

MINUTES
FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 11

July 26, 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 26th day of July, 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 Walter Miles and Bob Grant, residents of the District; Christina Garcia of Myrtle Cruz, Inc.; Greg Ordeneaux of Tax Tech, Inc.; Michael Rusk of LJA Engineering & Surveying, Inc.; Jeff Perry of SWWC Services, Inc.; and Lynne B. Humphries and Kristen Hogan of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the June 28, 2011, regular meeting, which were provided in advance of the meeting. Following review and discussion, Director Stone 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 public comments.

MEETING ROOM RENTAL AGREEMENT WITH PROFESSIONAL PROJECT MANAGEMENT SERVICES

Ms. Humphries reviewed a proposed Meeting Room Rental Agreement ("Agreement") between the District and Professional Project Management Services ("PPMS"), effective May 1, 2011. She said the Agreement has been reviewed by Director Stone of PPMS. After review and discussion, Director Jameson moved to approve the Agreement and direct that it be filed appropriately and retained in the District's official records. Director McCann seconded the motion, Director Stone abstained, and the motion passed by majority vote.

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.

Ms. Garcia next distributed and reviewed an updated budget comparison, a copy of which is attached. Director McCann discussed legal fees associated with construction matters and asked ABHR to work with the bookkeeper to identify legal fees associated with construction matters that should be reflected in the list of expenses tracked in the bookkeeper's report for reimbursement from bond proceeds, if possible. In response to questions from the Board regarding the revenue line item described as Fort Bend County Municipal Utility District No. 116 ("MUD 116") share of pump station no. 1, Ms. Humphries said the description should be revised to read MUD 116's share of pump station no. 1, ditch no. 1, outfall no. 1, and levee expenses. Mr. Rusk said he would work with the Ms. Garcia to identify all budgeted items that are cost shared with MUD 116. Director McCann noted that the Reliant Energy bills continue to reflect discrepancies in pass-through charges for pump station no. 1 compared to pump station no. 2. Ms. Garcia said she would look into the matter. She then reviewed footnotes that were added to the bottom of the budget comparison.

In response to a question from Director Jameson, Ms. Humphries reviewed the investment report included in the bookkeeper's report and explained that Compass Banks uses "bond fund" to describe "debt service fund" monies invested in a money market account with Compass. Director Jameson asked Ms. Garcia to add a description of the "bond fund" collateral to the investment reports. In response to additional questions from Director Jameson, Ms. Garcia discussed interest rates available for investment of water district funds, noting TexPool is currently offering 0.7% and Compass is currently offering 0.5%. After review and discussion, the Board asked the bookkeeper to present options for the investment of District funds to maximize interest earnings for the Board's review at next month's meeting. Ms. Garcia said she will send a list of current interest rates to the Board for review.

Following review and discussion, Director Stone moved to approve the bookkeeper's report and payment of the bills. Director Jameson 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. He reported that the District's 2010 taxes were 98.93% collected as of June 30, 2011. Following review and discussion, Director Jameson moved to approve the tax assessor/collector's report. Director Stone seconded the motion, which passed by unanimous vote.

RESOLUTION VOTING FOR WATER DISTRICT NOMINEE FOR THE ELECTION OF THE BOARD OF DIRECTORS OF THE FORT BEND CENTRAL APPRAISAL DISTRICT

Director McCann reported on discussions at the previous Greatwood Presidents' meeting regarding the allocated votes for participating taxing units to cast in the Fort Bend Central Appraisal District (the "Appraisal District") Board of Directors election and confusion about the way the votes are calculated. Mr. Ordeneaux explained that the vote allocation is based on total tax levy. The Board discussed perceived unfairness in the way the votes are calculated, noting some entities received no votes even though they received votes in prior Appraisal District election cycles. After discussion, the Board concurred the process should be changed for future Appraisal District elections.

