

MINUTES

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 2

November 6, 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 6th day of November, 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:

Bryan K. Chapline	President
Sam Galyon	Vice President
Rashid Khokhar	Secretary
Glen R. Gill	Director
Andre D. McDonald	Director

and all of said persons were present, thus constituting a quorum.

Also present for all or part of the meeting were Charlie Green, Chuck Hewell, and Rose Russell, residents of the District; Jorge Alba and Rick Ramirez of the City of Sugar Land; Mike Stone, Phil Martin, and Jim Kidda of Mike Stone Associates, Inc. ("MSAi"); Anthea Moran of Masterson Advisors LLC; Michelle Guerrero of Bob Leared Interests, Inc.; Pavani Silaparasetty of AECOM; Rick Garrison and Jim Horton of Flintco, LLC ("Flintco"); Bob Hodge and Philip Nickels of Tech3 Business Systems, LLC; Jason Klump, Tyler Werlein, and Mike Thelen of LID Solutions, LLC; Craig Kalkomey of LJA Engineering, Inc.; and David Oliver and Justine M. Cherne of Allen Boone Humphries Robinson LLP.

2019 TAX RATE

Mr. Oliver explained the procedures for levying a tax rate, including the required publication of a notice of the District's public hearing to adopt a proposed total 2019 tax rate of \$0.149 per \$100 of assessed valuation. He stated there were additional publications of the hearing notice in the District's newsletter and on the District's website.

Director Chapline opened a public hearing regarding adoption of the District's tax rate. Mr. Green addressed the Board to request that the District's maintenance and operations expenses be reduced to keep the District's tax rate at the current rate. Upon receiving no additional comments from the public, the Board concurred to close the public hearing.

Ms. Moran discussed her previous recommendation that the Board increase the

District's debt service tax rate from \$0.057 to \$0.093 per \$100 of assessed valuation to provide for the District's increased debt service requirements associated with its ongoing capital improvement program. She discussed her previous analyses of the District's tax rate options. Mr. Stone discussed the Board's previous workshops during which expenses in the District's maintenance and operations budget were reduced to achieve a recommended decrease in the maintenance and operations tax rate from \$0.88 to \$0.056. At the Board's request, Ms. Moran explained her role as the District's financial advisor. Discussion ensued regarding the District's operations and maintenance budget.

After review and discussion, Director McDonald moved to: (i) adopt an Order Levying Taxes for the 2019 tax year, reflecting a tax rate of \$0.140 per \$100 assessed valuation, with \$0.093 allocated for debt service and \$0.047 allocated for maintenance and operation expenditures; (ii) authorize execution of the Amendment to Information Form; and (iii) direct that the order and form be filed appropriately and retained in the District's official records. Director Gill seconded the motion. Discussion ensued regarding the District's reserve funds, credit rating, bond rates, maintenance and operating expenses, and level of services. Additional discussion ensued regarding tax rates adopted by other Fort Bend County Levee Improvement Districts, the District's historical and current tax rate, and the District's assessed property values. Following review and discussion, the motion failed with Directors Gill and McDonald in favor and Directors Chapline, Galyon, and Khokhar opposed.

Following additional discussion regarding Ms. Moran's tax rate recommendation, the District's reduced operations and maintenance budget, and the District's service responsibilities, Director Chapline moved to: (i) adopt an Order Levying Taxes for the 2019 tax year, reflecting a tax rate of \$0.149 per \$100 assessed valuation, with \$0.093 allocated for debt service and \$0.056 allocated for maintenance and operation expenditures; (ii) authorize execution of the Amendment to Information Form; and (iii) direct that the order and form be filed appropriately and retained in the District's official records. Director Galyon seconded the motion, which passed by majority vote, with Directors Galyon, Chapline, and Khokhar in favor and Directors Gill and McDonald opposed. The Board confirmed its intention that the 2019 tax levy includes a debt service component for the calendar year ending December 31, 2020, and a maintenance tax component for the fiscal year ending September 30, 2020.

In response to Ms. Guerrero's inquiry, the Board concurred to continue to include information on the District's tax bills for registering for email and text alerts from the District.

GENERAL MANAGER MATTERS

Mr. Martin discussed preparation for the District's community meeting to provide updates regarding capital improvement projects scheduled at the St. Laurence

Catholic Church at 6:00 p.m. on November 6, 2019. Mr. Martin and the Board discussed the proposed presentation for the community meeting. Discussion ensued regarding a comparison of the rainfall amounts experienced during Tropical Storm Imelda and Hurricane Harvey.

Mr. Martin stated that a new page has been added to the District's website to provide updates on the District's construction projects.

Mr. Martin stated that, as previously reported, three bids for Contract No. 3, for construction of the pump station for the District's third storm water pump station and ancillary facilities project ("Third Pump Station") were received on October 3, 2019. Mr. Martin stated that AECOM, the design engineer for the Third Pump Station, recommended that the Board award the contract to Flintco in the amount of \$32,151,930.08. Mr. Martin reported on meetings held between MSAi, Flintco, and AECOM. Mr. Stone discussed the proposed schedules for construction and CenterPoint utility relocations.

Mr. Oliver reviewed his recommendations related to requests from Flintco for changes in the construction contract's General Conditions, Special Conditions, and Subcontractor Insurance Requirements. Following discussion, the Board concurred with Mr. Oliver's recommendations to reject Flintco's requests for changes in the construction contract's General Conditions and to approve modification of certain insurance requirements under Special Conditions A of the construction contract.

The Board concurred that, in its judgment, Flintco was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. Following review and discussion, Director Chapline moved to award Contract No. 3 for construction of the pump station for the Third Pump Station to Flintco in the amount of \$32,151,930.08, based upon AECOM's recommendation and subject to approval of the payment and performance bonds and review of the certificate(s) of insurance and endorsements, if any, provided by the contractor. Director Gill seconded the motion, which passed by unanimous vote. A copy of AECOM's recommendation is included in the attached Board Book.

Mr. Martin discussed utility relocations needed for Third Pump Station Contract No. 3. He reported on a meeting held with representatives of the Fort Bend Independent School District (the "FBISD") regarding an easement required by CenterPoint for relocating an overhead electrical line from the project site. He reviewed a draft letter to the FBISD outlining a proposed two-phase relocation plan for the overhead electrical line and stated comments to the letter received from Mr. Oliver will be incorporated. Mr. Martin stated Phase 1 includes the FBISD's approval of a temporary Blanket Easement for CenterPoint's installation of a wood pole and guywire at the northwest corner of the Clements High School tract, encroaching 30-40 feet into the tract, during the manufacture, delivery, and installation of a replacement concrete

monopole. He stated Phase 2 includes removal of the wood pole, guywire, and temporary Blanket Easement approximately six months after Phase 1. He stated that Phase 1 is scheduled for consideration by FBISD's Board of Trustees at a workshop meeting on November 11, 2019, and a regular meeting on November 18, 2019. Mr. Stone stated that the monopole is preliminarily estimated to cost \$50,000.00. Following review and discussion, Director Galyon moved to authorize execution of the revised letter. Director Khokhar 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

(SEAL)



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