

MINUTES

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 2

September 5, 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 5th day of September, 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 Russell Jones of The Holoway Jones Law Firm, PLLC; Jorge Diaz of McLennan & Associates, LP; Mike Stone, Phil Martin, and Sherrie Knoepfel of Mike Stone Associates, Inc. ("MSAi"); Craig Kalkomey of LJA Engineering, Inc.; Karin Jacoby of Husch Blackwell LLC; Sam Medlock of Willis Towers Watson by teleconference; Anthea Moran of Masterson Advisors LLC; Hector Olmos and Mark Pauls of Freese and Nichols, Inc. ("FNI"); David Munn and Ron Cass of AECOM; Brenda McLaughlin of Bob Leared Interests, Inc.; Bob Hodge of Tech3 Business Systems, LLC; Mike Thelen of LID Solutions, LLC; Jorge Alba of the City of Sugar Land ("COSL"); and David Oliver and Justine M. Cherne of Allen Boone Humphries Robinson LLP.

CAPITAL IMPROVEMENT PLAN MATTERS: NEW STORM WATER PUMP STATION

Mr. Jones discussed right-of-way procedures related to the District's proposed third storm water pump station and ancillary facilities. He stated that appraisal services are scheduled to begin soon.

ADOPT AMENDED BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2018

The Board reviewed an amended General Fund Operating Budget for fiscal year end September 30, 2018, a copy of which is included in the attached Board Book. Following review and discussion, Director Chapline moved to adopt the amended General Fund Operating Budget for fiscal year end September 30, 2018, as presented. Director Gill seconded the motion, which was approved by unanimous vote.

WORKSHOP ON CAPITAL IMPROVEMENT PLAN AND BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2019

The Board conducted a workshop on the District's Capital Improvement Plan and budget for fiscal year end September 30, 2019, including the status of current and future District Capital Improvement Plan projects. Drafts of the District's General Fund Operating Budget and Capital Improvement Fund Budget for fiscal year ending September 30, 2019, and a proposed three-year Capital Improvement Plan are included in the attached Board Book. Discussion ensued regarding prioritizing the projects included in the District's Capital Improvement Plan. Following review and discussion, the Board concurred to review an updated Capital Improvement Plan and revised budgets at the next regular meeting.

PARAMETRIC INSURANCE COVERAGE AND DISASTER RELIEF PROGRAM

Ms. Medlock discussed coordination with MSAi and FNI to clarify the proposed payout triggers for rainfall and water surface elevation in Brazos River at the Richmond gauge station to develop parametric insurance coverage for the District. She reviewed proposed parametric insurance coverage options with specific payout triggers and corresponding indicative pricing options and payout scenarios. Discussion ensued regarding the proposed options and the option of establishing a temporary self-funded disaster relief fund. Following discussion, the Board concurred to discontinue pursuing parametric insurance coverage for the District at this time. The Board additionally concurred to discontinue pursuing research related to establishing a temporary self-funded disaster relief fund at this time.

CAPITAL IMPROVEMENT PLAN MATTERS: NEW STORM WATER PUMP STATION (CONTINUED)

Mr. Stone updated the Board on AECOM's preparation of a draft Preliminary Engineering Report to include a series of alternatives and preliminary design for the District's proposed third storm water pump station and ancillary facilities. He discussed design considerations, including capacity range options for the pumps and construction costs related to the ultimate size of the pump station. Discussion ensued regarding design and permitting criteria and financing considerations for the project. Additional discussion ensued regarding the status of COSL's storm sewer improvement projects, drainage options related to the proposed closing of the Steep Bank outfall structure, and increasing storage within the District. Following review and discussion, the Board concurred to authorize AECOM to include eight pumps plus one spare pump in its design of the District's proposed third storm water pump station and ancillary facilities.

2018 TAX RATE

Ms. Moran discussed the anticipated impact of the District's updated Capital Improvement Plan, budget, and cash flow curve on the District's proposed 2018 rate. Discussion ensued regarding the anticipated schedule for capital improvements and proposed phased financing for the capital improvements. Following discussion, the Board requested that Ms. Moran perform additional financial analyses related to the District's proposed future tax rates for review and discussion at the next regular meeting.

CAPITAL IMPROVEMENT PLAN MATTERS: HYDROLOGIC AND HYDRAULIC ANALYSES OF DRAINAGE SYSTEM

Mr. Olmos gave a presentation on his Memorandum Regarding Risk Assessment for End-Around Flooding, a copy of which is included in the attached Board Book. He discussed FNI's analyses of four scenarios for the drainage system at the northeast portion of the District and provided an update on FNI's drainage analysis support services. A copy of FNI's Status Report is included in the attached Board Book. Following review and discussion, the Board concurred that no action was required to address the levee at the northeast portion of the District at this time.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board reviewed a proposal for renewal of the District's insurance policies from McDonald & Wessendorff Insurance, a copy of which is included in the attached Board Book. Following review and discussion, Director Chapline moved to authorize execution of the renewal proposal in the amount of \$46,232.00. Director Gill seconded the motion, which was approved by unanimous vote.

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



Secretary, Board of Directors

Vice President,

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

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