

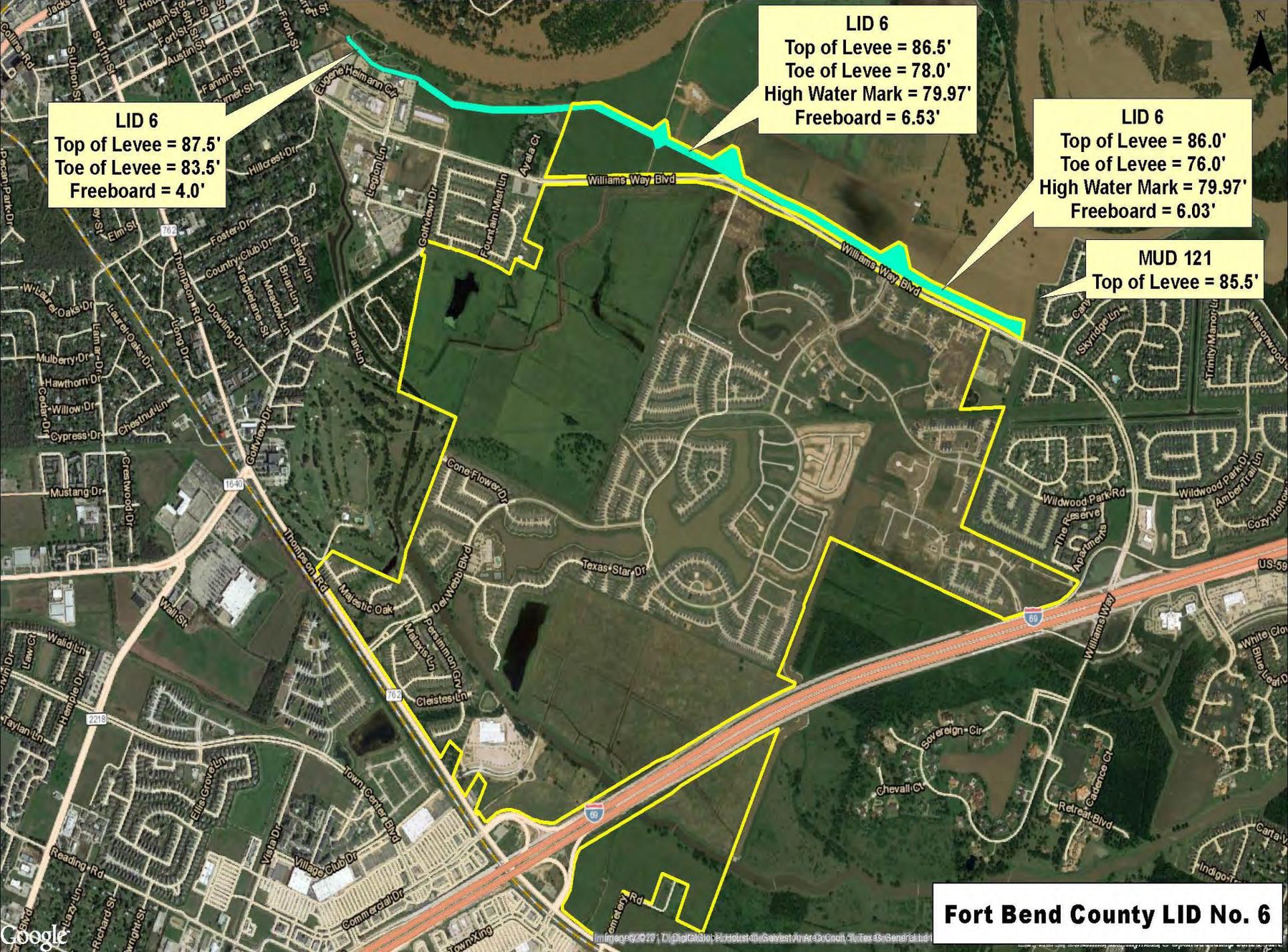
LID 6
Top of Levee = 87.5'
Toe of Levee = 83.5'
Freeboard = 4.0'

LID 6
Top of Levee = 86.5'
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High Water Mark = 79.97'
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MUD 121
Top of Levee = 85.5'

Fort Bend County LID No. 6



Overview of Levee Improvement Districts in Texas

Presented to:
Fort Bend County
Levee Improvement
District No. 6

Allen Boone Humphries Robinson LLP

November 15, 2017

What is a Levee Improvement District (LID)?

