

MINUTES
FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 11

January 8, 2013

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 8th day of January, 2013, outside the boundaries of the District, at Greater Fort Bend Economic Development Council, One Fluor Daniel Drive, Lakepoint Plaza, Building D, Conference Room, Sugar Land, Texas, and the roll was called of the members of the Board:

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| Justin Ring | President |
| Jared Jameson | Vice President/ Assistant Secretary |
| Stuart Rimes | Secretary/ Assistant Vice President |

and all of the above were present except Director Rimes, thus constituting a quorum.

Also present at the meeting were Jeff Perry and Clark Carruth of Levee Management Services, LLC ("LMS"); Pat Naff of CDC Unlimited, LLC ("CDC"); Erin Garcia of Myrtle Cruz, Inc.; Robby McGinnis of Tax Tech, Inc.; Greg Cox of Sandersen Knox & Co., LLP; Michael Rusk of LJA Engineering & Surveying, Inc. ("LJA"); and Lynne B. Humphries and Margaret Harwell of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the December 4, 2012, regular meeting, which was provided in advance of the meeting. Following review and discussion, Director Jameson moved to approve the minutes as submitted. Director Ring 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.

AUDIT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2012

Mr. Cox reviewed the District's draft audit for the fiscal year ended September 30, 2012, a copy of which was provided to the Board for review in advance of today's meeting. After review and discussion, Director Jameson moved to approve the audit for the fiscal year ended September 30, 2012, subject to final review, and direct that the finalized audit be filed appropriately and retained in the District's official records. Director Ring seconded the motion, which passed unanimously.

EXPIRATION OF DISTRICT'S INSURANCE POLICIES

The Board discussed the expiration of the District's insurance policies on April 5, 2013. After discussion, the Board directed ABHR to request a renewal proposal from SIG/McDonald & Wessendorff, the District's current provider.

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. 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.

ANNUAL DISCLOSURE STATEMENTS

Ms. Garcia stated that in accordance with the District's Investment Policy, she as the District's bookkeeper and Mary Jarmon as the District's Investment Officer are required to execute disclosure statements that disclose any relationships with banks and brokers who seek to sell investments to the District. She added the disclosure statements will be filed with the Texas Ethics Commission. Ms. Garcia presented the executed disclosure statements for the Board's consideration. After review and discussion, Director Jameson moved to accept the disclosure statements, pursuant to the District's Investment Policy and the Public Funds Investment Act, and direct that the disclosure statements be filed appropriately and retained in the District's official records. Director Ring seconded the motion, which passed unanimously.

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

The Board discussed the upcoming Association of Water Board Directors winter conference in Austin. Upon a motion made by Director Jameson and seconded by Director Ring, the Board voted unanimously to authorize for directors attending the conference up to three per diems, two nights' hotel lodging, and reimbursement of five meals for the winter conference, in accordance with the District's Travel Reimbursement Guidelines.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPT RESOLUTION REGARDING ANNUAL REVIEW OF INVESTMENT POLICY

The Board conducted an annual review of the District's Investment Policy. Following review and discussion, Director Jameson moved to adopt a Resolution Regarding Annual Review of Investment Policy and direct that the Resolution be filed

appropriately and retained in the District's official records. Director Ring seconded the motion, which passed by unanimous vote.

RESOLUTION ESTABLISHING THE AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS WITH WHOM THE DISTRICT MAY ENGAGE IN INVESTMENT TRANSACTIONS

Ms. Humphries presented a Resolution Establishing the Authorized Depository Institutions and Adopting List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions (the "Resolution") to update the list of qualified banks with which the District may invest funds. She noted that the District's bookkeeper provided the updated list of banks, which is attached as Exhibit A to the Resolution. After review and discussion, Director Jameson moved to adopt the Resolution, pursuant to the District's Investment Policy and the Public Funds Investment Act, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Ring seconded the motion, which passed unanimously.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. McGinnis distributed and reviewed the tax assessor/collector's report, a copy of which is attached. 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.

OPERATION OF DISTRICT FACILITIES

Mr. Carruth distributed and reviewed the monthly operator's report, a copy of which is attached. He reviewed and discussed work completed by LMS during the last month as reflected in his report. He stated any new items that were found have been placed on the Greatwood LMS website.

Mr. Carruth reported on picking up trash and debris on the levee during inspection rounds. He stated LMS changed all access combinations on the District locks. He reported access gates were installed along the Highway 59 access road.

Mr. Carruth reported that fire ants are present on the levee and the U.S. Army Corps of Engineers (the "Corps") recommended treating the fire ants in accordance with Rehabilitation Inspection Program (RIP) standards during the Corps' tour of the perimeter levee in Sugar Land. Mr. Carruth stated that treatment of the fire ants would cost \$2,520 per quarter and LMS would start treatment, if approved, in March. Following review and discussion, Director Jameson moved to authorize LMS to treat for fire ants at a cost of \$2,520 per quarter. Director Ring seconded the motion, which passed by unanimous vote.

