

MINUTES
FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 11

August 23, 2011

The Board of Directors (the "Board") of Fort Bend County Levee Improvement District No. 11 (the "District") met in regular session, open to the public, on the 23rd day of August, 2011, inside the boundaries of the District, at Professional Project Management Services, 19875 Southwest Freeway, Suite 270, Sugar Land, Texas, 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 at the meeting were Bob Grant, a resident of the District; Julie Williams of Rathmann & Associates, L.P.; Erin Garcia of Myrtle Cruz, Inc.; Greg Ordeneaux of Tax Tech, Inc.; Michael Rusk of LJA Engineering & Surveying, Inc.; Jeff Perry of SWWC Services, Inc.; and Lynne B. Humphries and Kristen Hogan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the July 26, 2011, regular meeting, which were provided in advance of the meeting. Following review and discussion, Director Jameson moved to approve the minutes as submitted. Director Stone seconded the motion, which was approved by unanimous vote.

COMMENTS AND QUESTIONS FROM THE PUBLIC

Mr. Grant asked whether the Board will consider increasing the District's tax rate to ensure adequate funds are available to cover operating and maintenance expenses. The Board indicated that the 2011 tax rate will be discussed in today's meeting under a separate agenda item.

2011 TAX RATE AND BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2012

Ms. Williams distributed and reviewed a letter and debt service tax rate analysis reflecting the effects of the District levying 2011 debt service tax rate of \$0.22 per \$100 of assessed valuation, based on the upcoming bond issuance and a 2011 certified value of \$1,045,210,853 representing the District's initial 2011 certified value of \$972,098,549 from the Fort Bend Central Appraisal District ("FBCAD"), plus 80% of the FBCAD's opinion

of uncertified value under protest. A copy of the debt service tax rate recommendation letter, including the debt service tax rate analysis, is attached.

The Board then discussed the District's maintenance and operations tax rate and reviewed a draft District budget for the fiscal year end September 30, 2012, which was distributed by the bookkeeper. Director Jameson noted that the District would have to obtain voter approval of new maintenance tax authorization if the District decided to proceed with a park plan and voters authorized the issuance of bonds for parks and recreational facilities. He said this should be considered by the Board when considering the District's maintenance and operations tax rate projections. The Board discussed the draft budget and addressed Mr. Grant's question by noting the projected revenue included in the proposed budget. Mr. Grant inquired whether additional maintenance tax revenue would be needed in the case of a recession with declining property values and/or the inability to collect tax revenue. Discussion ensued regarding historical water district tax collections in Fort Bend County and in all of the Greatwood Districts. Ms. Humphries reviewed rollback tax calculations, noting that the maximum total 2011 tax rate that can be levied by the District without triggering rollback is \$0.296 per \$100 of assessed valuation.

Director McCann reported on discussions at the previous Presidents' meeting regarding his request that the Greatwood Municipal Utility Districts (the "Greatwood MUDs") consider water conservation matters and possible common rate structures to encourage conservation. Ms. Humphries said the Greatwood MUDs continue to consider the matter. Director McCann said he reported to the other Greatwood Presidents that the District anticipates an increase in its tax rate of \$0.01 per \$100 assessed value in connection with the upcoming bond issuance.

The Board then discussed the possibility of levying a total 2011 tax rate of \$0.29 per \$100 assessed value. Ms. Williams said she will prepare a new debt service tax rate analysis based on a debt service rate of \$0.215 for the Board's consideration at next month's meeting.

After review and discussion, Director Stone moved to authorize the tax assessor/collector to publish notice in the Fort Bend Herald of the District's meeting on September 28, 2011, to set District's proposed 2011 tax rate of \$0.29 per \$100 assessed valuation. Director Jameson seconded the motion, which passed unanimously. The Board determined to consider an allocation of \$0.215 to debt service and \$0.075 to maintenance and operations.

BUDGET FOR FISCAL YEAR ENDING SEPTEMBER 30, 2012, continued

The Board continued reviewing the District's proposed budget for the fiscal year end September 30, 2012, noting revisions. The Board discussed the impact of current drought conditions on District maintenance and operations. The Board discussed the