- A political subdivision of the State of Texas, like a County or School District
- Created over a limited area to provide drainage protection and reclaim lands from flooding.

Creation of a LID

- The owners of a majority of the acreage in the proposed district shall petition the County Judge to create the LID
- County Judge and Commissioners Court hold a hearing to determine whether the LID should be created
- County Judge and Commissioners Court create the LID and determine the boundaries of the LID

Purposes of the LID

- Construct and maintain levees and other improvements on, along, and contiguous to rivers, creeks and streams
- Reclaim lands from overflow
- Control and distribute the waters of rivers and streams by straightening and improving them; or
- Provide for the proper drainage and other improvement of the reclaimed land

LID Directors

- Fort Bend County Commissioners appoint the 3 LID Board of Directors
- Must be a qualified property taxpaying elector of the precinct and county
- After the District is more than 50% developed, two of the directors must be residents of the District

What do LIDs do?

- Can issue bonds to reimburse the developers for the levee, detention/retention ponds, drainage ditches, outfalls, pump stations
- Maintain infrastructure the LID owns
 - Levees, pumps, detention/retention ponds, drainage ditch, flap gates, sluice gates
- Protect from flooding and **MANDATORY Flood Insurance**

Examples of Fort Bend County LIDs

- Sienna Plantation
- Telfair
- Riverstone
- Kingdom Heights
- Avalon
- Greatwood
- RiverPark

What laws govern the operation of the LID?

- MUDs/LIDs in Texas are one of the most heavily regulated types of political subdivisions.
- Unlike Home Rule Cities which have all powers unless expressly taken away, MUDs/LIDs can **only** exercise those powers expressly granted in the Texas Water Code or other specific law.
- LIDs derive their authority and power from the Texas Constitution.
- Regulated by the TCEQ, the Texas Attorney General (Public Finance Division), Cities, Counties, and the EPA.
- MUDs/LIDs are subject to the Open Meetings Act and Public Information Act.
- Board members are subject to conflicts of interest, nepotism, penal code provisions, ethics guidelines, gift laws, etc.

