

MINUTES
FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 11

December 20, 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 20th day of December, 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 Jim Lawless, architect; Bob Grant, a resident of the District; 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. ("SWWC"); and Lynne B. Humphries and Kristen Hogan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the November 29, 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

There were no members of the public who wished to address the Board.

PREPARATION OF ANNUAL REPORT

Ms. Humphries stated that the District is required to file updated financial information and operating data in the form of an annual report with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System prior to March 31, 2012. She requested authorization for ABHR to work with the District's consultants to prepare the report. Following discussion, Director Jameson moved to authorize preparation of the annual report. Director Stone seconded the motion, which passed by unanimous vote.

TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

The Board discussed Director expenses for the upcoming Association of Water Board Directors winter conference in Dallas. After discussion, the Board concurred no action was necessary since none of the District's Directors plan to attend.

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. In response to a question from Director McCann, Ms. Garcia confirmed that she tracks director per diems to ensure compliance with state law. Following review and discussion, Director Jameson moved to approve the bookkeeper's report and payment of the bills. Director Stone 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. Following review and discussion, Director Jameson moved to approve the tax assessor/collector's report and payment of the tax bills. Director Stone seconded the motion, which passed by unanimous vote.

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. In response to questions from the Board, Mr. Perry said he is not aware of any additional instances of unauthorized access to the District's levee. 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 schedule for construction of the Middle Bayou detention lake erosion protection and improvements, noting that a notice to proceed will be issued to the contractor, Austin Filter Systems, Inc., to begin construction on January 3, 2012. Mr. Rusk next distributed and reviewed a proposal letter from Austin Filter Systems, Inc. in the amount of \$83,200, to add PVC coating to extend the life of the gabion structures, a copy of which is attached. He recommended approval of the proposal as a change order to the construction contract. Ms. Humphries recalled a Texas Commission on Environmental Quality ("TCEQ") rule requiring submission and TCEQ approval of an application to fund change orders in excess of \$25,000 for

construction projects funded with bond proceeds. After discussion, Mr. Rusk said he would review the TCEQ rules to determine whether a District application is necessary. Director Stone then made a motion to authorize preparation and submission of an application to the TCEQ, including authorization to execute all necessary documentation for the application, if required by TCEQ rules. Director Jameson seconded the motion, which passed unanimously.

Mr. Lawless presented and reviewed preliminary drawings for a proposed emergency operations building to be funded from proceeds from the District's \$3,230,000 Unlimited Tax Levee Improvement Bonds, Series 2011 (the "Series 2011 Bonds"). Discussion ensued regarding design of the building, including dimensions, generator installation, and the standards and costs associated with designing a building to withstand Category 4 or 5 hurricane wind speeds. The Board asked Mr. Lawless to determine the difference in cost to design and construct the building to withstand Category 5 hurricane wind speeds compared to Category 4. Director Stone suggested if the cost of Category 5 design standards is significantly higher, the Board could consider designing the building to Category 4 standards with a storage room designed to provide additional protection. The Board discussed the need to meet with SWWC representatives to determine whether SWWC will agree to use the District's emergency operations building as a staging area since it will be built to withstand hurricane winds. After discussion, the Board concurred to designate Director Stone as the District's representative to work with Mr. Lawless on design plans and specifications for the District's emergency operations building. The Board concurred Director Stone should work with the engineer and operator to provide comments to the preliminary plans once Mr. Lawless determines the cost difference for designing and constructing the building to withstand Category 5 hurricane wind speeds compared to Category 4. Director Stone said he would contact Mr. Rusk to schedule a meeting in January to discuss the site plan. Ms. Humphries then discussed ABHR's comments to Mr. Lawless' proposed contract with the District for architectural design of the building. Mr. Lawless reviewed proposed exceptions to ABHR's comments for the Board's consideration, which include: (1) that the architect will give written notice of any reduction in the limit of liability insurance by endorsement of the policy since he said automatic notice from its insurance companies is not available on professional liability insurance issued to design firms; (2) a limit of not less than \$250,000/\$500,000 each claim/annual aggregate instead of \$1,000,000; and (3) the addition of "if needed" to the requirement that all insurance policies listed in the contract shall be endorsed. After review and discussion, the Board concurred to approve all three exceptions discussed by Mr. Lawless.

