

MINUTES

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 2

May 2, 2018

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 2nd day of May, 2018, 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
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 Anthea Moran of Masterson Advisors LLC ("Masterson"); David Munn, Ron Cass, and Michael J. Rolon of AECOM; Karin M. Jacoby of Husch Blackwell, LLP; Mike Thelen and Tyler Werlein of LID Solutions, LLC; David Beyer of Storm Water Solutions, LP; Mike Stone and Phil Martin of Mike Stone Associates, Inc.; Bob Hodge, Andrew Nugent, and Phillip Nichols of Tech3 Business Systems, LLC; Gregory P. Frank of Costello, Inc.; and David Oliver and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR").

FINANCIAL ADVISOR SERVICES

Ms. Moran requested the Board consider engaging Masterson for its financial advisory services. She discussed Masterson's qualifications and reviewed a Financial Advisory Contract with Masterson. Following review and discussion, Director Chapline moved to (1) authorize termination of the District's Financial Advisory Contract with Hilltop Securities, Inc. (the "Contract") and authorize ABHR to send notice of termination of the Contract and request a waiver of the 30-day termination clause; and (2) authorize execution of a Financial Advisory Contract with Masterson. Director Gill seconded the motion, which carried unanimously.

WORKSHOP ON CAPITAL IMPROVEMENT PLAN AND BUDGET

The Board conducted a workshop on the District's capital improvement plan and budget.

Mr. Munn reported on the status of AECOM's preparation of a Preliminary Engineering Report to include a series of alternatives and preliminary design for the District's proposed third storm water pump station. He gave a presentation on

AECOM's Technical Memorandum No. 4 containing AECOM's recommendations for the appropriate pump type, primary driver type, and fuel type. He recommended vertical line shaft pumps with electric drives and natural gas-driven generators.

Mr. Munn reviewed a general site arrangement for the District's proposed third storm water pump station. Discussion ensued and Mr. Munn, Mr. Cass, and Mr. Rolan responded to Board members' questions. Mr. Stone discussed general site arrangement and matters related to construction access and procedures for the proposed pumps and ancillary facilities for additional consideration by AECOM in its preliminary engineering design of the project.

Mr. Stone reviewed an interim schedule for the District's 2018 capital improvement project program, including a proposed monthly cash flow analysis. He discussed updating the schedule by prioritizing projects. Following review and discussion, the Board concurred to review the schedule for additional discussion at a later date.

Ms. Moran reviewed a no-growth cash flow analysis and the anticipated impact of issuing bonds in the amount of \$48,000,000 on the District's tax rate, budget, and average tax bill. Discussion ensued regarding holding a bond election. Following discussion, the Board requested that ABHR research and provide recommendations for holding a special bond election.

PARAMETRIC INSURANCE POLICY AND DISASTER RELIEF PROGRAM

Ms. Jacoby updated the Board on the status of a proposed parametric insurance program for the District. She stated that Assurant, Inc. ("Assurant") has declined to continue to offer a parametric insurance program to the District because Assurant's panel of reinsurers has declined to participate in any additional flood risk in Texas.

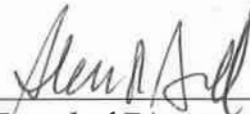
Ms. Jacoby reported that Willis Towers Watson ("WTW") has marketed a proposed pilot parametric insurance program for the District and expects pricing in two weeks. She discussed the payout triggers currently included in the program marketed by WTW and stated that she and Assurant will work with WTW to refine the triggers to yield a 2% premium. Discussion ensued regarding developing the appropriate payout triggers for the District. Ms. Jacoby recommended that WTW use one product using the Assurant approach and a second product refined by coordination with WTW to obtain pricing. Following review and discussion, Director Gill moved to authorize Director Gill and Ms. Jacoby to coordinate with WTW on developing and pricing a proposed parametric insurance program for the District, including the program previously developed by Assurant. Director Chapline seconded the motion, which was approved by unanimous vote.

The Board discussed developing policies for a proposed disaster relief fund program for the District, including policy and eligibility requirements and disbursement guidelines.

TEXAS PUBLIC INFORMATION ACT REQUIREMENTS

Mr. Oliver reported on recent Texas Public Information Act requests submitted to the District. He discussed the Texas Public Information Act's requirements for recordkeeping and production.

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



Secretary, Board of Directors

(SEAL)