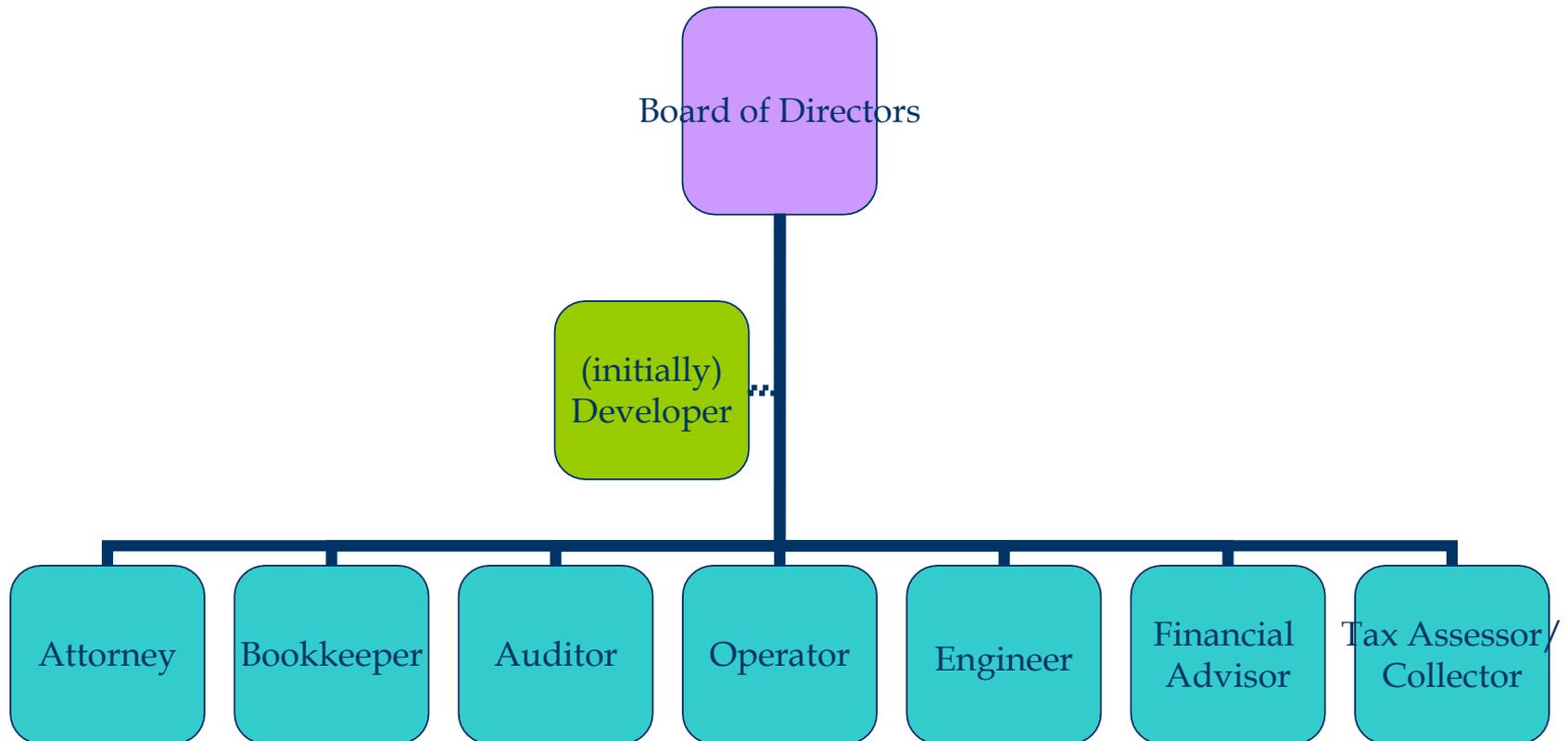
How does a LID operate?

- The LID is governed by a three-member board that is appointed by the County Commissioners Court.
- The LID employs a number of professional consultants to advise the board and make recommendations on action items, much like City staff.

What is the role of the Board of Directors?

- Like City Council, the Board of Directors is the “policy-making” and decision making body of the LID.
- The Board is charged with developing the drainage and levee facilities in the manner that is in the “best interests” of both the landowners and residents, pursuant to TCEQ rules.
- The District’s consultants then implement those policy decisions.

LID Organizational Chart



What are the Roles of the Consultants?

- Attorney
 - Acts as general counsel to the Board on public law, contract, and limited real estate matters and as bond counsel to the District on the issuance of tax-exempt debt.
- Auditor
 - Audits the funds of the District pursuant to governmental accounting standards and TCEQ rules. Also audits the reimbursement made to the developer following each bond issue. The Auditor follows the same auditing standards as a City.
- Bookkeeper
 - Keeps the books and financial records of the District, pays invoices, advises the board on investment of public funds.
- Engineer
 - Designs and oversees construction of the District's facilities. Prepares applications to the TCEQ.
- Financial Advisor
 - Advises the Board on the issuing debt and setting the tax rate.
- Operator
 - Operates and maintains the levee and drainage facilities. Inspects the facilities
- Tax Assessor/Collector
 - Sends tax bills and is responsible for collection of tax payments; assists in setting the tax rate.

