

MINUTES

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 2

July 17, 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 17th day of July, 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, thus constituting a quorum.

Also present for all or part of the meeting were Daryl Flatt, Charlie Green, Upendra Sahu, and John Van De Wiele, residents of the District; Joe R. Zimmerman, Mayor of the City of Sugar Land (the "COSL") and resident of the District; Seshardri Kumar of the *Fort Bend Independent*, Russell Jones of The Holoway Jones Law Firm, PLLC; Mike Stone, Phil Martin, and Jim Kidda of Mike Stone Associates, Inc. ("MSAi"); Jorge Diaz of McLennan & Associates, LP; Michelle Guerrero of Bob Leared Interests, Inc.; David Beyer of Storm Water Solutions, LLC; Bob Hodge of Tech3 Business Systems, LLC ("Tech3"); Mike Thelen, Jason Klump, and Tyler Werlein of LID Solutions, LLC ("LID Solutions"); 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 thanked the residents of the District for their presence. He notified the meeting attendees of the District's Policy Regarding Receiving Public Comments and Requests to Address the Board of Directors.

Director McDonald opened the meeting to receive public comments.

Mr. Zimmerman addressed the Board regarding his concerns and/or opposition related to: (1) Agenda Item No. 7A, Review Request for Statement of Qualifications for legal services; and (2) Agenda Item No. 7B, Review Request for Statement of Qualifications for lobbying services.

Mr. Green addressed the Board to: (1) provide suggestions related to including additional and dynamic outfall gate, pump operation, and SCADA information on the District's website; and (2) express his concerns regarding the schedule for the

construction of the new pump station.

Mr. Flatt addressed the Board to express his concerns and/or request additional information and/or documents related to: (1) Agenda Item No. 9.B.vii., Hydrologic and hydraulic analyses of drainage system; (2) Agenda Item No. 9.B.viii., Drainage analysis and Steep Bank Creek outfall closure; (3) the impact of the big interceptor project proposed by the COSL on the District's drainage model; (4) operation of the District's drainage system due to water backing up to his and his neighbors' homes along the golf course; (5) how the money from the recent bond issue is being spent; (6) publication of real time SCADA information on the District's website; (7) an explanation of the impact of capital and operational expenses; and (8) ineffective communication of the District's meetings to residents.

There being no additional public comments, Director McDonald closed the meeting to public comments. A copy of the completed Public Comments Sign-in Sheet is attached.

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. Ms. Cherne noted a correction to page 7 of the minutes of the Board meeting held June 18, 2019. 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 June 12, June 13, and June 18, 2019, as corrected. 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 discussed the District's quarterly delinquent tax attorney report and the District's preliminary 2019 assessed value.

ADDITIONAL FINANCIAL AND BOOKKEEPING MATTERS

Mr. Diaz presented one additional check from the General Fund for payment of monthly operation, mowing, and turf work in the total amount of \$121,852.68; and (2) one additional check from the Capital Improvement Fund for payment of Pay Estimate No. 12 submitted by Texas Wall & Landscape for the District's project to rehabilitate Ditches B, B-1, C, C-1, and E in the total amount of \$538,328.51. A list of the additional checks is attached. Following review and discussion, Director Chapline moved to

authorize execution of the additional checks as presented. Director Gill seconded the motion, which was approved by unanimous vote.

Director Chapline expressed his concern that the District is greatly over budget for lobbying expenses. He stated the District's funds need to be expended for infrastructure. Following review and discussion, Director McDonald moved to approve the bookkeeper's report and payment of the invoices as presented, including the previously withheld invoice from Husch Blackwell LLP. Director Gill seconded the motion and discussed the importance of the District's efforts to engage in 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 additional review and discussion, the motion was approved by majority vote with Director Chapline opposed.

Director McDonald recommended that the Directors attend training related to the Public Funds Investment Act. Following discussion, Director McDonald moved to authorize the Directors to attend the next available training related to the Public Funds Investment Act. Director Gill seconded the motion, which was approved by unanimous vote.

CONFERENCE BUDGET AND EXPENDITURES AND ATTENDANCE POLICY

Director McDonald moved that the Board continue implementing the District's current budget and expenditures for conferences, and current policy for Director conference attendance without change. Director Gill seconded the motion. Director McDonald discussed the benefits provided to the District by the Directors' attendance at conferences and noted Director Chapline's lack of attendance at conferences. Director Gill explained his conference expenses, the amount of his annual per diems, and the benefits to the District by his attendance at the conferences.

