

MINUTES
FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 11

May 25, 2011

The Board of Directors (the "Board") of Fort Bend County Levee Improvement District No. 11 ("LID 11") met in special session, open to the public, on the 25th day of May, 2011, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Ron McCann	President
Michael E. Stone	Vice President/ Assistant Secretary
Jared Jameson	Secretary/ Assistant Vice President

and all of the above were present, thus constituting a quorum.

Also present for all or part of the meeting were the following: Mark Vogler of the Fort Bend County Drainage District; Don Burns, Michael Ross, and Rodney Vannerson of Fort Bend County Levee Improvement District No. 10 ("LID 10"); Angie Smith and Julie Sams of Fort Bend County Municipal Utility District No. 116 ("MUD 116"); Paul W. Schaub, Edmund Dumas, Sharon Boehck, and William Lowry of Fort Bend County Municipal Utility District No. 121 ("MUD 121"); Ron Dechert of Costello, Inc., representing Fort Bend County Levee Improvement District No. 6 ("LID 6"); Wallace Trochesset, representing MUD 121, and Michael Rusk, representing LID 11, of LJA Engineering & Surveying, Inc.; Mike Thelen, Jim Brown, and Jeff Perry of SWWC Services, Inc. ("SWWC"); and Lynne B. Humphries, Angie Lutz, Jim Boone, Steve Robinson, and Kristen Hogan of Allen Boone Humphries Robinson LLP ("ABHR").

Ron McCann, President of LID 11, called the perimeter levee meeting to order.

PERIMETER LEVEE MATTERS, INCLUDING MAINTENANCE STANDARDS, OPERATION AND MAINTENANCE MANUAL FOR PERIMETER LEVEE, POSSIBLE AMENDMENT TO PERIMETER LEVEE OPERATION AND MAINTENANCE AGREEMENT; SCHEDULE FOR PERIMETER LEVEE TOUR INSPECTIONS AND PERIMETER LEVEE PARTICIPANT MEETINGS; REPORTS ON NATIONAL CONFERENCES; FEDERAL LEGISLATIVE, ADMINISTRATIVE GUIDANCE, AND POLICY DEVELOPMENT ACTIVITIES RELATED TO FLOOD INSURANCE, LEVEE SAFETY, FLOODPLAIN MANAGEMENT AND STORMWATER MANAGEMENT; AND FORT BEND FLOOD MANAGEMENT ASSOCIATION ACTIVITIES

Director McCann said LID 11 requested today's joint meeting to discuss matters related to the "GreatRiver" perimeter levee system, including plans for ongoing maintenance. The attendees discussed a prior request from Fort Bend County (the

"County") Judge Hebert for creation of joint powers agencies for uniform operation and maintenance of the "GreatRiver" and "SugarStone" perimeter levee systems within the County. Discussion ensued regarding possible options for operation and maintenance of the "GreatRiver" perimeter levee system as a single system. Ms. Humphries distributed copies of the map showing the "GreatRiver" perimeter levee segments and the chart reflecting the cost sharing arrangement from the original construction of the perimeter levee, copies of which are attached. She then distributed copies of the existing Perimeter Levee Operation and Maintenance Agreement (the "Perimeter O&M Agreement") among the "GreatRiver" participants, which include LID 6, LID 10, LID 11, MUD 116, and MUD 121 (the "Participants"). She noted that LID 11 and MUD 121 are the only two Participants with internal levees separate from their perimeter levee segments. Directors McCann and Stone discussed potential revisions to the O&M Agreement to define maintenance standards and oversight responsibilities for the "GreatRiver" perimeter levee. Director Stone discussed the U.S. Army Corps of Engineers ("USACE") Rehabilitation and Inspection Program ("RIP") and the recommendation from County Judge Hebert that both perimeter levee groups in the County adopt the RIP standards for maintenance of the perimeter levees. Ms. Humphries noted that the "SugarStone" group adopted the RIP standards for maintenance of the "SugarStone" perimeter levee. Mr. Vogler said the Federal Emergency Management Agency ("FEMA") and USACE have separate RIP certification processes. Ms. Humphries said it is possible that FEMA and USACE will coordinate to adopt the RIP standards as the official standards for maintenance of flood protection levees. The group discussed the possibility of adopting the RIP standards for maintenance of the "GreatRiver" perimeter levee. In response to questions from attendees, Director Stone said LID 11's engineer recently conducted a preliminary inspection of LID 11's levee using the RIP criteria to determine any potential deficiencies prior to requesting an official RIP inspection by USACE. Discussion ensued regarding the RIP standards, including restrictions on structures located within a specified distance from the toe of the levee or edge of the levee owner's right-of-way. In response to a question from Ms. Lutz, Mr. Rusk said the existence of a road on top of LID 6's perimeter levee segment would not prevent participation in the RIP since the road was constructed as part of the original levee construction.