What is the role of the Developer(s) in the LID?

- Requests the creation of the LID.
- Drives the need for levee and drainage facilities based on its land plan and development schedule.
- “Partners” with the Board to facilitate development of the property in the District.
- “Loans” the District all the funds it needs to construct the facilities.

Issuing Bonds

- At the direction of the Board, the Engineer, Attorney and Financial Advisor, the LID submits a bond application to the TCEQ.
- The TCEQ approves the projects for reimbursement to the developer and the amount that the LID can reimburse the developer for those projects.
- This is a highly regulated process (streets must be completed, sufficient w/s/d capacity for all the growth projected, enough value on the ground to support the bonds)

Issuing Bonds

- After the TCEQ approves the bond application, the District sells the debt in an open meeting with sealed competitive bids for the Municipal Bonds.
- The Texas Attorney General then reviews the bond issue to ensure compliance with relevant Texas laws.
- Young LIDs (like 6) then use the bond proceeds to reimburse the developer for the cost of constructing the LID facilities.
- Older LIDs can issue debt to repair aging infrastructure or enhance the community (build a park after the developer has left).

Taxation of the LID

- A LID in the beginning levies an Operation and Maintenance Tax against all of the property in the boundaries of the LID.
- After a LID has issued bonds payable in whole or in part from taxes, it has the authority to levy an ad valorem tax for each year that any of the bonds are outstanding in an amount sufficient to pay the interest and principal of the bonds.
- Only revenue of a LID is ad valorem taxes



