

MINUTES
FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 11

August 21, 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 21st day of August, 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
Justin Ring	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 Dan McDonald and Amber Stevenson of SIG/McDonald & Wessendorff; Julie Williams of Rathmann & Associates, L.P.; Chris Elliott of Amerex Energy Services; Bob Grant, a resident of the District; Kevin Matocha, Jeff Perry, and Clark Caruth of Levee Management Services, LLC ("LMS"); Pat Naff of CDC Unlimited, LLC ("CDC"); Shawn Zieger of Austin Filter Systems, Inc.; Erin Garcia of Myrtle Cruz, Inc.; Greg Ordeneaux of Tax Tech, Inc.; Michael Rusk of LJA Engineering, Inc. ("LJA"); and Lynne B. Humphries and Kristen Hogan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the July 17, 2012, regular meeting, which were provided in advance of the meeting. Following review and discussion, Director Ring moved to approve the minutes as submitted. Director Jameson 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.

ASSOCIATION OF WATER BOARD DIRECTORS CONFERENCES

Director Ring reported on the Association of Water Board Directors ("AWBD") summer conference, noting his expenses were paid as an AWBD Trustee and by Edminster, Hinshaw, Russ and Associates, Inc. and his per diems were paid by the District for his service on behalf of the District. The Board then considered authorizing attendance at the AWBD winter conference in Austin. Upon a motion made by Director

Jameson and seconded by Director Ring, the Board voted unanimously to authorize any interested Directors to attend the AWBD winter conference.

FINANCIAL AND BOOKKEEPING MATTERS AND BUDGET FOR FISCAL YEAR ENDING SEPTEMBER 30, 2013

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 the budget comparison and asked LMS to breakout repair and maintenance costs associated with pump station no. 1 in LMS's invoices in order for her to bill Fort Bend County Municipal Utility District No. 116 for its share of the pump station costs.

Ms. Garcia next reviewed a draft District budget for the fiscal year ending September 30, 2013. She asked the Directors and consultants to review the draft budget and send her any comments prior to adoption by the Board at next month's meeting.

Following review and discussion, Director Jameson moved to approve the bookkeeper's report and payment of the bills. Director Ring seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS AND

Mr. Ordeneaux distributed and reviewed the tax assessor/collector's report, a copy of which is attached. He noted that the District's 2011 taxes were 99.18% collected as of July 31, 2012. After review and discussion, Director Jameson moved to approve the tax assessor/collector's report and payment of the tax bills. Director Ring seconded the motion, which passed unanimously.

2012 TAX RATE

Ms. Williams distributed and reviewed a letter and debt service tax rate analysis recommending that the District levy a 2012 debt service tax rate of \$0.20 per \$100 of assessed valuation. A copy of the letter is attached. Discussion then ensued regarding the District's operations and maintenance tax rate. After review and discussion, Director Jameson moved to authorize the tax assessor/collector to publish notice of the District's meeting on September 18, 2012, in the Fort Bend Herald, to set the proposed 2012 tax rate of \$0.26 per \$100 of assessed valuation, with \$0.20 allocated for debt service and \$0.06 allocated for operations and maintenance. Director Ring seconded the motion, which passed unanimously.

Ms. Garcia left the meeting.

ENERGY CONTRACT/OPTIONS AND NEW ENERGY SERVICES CONTRACT

Mr. Elliott introduced himself to the Board and said the Master District contracts with him for alternative options for electricity service. He reported that the District's electricity meter serving pump station no. 2 is under contract with Reliant Energy until January. Mr. Elliott distributed and reviewed pricing for the District's other electricity meter serving pump station no. 1 from various electricity providers. He recommended execution of a 4-month contract for the meter not currently under contract. Mr. Elliott said the Board then can review pricing options for a longer contract term for both meters in January upon expiration of the existing contract with Reliant Energy for the meter serving pump station no. 2. After review and discussion, Director Ring moved to authorize Director Jameson to execute a 4-month contract with Constellation New Energy for electricity service to serve pump station no. 1, subject to ABHR's review and approval of the proposed contract from Constellation New Energy. Director Jameson seconded the motion, which passed unanimously.

