

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7

Minutes of Meeting of Board of Directors
January 4, 2024

The Board of Directors (the "Board") of Fort Bend County Levee Improvement District No. 7 (the "District") met in regular session at the City Hall of the City of Sugar Land, Texas, 2700 Town Center Boulevard, Sugar Land, Fort Bend County, Texas, 77479, an official meeting place of the Board, on January 4, 2024, in accordance with the duly posted Notice of Public Meeting, and the roll was called of the duly constituted officers and members of the Board, as follows:

Cindy Picazo, Chairman
Gerald Kazmierczak, Vice-Chairman
Nathan Bedee, Secretary
Susheem Mehta, Assistant Secretary
James R. Grotte, Director

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

Also present were: Phil Martin of Mike Stone Associates, Inc. ("MSA"); Kane Mudd of LJA Engineering, Inc. ("LJA"); Tyson Duncan, Jeff Masek and Daniel Walker of AECOM Technical Services, Inc. ("AECOM"); Brittany Keeswood of Assessment of the Southwest, Inc. ("ASW"); Michael Brooks and Jeff Perry of Levee Management Services, LLC ("LMS"); Rick Marriott of Si Environmental, LLC ("SE"); Calep Estes and Angie Hartwell of Touchstone District Services, LLC ("Touchstone"); Sherri Greenwood of FORVIS, LLP ("FORVIS"); Tim Jahn of the City of Sugar Land Engineering Department; and Christopher Skinner and Matthew Reed of Schwartz, Page & Harding, L.L.P. ("SPH").

The Chairman called the meeting to order and declared it open for such business as might regularly come before the Board.

PUBLIC COMMENTS

The Board began by opening the meeting for public comments. No public comments were offered.

MINUTES

As the next order of business, the Board considered approving the draft minutes of the Board meeting held on December 7, 2023. After discussion, Director Bedee moved to approve the draft minutes for said meeting. Director Kazmierczak seconded said motion, which carried unanimously.

AUDIT FOR FISCAL YEAR ENDED AUGUST 31, 2023

The Board deferred consideration of the review and approval of the District's audit report for the fiscal year ended August 31, 2023, pending completion of the audit report by McCall Gibson Swedlund Barfoot PLLC, the District's auditors.

CONTINUING DISCLOSURE

Mr. Skinner advised the Board that the annual continuing disclosure report related to the District's outstanding bonds will be timely completed and filed upon the completion of the District's audit by McCall, Parkhurst & Horton LLP, the District's disclosure counsel.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Keeswood presented to and reviewed with the Board the Tax Assessor-Collector Report ("TAC Report") for the period ended December 31, 2023, a copy of which TAC Report is attached hereto as **Exhibit A**, including the disbursements presented for payment from the District's tax account and a list of delinquent taxpayers. After discussion, Director Kazmierczak moved that the TAC Report be approved and that the disbursements identified therein be approved for payment from the District's tax account. Director Bedee seconded said motion, which unanimously carried.

EXEMPTIONS FROM TAXATION

Mr. Skinner outlined for the Board the various tax exemptions available for the District, including the exemptions provided for by Article VIII, Section 1-b of the Texas Constitution, and Section 11.13 of the Tax Code, as amended. He advised that under said provisions, the District may provide for the exemption of up to 20% (but not less than \$5,000, if granted) of the appraised value of residential homestead improvements for the year 2024, and the District may also exempt residential homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under the Federal Old Age, Survivors and Disability Insurance Act, or its successor, or persons sixty-five years of age or older from ad valorem taxes levied by the District during the calendar year 2024, and, if any such exemptions are granted, they must be for not less than \$3,000 of the appraised value of such homesteads. He stated that the District has previously adopted a \$5,000 tax exemption for disabled persons and those persons 65 years of age and older. After further discussion of the matter, Director Kazmierczak moved that the District: (i) not grant the general residential homestead exemption, and (ii) grant an exemption for persons under a disability or sixty-five years of age or older in the amount of \$5,000 from ad valorem taxes levied by the District during the calendar year 2024, and that the resolution attached hereto as **Exhibit B** relative to same be approved and adopted by the Board and the District. Director Bedee seconded said motion, which carried unanimously.

RESOLUTION AUTHORIZING AN ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES

The Board considered the adoption of a Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes, a copy of which resolution is attached hereto as **Exhibit C**. Mr. Skinner advised that the Board is authorized, pursuant to Section 33.11 of the Texas Tax Code, as amended, to impose, under certain conditions, 60 days after the date the taxes become delinquent, an additional penalty not to exceed twenty percent (20%) of the total taxes, penalty and interest due the District on personal property taxes that remain delinquent as of said 60th day, as more fully described in the resolution. After discussion, it was moved by Director Kazmierczak, seconded by Director Bedee and unanimously carried, that the Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes be adopted by the Board, and that the District's delinquent tax attorneys be authorized to proceed with the collection of the District's 2023 delinquent personal property accounts following proper notice as provided in the resolution, including the filing of lawsuits, as necessary.

DELINQUENT TAX COLLECTIONS REPORT

The Board deferred consideration of the Delinquent Tax Report from Perdue, Brandon, Fielder, Collins & Mott, L.L.P. Mr. Skinner informed the Board that the report is presented quarterly.

