

**MINUTES OF A SPECIAL MEETING OF THE
BOARD OF DIRECTORS**

August 21, 2019

STATE OF TEXAS §

COUNTY OF FORT BEND §

FIRST COLONY LEVEE IMPROVEMENT DISTRICT NO. 2 §

The Board of Directors (the "Board") of First Colony Levee Improvement District No. 2 of Fort Bend County, Texas (the "District"), met in special session, open to the public, at 7:00 p.m. on Wednesday, August 21, 2019 at Four Corners Community Center, 15700 Old Richmond Road, Richmond, Texas, a designated meeting place outside the boundaries of the District; whereupon, the roll of the members of the Board of Directors was called, to wit:

Ron Frerich	-	President
Christine M. Lukin	-	Vice President
Zach Weimer	-	Secretary

All members of the Board of Directors were present, thus constituting a quorum.

Whereupon, the meeting was called to order and evidence was presented that public notice of the meeting had been given in compliance with the law. A copy of the posted agenda notice is attached hereto as Exhibit "A".

ATTEND MEETING HOSTED BY COMMISSIONER DEMERCHANT

The Board attended a meeting hosted by Commissioner Ken DeMerchant regarding FEMA's upcoming transformation of the National Flood Insurance Program using Risk Rating 2.0. An overview of Risk Rating 2.0 is attached hereto as Exhibit "B".

The Board noted no action was taken.

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PASSED, APPROVED, and ADOPTED this 3rd day of September, 2019.

(DISTRICT SEAL)

Zach Wan
Secretary, Board of Directors



**AGENDA AND NOTICE OF MEETING
FIRST COLONY LEVEE IMPROVEMENT DISTRICT NO. 2
OF FORT BEND COUNTY, TEXAS**

Notice is hereby given pursuant to V.T.C.A., Government Code, Chapter 551 that the Board of Directors of **First Colony Levee Improvement District No. 2** of Fort Bend County, Texas (the "District") will hold a **special** meeting, open to the public, on **Wednesday, August 21, 2019, at 7:00 p.m.** at **Four Corners Community Center, 15700 Old Richmond Road, Richmond, Texas**, a designated meeting place outside the boundaries of the District, to consider and act upon the following:

1. Attend meeting hosted by Commissioner Ken DeMerchant on LID Reform and Risk Rating 2.0 Seminar.

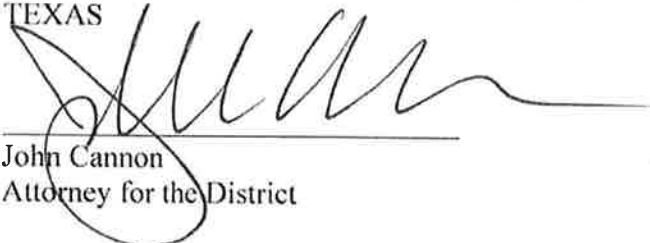
Pursuant to V.T.C.A., Government Code, Chapter 551, the Board of Directors may convene in closed session to receive advice from legal counsel and discuss matters relating to pending or contemplated litigation, personnel matters, real estate transactions, gifts and donations, security devices and/or economic development negotiations.

EXECUTED this 8th day of August, 2019.

(SEAL)



FIRST COLONY LEVEE IMPROVEMENT
DISTRICT NO. 2 OF FORT BEND COUNTY,
TEXAS



John Cannon
Attorney for the District



Risk Rating 2.0 Overview

May 2019



FEMA



Why Risk Rating 2.0?

FEMA is focused on building a culture of preparedness by closing the insurance gap. Recognizing that purchasing flood insurance can be confusing and time-consuming, the National Flood Insurance Program (NFIP) is redesigning its risk rating system to improve the policyholder experience.

Risk Rating 2.0 aims to accomplish this by leveraging industry best practices and current technology to deliver rates that are **fair, easy to understand, and better reflect a property's unique flood risk**. Through these efforts, FEMA's goal is to make flood insurance significantly easier for agents to price and sell policies, and in turn, help customers better understand their flood risk and the importance of flood insurance.

Demand for change has been building for a long time, and Risk Rating 2.0 will be the culmination of a multi-year effort.

What is Changing?

Risk Rating 2.0 will fundamentally change the way FEMA rates a property's flood risk and prices insurance. The current rating methodology has not changed since it was first developed in the 1970s. But since then, technology has evolved and so has FEMA's understanding of flood risk. Additionally, the current rating methodology is heavily dependent on the 1-percent-annual-chance-event, while Risk Rating 2.0 will incorporate a broader range of flood frequencies. FEMA will be pairing state-of-the-art industry technology with the NFIP's mapping data to establish a new risk-informed rating plan. Catastrophe models, in combination with the ability to leverage the NFIP's mapping data, will provide a better and more comprehensive understanding of risk at both the national and local level.