Mr. Elliott left the meeting.

UPDATE ON CONTRACT WITH LEVEE MANAGEMENT SERVICES, LLC AND OPERATION OF DISTRICT FACILITIES

Mr. Caruth distributed an initial inspection report from LMS, a copy of which is attached. He noted the report reflects the results of the initial inspection work completed to date and a full detailed inspection report will be presented at next month's meeting. Mr. Caruth said Mr. Rusk is scheduled to attend inspections later this week and next week. He reviewed issues identified by LMS, including an issue with the pump no. 4 cable and sensor at pump station no. 1. Mr. Caruth said the pump was pulled and the parts to complete the repair are expected to arrive on September 14th. He added that the District's insurance company was notified of the issue. Mr. Caruth next reported on an issue with a generator block heater at pump station no. 1 and said the block heater was replaced on August 16th. He then reviewed a list of items LMS proposes to address during the next month.

Mr. Caruth reported on trash and debris on the levee behind a home. He asked the Board how they wish LMS to handle debris dumped behind resident fences on the levee and noted that LMS's software will track instances by address. After discussion, the Board concurred LMS should clean up the trash and debris and track each instance by address. The Board concurred the third time trash and debris is dumped behind any resident fence, LMS should notify the Board and send a letter to the resident regarding the unauthorized dumping and potential fines.

Director Jameson requested future LMS meeting reports reflect a prioritized list of issues and status updates. Director McCann said the Board needs to determine which Director should be LMS's contact person to discuss emergency repairs, due to his

availability. In response to a question from Director Ring, Mr. Caruth discussed work completed as part of LMS's initial inspection and work completed as part of the monthly man hours included in LMS's base monthly fee. Mr. Caruth added that future operator's reports will reflect the actual man hours worked during the prior month. Mr. Matocha added that LMS would notify the Board in advance if they expect the man hours or monthly charges to significantly exceed the services included in the base monthly fee.

Ms. Humphries then reported on discussions with the District's insurance provider regarding the Board's concerns about the liability exceptions included in the operator's contract with LMS. Ms. Stevenson discussed the insurance coverages and limits reflected on the Certificate of Insurance submitted by LMS, but said she did not receive copies of the actual policies and endorsements. She recommended the District obtain copies of the endorsements for its files. Mr. McDonald explained the primary coverage provided by LMS and secondary coverages available to the District. Discussion ensued regarding LMS's liability coverage and Mr. Matocha reviewed costs associated with increased general liability limits. After review and discussion, the Board concurred the indemnification/liability provisions included in the District's contract with LMS are acceptable and the Board asked Mr. Matocha to provide a copy of LMS's policy endorsements.

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

Mr. Matocha, Mr. McDonald, and Ms. Stevenson then left the meeting.

ENGINEERING MATTERS

Mr. Rusk distributed and reviewed the engineer's report, a copy of which is attached. He and Mr. Zieger updated the Board on construction of the Middle Bayou detention pond erosion protection and improvements project. Mr. Rusk reported that the Texas Commission on Environmental Quality issued approval of Change Order No. 2 yesterday. He reviewed and recommended approval of Pay Estimate No. 7 in the amount of \$201,273.76, payable to Austin Filter Systems, Inc. In response to questions from the Board, Mr. Rusk discussed the plans to pump water held in Middle Bayou by coffer dams to restore the detention pond to its original condition before the project began, in lieu of pumping water from a Golf Club or Greatwood Community Association well. Mr. Rusk said pumping will occur during daylight hours and will be monitored. He estimated it will take three weeks to restore the water level to its original condition once the pumping begins.

Mr. Rusk reported on coordination with the District's architect on design of the District's proposed emergency operations building. He added that surveying is complete.

