

## MINUTES

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

June 12, 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 12th day of June, 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 Ken DeMerchant, Fort Bend County Commissioner Precinct 4; Danielle Saldua-Garrison of Fort Bend County Commissioner Precinct 4's office; Russell Jones of The Holoway Jones Law Firm, PLLC; Mike Stone and Phil Martin of Mike Stone Associates, Inc. ("MSAi"); Anthea Moran of Masterson Advisors LLC ("Masterson"); Bob Hodge of Tech3 Business Systems, LLC; Mike Thelen, Jason Klump, and Tyler Werlein 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").

#### FORT BEND COUNTY COMMISSIONER PRECINCT 4 REPORT

Commissioner DeMerchant addressed the Board to discuss proposed coordination with the District on preparing for rain events, advocating for reforms for levee improvement districts, and minimizing negative impacts on the District's residents. He recommended that the District evaluate contracting with the Fort Bend County Tax Assessor-Collector's office for services. Discussion ensued regarding the District's evaluation of acquiring additional right-of-way to expand detention capabilities.

#### GENERAL MANAGER MATTERS

Mr. Stone and Mr. Martin reported on General Manager matters. A copy of the General Manager's report is included in the attached Board Book.

Mr. Martin reported on public communication matters, including a public meeting regarding the District's operations during the May 7, 2019, rain event and capital improvement projects held in coordination with the Austin Meadows neighborhood on June 5, 2019, at the St. Laurence Catholic Church.

Mr. Martin reported on preparation for the District's public meeting regarding the District's operations during the May 7, 2019, rain event and capital improvement projects to be held in coordination with the City of Sugar Land (the "COSL") at 6:00 p.m. on June 13, 2019, at the COSL City Hall.

Director McDonald complimented MSAi on the recently distributed second quarter newsletter and stated that the newsletter has been well received at conferences. Mr. Martin stated that the District's public communication efforts have been submitted to various industry organizations for award considerations.

Mr. Stone and Mr. Martin reported on progress made on forecasting the length of time it will take for water levels in the streets to dissipate during rain events. He stated that information is communicated to the COSL during rain events in accordance with National Incident Management System standards.

Mr. Stone and 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. Martin recommended a course of action for the project to include focusing on completing rehabilitation of Ditches C and C-1, removing the remaining work through change order(s), revising plans and specifications, including additional geotechnical evaluation, and rebidding the remaining portion of the project. He stated that the draft pay estimates and change order included in the attached Board Book were preliminary. Mr. Stone discussed field conditions and design specification issues encountered by the contractor for the project, Texas Wall & Landscape. He responded to Board members' questions and stated that a claim against the design engineer for the project will be evaluated.

Mr. Stone recommended approval of LJA's Task Order No. 9 for preparation of revised plans and specifications and bid documents, and performance of bid phase services for the rehabilitation of Ditches B, B-1, and E in the amount of \$80,000.00. A copy of the task order is included in the attached Board Book. Mr. Stone and Mr. Oliver discussed their coordination with the COSL on removing its storm sewer outfall rehabilitation project from the current contract through a change order and including the project in the future proposed contract. Mr. Stone responded to Board members' questions regarding anticipated efforts to shorten the schedule for the revised project. 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 reminded the Board that the initial recommendations from Freese and Nichols, Inc.'s ("FNI") hydraulic analysis included expansion of storage in the Ditch A watershed due to Fort Bend County's adoption of the National Oceanic and Atmospheric Administration's Atlas 14 estimated rainfall projections. He recommended approval of LJA's Task Order No. 8 for preparation of a Preliminary Engineering Report for expanding the storage of the Ditch A watershed using light

detection and ranging surveying in the amount of \$67,825.00. 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. Oliver discussed coordination with Enchanted Rock Solutions, LLC ("Enchanted Rock"), AECOM, and MSAi to finalize a proposed Integrated Reliability On Call Master Service Agreement ("Master Service Agreement") and Ground Lease Agreement (together "Agreements") for power services for the District's proposed third storm water pump station and ancillary facilities for the Board's review. He presented a memorandum outlining certain pertinent legal and operational terms of the Master Service Agreement, along with certain of the District's affirmative duties and payment obligations. Mr. Stone and Mr. Martin responded to Board members' questions regarding performance requirements of the Agreements, demobilization costs upon termination of the Agreements, budget considerations, and the impact on the District's electricity costs. Mr. Stone stated there will be 28 generators to serve five pumps at alternate switch gear failure times. He stated that he will re-review the COSL's sound ordinance requirements. Mr. Stone stated that representatives from Enchanted Rock will attend the Board's June 18, 2019, meeting.