Mr. Carruth stated the fuel injection pump for the no. 2 generator at pump station no. 1 was repaired and installed on December 12, 2012 and the job was complete. He stated Stewart & Stevenson Power Products, LLC completed quarterly preventative maintenance including oil and filter changes on both generators and supporting documentation has been posted on the Greatwood LMS website. He reported LMS repainted generator exhaust stacks at pump station no. 1.

Mr. Carruth reported a problem occurred on December 28, 2012 with the no. 2 transfer switch while LMS was performing monthly tests. He stated Colwell Electric was called out to diagnose the problem. Mr. Carruth reported a repair quote was received and approved by Director Ring. He stated the repair should be completed this week. Mr. Carruth stated LMS repainted the generator exhaust stacks at pump station no. 2.

Mr. Carruth reported debris was cleared from the concrete channel in the main ditch.

After review and discussion, Director Jameson moved to approve the operator's report. Director Ring 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 pond erosion protection and improvements project. Mr. Rusk reviewed and recommended approval of Pay Estimate No. 11 in the amount of \$90,795.07, payable to Austin Filter Systems, Inc. He next reviewed and recommended approval of Change Order No. 3 to the contract to increase the contract by \$13,260.72 for the project.

Mr. Rusk next reported on coordination with the District's architect on design of the District's proposed emergency operations building and proposal for vertical inspections. Mr. Rusk recommended the District submit an application to the Texas Commission on Environmental Quality requesting release of funds from escrow for the project. Ms. Humphries reviewed a Resolution Authorizing Application to the Texas Commission on Environmental Quality Requesting Release of Funds from Escrow. Mr. Rusk stated he was working with CenterPoint Energy ("CenterPoint") to relocate power poles to accommodate the proposed building. Mr. Rusk stated the plans regarding the project had been submitted to the City of Sugar Land for review and the City requires the site be replatted. He added that he will bring formal proposals for the replat to the next Board meeting. Mr. Rusk responded to additional questions regarding the project.

Mr. Rusk reported on a recent inspection of the gabions and rip-rap material at outfall no. 2 performed by LMS. He recommended semi-annual mowing/maintenance will be needed soon, but not at this time.

Mr. Rusk reported it was currently too cold to plant at the Middle Bayou detention lake. He stated Berg Oliver will begin planting when the climate is favorable.

After review and discussion, Director Jameson moved to (1) approve the engineer's report, (2) approve Pay Estimate No. 11 in the amount of \$90,795.07, and Change Order No. 3 in the amount of \$13,260.72, for the construction of the Middle Bayou detention pond erosion protection and improvement project, based on the engineer's recommendation, and (3) adopt the Resolution Authorizing Application to the Texas Commission on Environmental Quality Requesting Release of Funds from Escrow. Director Ring 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 Ring said the Disaster Preparedness Committee has not met.

FORT BEND FLOOD MANAGEMENT ASSOCIATION MATTERS/ ACTIONS

Ms. Humphries distributed and reviewed a letter from Fort Bend County Drainage District requesting each District create its own emergency plan using the template provided, a copy of which attached. After review and discussion, the Board concurred to table this item until next month.

REPORTS ON GREATWOOD PRESIDENT'S MEETING AND ACTIVITIES AND FOLLOW UP ON LEVEE AND DRAINAGE FACILITIES AND OTHER DISTRICT AND GREATWOOD REGIONAL MATTERS

Ms. Humphries updated the Board regarding the Presidents' meeting on December 18, 2012 and on the proposal from Best Trash, LLC, for increased recycling.

CONSULTANT REVIEW MEETING

The Board concurred to table this item until the full Board is present.

DISTRICT INFORMATION KIT

Ms. Humphries distributed and reviewed an updated District Information Kit. The Board concurred to consider approval of the Information Kit at the next meeting.

ANNUAL REPORT REGARDING POST-ISSUANCE COMPLIANCE POLICY

Ms. Humphries reported on the District's compliance activities during the prior calendar year related to bond financings. She stated no corrective action is required at this time.

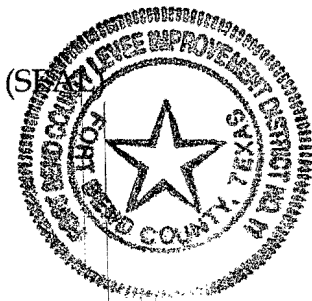
CONSIDER REQUEST FROM BRAZOS RIVER COALITION FOR EXECUTION OF PETITION FOR WATERMASTER

Ms. Humphries distributed and reviewed a request from the Brazos River Coalition for execution of a petition for Watermaster. Director Ring stated he will follow up on the request from the Brazos River Coalition.

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



Secretary, Board of Directors



ACTION LIST

1. Engineer will bring proposals for replatting of site for emergency operations building as requested by the City of Sugar Land.

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