After review and discussion, Director Ring moved to approve the engineer's report and approve Pay Estimate No. 7 in the amount of \$201,273.76 for the Middle Bayou detention pond erosion protection and improvements project, based on the engineer's recommendation. Director Jameson seconded the motion, which passed unanimously.

Mr. Zieger left the meeting.

PHASE II MS4 STORM WATER MANAGEMENT PLAN IMPLEMENTATION

There was no discussion on this item.

DISASTER PREPAREDNESS COMMITTEE MATTERS

Director Ring said the Disaster Preparedness Committee has not met. He said the next meeting will be scheduled upon coordination with David Maxwell of Disaster Planning Associates who is preparing a manual for operation of the emergency radio broadcast equipment.

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

Director Ring said he was unable to attend the previous Fort Bend Flood Management Association ("FBFMA") meeting. He asked ABHR to add him to the distribution list to receive notices of FBFMA meetings. Directors McCann and Jameson reported on the National Association of Flood and Stormwater Management Agencies conference they recently attended. Discussion ensued regarding the importance of representation at applicable levee conferences and the need to coordinate conference attendance among FBFMA members.

REPORTS ON GREATWOOD PRESIDENT'S MEETING

Ms. Humphries reported on a request at the Greatwood Presidents' meeting earlier today for an update on the City of Sugar Land's construction of an emergency water interconnect between Greatwood and the City's system in Riverpark. Director Ring said he would send a written update to ABHR.

ORDER ADOPTING PROCEDURES FOR POST-ISSUANCE COMPLIANCE

Ms. Humphries stated that bonds issued by the District are generally subject to the requirements of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations promulgated thereunder. She added that those provisions require that issuers comply with certain post-issuance requirements (the "Requirements") for their bonds. Ms. Humphries explained that the

Board is ultimately responsible for post-issuance compliance for its bonds, with assistance from its consultants. She pointed out that while there is no express requirement that an issuer adopt written compliance procedures, the Internal Revenue Service views the adoption of written procedures as demonstrating the issuer's intent to comply with the Requirements. Ms. Humphries added that, in order to ensure that the District's procedures for post-issuance compliance are well documented, ABHR recommends that such procedures be adopted in writing by the Board. She reviewed the Order Adopting Procedures for Post-Issuance Compliance with the Board. Following review and discussion, Director Jameson moved to adopt the Order Adopting Procedures for Post-Issuance Compliance and direct that the Order be filed appropriately and retained in the District's official records. Director Ring seconded the motion, which passed by unanimous vote.

MEETING SCHEDULE


The Board concurred the District's next regular meeting will be held September 18, 2012, at 5:00 p.m.

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

The Board discussed the schedule for appointment of a new director to replace Director McCann. The Board asked Director McCann to prepare a list of his duties and the meetings he attends on behalf of the District for the Board to consider distributing among the other Directors.

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




Secretary, Board of Directors

ACTION LIST

1. The operator will breakout repair and maintenance costs associated with pump station no. 1 in LMS's invoices.
2. The Directors and consultants will review the draft budget and send any comments to the bookkeeper.
3. The tax assessor/collector will publish notice of the District's meeting on September 18, 2012, in the Fort Bend Herald, to set the proposed 2012 tax rate.
4. The operator will include a prioritized list of issues and status updates and the man hours worked during the month in future meeting reports.
5. The operator will provide a copy of LMS's insurance policy endorsements.
6. ABHR will add Director Ring to the distribution list to receive notices of FBFMA meetings.
7. Director Ring will send ABHR an update on the City of Sugar Land's construction of an emergency water interconnect between Greatwood and the City's system in Riverpark.

Pending Action List for new operator:

1. The operator will present a proposal for repair of ditch washouts and re-grading of backslope swales.
2. The operator will inspect the outfall structures, including the gabion material, as soon as the level of the Brazos River subsides.

LIST OF ATTACHMENTS TO MINUTES

	Page <u>No.</u>
bookkeeper's report.....	2
tax assessor/collector's report	2
tax rate recommendation letter and analysis	2
operator's initial inspection report	3
engineer's report	4