

MINUTES
FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 11

February 8, 2012

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 8th day of February, 2011, at the offices of Allen Boone Humphries Robinson LLP ("ABHR"), 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: Don Burns, Michael Ross, and Rodney Vannerson of Fort Bend County Levee Improvement District No. 10 ("LID 10"); Steve Robinson of ABHR, representing LID 10; Edmund Dumas of Fort Bend County Municipal Utility District No. 121 ("MUD 121"); Jim Boone and Linda Sotirake of ABHR, representing MUD 121; Greg Frank and Ron Dechert of Costello, Inc., and Angie Lutz of ABHR, representing Fort Bend County Levee Improvement District No. 6 ("LID 6"); Michael Rusk of LJA Engineering & Surveying, Inc., and Lynne B. Humphries and Kristen Hogan of ABHR, representing LID 11; Pat Naff of CDC Unlimited, LLC; and Mike Thelen and Jeff Perry of SWWC Services, Inc. ("SWWC").

Ron McCann, President of LID 11, called the perimeter levee meeting to order. Director McCann on behalf of LID 11, Mr. Burns on behalf of LID 10, Mr. Dumas on behalf of MUD 121, and Ms. Lutz on behalf of LID 6, discussed the area their district serves and their levee and drainage facilities, including their respective portion of the perimeter levee. Ms. Lutz reported on the landowners in LID 6 who participated in raising the Ransom Road segment of the perimeter levee. She reported the only current development in LID 6 is the Caldwell Watson/Dell Webb Sweetgrass project. Director McCann discussed Fort Bend County Municipal Utility District No. 116's ("MUD 116") participation in the perimeter levee construction and the contractual relationship between MUD 116 and LID 11 for participation by MUD 116, which does not own a portion of the perimeter levee but receives flood protection. The attendees reviewed an exhibit of the "GreatRiver" perimeter levee

TERM SHEET FOR PERIMETER LEVEE INSPECTIONS AND MAINTENANCE;
MAINTENANCE STANDARDS AND OPERATION AND MAINTENANCE
MANUAL FOR PERIMETER LEVEE

Director McCann said LID 11 requested today's joint meeting to continue discussing matters related to the "GreatRiver" perimeter levee system, including plans for ongoing maintenance. He discussed the purpose of developing uniform maintenance standards for the "GreatRiver" perimeter levee system, which include achieving cost savings by coordinating maintenance and repairs, establishing points of contacts for emergency situations, and minimizing intrusion into one another's internal activities. The attendees discussed the ultimate goal for the Federal Emergency Management Agency ("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. Mr. Ross asked why uniform maintenance standards were not determined during initial construction of the perimeter levee. Mr. Frank and Mr. Robinson discussed the limited time that was available to determine a plan to ensure protection from a 100-year flood and raise segments of participant levees to form the perimeter levee.

Ms. Humphries presented and reviewed the existing Perimeter Levee Operation and Maintenance Agreement between the "GreatRiver" perimeter levee participants, dated May 12, 2008 (the "Existing Agreement"). She said the Existing Agreement provides that each district would adopt an Operation and Maintenance Manual to address operation and maintenance of their portion of the perimeter levee and related drainage facilities. Ms. Humphries added the Agreement also provides a "self-help" remedy allowing another district who is a party to the Existing Agreement to carry out proper maintenance of a perimeter levee segment if a district is not maintaining its portion in accordance with their Operation and Maintenance Manual and upon providing required notice.

The attendees discussed the suggestion by Fort Bend County (the "County") Judge Hebert for creation of a joint powers agency for uniform operation and maintenance of the "GreatRiver" perimeter levee system within the County. Ms. Humphries noted the County Judge's additional recommendation that the group adopt the U.S. Army Corps of Engineers ("USACE") Rehabilitation and Inspection Program ("RIP") standards for maintenance of the perimeter levee. Director Jameson said such recommendations spurred the need for these joint meetings to establish plans for uniform operation and maintenance of the "GreatRiver" perimeter levee system as a single system while avoiding an additional layer of bureaucracy. Discussion ensued regarding the reasons prohibiting consolidation of the districts into one legal entity. It was also noted that the County previously indicated it is not interested in taking over ownership and maintenance of the levees in the County.

Ms. Humphries noted discussions at the May 25, 2011, meeting regarding the need for the operators and engineers for the perimeter levee participants to meet to 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. Mr. Frank explained FEMA's authority over levees and said the USACE RIP standards were identified as a consistent maintenance standard to use, but that USACE does not have authority over levees and participation with USACE in the RIP program is not required. He added that FEMA has jurisdiction of the levees.

Director McCann reported on an inspection of LID 11's levee performed by LID 11's engineer using the RIP criteria, noting only minor issues were found. Mr. Frank discussed an emergency action plan included in the RIP standards that was recently discussed at a Fort Bend Flood Management Association ("FBFMA") subcommittee meeting. He said such plan will be discussed further in future FBFMA meetings.