Director Chapline recommended changing the District's policy for Director conference attendance to require that only one Board member attend each conference and report back to the Board to provide for good stewardship of the District's funds. Director Gill discussed the benefits provided to the District by the current conference attendance approach and Husch Blackwell LLP's role at conferences. Director McDonald responded to Director Chapline's questions regarding Director McDonald's conference expenses and stated that he personally pays for his conference travel and meals. Discussion ensued regarding the need to coordinate with the Fort Bend County Commissioners Court and other Fort Bend County levee improvement districts on cost sharing for lobbying efforts to address legislative and regulatory development matters related to federal levee, floodplain management, and flood insurance matters with potential significant impacts on Fort Bend County levees and attendance at conferences. Following additional review and discussion, the motion was approved by majority vote with Director Chapline opposed.

REORGANIZE THE BOARD

Director Chapline moved to appoint Director Gill as President of the Board. The motion died for lack of a second. Director McDonald moved to continue with the current organization of the Board and Board officers without change. Director Gill seconded the motion. Director Gill stated that the current Board structure is working well. The motion passed by majority vote with Director Chapline opposed.

STATEMENT OF QUALIFICATIONS FOR LEGAL AND LOBBYING SERVICES

Mr. Stone distributed to the Board a draft Request for Statements of Qualifications for legal services for review and comment. He stated he is drafting a Request for Statements of Qualifications for lobbying services. Director Chapline expressed his opposition to distributing the requests and stated that selection of the District's consultants should be based on qualifications and services and not on costs, consistent with the District's Code of Ethics and Travel, Professional Services and Management Policies. Director McDonald stated that the requests are needed to evaluate the District's legal services. Director Gill expressed his concerns regarding ABHR's lack of experience with levee issues and inability to provide a full array of legal services compared to a full service law firm, and ABHR's lack of attendance at levee conferences.

RECEIVE STORM WATER MANAGEMENT PROGRAM REPORT

Mr. Beyer updated the Board on the status of submitting and implementing the Notice of Intent and the Storm Water Management Program prepared for the District in accordance with the requirements set forth in the TPDES General Permit No. TXR040000.

Mr. Stone discussed the Federal Emergency Management Agency's requirement for maintenance of a Hazard Mitigation Plan to qualify for reimbursement of disaster related costs. Discussion ensued regarding determining whether the District could satisfy the requirement by participating in the plans maintained by the COSL or Fort Bend County.

GENERAL MANAGER MATTERS

Mr. Stone and Mr. Martin reported on General Manager matters, including public communication activities and the status of current and future District capital improvement projects. A copy of the General Manager's report is included in the attached Board Book.

Mr. Martin reported on public communication matters, including responses to public inquiries regarding concrete repair matters at Ditch C, house foundation concerns, and other inquiries.

Mr. Martin reported on a short tour and Levee 101 presentation hosted by the District for the COSL's 311 Supervisors.

Mr. Martin discussed coordination with Mr. Hodge on proposed updates to the District's website to make information more easily accessible to the public, including possible access to the District's live SCADA information, if access can be securely provided.

Mr. Martin reported that the COSL and the Sweetwater neighborhoods have requested that the District attend a follow-up meeting regarding drainage improvements on July 22, 2019.

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. He reported that Texas Wall & Landscape has completed block installation and repair on the slopes of Ditch C and is working on punch list and cleanup items. He stated the project is expected to be presented for final acceptance at the August regular meeting of the Board. He recommended approval of Pay Estimate No. 12 submitted by Texas Wall & Landscape in the amount of \$538,328.51 and included in the attached Board Book.

Mr. Martin reviewed and recommended approval of Change Order No. 4 to the contract with Texas Wall & Landscape for the District's project to rehabilitate Ditches B, B-1, C, C-1, and E, to decrease the contract in the amount of \$2,553,338.56. A copy of the change order is included in the attached Board Book. Mr. Martin stated the change order removes Ditches B, B-1, and E from the contract. The Board determined that Change Order No. 4 is beneficial to the District. After review and discussion, Director Chapline moved to approve: (1) Pay Estimate No. 12 submitted by Texas Wall & Landscape in the amount of \$538,328.51; and (2) Change Order No. 4 in the amount of \$2,553,338.56 as a decrease to the contract with Texas Wall & Landscape, based upon the Board's finding that the change order is beneficial to the District and Mr. Martin's recommendation. Director Gill seconded the motion, which passed by unanimous vote.

Mr. Kalkomey discussed the status of LJA's preparation of revised plans and specifications and bid documents for Ditches B, B-1, and E. Mr. Martin and Mr. Kalkomey discussed possibly splitting the project into two separate projects and moving forward with Ditch E. Mr. Stone discussed MSAI's evaluation of a possible claim against the design engineer for the project in response to Mr. Van De Wiele's inquiry.

Mr. Kalkomey discussed the status of LJA's preparation of a Preliminary Engineering Report for expanding the storage of Ditch A. Mr. Martin discussed a meeting held with the owner and representatives of the Sweetwater Country Club to discuss the widening of Ditch A and the possible expansion of flood storage within the club's property. Mr. Kalkomey stated that conceptual layouts for widening Ditch A and

creating storage within the club's property will be developed for Board review.

