

MINUTES  
FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 11

April 17, 2012

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 17th day of April, 2012, 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 Kevin Matocha of Levee Management Services, LLC; Bob Grant, a resident of the District; Christina 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 February 28, 2012, regular 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 members of the public who wished to address the Board.

RENEWAL OF DISTRICT'S INSURANCE POLICIES

The Board reviewed a proposal for renewal of the District's insurance policies with SIG/McDonald & Wessendorff, effective April 5, 2012. After review and discussion, Director Jameson moved to approve the proposal for renewal of the District's insurance policies, effective April 5, 2012. Director Stone seconded the motion, which passed unanimously.

## ANNUAL REPORT

Ms. Humphries reviewed the District's Annual Report containing updated financial and operating data that was filed prior to the March 31, 2012, deadline, in accordance with the continuing disclosure provisions contained in the bond resolutions. She discussed the requirement for the District to file this financial and operating data with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System in compliance with SEC Rule 15c12-12 and with the Municipal Advisory Council of Texas, the State Information Depository. Following review and discussion, Director Jameson moved to approve the Annual Report and direct that the Annual Report be filed appropriately and retained in the District's official records. Director Stone seconded the motion, which passed unanimously.

## FINANCIAL AND BOOKKEEPING MATTERS

Ms. Garcia distributed and reviewed the bookkeeper's reports as of March 27, 2012, the District's previously scheduled meeting that was cancelled, and as of today's meeting date, including the monthly budget comparisons and lists of checks presented for approval. Copies of the bookkeeper's reports are attached. Following review and discussion, Director Jameson moved to approve the bookkeeper's reports and payment of the bills. Director Stone seconded the motion, which passed unanimously.

## PRESENTATION FROM LEVEE MANAGEMENT SERVICES, LLC

Mr. Matocha discussed Levee Management Services, LLC ("LMS"), a company started by him and City of Sugar Land Mayor Jimmy Thompson to provide operational services aimed at maintenance of levees. He distributed and reviewed a proposal and showed the Board software created by LMS to perform routine inspections and evaluate the levee system in connection with the U.S. Army Corps of Engineers Rehabilitation and Inspection Program, including the ability to generate reports and provide levee data access to the Board and District consultants. Mr. Matocha reported that LMS has been hired to operate two other levees in Fort Bend County to date. Director Stone and Ms. Garcia left the meeting. In response to a question from Director Jameson, Mr. Matocha discussed the ability of LMS to handle emergency situations. Director McCann questioned whether LMS has available personnel to handle levee maintenance and high river events requiring daily onsite monitoring and management. Mr. Matocha responded that LMS has ample staff available for these situations. In response to a question from Mr. Grant, Mr. Matocha said levee data is monitored based on Brazos River levels. The Board thanked Mr. Matocha for the presentation and concurred no action was necessary. Mr. Matocha then left the meeting. A copy of the LMS proposal is filed appropriately and retained in the District's official records.

## TAX ASSESSMENT AND COLLECTION MATTERS

Mr. Ordeneaux distributed and reviewed the tax assessor/collector's reports for February and March, copies of which are attached. He noted that the District's 2011 taxes were 97.12% collected as of March 31, 2012. Mr. Ordeneaux reported that the District's 2012 preliminary value from the Fort Bend Central Appraisal District is \$1,098,035,949, which represents an increase of \$37,765,670 from the District's 2011 certified value. He added that the 2012 preliminary value will be adjusted based on the outcome of value protests. Following review and discussion, Director Jameson moved to approve the tax assessor/collector's reports and payment of the tax bills. Director McCann seconded the motion, which passed by unanimous vote.

## RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Humphries reviewed a Resolution Concerning Exemptions from Taxation with the Board. She reviewed the optional exemptions, including a general residential homestead exemption, an exemption of travel trailers, and a homestead exemption for disabled persons or persons over 65 years of age. Ms. Humphries noted that the District granted a homestead exemption of \$30,000 for disabled persons or persons over 65 years for the previous tax year. Discussion ensued regarding exemptions granted by the Greatwood Municipal Utility Districts (the "Greatwood MUDs"). After review and discussion, Director Jameson moved to adopt the Resolution Concerning Exemptions from Taxation, reflecting that the Board of Directors rejects a general residential homestead exemption, rejects any exemption of travel trailers from ad valorem taxation, and grants a \$30,000 homestead exemption for disabled persons or persons over 65 years of age, and direct that the Resolution be filed appropriately and retained in the District's official records. Director McCann 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. Mr. Perry noted the outfall structures, including the gabion material, will be inspected as soon as the Brazos River water level subsides.

In response to questions from the Board, Mr. Perry addressed recent events at SWWC, including a number of employees who have left and water districts that have terminated their contracts with SWWC as water district operator, due to issues caused by SWWC's conversion to a new computer billing and operating system. He said all levee district personnel except Chris Manthei remain employed at SWWC and are dedicated to continuing to serve levee districts. Director McCann reported on discussions at the previous Greatwood Presidents' meeting regarding the decisions by

the Greatwood MUDs to terminate their contracts with SWWC and solicit proposals from operating companies. After discussion, the Board concurred it is satisfied with the service provided by Mr. Perry and that no action was necessary. In response to a request from Director Jameson, Mr. Perry provided a copy of the District's contract with SWWC dated June 30, 2005. Mr. Perry said SWWC has been working with ABHR on a new form of operating contract specific to levee districts. The Board concurred they would appreciate if SWWC management personnel would attend a District meeting to assure the Board of SWWC's dedication to operating the District, in light of the recent loss of personnel at SWWC. Mr. Perry said he would notify SWWC management personnel of the Board's request.

After review and discussion, Director Jameson moved to approve the operator's report. Director McCann 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 construction of the Middle Bayou detention lake erosion protection and improvements project. Mr. Rusk reviewed and recommended approval of Pay Estimate No. 3 in the amount of \$447,295.40, payable to Austin Filter Systems, Inc. In response to a question from Director McCann, Mr. Rusk said he would discuss with the contractor the plans to dam the cove area while completing work in such area. Discussion ensued regarding the District's authority and permitting requirements related to detention lake water and the plans to restore the detention pond to its original condition. After discussion, the Board asked Mr. Rusk to contact the Fort Bend Subsidence District regarding the possibility of waiving the disincentive fees for water pumped by the District from the Golf Club well to restore the detention pond to its original condition before the project began. Discussion ensued regarding responsibility for maintaining the water level in the detention pond and the need to make sure Greatwood residents understand the District's responsibility is to maintain the detention aspect of the pond.

In response to questions, Ms. Humphries reviewed the District's water rights permit requirements regarding diversion of storm water, noting the permit specifically prohibits any appropriation of water and provides limited diversion authority. Discussion ensued regarding amenity lakes owned and maintained by the Greatwood Community Association ("HOA") and the Golf Club. After discussion, the Board directed ABHR to send letters to the HOA and the Golf Club regarding the District's permit and noting the District does not have authority to appropriate water.

Mr. Rusk presented a revised proposal from Jim Lawless for architectural and structural design of the District's proposed emergency operations building, based on Board discussions at the last meeting. He reviewed additional fees included in the proposal to accommodate the Board's design requests. Mr. Rusk recommended Board

approval of the revised proposal, subject to verification that comments provided by ABHR were incorporated. Director McCann discussed a report from the prior Disaster Preparedness Committee meeting regarding a request for the emergency radio broadcast antenna to be installed on the District's emergency operations building. He asked Mr. Rusk to contact Director Stone for details.

After review and discussion, Director Jameson moved to approve the engineer's report and, based on the engineer's recommendation, to approve Pay Estimate No. 3 in the amount of \$447,295.40 for construction of the Middle Bayou detention lake erosion protection and improvements project and to approve the revised proposal from Jim Lawless for architectural and structural design of the District's emergency operations building, subject to verification that comments provided by ABHR were incorporated. Director McCann seconded the motion, which passed unanimously.