The attendees discussed the ultimate goal for FEMA to accept the "GreatRiver" perimeter levee as a certified levee for the purposes of providing protection from a 100-year flood without the internal levees. Director Stone added that each of the Participants then could maintain its internal levees and drainage facilities independently as it deems necessary. Director Jameson said he supports a uniform approach to oversight, inspections, and maintenance standards, but believes each Participant should be responsible for repairs to its portion of the perimeter levee. Mr. Boone concurred it would be beneficial for a single entity to be responsible for perimeter levee maintenance, but that additional discussions will be necessary to determine the details and appropriate cost sharing method. In response to questions,

Mr. Perry said SWWC would provide recommendations to the responsible entity or joint powers agency for periodic joint inspections of the entire levee system with County involvement. He said SWWC then would present a report on the findings with recommendations for maintenance and/or repairs. Discussion ensued regarding the differences in the current maintenance standards of the "GreatRiver" Participants for maintenance of their portion of the perimeter levee. In response to a question from a LID 10 representative, Mr. Vogler said the County is not interested in taking over ownership and maintenance of levees in the County. The attendees discussed the possibility of using the "master district" concept utilized by water districts in various master-planned communities (such as Greatwood) for uniform operation and maintenance of the "GreatRiver" perimeter levee. In response to questions, Ms. Humphries explained the "master district" concept and the option for participating districts to send one of its directors to such "master district" meetings. Mr. Boone proposed for LID 11 to prepare a term sheet for this scenario. In response to questions from a MUD 121 representative regarding the benefits of uniform operation and maintenance of the perimeter levee, other attendees discussed the importance of FEMA recognizing the "GreatRiver" perimeter levee as a single levee and not separate levee systems, which would require more extensive improvements to each districts' levee systems and internal levees. Discussion ensued regarding the decision to construct the "GreatRiver" perimeter levee to address the matter in a more cost effective manner instead of each Participant proceeding individually.

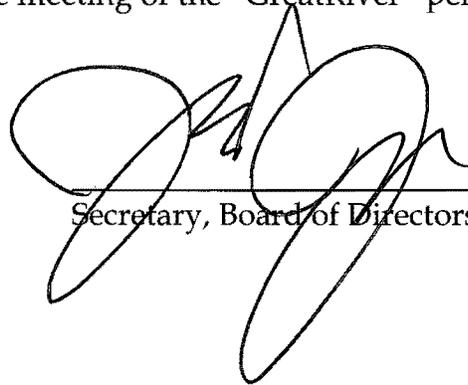
After review and discussion, the group agreed there are three options for the "GreatRiver" perimeter levee group as follows: (1) take no action, resulting in the creation of a joint powers agency for uniform oversight by the County; (2) implement the "master district" concept by designating one Participant as the "master district"; and (3) set uniform standards with mandatory quarterly (or otherwise) joint inspections. Ms. Humphries proposed for the operators and engineers for the Participants to meet and review and compare the Operation and Maintenance Manuals of each of the Participants to each other and to the RIP standards to determine the differences. In response to questions from attendees, Mr. Brown discussed the importance of grass type for erosion control on levees. He said the RIP standards suggest grass that is "native to the area." He discussed a new type of grass with a rye zone root system that is drought-tolerant and is supposed to grow approximately four inches high. Mr. Brown said SWWC is looking into possibilities for testing grass types. The group agreed matters like this should be discussed at Fort Bend Flood Management Association meetings. They then discussed the FBFMA symposium scheduled for June 3, 2011.

After additional review and discussion, the group agreed for (1) the operators and engineers to review and compare the O&M Manuals of the Participants, (2) LID 11 to prepare a term sheet for use of the "master district" concept for uniform operation of the "GreatRiver" perimeter levee system, and (3) ABHR to schedule another joint

meeting of the "GreatRiver" perimeter levee system Participants after the Participants have met and had an opportunity to discuss the matter and review the term sheet.

In response to a question from a MUD 121 representative, Ms. Humphries explained the cost sharing chart and provisions for participation by MUD 116, which does not own a portion of the perimeter levee but receives flood protection. Discussion ensued regarding the cost sharing arrangement for original construction of the "GreatRiver" perimeter levee and the audit conducted by LID 6 following such construction. MUD 121 representatives asked MUD 121 consultants to provide an explanation of the cost sharing arrangement for original construction of the "GreatRiver" perimeter levee at the next MUD 121 meeting.

There being no further business, the meeting of the "GreatRiver" perimeter levee group was adjourned.



Secretary, Board of Directors



ACTION LIST

1. The attorneys will prepare term sheets of options for a “master district” concept for uniform operation and maintenance of the “GreatRiver” perimeter levee.
2. The operators and engineers will review and compare the Operation and Maintenance Manuals of each of the “GreatRiver” perimeter levee Participants to each other and to the RIP standards to determine the differences.

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