Ms. Humphries presented a District ballot from the Appraisal District reflecting 15 allocated votes, with a deadline of August 15th to cast the votes for a water district nominee. The Board reviewed a letter from Kraig Warren requesting support for his re-election to the Appraisal District Board of Directors for a two-year term beginning January 1, 2012. A copy of the letter is attached. After review and discussion, Director Jameson moved to adopt a Resolution Voting for Water District Nominee for the Election of the Board of Directors of the Fort Bend Central Appraisal District to cast the District's 15 votes for Kraig Warren to appear on the ballot, and direct that the Resolution be filed appropriately with the Appraisal District and retained in the District's official records. Director Stone seconded the motion, which passed unanimously.

PHASE II MS4 STORMWATER MANAGEMENT PLAN IMPLEMENTATION

Director Jameson said the Storm Water Management Plan Committee has not met.

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 reported on efforts to work with Earthcare Management, landscaping company for the Greatwood Community Association ("HOA") on plans for the HOA to install plants in the open cul-de-sac areas it owns with \$15,000 from the District to prevent unauthorized access to the main levee. The Board reviewed a proposal submitted by the HOA and noted apparent confusion about the project since the proposal includes irrigation which should be the HOA's responsibility. Director McCann said he sent a copy of the agreement between the HOA and the District to Judy Holy of the HOA and that Ms. Holy said the HOA will discuss the matter at its next

meeting. Director McCann said if the HOA decides not to proceed with the project, the District can consider installing cables and bollards at the open cul-de-sac areas to prevent unauthorized access to the main levee.

After review and discussion, Director Jameson moved to approve the operator's report. Director Stone 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 plans for Middle Bayou detention lake erosion protection and improvements, noting that the plans have been approved by appropriate agencies. Mr. Rusk said he has contacted representatives of the Greatwood Golf Club, the HOA, and the retirement home regarding the temporary construction access rights that the District needs for the project, but has not received executed agreements as of today's meeting. Ms. Humphries suggested that Mr. Rusk should notify her if Golf Club representatives have questions about the agreement so that ABHR's real estate attorney can contact them to discuss the matter.

Mr. Rusk reported that the Texas Commission on Environmental Quality ("TCEQ") approved bond application no. 6 with escrow requirements. He stated that once the temporary access rights have been acquired, an application can be submitted to the TCEQ requesting a waiver of the requirement or release of escrow funds for the Middle Bayou detention lake erosion protection and improvements. After discussion, the Board concurred to consider authorizing such application under agenda item no. 13c. Ms. Humphries suggested that Mr. Rusk notify the TCEQ reviewer that the emergency operations building is for the benefit of the District and will not be oversized to benefit any entity other than the District. In response to questions from the Board, Ms. Williams said applications for bond ratings need to be submitted approximately one month before the sale and are effective for 90 days. After discussion, the Board concurred to table authorization to advertise for bids for the Middle Bayou detention lake erosion protection and improvements since it is unknown how long it will take to acquire the necessary access rights in order to obtain a waiver or release of the associated escrow requirement from the TCEQ and sell bonds to fund the project.

Mr. Rusk reported on a new policy adopted by the Fort Bend Drainage District ("FBDD"), which prohibits negative impact on drainage channels, including rivers and streams, in the Brazos River Floodplain from development or other encroachments with fill. Director McCann reported on testimony given by him and other levee district representatives in favor of the new policy at a public hearing held by the FBDD on July 18, 2011. Discussion ensued regarding the impact of the new policy.

Mr. Rusk said there is no update on the status of the proposal from T-Mobile to lease a 30' x 40' area of District property at pump station no. 1 for the construction of a

100' monopole cell tower and a small group of equipment cabinets at the base of the tower.

After review and discussion, Director Stone moved to approve the engineer's report. Director Jameson seconded the motion, which passed unanimously.

DISASTER PREPAREDNESS COMMITTEE MATTERS

Ms. Humphries reported on discussions at the recent Disaster Preparedness Committee meeting, noting that the Committee reviewed and updated Greatwood's Emergency Preparedness Plan for consideration by each of the Greatwood Districts and also asked each of the Districts to review and consider amending their Resolutions Regarding Delegation of Authority in Emergencies, if necessary. She presented the Amended Greatwood Emergency Preparedness Plan, a copy of which was provided to the Board for review in advance of today's meeting. Ms. Humphries stated that the District previously authorized Director Stone or, in his absence, Director McCann, to approve District expenditures and authorize certain emergency response actions to be undertaken by District consultants in emergencies. After review and discussion, the Board concurred no amendment was necessary to this Resolution and Director Jameson moved to adopt the Amended Greatwood Emergency Preparedness Plan and direct that it be filed appropriately and retained in the District's official records. Director Stone seconded the motion, which passed unanimously.