Mr. Martin reported on the status of AECOM's design of the District's proposed third storm water pump station and ancillary facilities project ("Third Pump Station Project"). He stated that the project is on track for completion in the spring of 2021. He stated the District's next newsletter will contain information regarding the District's third storm water pump station and ditch rehabilitation projects, including the schedules for the projects.

Mr. Oliver responded to Director McDonald's questions regarding legal requirements for publishing the notices of the District's public hearings to adopt proposed tax rates.

Mr. Martin reported on the status of Contract No. 1, to include pump procurement, and Contract No. 2, to include backup generator power through the District's contract with Enchanted Rock, LLC for the Third Pump Station Project.

Mr. Martin reported on the status of advertisement for bids for Contract No. 6 for the Third Pump Station Project, to include demolition of the houses located on the three residential tracts of land recently acquired for the project, installation of a CenterPoint Energy duct bank for utility relocation, and installation of construction signs and fencing. He stated that the bid opening for Contract No. 6 may be extended a week later than the previously scheduled date of July 26, 2019, due to the addition of a scope of work to facilitate the relocation of utilities. He stated that award of the contract is scheduled for August 7 or 21, 2019.

Mr. Martin reported on the status of the design of Contract No. 3, to include construction of the pump station, and Contract No. 4, to include construction of the administration/operations building for the Third Pump Station Project.

Mr. Martin reported that the United States Corps of Engineers ("USACE") provided a Nationwide Permit Verification for Contract No. 5, to include the installation of armoring for Ditch H for the Third Pump Station Project. A copy of the permit verification is included in the attached Board Book.

Mr. Martin and Mr. Kalkomey reported on the status of the District's contract with LEM Construction Co., Inc. for the construction of the Michael "Mike" Thelen Pump Station (aka Pump Station F) Pump Replacement Project. He stated that installation will begin in approximately 22 weeks after the pumps are manufactured and delivered. He stated he anticipates delivery of the pumps before the end of December, 2019.

Mr. Martin stated that the schedule and conceptual layouts for the design of the District's increased capacity project for the Michael "Mike" Thelen Pump Station will be presented at the Board's August workshop meeting.

Mr. Kalkomey reported on the status of the District's flood monitoring system project. He stated the pole manufacturer is continuing to redesign its standard camera pole to fit on the existing pole bases at Steep Bank Creek. He stated that due to the extended amount of time required for this redesign, McDonald Municipal and Industrial - A Division of C.F. McDonald Electric and LJA are working together to determine possible modifications or replacement of the existing pole bases at this location to attempt to reduce the lead time.

Mr. Martin reported a progress report from Freese and Nichols, Inc. related to its work order for on-call drainage analysis support services is included in the attached Board Book.

Mr. Martin reported that he had no updates regarding the Steep Bank Creek outfall.

Mr. Stone reported on contact with the Fort Bend County Commissioner Precinct 4's office to obtain additional information regarding services that could be provided to the District by the Fort Bend County Tax Assessor-Collector's office. He stated that the Commissioner's office is scheduling a meeting with the Fort Bend County Tax Assessor-Collector and several levee improvement districts, including the District, to discuss the details of that process. Discussion ensued regarding the District's reporting and payment requirements related to its bond issues and new legislative requirements related to the District's tax rate setting procedures.

Mr. Martin reported on District operation and maintenance activities. A copy of the work order report is included in the attached Board Book.

Mr. Martin reported that a final draft of the District's Operations and Maintenance Manual is included on the file sharing website for Board review. He stated that he anticipates approval of the final updated Operations and Maintenance Manual at the August regular meeting of the Board.

Mr. Martin recommended approval of a Dedication of Unobstructed Dry and Wet Public Utility and Aerial Easements document and a Release of Easement Application Form required by CenterPoint Energy Houston Electric, LLC for the relocation of utilities for the Third Pump Station Project. Following review and discussion, Director Chapline moved to authorize execution of the documents as presented. Director Gill seconded the motion, which was approved by unanimous vote.

Mr. Martin recommended approval of the following Sales Orders from Tech3 for the William "Bill" Little Pump Station: (1) Sales Order 19-07 to replace the closed circuit television system in the amount of \$6,503.02; (2) Sales Order 19-08 to replace computer in the amount of \$6,068.39; and (3) Sales Order 19-10 to replace the projector with a television in the amount of \$9,975.00. Copies of the sales orders are included in the

attached Board Book. Following review and discussion, Director Chapline moved to approve the sales orders as presented. Director Gill seconded the motion, which was approved by unanimous vote.