#### UNLIMITED TAX LEVEE IMPROVEMENT BONDS, SERIES 2019 ("SERIES 2019 BONDS")

The Board discussed matters pertaining to the issuance of the District's \$48,000,000 Series 2019 Bonds.

#### REVIEW BIDS AND AWARD SALE OF THE SERIES 2019 BONDS

Ms. Moran reviewed with the Board the six bids submitted for the District's \$48,000,000 Series 2019 Bonds:

- (a) Robert W. Baird & Co., Inc. ("Baird"), with a net effective interest rate of 3.146542%;
- (b) George K. Baum & Co., with a net effective interest rate of 3.216595%;
- (c) SAMCO Capital Markets, with a net effective interest rate of 3.221214%;
- (d) Wells Fargo Bank, N.A., with a net effective interest rate of 3.276734%;
- (e) Raymond James & Associates, Inc., with a net effective interest rate of 3.279340%; and
- (f) Citigroup Global Markets Inc., with a net effective interest rate of 3.286351%.

Ms. Moran stated that the bids had been verified and that the low bid was submitted by Baird, with a net effective interest rate 3.146542%. She recommended that the Board accept Baird's bid of 3.146542% as submitted. Based on Ms. Moran's recommendation, Director Gill moved to award the sale of the District's \$48,000,000 Series 2019 Bonds to Baird, with a net effective interest rate of 3.146542%. Director Chapline seconded the motion, which was approved by unanimous vote.

Ms. Moran stated that the Series 2019 Bonds would be insured by Build America Mutual and she reviewed the rating received for the Series 2019 Bonds. Copies of a Full Bid Summary, Pricing Book, and S&P Rating Report are attached.

#### RESOLUTION AUTHORIZING THE ISSUANCE OF THE SERIES 2019 BONDS

Mr. Oliver reviewed a Resolution Authorizing the Issuance of the Series 2019 Bonds (the "Resolution"). He explained that the document sets forth, among other items, the terms and provisions of issuance and delivery of the Series 2019 Bonds, the payment of principal and interest over the life of the Series 2019 Bonds, and certain District covenants regarding the tax-exempt status of the Series 2019 Bonds. After review, Director Chapline moved to adopt the Resolution. Director Gill seconded the motion, which was approved by unanimous vote.

#### APPROVE PAYING AGENT/REGISTRAR AGREEMENT

Mr. Oliver reviewed a Paying Agent/Registrar Agreement with The Bank of New York Mellon Trust Company, N.A. After review and discussion, Director Chapline moved to approve the Paying Agent/Registrar Agreement with The Bank of New York Mellon Trust Company, N.A. Director Gill seconded the motion, which passed unanimously.

#### APPROVE OFFICIAL STATEMENT

Mr. Oliver explained that the Preliminary Official Statement will be updated to reflect the terms of the sale, including the purchaser, interest rates, and debt service requirements. Following discussion, Director Chapline moved to approve the Official Statement for the Series 2019 Bonds. Director Gill seconded the motion, which passed by unanimous vote.

#### CERTIFICATE REGARDING PROVISION OF FINANCIAL ADVICE

Mr. Oliver presented a Certificate Regarding Provision of Financial Advice (the "Certificate"). After review and discussion, Director Chapline moved to authorize execution of the Certificate and direct that it be filed

appropriately and retained in the District's official records. Director Gill seconded the motion, which passed by unanimous vote.

AUTHORIZE BOARD TO SIGN ALL DOCUMENTS RELATING TO THE BOND SALE, AND AUTHORIZE ATTORNEY AND FINANCIAL ADVISOR TO TAKE ALL NECESSARY ACTION TO DELIVER SERIES 2019 BONDS TO PURCHASER

Mr. Oliver discussed the procedures and documents for signature relating to the sale of the Series 2019 Bonds and delivering the Series 2019 Bonds to the purchaser. After discussion, Director Chapline moved to authorize the Board to sign all documents relating to the sale of the Series 2019 Bonds and authorize ABHR and Masterson to take all necessary steps to deliver the Series 2019 Bonds to the purchaser. Director Gill seconded the motion, which was approved by unanimous vote.

CHECK TO ATTORNEY GENERAL

Mr. Oliver stated that the Board previously approved submitting a check to the Attorney General of Texas for review of the Series 2019 Bond transcript at the Board's May 15, 2019, meeting.

AMENDMENT TO INFORMATION FORM

Mr. Oliver stated that the District's Information Form must be amended to reflect the updated total amount of bonds sold by the District. After review and discussion, Director Chapline moved to authorize execution of an Amendment to Information Form and direct that the Amendment be filed appropriately and retained in the District's official records. Director Gill seconded the motion, which passed by unanimous vote.