In response to questions from Mr. Dumas regarding the benefits for MUD 121 to participate in joint 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. The attendees said more extensive improvements would be required to be made to each districts' internal levees if the perimeter levee is not recognized as one system by FEMA. Other attendees discussed the cost savings achieved by all of the participants by constructing the "GreatRiver" perimeter levee instead of each participant proceeding individually. Attendees noted MUD 121 would have to raise the remainder of its levee system if it did not participate in the perimeter levee.

Discussion ensued regarding accountability and reporting to one another to provide assurance that the entire perimeter levee is being operated and maintained properly to provide flood protection for the land within all of the participating districts. Mr. Dumas said the full MUD 121 Board has not had an item on its previous agendas to discuss these matters. Other attendees indicated their districts have not discussed joint maintenance plans at their regular meetings either, which is why these joint special meetings were necessary. Ms. Humphries explained no action had been taken since the previous May 25, 2011, meeting other than preparation of a term sheet as discussed at such meeting.

Director McCann then directed the attendees to the proposed Term Sheet for Perimeter Levee Maintenance ("Term Sheet") distributed by ABHR, which was provided for review in advance of today's meeting. A copy of the Term Sheet is attached. The attendees reviewed the Term Sheet item by item. Discussion ensued regarding the RIP standards and the associated inspection form. The attendees discussing using the RIP standards as the criteria for maintenance of the "GreatRiver" perimeter levee without formal participation in the RIP program with USACE. Director

Stone noted the benefits of formal participation to receive flood-fighting and related financial assistance from USACE in emergency flood event situations. Mr. Ross reported that LID 10 asked its engineer to prepare a cost estimate to conduct an inspection of its levee using the RIP standards at its previous meeting. In response to questions, Mr. Rusk said LJA's cost to conduct an inspection of LID 11's levee system based on the RIP standards was approximately \$3,500.

The attendees continued reviewing and discussing the Term Sheet, including the provisions for routine inspections. Ms. Humphries responded to questions, stating the quarterly inspections provided in the Term Sheet are not intended to be full RIP criteria inspections. She added the engineers and operators would need to prepare an inspection form appropriate for the quarterly inspections. Ms. Humphries explained, under the proposed Term Sheet, the operators for each participant district would continue to conduct regular weekly inspections of their levees and that quarterly inspections and an annual RIP criteria inspection would be done jointly and coordinated by an advisory committee comprised of one representative from each participant. Discussion ensued regarding the purposes of an advisory committee to make unanimous recommendations for a third party entity to conduct each of the quarterly and annual inspections, review the inspection results, develop emergency operations plans, and report back to their full Boards on discussions and actions to be taken.

Discussion ensued regarding responsibility for maintenance and repair costs and the consensus for each participating district to be responsible for costs associated with its portion of the perimeter levee. Director Stone noted the only exception should be in the event of an emergency situation such as a high river event when actions need to be taken immediately using any available resources, with reimbursements to appropriate entities to be determined following the emergency. In response to questions from Mr. Vannerson, the attendees confirmed the County Judge's request for the perimeter levee systems in the County to be recognized by FEMA as single systems and that it is unknown whether FEMA will acknowledge an advisory committee as a uniform entity responsible for operation and maintenance of the "GreatRiver" perimeter levee.

After all review and discussion regarding the Term Sheet, the attendees concurred the next steps necessary are as follows: (1) the engineers will determine which facilities are integral to the perimeter levee system and will prepare an exhibit showing all of such facilities; (2) ABHR will revise the Term Sheet based on today's discussions and will distribute the revised Term Sheet to the participants no later than February 22, 2012, for discussion at their late February and/or March meetings; and (3) each district will provide any comments to the Term Sheet to ABHR by the end of March following discussion at their meetings.

SCHEDULE FOR PERIMETER LEVEE TOUR INSPECTIONS AND PERIMETER LEVEE ADVISORY COMMITTEE MEETINGS

The attendees concurred no action was necessary on this item at this time.

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

Ms. Lutz gave an update on the pending National Flood Insurance Program ("NFIP") legislation and weekly conference calls with the lobbyist engaged by Fort Bend County Levee Improvement District No. 2 to assist in efforts to ensure that any extension of the NFIP does not adversely affect the levee districts or the residents and businesses they protect. She reported on a recent trip by County levee representatives to Washington, D.C. to urge removal of a provision in the Senate legislation that would require federal flood insurance in areas located behind levees, regardless of risk and existing flood protection. Ms. Lutz reported on a letter signed by a number of Senators indicating the NFIP legislation needs to be re-addressed this year.

Mr. Burns reported on the National Association of Flood and Stormwater Management Agencies conference scheduled for August 13-16, 2012, in Idaho.

Mr. Frank reported on the FBFMA symposium scheduled for June 1, 2012.

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



Secretary, Board of Directors

ACTION LIST

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LIST OF ATTACHMENTS TO MINUTES

	Minutes	Page
Term Sheet for Perimeter Levee Maintenance.....	3	