Director Stone said he has learned that any reimbursement from the Federal Emergency Management Agency for clean-up costs following a disaster, such as a hurricane, is limited unless contracts for such clean-up services are in place prior to the disaster. He said he will discuss the matter at the next Disaster Preparedness Committee meeting.

COMMUNITY PROJECTS COMMITTEE MATTERS AND POSSIBLE PARK IMPROVEMENTS

Director Jameson reported on the July 18th meeting of the Community Projects Committee to review and prepare responses to resident correspondence regarding the online community parks survey. The Board reviewed a report on the survey results received as of July 18th and Director Jameson noted that the survey will remain open through the end of August. Director Jameson discussed an additional notice the Committee prepared for the website to address resident confusion and complaints. Director McCann presented names of other residents who previously have expressed interest in park-related matters. He said he reiterated at the last Greatwood Presidents' meeting that the District only would be willing to hold a park bond election if it is desired by the community. The Board then discussed future ownership and maintenance of any park facilities funded by the District.

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

Director McCann reported on Fort Bend Flood Management Association ("FBFMA") matters. He and Ms. Humphries reported on the status of federal legislation related to the extension of the National Flood Insurance Program ("NFIP"). The Board discussed the letter previously received from Fort Bend County Levee Improvement District No. 2 ("LID 2") requesting Fort Bend County levee stakeholders to consider cost sharing the expense for a lobbyist hired by LID 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. Ms. Humphries said Fort Bend County (the "County") Judge Bob Hebert requested that a group of levee district representatives coordinate efforts to work with the County's lobbyist on a short-term basis regarding the pending legislation to extend the NFIP. She said she has received conflicting information regarding the process for coordinating these efforts and the proper party to receive payment for lobbying expenses. After review and discussion, the Board concurred that it would not participate in the expense for the lobbyist unless the lobbyist was engaged by the FBFMA or until further instructions are received from the County Judge. Discussion then ensued regarding the functions and purpose of the FBFMA and the Board's displeasure with the current focus of the FBFMA.

\$3,230,000 UNLIMITED TAX LEVEE IMPROVEMENT BONDS, SERIES 2011

Ms. Williams reviewed the Preliminary Official Statement and Official Notice of Sale for the District's proposed \$3,230,000 Unlimited Tax Levee Improvement Bonds, Series 2011 (the "Series 2011 Bonds"), copies of which were provided to the Board in advance of the meeting. Discussion ensued regarding the timeline for selling the bonds and receipt of bond proceeds. Ms. Williams then recommended that McCall, Parkhurst & Horton L.L.P. be employed as disclosure counsel for the bond issue.

The Board considered appointing a paying agent/registrar for the proposed Series 2011 bond issue.

Ms. Humphries reported that the TCEQ issued an order approving the Series 2011 Bonds and requiring that \$2,461,400 be escrowed as follows: (1) \$2,061,400 for the Middle Bayou detention lake erosion protection and improvements, pending Commission staff's receipt of plans and specifications approved by all entities with jurisdiction, executed copies of temporary construction access agreements, any other required easements beside the 33.62-acre original area, and a detailed map depicting the current boundaries of the detention pond with available easements shown; and (2) \$400,000 for an emergency response building, pending Commission staff's receipt of plans and specifications approved by all entities with jurisdiction, documentation

supporting the portion of the emergency response building that only benefits the District, and evidence of the District funding only its pro-rata share. She presented a Resolution Authorizing Application to the Texas Commission on Environmental Quality Requesting Waiver of Requirement to Escrow Funds to request that the escrow requirement related to the Middle Bayou detention lake erosion protection and improvements be rescinded prior to the sale of the Series 2011 Bonds or, if the Series 2011 Bonds are sold prior to TCEQ action, that the funds be released from escrow. The Board considered appointing an escrow agent for the proposed Series 2011 bond issue.

