

MINUTES
FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 14

September 10, 2018

The Board of Directors (the "Board") of Fort Bend County Levee Improvement District No. 14 (the "District") met in regular session, open to the public, on the 10th day of September, 2018, at One Avalon Place, Sugar Land, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

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| Jeffrey Anderson | President |
| Sujeeth Draksharam | Vice President/ Assistant Secretary |
| Herbert Krog | Secretary/ Assistant Vice President |

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

Also present at the meeting were Jeff Perry and Ross Autrey of Levee Management Services ("LMS"); Robin Goin of Bob Leared Interests ("BLI"); Jason Kelly of LJA Engineering, Inc. ("LJA"); Christina Perry of Myrtle Cruz, Inc. ("MC"); Lenny Hardoin of Champions Hydro-Lawn, Inc. ("Champions"); Keisha Seals and Jorge Alba of the City of Sugar Land ("City"); David Ciarella of Enhanced Energy Services of America, LLC ("EES"); Gbenga Onadeko of Fort Bend County Commissioners Office; Alan Sandersen of Sandersen & Scheffer, PLLC; and Angela Lutz and Nikole Cales of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the August 13, 2018, regular meeting. After review and discussion, Director Krog moved to approve the minutes of the August 13, 2018, regular meeting, as submitted. Director Draksharam seconded the motion, which passed by majority vote.

COMMENTS FROM THE PUBLIC

Mr. Ciarella discussed the CenterPoint ("CP") ratchet charges and stated the Texas Public Utility Commission will hold a rate case in April, 2019. He stated at that time, CP is proposing to present a possible solution to ratchet charges that impact entities like the District. Mr. Ciarella then discussed the proposed solution. The Board requested ABHR send a letter to Fort Bend County Commissioner Patterson and Fort Bend County Judge Hebert regarding the impact of ratchet charges to the District.

ENGAGE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2018

Mr. Sandersen stated the District engaged Sandersen & Scheffer PLLC ("S&S") to conduct the District's audit for a three-year term through the fiscal year ending

September 30, 2018. After review and discussion, Director Krog moved to authorize S&S to conduct the District's audit for the fiscal year ending September 30, 2018. Director Draksharam seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Perry distributed and reviewed the bookkeeper's report for September, including the list of checks presented for approval, investment report and budget comparison, a copy of which is attached. She stated funds in the Capital Improvement Project reserve account were transferred to a TxPool account as requested by the Board of Directors. Following review and discussion, Director Krog moved to approve the bookkeeper's report, investment reports, and authorize payment of the District's bills. Director Draksharam seconded the motion, which passed unanimously.

AMEND BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2018

The Board concurred it was not necessary to amend the budget for the fiscal year ending September 30, 2018.

BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2019

Ms. Perry presented and reviewed versions A, B and C of a proposed budget for the fiscal year ending September 30, 2019, a copies of which are attached to the bookkeeper's report. Discussion ensued regarding the engineering costs associated with the proposed improvements and it was noted those costs can be reimbursed with bonds funds when the bonds are issued. The Board concurred to move these below the budget line items and directed the bookkeeper to allocate any remaining funds to the CIP reserve fund. After review and discussion, Director Krog moved to adopt version A of the proposed budgets presented for the fiscal year ending September 30, 2019 with the following revisions: add public meetings to the communications line item and allocate \$5,000; remove the line item for overhead crane repairs; allocate \$3,500 for lake cap repairs; remove the line item for temporary pump purchase; allocate \$3,800 for installation of staff gauges; allocate \$5,425 for weather station repair; allocate \$1,000 for weather station maintenance; add a line item for the bond election; and allocate \$50,000 to that line item. Director Draksharam seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Goin distributed and reviewed the tax assessor/collector's report for August, a copy of which is attached. She noted the District's 2017 taxes are 99.7% collected as of August, 2018. Ms. Goin reviewed a delinquent list with the Board, a copy of which is attached to the tax assessor/collector's report. After review and discussion, Director Krog moved to approve the tax assessor/collector's reports and payment of the tax bills. Director Draksharam seconded the motion, which passed by unanimous vote.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S 2018 TAX RATE, ADOPT ORDER LEVYING TAXES AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION

Mr. Goin stated that BLI published the required Notice of Public Hearing stating the District anticipates levying a \$0.2095 tax rate at this meeting.