FEMA is building a new rating engine to help agents easily price and sell policies. It will also allow policyholders to better understand their property's flood risk and how it is reflected in their cost of insurance.

New rates for all single-family homes will go into effect nationwide on October 1, 2020.

Risk Rating 2.0 will comply with existing statutory caps on premium increases. This will help transition policyholders who may face otherwise substantial rate increases.

What are the benefits of Risk Rating 2.0?

The NFIP is developing Risk Rating 2.0 to deliver the following key benefits to policyholders, communities, and the flood insurance industry:



Creates an individualized picture of a property's risk



Reflects more types of flood risk in rates



Provides rates that are easier to understand for agents and policyholders



Uses the latest actuarial practices to set risk-based rates



Reduces complexity for agents to generate a quote

Learn More

To learn more about Risk Rating 2.0 and to get the most up-to-date information, please visit www.fema.gov/nfiptransformation.

FEMA's mission is to help people before, during and after disasters.

EXHIBIT

B

tabbles

Risk Rating 2.0 FAQs

May 2019



FEMA



Risk Rating 2.0

The National Flood Insurance Program (NFIP) is redesigning its risk rating system by leveraging industry best practices and current technology to deliver rates that are **fair, easy to understand, and better reflect a property's unique flood risk**. FEMA calls this effort Risk Rating 2.0. Below are some Frequently Asked Questions about Risk Rating 2.0.

Frequently Asked Questions

How will this initiative impact federal subsidies intended to encourage homeowners to buy insurance? Will these subsidies continue?

After establishing non-discounted rates, federal law allows FEMA to offer lower, discounted rates for certain properties. The biggest of these discounted rates, known as pre-Flood Insurance Rate Map (pre-FIRM) rates, are designed to encourage individuals to purchase flood insurance. The Biggert-Waters Flood Insurance Reform Act of 2012 and the Homeowner Flood Insurance Affordability Act of 2014 set certain minimum and maximum rate increases for properties with pre-FIRM rates.

Another discount that FEMA must provide is for properties newly mapped into the Special Flood Hazard Area. This discount is designed to discourage people from dropping their insurance coverage. FEMA will continue to implement these two statutory requirements as part of Risk Rating 2.0.

What data sources is FEMA using for this initiative? Where are the data coming from?

FEMA is using a combination of models to support the development of rates. We are pairing state-of-the-art industry technology (e.g. catastrophe [CAT] models) with the NFIP's mapping data to establish a new risk-informed rating plan. Combined data from CAT models and NFIP mapping data will provide a better and more comprehensive understanding of risk at both the national and local level.

FEMA is using data from multiple sources, such as:

- **FEMA:** Existing mapping data, NFIP policy and claims data;
- **Other Federal Government Agencies:** U.S. Geological Survey (USGS) publicly-available data; National Oceanic and Atmospheric Administration (NOAA) Sea, Lake, and Overhead Surges from Hurricanes (SLOSH) data; and, U.S. Army Corps of Engineers (USACE) data sets;
- **Third-party sources:** Commercially-available structural and replacement cost data and catastrophe flood models.

This is not a complete list of all data sets and FEMA may add additional data sets in the future.

How does FEMA plan to encourage homeowners to maintain their flood insurance coverage?

We believe that Risk Rating 2.0 will help close the insurance gap across the country. We believe that fairer, more intuitive rates will help future and current policyholders understand their risk, their premium, and their coverage options. FEMA plans to offer mitigation credits to help incentivize risk reduction efforts and reduce the cost of future flood events.

Risk Rating 2.0 will initially provide credits for three mitigation actions:

- Installing flood openings per the 44 CFR 60.3 criteria;
- Elevating onto posts, piles, and piers;
- Elevating machinery and equipment above the lowest floor.

Do changes from this initiative require legislative action or approval of Congress?

Since 1968, the National Flood Insurance Act has required FEMA to periodically review, and if necessary revise, the way we set non-discounted premium rates. FEMA has always followed the congressional mandate to set non-discounted premium rates based on accepted actuarial principles. By leveraging modern technology and advanced actuarial practices, Risk Rating 2.0 is helping FEMA better meet the objectives already laid out by Congress.

What percentage of policyholders would expect to see increases in premiums? What percentage would see premiums go down?

FEMA is completing an actuarial analysis and does not have this information at this time. FEMA is committed to implementing Risk Rating 2.0 in a transparent way and will continue to communicate information as it becomes available.