Mr. Martin noted that a meeting of the perimeter levee participants was held July 16, 2019. He stated that copies of the perimeter levee system participants' inspection reports for June, 2019 are included in the attached Board Book for Board review.

Mr. Martin stated that a tour of the perimeter levee is scheduled with the USACE on July 18, 2019. Discussion ensued regarding USACE's goals related to the tour. Mr. Kalkomey reported that USACE Galveston District has been tasked with performing screenings for all levee segments in the perimeter levee system. He stated the purpose of the screening process is to identify and evaluate the safety issues of the levee system and assess the flood risk involved using an online screening tour. He stated that a copy of USACE's criteria for this risk assessment is attached to the engineer's report included in the attached Board Book.

Mr. Kalkomey additionally reported that LJA has contacted USACE about the erosion occurring along Ditch H near I-69 to discuss possible USACE assistance due to the District's inclusion in the Rehabilitation Inspection Program. He stated USACE is currently reviewing the request to determine eligibility for assistance.

Mr. Martin reported that a final draft of the District's Emergency Preparedness Plan is included on the file sharing website for Board review. He stated that he anticipates approval of the final updated Emergency Preparedness Plan at the August regular meeting of the Board.

Mr. Martin stated that Dr. Simm of HR Wallingford Group Ltd. is available for a meeting on Friday, August 23, 2019, to discuss Phases 1 and 2 of the fragility, reliability, and resiliency analyses of the District's levee system. Director McDonald requested that MSAi coordinate with Fort Bend County Judge George and the Fort Bend County Commissioners on their attendance at the meeting. Discussion ensued regarding Mr. Kalkomey's response to USACE regarding perimeter levee encroachments.

Mr. Martin reported that the District won an AT&T Special Districts program award for Technology Innovation - Citizens Category, Flood Protection. He stated the award will be presented at a formal ceremony during the Special Districts Summit on August 29, 2019.

OPERATION OF DISTRICT FACILITIES

Mr. Klump reported on maintenance and operation matters, including debris removal identified in photographs included in the report. He reported on continued maintenance of the three residential tracts of land recently acquired for the District's Third Pump Station Project.

Mr. Thelen reported that Mr. Werlein recently earned his Master's degree in Emergency Management.

Mr. Klump reported that LID Solutions' insurance premium doubled last year in the amount of \$6,000.00 per month. He reported that LID Solutions solicited insurance proposals in April, 2019 from 14 underwriters and received only one response. He stated the response included a 98% increase in LID Solutions' insurance premium of which 79% was based on the value of the District. He requested the Board's consideration of an amendment to the District's Operations and Maintenance Services Contract with LID Solutions to increase the monthly base amount by the amount of the increased insurance premium. Discussion ensued regarding whether changes to coverage or the deductible could be made. Following review and discussion, the Board concurred to consider at the August regular meeting an amendment to the contract that includes an annual pass-through of LID Solutions' insurance cost to the District with no markup, after Board approval of a timely solicited insurance proposal.

ENGINEERING MATTERS

Mr. Kalkomey reported on engineering matters. A copy of the engineer's report is included in the attached Board Book.

Mr. Kalkomey reported that a formal response to the District's comments to USACE's final report on the Initial Eligibility Inspection of the SugarStone perimeter levee for the Rehabilitation and Inspection Program has not been received.

Mr. Kalkomey reported on the status of LJA's work orders related to review of the District's existing easement maps and pump station drawings, additional lightning protection for the District's pump stations, relocation of the Steep Bank Creek outfall control, Ditch H bank erosion at Station 80+00, and a summary of initial damages caused by the May 7, 2019, rain event.

DEEDS, EASEMENTS, RIGHT OF ENTRY, AND ENCROACHMENTS

The Board concurred to defer this item.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 11:06 a.m. to conduct consultation with its attorney to discuss the purchase, exchange, lease, or value of real property pursuant to Section 551.072, 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 attorney, and the Board requested their presence in the executive session.

RECONVENE IN OPEN SESSION

At 11:15 p.m., the Board reconvened in open session. No action was taken by the Board.

REPORT REGARDING LEGISLATIVE MATTERS

Mr. Oliver distributed ABHR's Capitol Report and reported on the activities of the 86th Texas Legislature and legislation that may impact the Authority.

CONFERENCES AND LEGISLATIVE MATTERS

A calendar of upcoming conferences related to federal levee, floodplain management, and flood insurance matters with potential significant impacts on Fort Bend County levees is included in the attached Board Book.

MEETING SCHEDULE

The Board concurred to schedule a workshop meeting at 8:30 a.m. on August 7, 2019, and reschedule its August 21, 2019, regular meeting to 10:00 a.m. on August 14, 2019, at the William "Bill" Little Pump Station.

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



Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Public Comments Sign-in Sheet.....	2
Board Book.....	2
List of additional checks	2