amount included in the 2011 budget for the Greatwood Community Association ("HOA") to install plants in the open cul-de-sac areas it owns to prevent unauthorized access to the main levee, pursuant to an agreement between the District and the HOA. After discussion, the Board concurred to reduce the amount included in the 2012 budget for this project to \$25,000, and to consider deleting this line item in the budget if the HOA does not proceed with the project. In response to a question from Director McCann, Ms. Garcia said the amount included in the draft budget for the Fort Bend Flood Management Association ("FBFMA") annual membership fee is \$3,000 more than the actual membership fee as requested by the President of the FBFMA in case of additional FBFMA expenses. After discussion, the Board concurred the budgeted amount should be reduced to the amount of the actual membership fee. Ms. Garcia said she will present a revised 2012 budget at next month's meeting for the Board's consideration, based on the discussed revisions.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Garcia distributed and reviewed the bookkeeper's report, including the monthly budget comparison and list of checks presented for approval. A copy of the bookkeeper's report is attached. Ms. Garcia reviewed a list of current interest rates available for the investment of water district funds in certificates of deposit. After review and discussion, the Board directed Ms. Garcia to invest the District's funds to maximize interest earnings. Following additional review and discussion, Director Stone moved to approve the bookkeeper's report and payment of the bills. Director Jameson seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Ordeneaux distributed and reviewed the tax assessor/collector's report, a copy of which is attached. He reported that the District's 2010 taxes were 99.21% collected as of July 31, 2011. In response to a question from Ms. Humphries, Mr. Ordeneaux said he has not heard whether a water district candidate will appear on the ballot in the FBCAD's Board of Directors election. Director McCann said if a water district candidate received enough votes to appear on the ballot, the water districts need to pursue additional votes from Fort Bend County (the "County") and/or the school districts in order to elect the water district nominee. Following review and discussion, Director Jameson moved to approve the tax assessor/collector's report. Director Stone seconded the motion, which passed by unanimous vote.

PHASE II MS4 STORMWATER MANAGEMENT PLAN IMPLEMENTATION

There was no discussion on this item.

OPERATION OF DISTRICT FACILITIES

Mr. Perry distributed and reviewed the operator's report, a copy of which is attached. He reported on operations and maintenance performed during the previous month, as indicated in the operator's report. Mr. Perry reviewed a proposal to dig out and straighten approximately 200 feet of 7-inch chain link fencing at pump station no. 1. Copies of the proposal and a picture of the fence are included in the operator's report. Director Stone inquired about the possibility of installing longer fence posts to be buried in the ground for stability. Director McCann then inquired about the possibility of relocating the fence to include the adjacent tract that the District purchased from the Golf Club. Mr. Perry said he will work with the District's engineer on the relocation plans and revised proposal.

Mr. Perry reported on efforts to work with the HOA and Earthcare Management, landscaping company for the HOA, on the plans for the HOA to install plants in the open cul-de-sac areas it owns with \$15,000 from the District to prevent unauthorized access to the main levee. He said he submitted all applicable information to the HOA to proceed with the project in connection with the HOA's installation of irrigation systems in the cul-de-sac areas it owns. Mr. Perry said the HOA indicated they are soliciting proposals for the work. Director Stone asked Mr. Perry to send him the information that was sent to the HOA.

After review and discussion, Director Stone moved to approve the operator's report. Director Jameson seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Rusk distributed and reviewed the engineer's report, a copy of which is attached. He updated the Board on the plans for Middle Bayou detention lake erosion protection and improvements, noting that the plans have been approved by appropriate agencies and LJA is ready to advertise for bids. Mr. Rusk presented proposals from Storm Water Solutions and Environmental Allies to perform storm water pollution prevention services associated with the construction work. The Board discussed the District's experience working with Storm Water Solutions.

Mr. Rusk updated the Board on bond application no. 6, which was previously approved by the Texas Commission on Environmental Quality ("TCEQ") with escrow requirements. He said the District's application requesting a waiver of the requirement or release of escrowed funds for the Middle Bayou detention lake erosion protection and improvements project was submitted to the TCEQ on August 22, 2011. Ms. Williams said the Preliminary Official Statement for bond issue no. 6 will be updated to reflect the date of today's meeting and that she will submit the offering document to rating companies. Discussion ensued regarding the timeline for issuing the bonds, obtaining TCEQ approval of the escrow application, and awarding a contract for the

Middle Bayou detention lake erosion protection and improvements. The Board concurred the bond sale should be scheduled for the September meeting and bids for the construction project should be received approximately two weeks before the October meeting for award at such meeting, subject to closing on the sale of the bonds. The Board concurred to schedule the bond closing for October 26, 2011, noting the goal for construction to begin in mid-November. Director Stone said a notice to proceed for the project should be issued for construction to begin on or before November 10, 2011.

After review and discussion, Director Jameson moved to approve the engineer's report and to approve the proposal from Storm Water Solutions and authorize advertisement for bids for the Middle Bayou detention lake erosion project. Director Stone seconded the motion, which passed unanimously.

Mr. Rusk said there is no update on the status of the proposal from T-Mobile to lease a 30' x 40' area of District property at pump station no. 1 for the construction of a 100' monopole cell tower and a small group of equipment cabinets at the base of the tower.

The Board discussed the timeline for design of the emergency operations building included in bond application no. 6. After discussion, the Board directed Mr. Rusk to solicit qualifications from various architectural firms. Director Stone said he would provide Mr. Rusk with contact information for the company that designed Fort Bend County Levee Improvement District No. 2's ("LID 2") emergency operations building.