DEEDS, EASEMENTS, RIGHT OF ENTRY, AND ENCROACHMENTS

Mr. Jones reported on right-of-way acquisition matters related to the District's proposed third storm water pump station and ancillary facilities. He stated that the houses located on the three residential tracts of land recently acquired for the project are empty and the District has full ownership and possessory rights in the lots, subject only to any obligations to the First Colony Community Services Association, Inc. (the "FCCA").

Mr. Jones reported on right-of-way acquisition matters related to a 15-foot wide tract of land owned by the FCCA, approximately 147 feet long and located within a portion of Reserve F and along the proposed third storm water pump station site, between 2602 Oakland Drive and Ditch H. He stated that, as previously authorized by the Board, he discussed purchasing the tract with a representative of the FCCA. He

stated that he calculated the estimated price by using the pro rata price paid by the District for a 1.1-acre tract of land previously acquired from the FCCA. He reported that he received a written counteroffer for the tract from the attorney for the FCCA. Mr. Stone discussed the schedule for demolishing the houses and installing utilities for the District's proposed third storm water pump station and ancillary facilities. Following discussion, the Board concurred to withhold consideration of the counteroffer pending receipt of additional information.

Mr. Jones reported on his efforts to coordinate with the attorney for the FCCA on documentation related to the District's proposed compensation of the FCCA for extinguishing all of the FCCA's rights to receive future assessments and other rights in each of the three recently acquired residential tracts of land in the amount of \$9,500.00 for each lot. He stated that, assuming an agreement can be reached on the documentation, it will no longer be necessary to complete the condemnation process. He requested approval for two checks payable to the FCCA, each in the amount of \$9,500.00, for the lots located at 2602 and 2611 Oakland Drive.

Mr. Jones reported that, as previously authorized by the Board, he discussed the District's potential acquisition of the remainder of Reserve F in Austin Meadow, Section 1 and the entirety of Reserve F in Austin Meadow, Section 2 with a representative of the FCCA. Mr. Jones recommended delaying negotiations related to the additional tracts pending finalization of right-of-way acquisition matters for the District's proposed third storm water pump station and ancillary facilities.

Following discussion, Director Chapline moved to authorize the execution of two checks in the amount of \$9,500.00 each, for payment of the FCCA as compensation for extinguishing all of the FCCA's rights to receive future assessments and other rights in each of the lots located at 2602 and 2611 Oakland Drive, subject to receipt of appropriate documentation. Director Gill seconded the motion, which was approved by unanimous vote.

Mr. Jones reported on his review of Mr. Zhang's request for reimbursement of expenses related to relocating from the residential tract at 2611 Oakland Drive that was acquired by the District for the District's proposed third storm water pump station and ancillary facilities. Mr. Jones stated that he revised the request based upon his review of supporting detail and his understanding of the proper rules for reimbursement pursuant to the ROW Relocation Assistance Manual published by the Texas Department of Transportation, revised August 2018. He recommended that the Board reimburse Mr. Zhang \$13,098.87. Following review and discussion, Director Chapline moved to authorize execution of a check in the amount of \$13,098.87 to reimburse Mr. Zhang for expenses related to relocating from 2611 Oakland Drive. Director Gill seconded the motion, which was approved by unanimous vote.

Mr. Oliver stated that the Public Art Easement previously approved by the Board

has been revised to remove the Sugar Land Legacy Foundation as a Grantee. He presented a revised Public Art Easement for the FCCA, a copy of which is included in the attached Board Book. Following review and discussion, Director Chapline moved to authorize execution of the revised Public Art Easement as presented. Director Gill seconded the motion, which was approved by unanimous vote.

Mr. Martin reviewed an exhibit for a temporary construction easement and storm sewer easement requested by the COSL for a new proposed outfall location at Mesquite Drive near Ditch C in the Settlers Park neighborhood. A copy of the exhibit is included in the attached Board Book.

WORKSHOP ON BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2019

Director McDonald stated that the District needs to address proposed federal legislation with potential impact to the District by obtaining consolidated legal services from a law firm with more direct involvement with such matters. He recommended that the Board solicit Statements of Qualifications from several different law firms, including Husch Blackwell LLP, as quickly as possible. Discussion ensued between the Board members. Mr. Oliver responded to questions from the Board and stated that ABHR is able to provide and coordinate any legal services to the District that the Board may require. Director McDonald stated that ABHR can submit a Statement of Qualifications. Following discussion, Director McDonald requested that an item to authorize the preparation of Statements of Qualifications for legal services be added to the Board's next meeting agenda.

Mr. Martin presented copies of draft budgets for the District's General Operating Fund and Capital Improvement Fund for fiscal year ending September 30, 2019, copies of which are attached.

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.

  
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Secretary, Board of Directors

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