Director Anderson then opened the public hearing. No members of the public came forward to make comments. Director Anderson closed the public hearing.

Ms. Lutz presented to the Board an Order Levying Taxes for a \$0.2095 tax rate, comprised of \$0.085 for debt service and \$0.1245 for operations and maintenance. Ms. Lutz also presented an Amendment to Information Form reflecting the newly adopted tax rate.

After review and discussion, Director Krog moved to adopt the Order Levying Taxes as presented and authorize execution of the Amendment to Information Form, and direct that the Order and Amendment be filed appropriately and retained in the District's official records. Director Draksharam seconded the motion, which passed unanimously. The Board confirmed its intention that the 2018 tax levy includes a debt service component for the calendar year ending December 31, 2018, and a maintenance tax component for the fiscal year ending September 30, 2019.

MATTERS PERTAINING TO THE CITY OF SUGAR LAND ("CITY")

Ms. Seals updated the Board regarding the Brazos River erosion and drainage studies and stated she and Mr. Alba wanted to update the District regarding proposed District improvements and projects the City may want to partner with the District to complete. Mr. Alba noted the improvements have not been submitted to City Council for approval and are in the preliminary phase. Mr. Alba stated the City engineering department will be recommending three projects for Council approval that will improve District street drainage and benefit District residents. He stated the three projects are: drainage improvements to Elkins Boulevard; installation of a control structure at the weir; and drainage improvements to Common Wealth Boulevard. Mr. Alba stated if the projects are approved by City Council, they will be implemented over a period of years.

Director Draksharam discussed installing pumps at various locations to pump water out of roadways during a heavy rain event. He stated he doesn't believe the weir should be lowered. Mr. Alba and Mr. Kelly explained the weir will not be lowered and water levels/capacity will not be reduced with the installation of a control structure.

Discussion ensued regarding the cost of the proposed projects and the possibility of a cost-share agreement or District and City collaboration to complete the projects.

The Board noted there is regular ponding at Commonwealth Boulevard even during small localized rain events. Discussion ensued regarding the sequence of the proposed improvements and the types of improvements that should be undertaken. Director Anderson stated he believes the ponding issues at Commonwealth Boulevard should be addressed first. Mr. Alba explained that if drainage improvements are not made to Elkins Boulevard first, then the water draining from Commonwealth Boulevard will not have a place to flow.

Director Draksharam inquired about the Brazos River erosion study. Mr. Alba stated Fort Bend County ("County") is now addressing the results and information obtained from the study. He stated the County has identified 22 areas it deems as critical and is coordinating with the United States Army Corps of Engineers regarding possible improvements and repairs.

PHASE II MS4 STORM WATER MANAGEMENT PLAN IMPLEMENTATION

There was no discussion regarding this matter.

REPORT ON LEVEE MAINTENANCE

Mr. Hardoin presented and reviewed the levee maintenance report and updated the Board regarding mowing and maintenance of the District's levee. A copy of the report is attached.

Mr. Hardoin presented and reviewed the proposed annual maintenance budget for the 2018-2019 fiscal year. He noted the budgeted amount of \$70,967.40 is the same amount as 2017-2018.

Upon a motion made by Director Krog and seconded by Director Draksharam, the Board voted unanimously to approve the report, approve the annual maintenance budget for the 2018-2019 fiscal year and direct that it be filed as Exhibit G to the District's service agreement with Champions.

LANDSCAPE UPGRADE AND LIGHTING AROUND PICNIC AREA AND BOAT DOCK AT THE BRAZOS LANDING

Ms. Lutz stated no additional information was received from the Brazos Landing Property Owners Association as requested by the Board.