BOOKKEEPER'S REPORT

Ms. Ramirez presented to and reviewed with the Board a Bookkeeper's Report, dated January 4, 2024, prepared by FORVIS, a copy of which report is attached hereto as **Exhibit D**. After discussion, Director Bedee moved that the Bookkeeper's Report be approved, and the checks and wires reviewed by the Board be authorized for payment, as discussed. Director Kazmierczak seconded said motion, which unanimously carried.

RESOLUTION ADOPTING LIST OF QUALIFIED BROKERS AUTHORIZED TO ENGAGE IN INVESTMENT TRANSACTIONS WITH DISTRICT

The Board next considered adopting a list of qualified brokers authorized to engage in investment transactions with the District. Mr. Skinner advised that, pursuant to the Public Funds Investment Act ("PFIA"), the Board is required to review, and revise if necessary, such list at least annually. He presented to and reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto, together with a comparison of the list submitted and the list previously adopted by the Board, copies of which are attached hereto as **Exhibit E**. Mr. Skinner further noted that the broker list presented is a list of potential institutions with which the District may engage in investment transactions compiled with the input of the District's Investment Officer, but it is ultimately the Board's decision as to where the District's funds are actually placed. After discussion, Director Bedee moved that: (i) the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board and the District, subject to Cadence Bank and Texas Traditions Bank being

removed from the list, and (ii) the Chairman and Secretary be authorized to execute same. Director Kazmierczak seconded said motion, which unanimously carried.

DISCUSSION REGARDING RENEWAL OF DISTRICT INSURANCE POLICIES

Mr. Skinner reported to the Board that the District's current insurance policies brokered through Arthur J. Gallagher & Co. ("Gallagher") will expire on March 31, 2024. He informed the Board that other insurance companies provide such policies to districts and inquired as to whether the Board wished to solicit proposals for insurance coverage from other companies to review prior to the expiration of the current policies. After discussion, Director Bedee moved that SPH obtain a renewal proposal for the District's insurance policies scheduled to expire March 31, 2024, from Gallagher and McDonald & Wessendorff Insurance Co. for the Board's review at the next regular Board meeting. Director Kazmierczak seconded said motion, which unanimously carried.

SPECIAL PURPOSE DISTRICT PUBLIC INFORMATION DATABASE

Mr. Skinner next informed the Board that, pursuant to provisions of Chapter 403, Government Code, and Chapter 203, Local Government Code, the District is required to submit information to the Texas Comptroller of Public Accounts (the "Comptroller") for inclusion in a Special Purpose District Public Information Database. Mr. Skinner recommended the Board consider engaging the District's auditor, McCall Gibson Swedlund and Barfoot, PLLC ("McCall") to prepare and submit the required information to the Comptroller for inclusion in the Special Purpose District Public Information Database. Following discussion, Director Bedee moved, Director Kazmierczak seconded, and it was unanimously carried that McCall be engaged to prepare the required information and submit same to the Comptroller for inclusion in the Special Purpose District Public Information Database.

FINANCIAL MANAGEMENT PLAN

It was noted this matter would be discussed under Capital Improvements Projects later in the meeting.

STORM WATER MANAGEMENT PLAN ("SWMP")

The Board deferred consideration of any matters related to the District's Storm Water Management Plan.

STATUS OF NATIONAL FLOOD INSURANCE PROGRAM COMMUNITY RATING FOR NEW TERRITORY

The Board deferred discussion regarding the status of National Flood Insurance Program Community Rating for New Territory.

OPERATIONS AND MAINTENANCE REPORTS

Mr. Perry presented to and reviewed with the Board a written Operations and Maintenance Report dated January 4, 2024, regarding maintenance performed on levee and drainage facilities

throughout the District. A copy of such Operations and Maintenance Report is attached hereto as **Exhibit F**.

Mr. Marriott presented to and reviewed with the Board the Operations Report for the month of December 2023, relative to the District's Reclaimed Water System. A copy of such Operations Report is attached hereto as **Exhibit G**.

Mr. Marriot exited the meeting at this time.

CAPITAL IMPROVEMENTS PROJECTS

Mr. Martin next presented to and discussed with the Board the General Manager's Report dated January 4, 2024, a copy of which report is attached hereto as **Exhibit H**. Regarding the Brazos River Bank Erosion Control Project (the "River Erosion Project"), following discussion, Director Bedee moved to approve Pay Estimate No. 4 in the amount of \$6,808,368.55 from Texas Dewatering, as recommended by MSA and AECOM. Director Kazmierczak seconded said motion, which unanimously carried.

Regarding the construction of the additional Stormwater Pump Station in the Crescent Ridge subdivision (the "Stormwater Pump Station Project"), Mr. Mudd presented to and discussed with the Board the Engineering Report dated January 4, 2024, a copy of which is attached hereto as **Exhibit I**. Following discussion, Director Grotte moved to (i) approve Pay Estimate No. 17 in the amount of \$315,852.84 from NBG Constructors, Inc., as recommended by LJA, and (ii) ratify the Board's prior approval of the Utility Facilities Easement to CenterPoint Energy, LLC. Director Bedee seconded said motion, which unanimously carried.

