

MINUTES

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 2

September 4, 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 4th day of September, 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 Charlie Green, resident of the District; Joe R. Zimmerman, Mayor of the City of Sugar Land (the "COSL") and resident of the District; Jorge Alba of the COSL; Phil Martin and Jim Kidda of Mike Stone Associates, Inc. ("MSAi"); Dan McDonald of McDonald & Wessendorff Insurance; Anthea Moran of Masterson Advisors LLC; Jorge Diaz of McLennan & Associates, LP; Michelle Guerrero of Bob Leared Interests, Inc.; Bob Hodge of Tech3 Business Systems, 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.

BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2020

The Board reviewed the District's General Fund Operating Budget and Capital Improvement Budget for fiscal year end September 30, 2020, including the budget and cash flow schedule for the District's Series 2019 Bonds and capital project cost estimates for a proposed Series 2020 Bond issue. Copies of the draft budgets, schedule, and cost estimates are included in the attached Board Book. Discussion ensued regarding budget line items, including expenses for the District's unmanned aircraft system and a proposed levee fragility and risk analysis. Additional discussion ensued regarding anticipated operation and maintenance costs for the District's third storm water pump station and ancillary facilities project ("Third Pump Station"). Following review and discussion, the Board concurred to review revised budgets and an updated Capital Improvement Plan and consider authorizing submission of a bond application for the proposed Series 2020 Bond issue at its September 25, 2019, regular meeting.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

Mr. Dan McDonald reviewed a proposal for renewal of the District's insurance policies, 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 approximate amount of \$54,000.00, including an additional cyber policy, an increase in umbrella policy coverage from \$3,000,000 to \$4,000,000, and a three-year renewal of the crime policy. Director Gill seconded the motion, which was approved by unanimous vote.

2019 TAX RATE

Ms. Moran discussed the tax levy process and the anticipated impact of newly enacted legislation on the District's 2020 tax levy procedures.

Ms. Moran presented and reviewed with the Board a No Growth Cash Flow Analysis that included the anticipated Series 2020 Bond issue, a copy of which is attached. Ms. Moran recommended that the Board levy a tax rate of \$0.091 per \$100 of assessed valuation to provide for the District's debt service requirements. She reviewed an analysis of 2019 maintenance tax rate options, a copy of which is attached. Discussion ensued regarding the anticipated impact of the District's updated Capital Improvement Plan, budget, and cash flow curve on the District's proposed 2019 tax rate. Following review and discussion, the Board concurred to table discussion regarding the 2019 tax rate until its October 2, 2019, meeting, after the budgets have been adopted for the fiscal year ending September 30, 2020.

STATEMENTS OF QUALIFICATIONS FOR LEGAL AND LOBBYING SERVICES

Mr. Martin stated he would circulate the updated draft Requests for Statements of Qualifications ("RFQ") for legal and lobbying services for Board review prior to the September 25, 2019, meeting. The Board discussed the proposed schedule for issuing the RFQs and revisions to the RFQs.

GENERAL MANAGER MATTERS

The Board discussed General Manager and Capital Improvement Plan matters. A copy of the General Manager's report is included in the attached Board Book.

Mr. Kalkomey discussed the status of LJA's preparation of a Preliminary Engineering Report for expanding the storage capacity of Ditch A. He reported on coordination with MSAi and Freese and Nichols, Inc. on determining the feasibility of including the project, along with other District projects, in an application to the Federal Emergency Management Agency's Flood Mitigation Assistance Grant Program. He stated the deadline for submitting an application to the program is January 20, 2020.

Director McDonald reported that the Texas Water Conservation Association provided comments to the Texas Water Development Board (the "TWDB") regarding the TWDB's new state and regional flood planning process and implementation of the new flood financing program established during the 2019 legislative session.

Mr. Martin reported on the status of the District's Third Pump Station. He stated that the Third Pump Station is on track for completion in the spring of 2021. Mr. Martin recommended proceeding with Authorization No. 2, for Third Pump Station Contract No. 1, with Xylem Water Solutions USA, Inc. for pump procurement, in the amount of \$4,837,400.00. He reminded the Board that Authorization No. 1, in the amount of \$116,700.00, was authorized on April 11, 2019. Following review and discussion, Director Gill moved to authorize proceeding with Authorization No. 2, for Third Pump Station Contract No. 1, in the amount of \$4,837,400.00. Director Chapline seconded the motion, which was approved by unanimous vote.

Mr. Martin reported that bids for Third Pump Station Contract No. 3, for construction of the pump station, are scheduled for opening on September 30, 2019. He discussed issuing an addendum to the bid documents to add economic incentive and disincentive fees. Discussion ensued regarding the proposed amount of the fees and the definition of substantial completion. Following review and discussion, Director Gill moved to authorize MSAi to issue an addendum to the bid documents to add economic incentive and disincentive fees to Third Pump Station Contract No. 3 for no more than a total amount of \$300,000.00, as discussed. Director Chapline seconded the motion, which was approved by unanimous vote.

Mr. Martin recommended approval of proposals from Tolunay-Wong Engineers, Inc. for construction materials testing services for Third Pump Station Contract No. 3, in the amount of \$32,585.00, and Third Pump Station Contract No. 6, in the amount of \$4,296.00. Copies of the proposals are included in the attached Board Book. Following review and discussion, Director Chapline moved to approve the proposals as submitted. Director Gill seconded the motion, which was approved by unanimous vote.

Mr. Martin reported that Notice to Proceed for Third Pump Station Contract No. 6, for demolition of the houses located on the three residential tracts of land recently acquired for the project and installation of an electrical duct bank, has been issued. He discussed communications with First Colony Community Services Association, Inc. ("FCCA") regarding the construction schedule.

There was no discussion regarding the District's increased capacity project for the Michael "Mike" Thelen Pump Station.

DEEDS, EASEMENTS, RIGHT OF ENTRY, AND ENCROACHMENTS

Mr. Diaz presented to the Board a check payable to FCCA in the amount of \$4,668.58 for the purchase of a 2,363-foot parcel of land out of reserve F, Austin Meadow, Section 1, for the Third Pump Station. Following review and discussion, Director Chapline moved to authorize execution of the check. Director Gill seconded the motion, which was approved by unanimous vote.

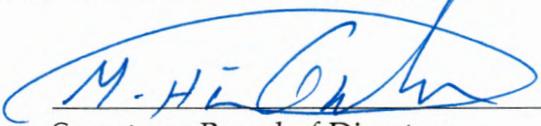
In response to Board members' inquiries, Mr. Martin discussed outstanding easements needed from CenterPoint Energy and the Fort Bend Independent School District for the Third Pump Station.

Mr. Martin reported on proposed easements related to Phonoscope's installation of fiber optic cable on the COSL's pedestrian bridge and the COSL's installation of an outfall in the District's Ditch C.

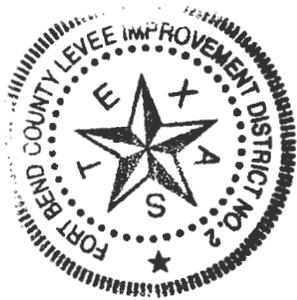
CONVENE EXECUTIVE SESSION

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
Vice President,

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

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No Growth Cash Flow Analysis and an analysis of 2019 maintenance tax rate options	2