

MINUTES  
FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 11

September 27, 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 27th 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 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. ("LJA"); 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 August 23, 2011, regular meeting and the August 30, 2011, special meeting, which were provided in advance of the meeting. Following review and discussion, Director Stone moved to approve the minutes as submitted. Director McCann seconded the motion, which was approved by unanimous vote.

COMMENTS AND QUESTIONS FROM THE PUBLIC

There were no public comments or questions.

FINANCIAL AND BOOKKEEPING MATTERS AND BUDGET FOR FISCAL YEAR ENDING SEPTEMBER 30, 2012

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 presented additional checks from the operating fund to the Houston Chronicle and the Texas Attorney General that will be reimbursed to the operating fund from bond proceeds. She next reviewed the monthly energy report, noting that the demand charge was reduced for pump station no. 1 based on usage for the prior year.

Ms. Garcia next reviewed the District's proposed budget for the fiscal year ending September 30, 2012, noting revisions discussed at last month's meeting were incorporated.

Director Jameson entered the meeting and discussed his request for Ms. Garcia to include a summary of the District's outstanding bonds along with the dates on which the bonds become callable in the bookkeeping report. The Board reviewed the summary on the last page of the bookkeeper's report and Director Jameson discussed the possibility of defeasing District debt with surplus funds as the debt becomes callable. Ms. Williams discussed the process for defeasing outstanding bonds. She said September 1, 2012, is the earliest date on which District bonds become callable and that the matter can be discussed further at future meetings.

Following review and discussion, Director Stone moved to approve the bookkeeper's report and payment of the bills and adopt the District's budget for the fiscal year ending September 30, 2012, as presented. Director McCann seconded the motion, which passed unanimously.

#### SALE OF THE DISTRICT'S \$3,230,000 BONDS, SERIES 2011

Ms. Williams distributed and reviewed a summary of the five bids received for the District's \$3,230,000 Unlimited Tax Levee Improvement Bonds, Series 2011 (the "Series 2011 Bonds"). A copy of the bid summary is attached. Ms. Williams stated that all of the bidders chose to purchase bond insurance. She recommended that the Board accept the bid with the lowest net effective interest rate of 3.742149% submitted by RBC Capital Markets.

Ms. Humphries reviewed the Resolution Authorizing Issuance of the Bonds with the Board. She next reviewed the Paying Agent/Registrar Agreement between the District and The Bank of New York Mellon Trust Company, N.A. and the Escrow Agreement between the District and BBVA Compass.

Ms. Williams stated that the Preliminary Official Statement will be updated to include information about the bond sale.

Ms. Humphries said it will be necessary for the President and the Secretary of the Board to sign documents relating to the sale of the District's Series 2011 Bonds, and for the attorney to submit a transcript of the bond proceedings to the Attorney General of Texas. She added that the financial advisor also will take necessary action in connection with the delivery of the Series 2011 Bonds to the purchaser.

Ms. Humphries stated that the Texas Water Code requires the District to file an Amendment to Information Form with Fort Bend County and with the Texas Commission on Environmental Quality ("TCEQ") providing notice of the bonds issued

by the District. She presented and reviewed the Amendment to Information Form reflecting the Series 2011 Bonds.

After review and discussion, Director Jameson made a motion to take the following action: (1) award the sale of the District's Series 2011 Bonds to RBC Capital Markets, whose bid contained the lowest net effective interest rate; (2) adopt the Resolution Authorizing Issuance of the Series 2011 Bonds; (3) approve the Paying Agent/Registrar Agreement with The Bank of New York Mellon Trust Company, N.A.; (4) approve the Escrow Agreement with BBVA Compass; (5) approve the Official Statement; (6) authorize the Board of Directors to sign the documents relating to the bond sale; (7) authorize the attorney and financial advisor to take all necessary action to deliver the bonds to the purchaser; and (8) authorize execution and filing of the Amendment to Information Form. Director Stone seconded the motion, which passed by unanimous vote.