ENGINEERING MATTERS

Mr. Kelly distributed and reviewed the engineer's report, a copy of which is attached.

Mr. Kelly updated the Board regarding matters related to EnTouch's unauthorized installation of fiber optic cables on District property.

Mr. Kelly updated the Board regarding PS Lightwave matters.

Discussion ensued regarding various improvements including armoring the levee. Further discussion took place regarding the design of the District's pump station expansion.

Mr. Kelly stated ATLAS 14 is expected to be released in October, 2018.

Mr. Kelly discussed performing a survey of pin flags along the high bank and various points along the District levee and reviewed a proposal to perform the survey in the amount of \$2,500. He stated the City also performed a LIDAR study of the levee. Discussion ensued regarding obtaining other property owners' permission to access the levee via their property. Director Draksharam stated he wants Mr. Kelly to present a detailed billing invoice with back-up to justify the \$2,500 cost.

After review and discussion, Director Krog moved to approve the engineer's report and the proposal to survey the pin flags as discussed. Director Draksharam seconded the motion, which passed unanimously.

REVIEW PRELIMINARY ENGINEERING REPORT AND AUTHORIZE ENGINEER TO PROCEED WITH NECESSARY STEPS

The Board concurred to defer this item.

FEMA APPLICATIONS FOR FUNDING

Ms. Lutz updated the Board regarding FEMA reimbursement matters.

OPERATION OF DISTRICT FACILITIES

Mr. Perry presented and reviewed the operator's report and updated the Board regarding operating matters, and maintenance and repairs within the District. A copy of the report is attached.

Mr. Perry updated the Board regarding the repair of the weather station at the District's pump station and stated LMS discussed the repairs with the City. He stated last month the Board approved repairs in an amount not to exceed \$4,000 if the City would agree to take over maintenance. Mr. Perry stated the City has agreed to perform the initial repairs, but requested the District install an "Alert 2" for \$2,800, which would bring the total cost of repairs to \$6,800. He stated the City has agreed to perform the initial repairs and handle the contracting and oversight of the same if the District agrees to pay \$5,425 for the cost of the repairs. Mr. Perry stated the City was able to obtain a lower price for the repairs and installation of the alert system. He stated the City has also agreed to perform the ongoing maintenance of the weather station, but requested the District agree to contribute \$1,000 per year for the associated costs. Mr. Perry stated the City will not assume the responsibility of ongoing maintenance if the District opts to perform the weather station repairs on its own.

Mr. Perry discussed the installation of flood gauges and possible locations. He stated the gauges are \$3,800 per gauge, per bridge. Mr. Perry noted he is still waiting for City approval.

Mr. Perry stated entrance and exit signs and truck crossing signs have been installed as directed by the Board. Director Draksharam stated he wants additional exit signs installed on University and Commonwealth Boulevards.

Mr. Perry updated the Board regarding the replacement of missing bulkhead caps and noted 75 caps are missing and 14 caps are reusable. He stated it will cost \$3,500 to replace all of the missing caps and noted no erosion or shoreline repairs are included in that cost.

After review and discussion, Director Krog moved to (1) approve the operator's report; (2) approve the weather station repair in the amount of \$5,425, the annual contribution of \$1,000 to the City for ongoing maintenance of the weather station, and direct ABHR to draft an Interlocal Agreement with the City specifying the same; (3) decline the gauge installation; (4) approve installation of additional exit signs at University and Commonwealth Boulevards; (5) approve the replacement of 75 bulkhead caps in the amount of \$3,500. Director Draksharam seconded the motion, which passed unanimously.

WEBSITE

The Board discussed the August website analytics report, which is filed in the District's official records.

CONDUCT REVIEW OF INVESTMENT POLICY AND ADOPT AMENDED INVESTMENT POLICY

Ms. Lutz explained that the Texas Public Funds Investment Act requires the Board to annually review its Investment Policy and noted ABHR has recommended changes to comply with recent legislation. After review and discussion, Director Krog moved to adopt the Amended Investment Policy and direct that same be filed appropriately and retained in the District's official records. Director Draksharam seconded the motion, which carried unanimously.