#### SUBMITTAL OF REQUIRED DOCUMENTATION OF EMINENT DOMAIN AUTHORITY IN TEXAS

Ms. Humphries stated that pursuant to Chapter 2206.101(d), Texas Government Code, as added by Senate Bill 18, 82nd Regular Session, the District is required to file documentation of its eminent domain authority in Texas with the Texas Comptroller of Public Accounts. She reviewed the Required Documentation of Eminent Domain Authority in Texas with the Board. Following review and discussion, Director Jameson moved to authorize ABHR to file the Required Documentation of Eminent Domain Authority in Texas with the Texas Comptroller of Public Accounts and direct that the Documentation be filed appropriately and retained in the District's official records. Director McCann seconded the motion, which passed unanimously.

#### PHASE II MS4 STORM WATER MANAGEMENT PLAN IMPLEMENTATION

Ms. Humphries said that the new five-year storm water permit has not been issued by the Texas Commission on Environmental Quality. She added the draft permit is under review by the Environmental Protection Agency.

#### DISASTER PREPAREDNESS COMMITTEE MATTERS

Director McCann discussed additional reports on the recent Disaster Preparedness Committee meeting.

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 McCann discussed an email sent by Fort Bend County Commissioner James Patterson to levee district representatives indicating the County's position on supporting local operating companies.

MEETING SCHEDULE

Director McCann reported that he is selling his home in Greatwood and moving to Austin and will be resigning from the Board later this year. He reported that Director Stone also will be resigning from the Board soon since he is moving out of Greatwood. Director McCann added that he plans to remain on the Board through the summer to assist with the transition. After discussion, the Board concurred to change the District's regular meeting date from the fourth Tuesday of every month to the third Tuesday of every month, noting the meeting time will change from 2:30 p.m. to 5:00 p.m.

FORT BEND FLOOD MANAGEMENT ASSOCIATION MATTERS/ACTIONS, FEDERAL FLOOD INSURANCE LEGISLATION, LOBBYIST COSTS, PERIMETER LEVEE MAINTENANCE, AND ATTENDANCE AT LEVEE CONFERENCES

Ms. Humphries discussed the revised "GreatRiver" Term Sheet for Perimeter Levee Maintenance ("Term Sheet") dated February 22, 2012, which was approved by the Board at the District's last meeting. She said ABHR sent notice to the other participants reporting the Board's approval of the Term Sheet, as directed by the Board. Ms. Humphries reviewed correspondence from Fort Bend County Levee Improvement District No. 10 reporting its approval of the Term Sheet with one additional clarification regarding third-party inspections. The Board concurred with the proposed clarification. Ms. Humphries added that ABHR has not received feedback from the other perimeter levee participants.

Director McCann discussed two upcoming levee conferences and recommended attendance by Director Jameson and new directors who will replace Directors McCann and Stone on the Board.

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



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Secretary, Board of Directors

ACTION LIST

1. The operator will inspect the outfall structures, including the gabion material, as soon as the level of the Brazos River subsides.
2. The operator will notify SWWC management personnel of the Board's request for them to attend a District meeting to assure the Board of SWWC's dedication to operating the District, in light of the recent personnel losses at SWWC.
3. The engineer will discuss with Austin Filter Systems, Inc. plans to dam the cove area while completing work in that area.
4. The engineer will contact the Fort Bend Subsidence District regarding the possibility of waiving the disincentive fees for water pumped by the District from the Golf Club well to restore the detention pond to its original level.
5. ABHR will send letters to the HOA and the Golf Club regarding the District's water rights permit.
6. ABHR will verify comments provided to Mr. Lawless were included in the proposal for architectural and structural design of the District's emergency operations building.
7. The engineer will contact Director Stone for details about installing the Disaster Preparedness Committee's emergency radio broadcast antenna at the District's emergency operations building.
8. ABHR will file the District's Required Documentation of Eminent Domain Authority in Texas with the Texas Comptroller of Public Accounts.

LIST OF ATTACHMENTS TO MINUTES

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