AUTHORIZE AUDITOR TO PROCEED WITH CONDUCT OF AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2011 (SECOND YEAR OF 3-YEAR CONTRACT TERM)

The Board discussed the District's engagement letter with Sandersen Knox & Co., LLP ("SKC") to conduct the District's audits for the fiscal year ends September 30, 2010-2012. After discussion, Director Stone moved to authorize SKC to proceed with conduct of the District's audit for the fiscal year end September 30, 2011. 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 99.48% collected as of August 31, 2011. Following review and discussion, Director Stone moved to approve the tax assessor/collector's report. Director McCann seconded the motion, which passed by unanimous vote.

PUBLIC HEARING REGARDING TAX RATE, ORDER LEVYING TAXES, AND AMENDMENT TO INFORMATION FORM

Mr. Ordeneaux presented an Affidavit of Publication evidencing publication of notice of the District's meeting today to adopt the proposed 2011 tax rate of \$0.29 per \$100 of assessed valuation.. The Board opened the public hearing regarding the adoption of the District's 2011 tax rate. Ms. Williams distributed and reviewed updated debt service tax rate analyses reflecting the impact of levying 2011 debt service tax rates of \$0.215 and \$0.21 per \$100 of assessed value, based on the sale of the Series 2011 Bonds. Copies of debt service tax rate analyses are attached. Ms. Williams said the District may reduce the proposed 2011 debt service tax rate from \$0.215 to \$0.21 per \$100 of assessed valuation due to the lower than projected interest rate at which the

Series 2011 Bonds were sold. Discussion ensued regarding the possibility of implementing a bond defeasance program in the future. There being no members of the public in attendance who wished to address the Board, the public hearing was closed. Ms. Humphries presented an Order Levying Taxes for the Board's consideration. She next presented the Amendment to Information Form reflecting the Series 2011 Bonds and the new tax rate and stated that the Amendment to Information Form will be filed with the TCEQ and recorded in the Official Public Records of Fort Bend County. After review and discussion, Director Stone moved to adopt the Order Levying Taxes, reflecting a 2011 tax rate of \$0.28 per \$100 of assessed valuation consisting of \$0.21 allocated for debt service and \$0.07 allocated for maintenance and operations expenditures, authorize execution of the Amendment to Information Form, and direct that such documents be filed appropriately and retained in the District's official records. Director Jameson seconded the motion, which passed by unanimous vote. The Board confirmed its intention that the 2011 tax levy include a debt service component for the calendar year ending December 31, 2012, and a maintenance tax component for the fiscal year ending September 30, 2012.

#### PHASE II MS4 STORMWATER MANAGEMENT PLAN IMPLEMENTATION

Ms. Humphries distributed and reviewed a letter sent by ABHR to the TCEQ providing comments to the new draft MS4 General Permit, a copy of which is attached. She said the new permit focuses on monitoring and enforcement and the proposed effective date for the new permit is September 2012. Director Jameson reported on discussions about the new draft permit requirements at the recent Storm Water Management Plan Committee meeting held September 26, 2011. He noted that documentation from the Committee meeting was sent to all of the Greatwood District Directors, including the year four annual report for compliance with the current five-year permit that will be presented by Storm Water Solutions at next month's meeting. Discussion ensued regarding the potential impact of the new draft permit on water districts and levee districts.

#### 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 said he is getting revised proposals to adjust and relocate the 7-inch chain link fencing at pump station no. 1 for the Board's consideration at next month's meeting.

Director McCann reported on discussions with the Greatwood Community Association ("HOA") President at the previous Presidents' meeting regarding the HOA's installation of landscaping in the open cul-de-sac areas it owns to prevent unauthorized access to the main levee using the \$15,000 from the District. He said the HOA President indicated that the project appears more extensive than originally

planned and installation of low fencing and/or bollards and cables may be a better solution. After discussion, the Board directed Mr. Perry to inspect the various cul-de-sac areas to prepare a recommendation for installation of low fencing and/or bollards and cables.

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 discussed the District's pending application requesting a waiver of the requirement or release of escrowed funds for the Middle Bayou detention lake erosion protection and improvements project, which was submitted to the TCEQ on August 22, 2011. Mr. Rusk said he will follow up with the TCEQ reviewer to provide a copy of the Escrow Agreement for the Series 2011 Bonds.