FORT BEND LEVEE IMPROVEMENT DISTRICT NO. 6

Brazos River

Brazos River

WILLIAMS WAY BLVD

**FT BEND
MUD 215**

FBCLID No. 6

**FT BEND
MUD 187**

WRMUD1

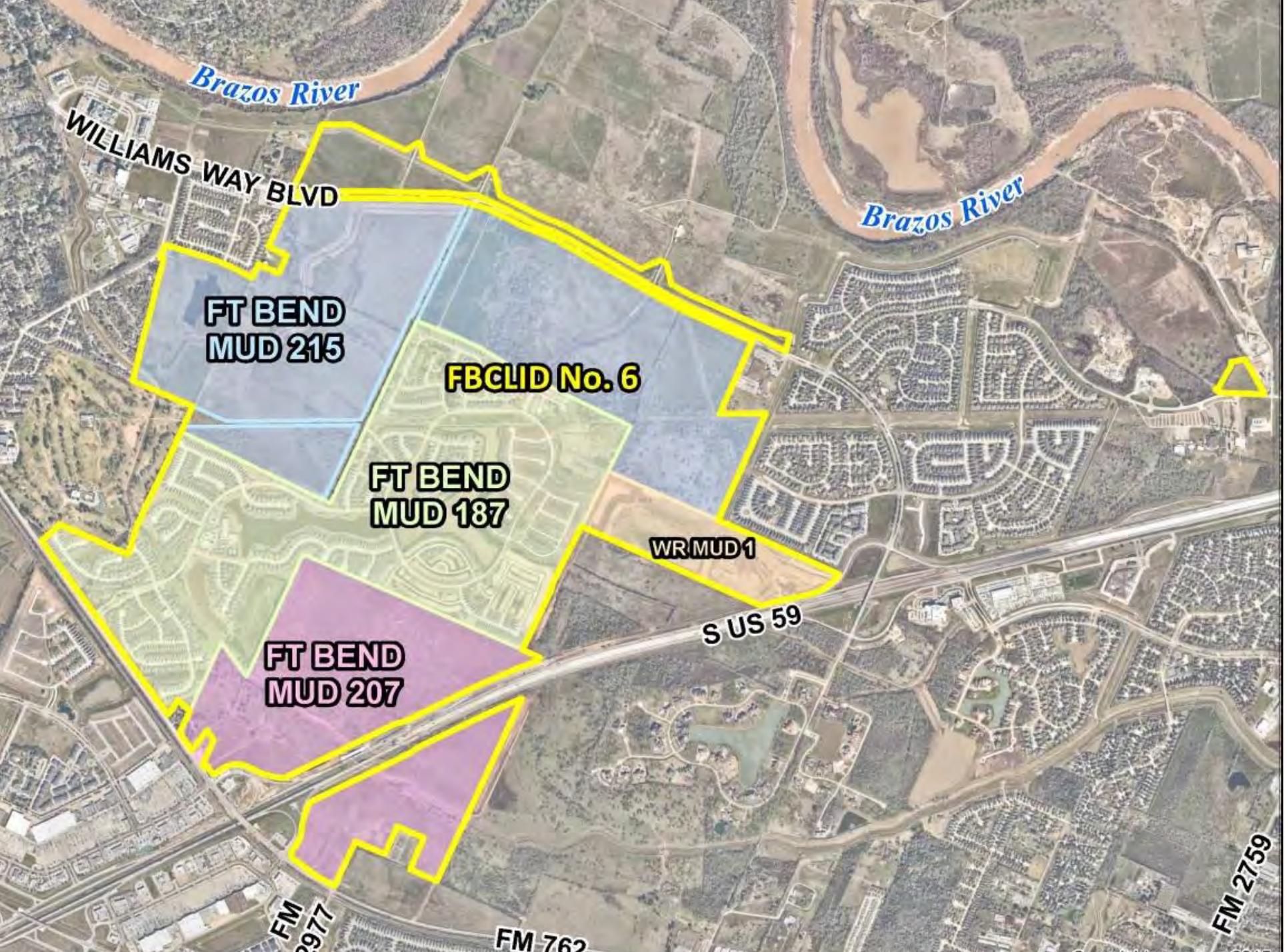
**FT BEND
MUD 207**

S US 59

**FM
2977**

FM 762

FM 2759



Why do we have a levee?

- Prior to the development of Del Webb, a levee did not exist to protect this property from the Brazos River.
- FEMA remapped the Brazos River and Fort Bend County to show Del Webb in the floodway
- Caldwell, George Foundation, Henderson-Wessendorff Foundation and the County came together to build the earthen levee that starts at the County facilities and ends east of RiverPointe Church.
- This removed Del Webb, MUDs 207 and 215 and WRMUD 1 out of the floodway.

Background of LID 6

- Created on July 2, 1984
- Annexed acreage to reactivate the District in 2007
- Currently is 1,522 acres
- MUD 187, MUD 207, MUD 215 and Williams Ranch MUD 1

Bonds Sold in LID 6

- LID 6 sold its first bond in 2012
- LID 6 has sold a total of \$15,850,000
 - Reimburse for the 3 landowners for building the earthen levee
 - Reimburse Developer for a portion of the detention pond lakes in Sweetgrass
- Developer has not been fully reimbursed for drainage facilities in Sweetgrass/Del Webb
- Developers for WRMUD 1 and 215 have not been reimbursed

Tax-Exempt Bonds

- LID 6 has sold tax-exempt bonds for the Detention Ponds and land around the ponds
- Due to the Federal government tax-exempt status, LID 6 cannot restrict the detention ponds to only residents
- LID 6 can establish rules and regulations for use of their facilities, but those rules and regulations must apply to everyone

2017 LID 6 Tax Rate

- 2016 Tax Rate

– Debt Service	\$0.31
– <u>O&M</u>	<u>\$0.19</u>
Total	\$0.50

- 2016 Certified Value \$248,603,501

- 2017 Proposed Tax Rate

– Debt Service	\$0.33
– <u>O&M</u>	<u>\$0.17</u>
– Total	\$0.50

Over 65 Exemption

- In April 2017, the LID 6 Board of Directors voted unanimously to provide a **\$20,000** homestead exemption for homeowners over 65 and/or disabled living in the District
- For the 2017 tax bill (coming out in October 2017), you will see this \$20,000 homestead exemption if you have filed the paperwork with the FBCAD for over 65 and/or disabled