After review and discussion, Director Jameson moved to: (1) approve the Preliminary Official Statement and Official Notice of Sale for the District's Series 2011 Bonds; (2) appoint Bank of New York as the paying agent/registrar for the Series 2011 bond issue; (3) appoint Compass Bank as the escrow agent for the Series 2011 bond issue; (4) engage McCall, Parkhurst & Horton L.L.P. as disclosure counsel for the Series 2011 Bonds; and (5) adopt the Resolution Authorizing Application to the Texas Commission on Environmental Quality Requesting Waiver (or release) of Requirement to Escrow Funds. Director Stone seconded the motion, which passed unanimously.

The Board concurred to determine the schedule for proceeding with the sale of the Series 2011 Bonds after all three access agreements are signed, or nearly signed. The Board concurred that items to (1) authorize proceeding with the sale of the Series 2011 Bonds and (2) update of the Preliminary Official Statement and Official Notice of Sale should be included on future agendas for consideration at the appropriate time.

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

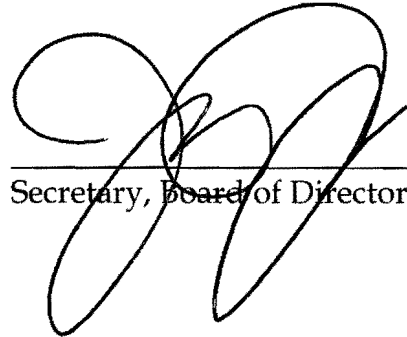
Director McCann reported on discussions at the previous Presidents' meeting and noted there is some interest in a common over 65/disabled homestead exemption of the Greatwood Districts and a common escalating water rate structure of the Greatwood Municipal Utility Districts. He and Ms. Humphries reported on the upcoming director appointments of the Gulf Coast Water Authority.

Ms. Humphries reported on a meeting with the attorneys for Fort Bend County Levee Improvement District No. 10 and Fort Bend County Municipal Utility District No. 121 about the District's proposed Term Sheet for operation and maintenance of the regional "GreatRiver" perimeter levee. She suggested the District appoint a director who could meet with other representatives of the perimeter levee districts. Director Stone volunteered to work on the common Term Sheet.

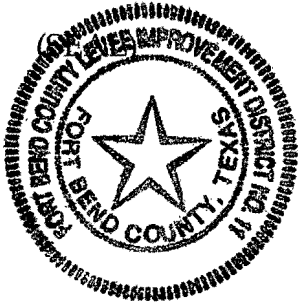
Director McCann reported on additional discussions at the previous Presidents' meeting regarding the resignation of David Maxwell from Fort Bend County Municipal

Utility District No. 117 and the upcoming resignation of Curtie Giles from Fort Bend County Municipal Utility District No. 109, due to their moving from the District.

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



Secretary, Board of Directors



ACTION LIST

1. ABHR will work with the bookkeeper to identify legal fees associated with construction matters that should be tracked.
2. The bookkeeper will revise the MUD 116 revenue line item description in the budget as discussed and will work with the engineer to identify all budgeted items that are cost shared with MUD 116.
3. The bookkeeper will continue to look into the noted discrepancies in the bills from Reliant Energy.
4. The bookkeeper will add the requested collateral information to the investment reports and will send a list of current interest rates for investment of District funds to the Board for review.
5. The engineer will direct any questions from Golf Club representatives regarding the temporary access agreement to ABHR's real estate attorney.
6. The engineer will notify the TCEQ reviewer that the emergency operations building is for the benefit of the District and will not be oversized to benefit any entity other than the District.
7. Director Stone will discuss at the next Disaster Preparedness Committee meeting the reimbursement from the Federal Emergency Management Agency for clean-up costs following a disaster being limited to contracts already being in place prior to the disaster.
8. The attorney will include the discussed items regarding the Series 2011 Bonds on future agendas for consideration at the appropriate time.
9. Director Stone will meet with representatives of the perimeter levee districts to work on the Term Sheet for operation and maintenance of the regional perimeter levee.

LIST OF ATTACHMENTS TO MINUTES

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