Regarding the Reclaimed Water Project, following discussion, director Bedee moved to approve Pay Estimate No. 5 from Jerdon Enterprises, LP in the amount of \$65,685.60, as recommended by LJA. Director Kazmierczak seconded said motion, which unanimously carried.

Mr. Skinner reported that the Settlement Agreement with Ms. Kelley closed in connection with the District's acquisition of her property for the planned Detention and Drainage Improvements and Facilities.

In connection with the lawsuit filed by the District against SWCA, Inc., Longhorn Excavators, Inc. ("LEX"), and C.S. Britton, Inc. ("CSB"), regarding the External Drainage Channel Project, Mr. Skinner reported that the Settlement Agreement with LEX and CSB closed, and that the proposed Settlement Agreement with SWCA, Inc. is being drafted by litigation counsel.

ATTORNEY'S REPORT

The Board next considered the attorney's report. In connection therewith, Mr. Skinner advised that he had nothing further of a legal nature to discuss with the Board at this time.

MATTERS RELATED TO MAY 4, 2024 DIRECTORS ELECTION

Mr. Skinner reported on issues related to the District's Directors Election (the "Election") to be held on May 4, 2024. In connection therewith, Mr. Skinner presented to and discussed with the Board a memorandum prepared by SPH, a copy of which is attached hereto as **Exhibit J**, regarding participation in the joint election with Fort Bend County (the "County"). In connection therewith, Mr. Skinner advised that the County will administer the Election if the District participates in the County's joint election. Following discussion, it was moved by Director Bedee, seconded by Director Kazmierczak and unanimously carried that SPH be authorized to ratify the Board's prior approval in all respects, including notifying the County of the District's intent to participate in the joint Election.

SUPPLEMENTAL AGENDA

The Board next considered calling the Election in accordance with the requirements of the Texas Water Code. In connection therewith, Mr. Skinner presented the Order Calling Directors Election (the "Order") attached hereto as **Exhibit K** calling the Election to be held on May 4, 2024. It was noted that the terms of office of Directors Grotte and Mehta expire in May of this year. In reviewing the Order with the Board, Mr. Skinner advised that the Order provides for the conduct of the Election by the County, jointly with elections of other political subdivision, using County election officials, voting equipment, and polling locations at a shared expense. He advised that, although the County will conduct the Election, the Texas Water Code and the Texas Election Code authorize the Board to designate an agent to perform certain duties in connection with the Election, and that the Order named Jenny Johnson as such agent (the "Election Agent"). Mr. Skinner further advised the Board that notice of the Election must be given in accordance with the requirements of the Texas Election Code. Mr. Skinner advised the Board that notice of the Election could be given by one or more of the following methods: (i) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before the election; (ii) posting the notice at a public place in each County election precinct that overlaps the District at least twenty-one (21) days before the election; or (iii) mailing the notice to each registered voter in the District at least ten (10) days before the election. He further advised that, in addition to the above, notice must be posted on the District's website at least twenty-one (21) days before the election. Following discussion of the options, the Board concurred that notice of the Election be given by posting same at a public place in each County election precinct that overlaps the District and on the District's website. Mr. Skinner also noted that the County will determine the compensation paid to the County election officials. After discussion on the matter, Director Bedee moved that said Order be passed and adopted, that the Chairman and Secretary be authorized to execute the Order, and that the Election Agent be authorized and directed to make necessary arrangements for the Election in accordance with the Order. Director Kazmierczak seconded said motion, which unanimously carried. Mr. Skinner advised the Board that if each candidate whose name is to appear on the ballot is unopposed as of 5:00 p.m. on February 20, 2024, the Board may thereafter cancel the Election in accordance with the Texas Election Code.

WEBSITE AND COMMUNICATION MATTERS

Ms. Hartwell presented to and reviewed with the Board Touchstone's Communications Report, a copy of which is attached hereto as **Exhibit L**.

CLOSED SESSION

The Board concurred that a Closed Session would not be required in connection with the matters discussed at the meeting.

FUTURE AGENDA ITEMS

The Board considered items for placement on future agendas.

ADJOURNMENT

There being no further business to come before the Board, on motion made by Director Kazmierczak, seconded by Director Grotte and carried unanimously, the meeting was adjourned.

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Secretary
Board of Directors

LIST OF ATTACHMENTS TO MINUTES

EXHIBIT A	Tax Assessor/Collector Report
EXHIBIT B	Resolution Concerning Exemptions from Taxation
EXHIBIT C	Resolution Authorizing an Additional Penalty on Delinquent Personal Property Taxes
EXHIBIT D	Bookkeeper's Report
EXHIBIT E	Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District; Comparison List
EXHIBIT F	LMS Operation and Maintenance Report
EXHIBIT G	SE Operations Report
EXHIBIT H	MSA Report
EXHIBIT I	LJA Engineering
EXHIBIT J	Memorandum Regarding Joint Election with Fort Bend County
EXHIBIT K	Order Calling Directors Election
EXHIBIT L	Communications Report