LID Elevation and 2015/2016 Flooding

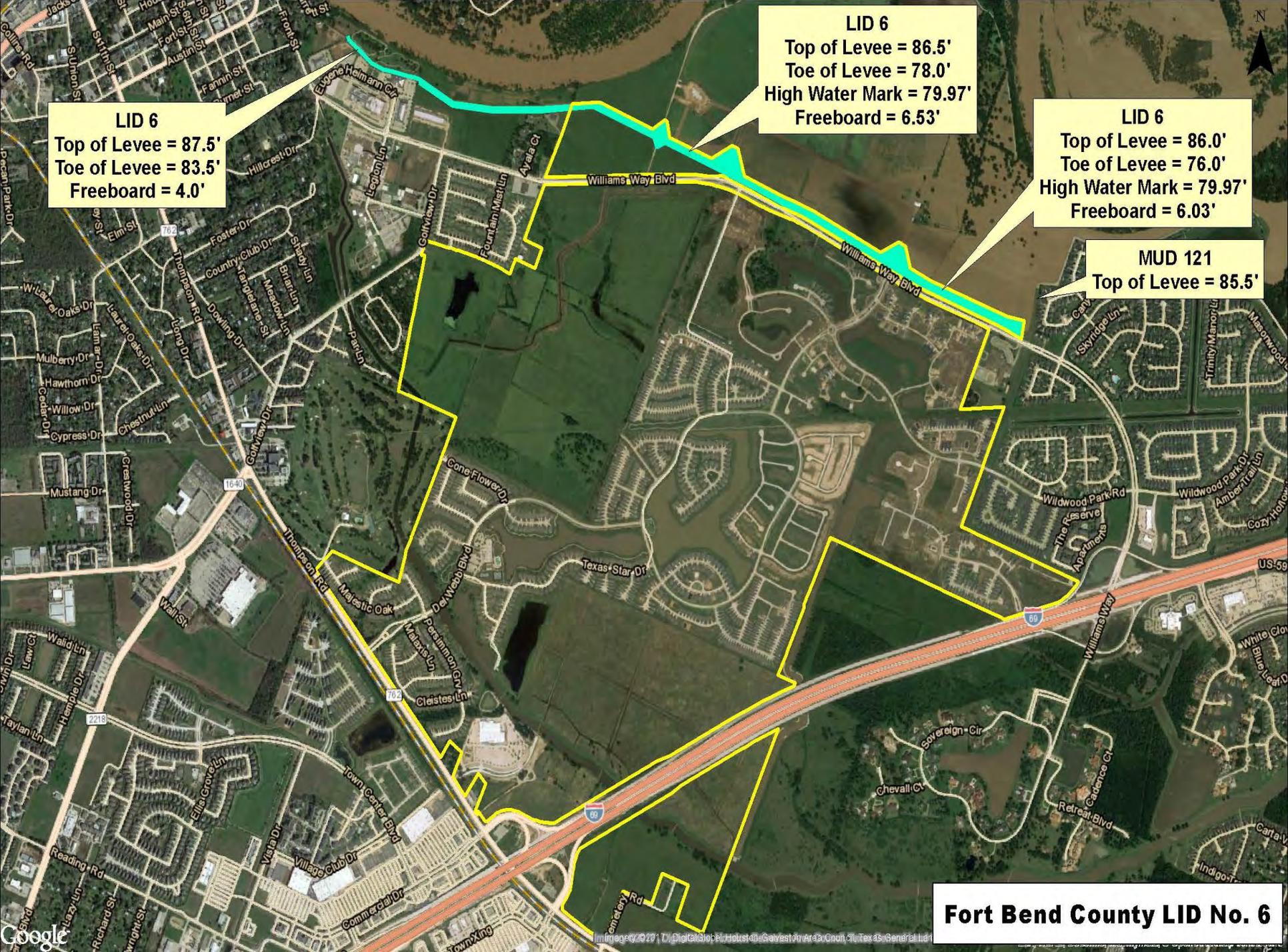
- The levee height just north of Del Webb is 86.5'
- The height of the levee is at least 4-feet above the 100 year elevation on the Brazos River
 - FEMA requires 3 foot of freeboard and the County requires an additional 1 foot
- During the Memorial Day 2016 flood, the water backed up through FBMUD 121 external ditch and reached approximately 1 to 2 feet above the toe of the levee on the east end. Water did not reach the toe of the levee on the west end.
- The levee, flap gate and sluice gate were monitored throughout the event and everything operated as designed.

