"). Mr. Beyer indicated that pursuant to the 2019 renewed MS4 Permit requirements, the District must submit a new Notice of Intent ("NOI") and updated SWMP to the Texas Commission on Environmental Quality no later than July 23, 2019, to maintain MS4 Permit coverage. Mr. Beyer presented a Proposal for Services ("Proposal") for the preparation, submittal, and implementation of the NOI and SWMP required by the MS4 Permit. Following review and discussion, Director Chapline moved to approve the Proposal, authorize SWS to proceed with preparation of the NOI and SWMP for review by the Board, and direct that the Proposal be filed appropriately and retained in the District's official records. Director Gill seconded the motion, which was approved by unanimous vote.

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 stated that a draft statue easement with the Sugar Land Legacy Foundation and First Colony Community Association is included in the attached Board book for review and comment.

Mr. Martin reported on public communication matters. He stated that a newsletter providing an annual report of the District's activities has been mailed to the District's homeowners, distributed through the District's email and text alert system, and is posted on the District's website. Mr. Martin reported that preparation of the second quarter newsletter has begun. Discussion ensued regarding including information related to the District's 2019 Bond Election in the newsletter and distributing it prior to the Early Voting period.

Mr. Martin reported that nominations for an Excellence in Floodplain Management award related to the District's lowering of the critical flood elevations inside the levee and an Outreach Award for the District's Post-Hurricane Harvey public outreach have been submitted on behalf of the District to the Association of State Floodplain Managers. Mr. Martin stated that a nomination for a Technical Innovation Award for technical advancements made by the District in 2018 was submitted to the American Public Works Association. He stated that evaluation of nomination submittals is ongoing for awards offered by AT&T's Special District Award Program, the National Association of Flood & Stormwater Management Agencies, and the Association of State Dam Safety Officers.

Mr. Martin reported on preparation for the community meeting, co-hosted by the District and the City of Sugar Land (the "COSL"), scheduled for 6:00 p.m. on April 15, 2019, at the COSL's City Hall in the Cane Room. He discussed the distribution of notices for the community meeting and promotional items donated by MSAi for distribution at the meeting. He stated that a photoshoot of the Board with the high-water vehicle, public officials, and attending District consultants is scheduled before the start of the community meeting.

The Board discussed scheduling a workshop for the District's Capital Improvement Plan.

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. Mr. Stone discussed delays in the project schedule.

Mr. Martin reported on the status of the District's proposed third storm water pump station and ancillary facilities. He stated that Bid Package No. 1, pump and motor procurement, is currently being advertised and bids are scheduled for opening on March 27, 2019. He reviewed a revised budget for the project.

Mr. Martin reported that AECOM recommends that the District negotiate a contract with Enchanted Rock for back-up generator power service for the District's proposed third storm water pump station and ancillary facilities. A copy of AECOM's draft memo regarding its recommendation is included in the attached Board Book. Discussion ensued regarding including a maximum amount of generator runtime in the

proposed contract.

Mr. Stone explained that the District's proposed third storm water pump station will require a deep intake well for the new pumps and construction of the well will require major dewatering. He stated that AECOM has obtained geotechnical proposals for performing tests and studies to estimate and evaluate the risk of ground subsidence related to the planned dewatering. The Board reviewed proposals from Fugro USA Land, Inc. for performing pump testing in the amount of \$174,893.00, and HVJ Associates, Inc. for performing a geotechnical study in the amount of \$7,500.00. Copies of the proposals are included in the attached Board Book. Discussion ensued regarding the scope of work contained in the proposals and the planned phasing of such work. Following review and discussion, Director Chapline moved to authorize AECOM to approve a proposal(s) for phase 1 and phase 2 pump/geological testing in an amount not to exceed \$200,000.00, subject to Director McDonald's review and approval. Director Gill seconded the motion, which was approved by unanimous vote.

Mr. Martin reported on ongoing maintenance matters related to the District's acquisition of a tract of land, located at 2607 Oakland, for the District's proposed third storm water pump station and ancillary facilities.

Mr. Kalkomey stated that seven bids were received for construction of the Michael "Mike" Thelen Pump Station (aka Pump Station F) Pump Replacement Project. Mr. Kalkomey recommended that the Board award the contract to LEM Construction Co., Inc. ("LEM") in the amount of \$522,500.00. The Board concurred that, in its judgment, LEM 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 construction of the Michael "Mike" Thelen Pump Station (aka Pump Station F) Pump Replacement Project to LEM in the amount of \$522,500.00, 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. A copy of Mr. Kalkomey's recommendation of award letter is included in the attached Board Book.