REVIEW, REVISE AND ADOPT RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Ms. Lutz reviewed a list of authorized Broker/Dealers provided by the District's bookkeeper. She then reviewed a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions. After review and discussion, Director Krog moved to adopt Resolution Establishing the Authorized Depository Institutions and

Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions and direct that it be filed appropriately and retained in the District's official records. Director Draksharam seconded the motion, which passed unanimously.

DISCUSS LEVEE IMPROVEMENT DISTRICT DIRECTOR CONTINUING EDUCATION REQUIREMENTS AND REVIEW DIRECTOR HOURS

Ms. Lutz reviewed director continuing education hours and reminded directors that the County requires levee district directors to tour their levee annually.

PERIMETER LEVEE INSPECTION AND MEETINGS, DISCUSS COMMON INSPECTION AND OPERATION AND MAINTENANCE AND REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS REGARDING EVENTS AND ACTIVITIES ATTENDED DURING THE MONTH

The Board discussed the perimeter levee tour on October 5, 2018 at 8:00 a.m. beginning at Amil Gates. It was noted the back-up date is scheduled for October 12, 2018.

Ms. Lutz reported the Fort Bend Flood Management Association is hosting a half day symposium on October 26, 2018 at the Flour building.

DISCUSS NEXT MEETING DATE

The Board discussed its regular meeting date and concurred to meet on October 8, 2018, at 3:00 p.m.

CONSULTANT REVIEW PROCESS

The Board concurred to table review of the bookkeeper's contract until the next regular meeting.

Director Draksharam discussed the possibility of hosting a public meeting to inform residents of potential projects. Ms. Lutz advised the Board to have a more definitive list of projects, scope of work and cost estimates so the public can be better informed. After discussion, the Board concurred to defer scheduling a public meeting until it has selected the projects and improvements.

Director Draksharam discussed various improvements he wished to see plans and cost estimates for. The Board concurred none of the projects discussed had been previously discussed at the District's meetings. It was noted the District's engineer cannot prepare plans and cost estimates without Board direction in an open public meeting.

Director Draksharam stated he would like the engineer to prepare proposals to enhance the existing pump station by converting the existing submersible pumps to

vertical turbine pumps, while maintaining existing capacity, the current force main and natural gas generator. He stated he would like the proposal to also include three additional pumps for redundancy. Director Draksharam stated he would like the pumps stacked for easy bypass.

Director Draksharam stated he would also like the engineer to present a proposal for Gator Pumps.

Director Draksharam stated he would like the engineer to redesign the plans for the new pump station to include the bare minimum of electrical components and reduce the proposed costs for electrical engineering.

Director Draksharam discussed public bidding and contract procurement procedures for Harris County. He stated he believes LJA should mirror those procedures. Ms. Lutz explained LJA is preparing proposals and cost estimates in accordance with its contract with the District. She stated if the Board wishes to change the procedures or costs, then the District will need to amend its contract with LJA.

Director Draksharam discussed the use of an owner's representative or design engineer to represent the District. Ms. Lutz explained the District engineer contracts in Fort Bend County in general.

After review and discussion, Director Krog moved to: (1) authorize and direct the District's engineer to prepare proposals to enhance the existing pump station by converting the existing submersible pumps to vertical turbine pumps, while maintaining existing capacity, the current force main and natural gas generator and including three additional pumps for redundancy; (2) authorize the District's engineer to redesign the plans for the new pump station to include the bare minimum of electrical components and reduce the proposed costs for electrical engineering; (3) authorize the District's engineer to prepare a cost estimate for four Gator Pumps; (4) discuss amendments to the District's engineering contract with LJA at the next regular Board of Directors meeting; and (5) discuss engaging an owner's representative or design engineer at the next regular Board of Directors meeting. Director Draksharam seconded the motion, which passed unanimously.

There being no further business, the meeting was adjourned.

(SEAL)



Nerbert P. Krog
Secretary, Board of Directors

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