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Hurricane Harvey 2017 Facts

- Harvey is the wettest storm ever to hit the continental U.S.
- Over 50 inches of rainfall and one trillion gallons of water fell during the event
- Approximately 30 inches fell in Fort Bend County area due to Harvey
- Rain that fell in the areas north of Fort Bend County within the Brazos River watershed flow toward the County in the Brazos River, which is why we see an elevated Brazos River days after it stops raining here

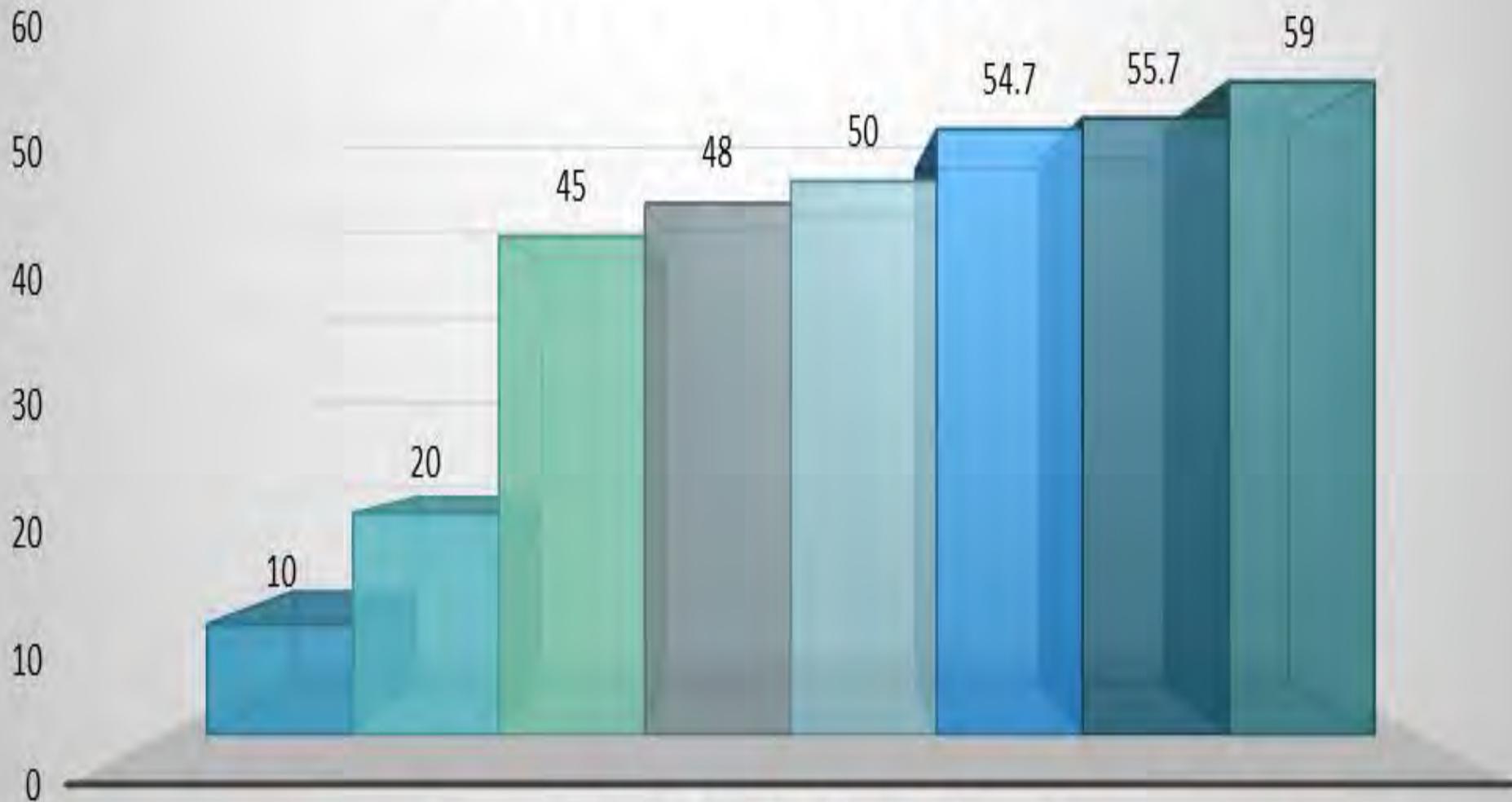
Hurricane Harvey 2017

- We had approximately 30 inches of localized rainfall inside the District
- The Brazos River was projected to crest at the Richmond Gauge at **59 feet**
- Previously, the record was 54.7 feet
- County Judge ordered mandatory evacuation when the NWS projected 59 feet with the potential of additional localized rainfall

Hurricane Harvey 2017

- August 31, 2017, the Brazos River crested at 55.2 feet
- Approximately ½ foot higher than last the Memorial Day 2016 event
- However, Harvey brought rain at the beginning of the event, which exceeded the 100-year internal rainfall designs AND brought the highest Brazos River level crest

Harvey Brazos River Levels



HARVEY BRAZOS RIVER LEVELS

River Started Action Minor Moderate Major Memorial Day Harvey Projection

Brazos River and 100 year events

- LID engineers design the levee to protect for 2 major events:
 - Local 100 year rainfall event (12.4 inches in 24 hours)
 - 100 year event on the Brazos River (Richmond Gage Height at 56 feet)
- Coincident event is when both happen at the same time
- LID 6 has experienced both of these events in the last year, and the overall system has functioned as designed.