Mr. Martin recommended approval of LJA's Task Order No. 6 for performance of construction phase services for the District's Michael "Mike" Thelen Pump Station (aka Pump Station F) Pump Replacement Project and Camera and Stream Gauge Electrical Improvements Project in an amount not to exceed \$30,000.00. A copy of the task order is included in the attached Board Book. Following review and discussion, Director Chapline moved to approve the task order as presented. Director Gill seconded the motion, which was approved by unanimous vote.

Mr. Martin reported that LJA is preparing a task order for the proposed

preparation of a preliminary engineering report related to increasing pump capacity at the Michael "Mike" Thelen Pump Station.

Mr. Martin reported on the status of construction of the District's Camera and Stream Gauge Electrical Improvements Project. He explained that a miscommunication related to the District's preferred type of camera poles for the project will require submission of a change order by McDonald Municipal and Industrial - A Division of C.F. McDonald Electric in the amount of \$46,506.00. He stated the adjusted total cost of the contract remains lower than the second-lowest bidder for the project.

Mr. Martin reported that the results of Freese and Nichols, Inc.'s ("FNI") hydrologic and hydraulics analyses of the District's internal drainage system will be discussed in a future workshop. A copy of FNI's progress report is included in the attached Board Book.

The Board discussed 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 costshare in the project. 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. Director McDonald requested that Mr. Stone schedule additional discussions with the engineer and attorney for FB LID 19 to determine the best approach for handling drainage through the Steep Bank Creek outfall as soon as possible.

Mr. Martin reported on District operation and maintenance activities, including installation of the security alarms, fire alarms, and upgraded keypads at the District's pump stations and scheduling for spring herbicide, fertilizer, and ant bait applications. 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 on efforts to reschedule a tour of the perimeter levee system.

Discussion ensued regarding scheduling an inspection of the District's ditches. Mr. Stone reported on MSAI's research regarding photographic and light detection and ranging imaging options for the District's ditches.

Mr. Martin reported that the Fort Bend County Office of Emergency Management and the Fort Bend County Drainage District ("FBCDD") will be conducting a Functional Exercise in the Emergency Operations Center beginning at 8:30 a.m. on April 26, 2019. He stated the District's Emergency Preparedness Plan will be

implemented at the William "Bill" Little Pump Station during the exercise. He reported that an after-action review is scheduled at 9:00 a.m. on April 29, 2019.

Mr. Martin stated that the District's annual table top exercise will be conducted from 11:00 a.m. to 3:00 p.m. on May 3, 2019, at the Fort Bend Chamber of Commerce. He stated that the Board members, engineers, operators, and attorneys for all of the SugarStone perimeter levee system participants have been invited to participate in the exercise.

The Board discussed repairs needed for Ditch H and FBCDD's anticipated schedule for addressing the repairs.

#### OPERATION OF DISTRICT FACILITIES

Mr. Thelen reported on maintenance and operation matters. A copy of the operator's report 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 is included in the attached Board Book.

Mr. Kalkomey reported that there is no update on the District's bond application in the amount of \$48,000,000.00.

Mr. Kalkomey reported on his efforts to obtain a formal response to the District's comments to the United States Army Corps of Engineers' ("USACE") final report on the Initial Eligibility Inspection of the SugarStone perimeter levee for the Rehabilitation and Inspection Program.

Mr. Martin discussed the status of the COSL's construction projects, including its Amil Gate project.

Mr. Craig reported on a meeting scheduled with the FBCDD regarding Flat Bank Creek structure matters and discussion ensued.

#### 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. Director McDonald discussed a Spring 2019 USACE Stakeholder

Partnering Forum scheduled March 26 - 27, 2019. Following review and discussion, Director Gill moved to authorize Director McDonald's attendance at the forum. 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 updated the Board on the activities of the 86<sup>th</sup> Texas Legislature and proposed legislation with potential impact to the District.

MEETING SCHEDULE

The Board concurred to cancel its April 3, 2019, workshop meeting and reschedule its April 17, 2019, regular meeting to Thursday, April 11, 2019, at 8:30 a.m. at the William "Bill" Little Pump Station. The Board concurred to inspect the District's ditches after the conclusion of regular business at the rescheduled meeting.

CONVENE EXECUTIVE SESSION

The Board did not convene in executive session.

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



Secretary, Board of Directors

(SEAL)





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