DISASTER PREPAREDNESS COMMITTEE MATTERS

Director Stone reported on discussions at the recent Disaster Preparedness Committee meeting, noting that the Committee reviewed and updated the Drought Contingency Plans for the Greatwood MUDs and considered various rate structures and programs to encourage water conservation for consideration by the Greatwood MUDs. Ms. Humphries said the Committee also made additional revisions to the Amended Greatwood Emergency Preparedness Plan, based on a proposed amendment to the Master District's contract with SWWC to confirm that necessary equipment is available for Greatwood to assist with clean-up activities following an emergency situation. She said the revisions will be presented at next month's meeting for the Board's consideration.

COMMUNITY PROJECTS COMMITTEE MATTERS AND POSSIBLE PARK IMPROVEMENTS

The Board reviewed a report on the community parks survey results received as of August 15, 2011, and Director Jameson noted that the survey will remain open through the end of August. Director McCann reported on discussions at the previous

Presidents' meeting regarding the survey and maintenance costs associated with parks. He said he reiterated that the next step is to shift efforts on the matter to the community. The Board discussed misinformation and confusion regarding the survey and the possible construction and maintenance of any park facilities in Greatwood. Director Jameson discussed the invoice received by Fort Bend Green for renderings prepared by KGA DeForest Design LLC and proposed for the District to pay half of the invoice, with Fort Bend Green paying the other half. After discussion, the Board concurred for the District to pay half the invoice for the renderings.

FORT BEND FLOOD MANAGEMENT ASSOCIATION MATTERS/ACTIONS, FEDERAL FLOOD INSURANCE LEGISLATION, AND ATTENDANCE AT LEVEE CONFERENCES OR ASSOCIATION OF WATER BOARD DIRECTORS CONFERENCES

Ms. Humphries reported on discussions with County Judge Bob Hebert prior to today's meeting regarding stakeholder lobbying efforts to ensure that any extension of the National Flood Insurance Program does not adversely affect the levee districts or the residents and businesses they protect. She said Judge Hebert indicated that the FBFMA could hire a lobbyist or the County could hire a separate lobbyist who is a specialist in insurance legislation and could enter into Interlocal Agreements with the stakeholders to share the lobbying costs if desired by the stakeholders. Ms. Humphries reported that Judge Hebert is holding a meeting to discuss the matter on August 30, 2011, at 8:00 a.m. at SWWC and is asking all levee district stakeholders to send at least one representative to the meeting. After discussion, the Board directed ABHR to post an agenda for the District so that more than one Director may attend.

Director Stone reported on emergency planning efforts under consideration by County levee districts.

\$3,230,000 UNLIMITED TAX LEVEE IMPROVEMENT BONDS, SERIES 2011

The Board continued discussing the schedule for issuance of the District's \$3,230,000 Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds"). After review and discussion, Director Jameson moved to approve the updated Preliminary Official Statement and Official Notice of Sale, authorize advertisement for bids for the Series 2011 Bonds, and schedule the bond sale for September 27, 2011, at the District's regular meeting. Director Stone seconded the motion, which passed unanimously.

REPORTS ON GREATWOOD PRESIDENT'S MEETING AND ACTIVITIES AND FOLLOW UP ON LEVEE AND DRAINAGE FACILITIES AND OTHER DISTRICT AND GREATWOOD REGIONAL MATTERS, INCLUDING GREATWOOD DISTRICTS' ARTICLES AND INFORMATION FOR WEBSITE

There were no additional reports.

There being no further business to come before the Board, the meeting was adjourned.





Secretary, Board of Directors

ACTION LIST

1. The financial advisor will prepare a new debt service tax rate analysis based on a debt service rate of \$0.215 for the Board’s consideration at next month’s meeting.
2. The tax assessor/collector will publish notice in the Fort Bend Herald of the District’s meeting on September 28, 2011, to set District’s proposed 2011 tax rate.
3. The bookkeeper will present a revised 2012 budget at next month’s meeting for the Board’s consideration, based on the discussed revisions.
4. The bookkeeper will invest the District’s funds to maximize interest earnings.
5. The operator will work with the engineer on the relocation plans and revised proposal for fencing at pump station no. 1.
6. The operator will send Director Stone the information about the cul-de-sac landscaping project that was sent to the HOA.
7. The engineer will advertise for bids on the shoreline erosion project to be received approximately two weeks before the October meeting for award at such meeting, with a projected date of November 10, 2011, for construction to begin.
8. The engineer will solicit qualifications from various architectural firms for design of the emergency operations building and Director Stone will provide the engineer with contact information for the company that designed LID 2’s emergency operations building.
9. The attorney will post an agenda for the District so that more than one Director may attend the meeting with the County Judge on August 30, 2011.

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