QUESTIONS WE HAVE HEARD FROM HARVEY.....

Why did we have to evacuate in Harvey?

- County Judge looks at all factors to determine evacuation orders and to lift evacuation orders
 - Brazos River levels (projection, cresting, falling)
 - Residual rainwater in the detention ponds, streets, and those that could affect evacuation routes
 - Access Roads in and out of communities
- At a NWS projection of 59 feet, the County Judge determined to evacuate LID 6

Do I need flood insurance?

- Due to the construction of the levee, LID 6 residents are not required to have MANDATORY flood insurance
- As you see after Harvey, the system is only designed to the 100-year events
- The District could have localized rainfall or the Brazos River could exceed the 100-year events and homes could be impacted

The water in my street got to the top of the curb.....up my driveway

- Yes.
- The District Engineer designed the streets as detention and runoff channels, the idea being that it is better to flood a street than a house
- The LID 6 system is designed to carry localized rainfall through the streets, into the inlets, through the detention ponds and to the outfall structures...eventually out to Rabbs Bayou

Why don't you have a website?

- The LID 6 Board heard this and has responded by authorizing the creation of a website.

www.fbclid6.org

When do my LID taxes go away?

- The County Commissioners must decide to dissolve or eliminate the LID for the taxes to go away
- Some of the oldest developments in FBC still have a LID tax (First Colony, First Colony Mall, Avalon)
- The MUD can be dissolved (residents annexed into the City) and the LID remains

Questions?

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