Ms. Humphries distributed and reviewed a memorandum to the Board regarding recent legislation that changes the enforceability of broad-form indemnity provisions used in construction contracts effective January 1, 2012. A copy of the memorandum regarding Construction Contract Forms is attached. Ms. Humphries

stated that ABHR has prepared a new form of construction contract for use on all projects awarded on or after January 1, 2012, in response to this new legislation. After review and discussion, the Board concurred to use ABHR's new form of construction contract for all District projects following review of the forms by Director Stone. Ms. Humphries said ABHR will send the forms to Director Stone for review.

Mr. Rusk reported on a plat for a 25.79-acre tract he received for review on behalf of the District. He said the tract is within Fort Bend County Municipal Utility District No. 116 and has adequate drainage.

After review and discussion, Director Jameson moved to approve the engineer's report and to authorize execution of the revised contract with Mr. Lawless for architectural design of the emergency operations building with the approved exceptions. Director Stone seconded the motion, which passed unanimously.

PHASE II MS4 STORM WATER MANAGEMENT PLAN IMPLEMENTATION

There was no discussion on this item.

DISASTER PREPAREDNESS COMMITTEE MATTERS

Director Stone said the Disaster Preparedness Committee has not met. He said the Committee does not have another meeting scheduled since its assignments are complete and will meet only as needed for emergency situations.

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

Directors McCann and Stone reported on a recent meeting of the Fort Bend Flood Management Association ("FBFMA") to, among other things, elect officers. Director McCann reported that he did not pursue re-election to the FBFMA executive committee. Director Stone noted that ABHR should not be expected to do the amount of pro bono work currently being done for the FBFMA. Director McCann then reported on an upcoming Texas Water Day conference in Washington, D.C.

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 he was approached by a representative of Levee Management requesting an opportunity to give a presentation to the Board regarding levee management software. After discussion, the Board directed ABHR to include an item on next month's agenda for a brief presentation from Levee Management and to notify Levee Management of the date, time, and location of the meeting.

The Board discussed the need to schedule an additional meeting with the "GreatRiver" perimeter levee participants to continue discussing the terms for an agreement for operation and maintenance of the perimeter levee. The Board asked ABHR to work with the other participants to schedule a meeting.

Ms. Humphries discussed the Settlement Agreements between Sand Supply and various other entities, including the District. She said Sand Supply has completed its mining operations on the Booth property and the City of Sugar Land (the "City") issued a letter indicating that restoration of the property has been completed pursuant to the City's 2003 Conditional Use Permit. Ms. Humphries presented a proposed letter from the District to Sand Supply acknowledging receipt of the City's letter and indicating, therefore, the District considers the Settlement Agreements satisfied. After review and discussion, Director Stone moved to authorize execution of the letter as presented. Director Jameson seconded the motion, which passed unanimously.

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




Secretary, Board of Directors

ACTION LIST

1. The attorney will work with the District’s consultants to prepare the annual report.
2. The engineer will review the TCEQ rules to determine whether a District application for change order approval is necessary and will prepare and submit an application if required.
3. The architect will determine the difference in cost to design and construct the building to withstand Category 5 hurricane wind speeds compared to Category 4.
4. Director Stone will work with the engineer and operator to provide comments to the preliminary plans once the architect determines the requested cost information.
5. The attorney will send the construction contract forms to Director Stone for review.
6. The attorney will include an item on next month’s agenda for a brief presentation from Levee Management and will notify Levee Management of the date, time, and location of the meeting.
7. The attorney will work with the perimeter levee participants to schedule an additional meeting.

LIST OF ATTACHMENTS TO MINUTES

	<u>Page No.</u>
bookkeeper’s report	2
tax assessor/collector’s report	2
operator’s report.....	2
engineer’s report	2
proposal letter from Austin Filter Systems, Inc.....	2
memorandum regarding Construction Contract Forms	3