Mr. Rusk next updated the Board on the plans for Middle Bayou detention lake erosion protection and improvements. He said LJA is scheduled to receive bids for the project on October 4, 2011.

Director McCann reported on HOA discussions with the Greatwood Golf Club regarding water rights related to the amenity and detention lakes. After discussion, the Board concurred for ABHR to work with LJA to look at the District's water rights permit to determine whether the Golf Club is authorized to pump water from the detention lake.

Mr. Rusk discussed design of the emergency operations building to be funded from proceeds from the Series 2011 Bonds. He said he is working with Director Jameson to solicit qualifications from two architectural firms.

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

Ms. Humphries reported on a request from Sand Supply for a letter from the parties to the Settlement Agreement indicating restoration of its dredging site has been completed in accordance with the Settlement Agreement. She said the City of Sugar Land (the "City") issued a 10-year conditional use permit for Sand Supply with a required restoration plan. After discussion, the Board concurred Sand Supply should coordinate with the City on restoration plans and associated approvals.

#### DISASTER PREPAREDNESS COMMITTEE MATTERS

Ms. Humphries reported on Disaster Preparedness Committee revisions to the Amended Greatwood Emergency Preparedness Plan to reflect that the operator will

provide certain equipment within Greatwood when a storm is within 250 miles of landfall. She presented the Amended Greatwood Emergency Preparedness Plan (the "Amended EPP") recommended by the Committee for adoption by the Greatwood Districts, copies of which were provided in advance of today's meeting with the proposed revisions. After review and discussion, Director Stone moved to adopt the Amended EPP and direct that it be filed appropriately and retained in the District's official records. Director Jameson seconded the motion, which passed unanimously.

COMMUNITY PROJECTS COMMITTEE MATTERS AND POSSIBLE PARK IMPROVEMENTS

The Board reviewed a report on the final community parks survey results. Director Jameson reported on the September 20<sup>th</sup> meeting of the Community Projects Committee to review the final results and prepare a notice to post on the website along with a copy of the final survey results and requesting Greatwood residents to contact the District if they are interested in serving on the Committee. He reported on Committee discussions about transferring the Committee's momentum to members of the community and noted that a summary of the Committee meeting discussions was previously forwarded to all of the Directors.

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

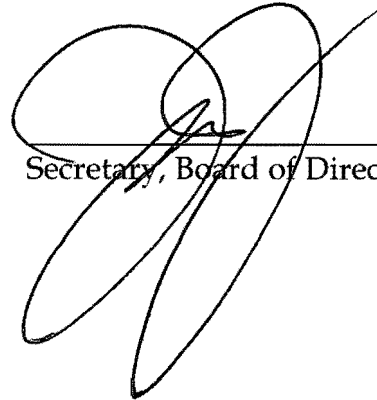
The Board discussed proposed federal legislation and policy development activities related to flood insurance and floodplain management, pursuant to discussions at the August 30<sup>th</sup> meeting with Fort Bend County Judge Bob Hebert. Ms. Humphries presented a proposed letter to members of Congress supporting the County's Judge's position on the matter and providing a copy of the Judge's position letter to such members. After review and discussion, Director Stone moved to authorize execution of the letter as presented. Director Jameson 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

Director Jameson reported on discussions with Joel Scott who asked about ownership of right-of-way along Crabb River Rd. for the purposes of posting signage. The Board indicated this matter should be addressed with the HOA.

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



  
Secretary, Board of Directors

ACTION LIST

1. The operator will present revised proposals to adjust and relocate the 7-inch chain link fencing at pump station no. 1 at next month's meeting.
2. The operator will inspect the various open cul-de-sac areas and prepare a recommendation for installation of low fencing and/or bollards and cables to prevent unauthorized access to the main levee.
3. The engineer will provide a copy of the Escrow Agreement to the TCEQ reviewer.
4. The attorney will work with the engineer to review the District's water rights permit with regards to Golf Club lake pumpage.

LIST OF ATTACHMENTS TO MINUTES

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