

**MINUTES OF MEETING OF THE
BOARD OF DIRECTORS**

January 7, 2014

THE STATE OF TEXAS §

COUNTY OF FORT BEND §

FIRST COLONY LEVEE IMPROVEMENT DISTRICT NO. 2 §

The Board of Directors (the "Board") of First Colony Levee Improvement District No. 2 of Fort Bend County, Texas (the "District"), met in regular session, open to the public, at 12:00 p.m. on January 7, 2014 at the offices of Coats, Rose, Yale, Ryman & Lee, P.C., 3 East Greenway Plaza Suite 2000, Houston, Texas 77046, a designated meeting place outside the boundaries of the District; whereupon, the roll was called of the members of the Board of Directors, to-wit:

Ron Frerich	-	President
Christine M. Lukin	-	Vice President
Carl Mazzo	-	Secretary

All members of the Board of Directors were present, thus constituting a quorum.

Also present at the meeting were Kim Shelnett of Myrtle Cruz, Inc., the District's Bookkeeper; Bob Leared, the District's tax assessor/collector ("TAC"); Jason Klump of Stormwater Solutions ("SWS"), the District's Operator; Joe Mattingly, Shea Walker and Tara Klein with Champions Hydro-Lawn, Inc. ("Champions"); Craig Kalkomey of Jones & Carter ("J&C"), the District's Engineer; John Cannon, attorney, and Beth VanDoren, paralegal, of Coats, Rose, Yale, Ryman & Lee, P.C. ("Coats Rose"), legal counsel for the District.

Whereupon, the meeting was called to order and evidence was presented that public notice of the meeting had been given in compliance with the law. A copy of the posted agenda notice is attached hereto as Exhibit "A".

HEAR FROM THE PUBLIC

No one was present from the public.

APPROVAL OF MINUTES

The Board considered approving the minutes of the Board meeting held December 4, 2013. After consideration and upon motion by Director Lukin, seconded by Director Mazzo, and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting held December 4, 2013 with corrections.

APPROVING TAX COLLECTOR'S REPORT

The Board recognized Mr. Leared, who reported that as of December 31, 2013, 66.5% of the 2013 tax levy has been collected. He also presented a current list of delinquent accounts to the Board for examination.

After discussion and upon motion by Director Mazzo, seconded by Director Lukin, the Board voted unanimously to approve the tax collector's report, a copy of which is attached hereto as Exhibit "B".

CHAMPIONS HYDRO-LAWN, INC. REPORT

The Board recognized Mr. Mattingly who presented and updated the Board on the status of the District's rights of way. A copy of the report is attached hereto as Exhibit "C".

Mr. Mattingly introduced Shea Walker and Tara Klein of Champions Hydro-Lawn. He noted that Mr. Walker is a Vice President of the company and Ms. Klein is a landscape architect affiliated with the company.

Ms. Klein discussed her upcoming attendance at a soils and sustainability conference. The Board requested that she attend a future board meeting to discuss the conference.

Mr. Mattingly reported that the levee does not need to be mowed. Mr. Mattingly also informed the Board that there have been no issues resulting from the recent freeze.

After further discussion, the Board requested Mr. Mattingly review the levee fence line and report back next month.

No action was taken on this agenda item.

OPERATOR'S REPORT

The Board recognized Mr. Klump, who presented and reviewed the monthly management report, a copy of which is attached hereto as Exhibit "D".

During the month of December, the pumping station and related equipment were inspected on a daily basis to insure proper operation. All outfall structures have been inspected at least once a week. In addition, all drainage ditches, back slope drains, drainage swales, levees and easement have been inspected at least twice during the month. A constant weather watch has been maintained on a local and regional basis, as well as the Brazos River stages at Richmond.

At the pump station, SWS is continuing to test genset and load bank for one hour weekly and is continuing debris removal and good housekeeping measures. Mr. Klump reported that there was graffiti on the pond side of the pump station box culverts. The Board decided to take no action on the graffiti at this time.

Mr. Klump also reported he had not received any response from Aspen Utility Company regarding scheduling the removal of the cable that was run across the levee. The Board

instructed its attorney to send a letter to Aspen Utility Company, Comcast and the Texas Public Utilities Commission regarding Aspen's lack of regard for the District's property rights. The Board instructed Mr. Klump to advise Aspen that SWS will cut the line if it is not removed.

Next, Mr. Klump noted that a utility pole has been installed on District property without consent. The levee was rutted and a fence was cut in the process. The Board requested the attorney contact Centerpoint to discuss the removal of the utility pole and repairs resulting from the installation. The Board requested that the Centerpoint project approved last month be put on hold until the pole is removed and the levee repairs are complete and paid for.

Upon a motion by Director Mazzo, seconded by Director Frerich, the Board voted unanimously to approve the operator's report as presented.

DISCUSS STATUS OF SUSTAINABLE GROWTH TEXAS, LLC CONTRACT ITEMS

No action was taken.

ENGINEER'S REPORT

The Board recognized Mr. Kalkomey who presented the engineer's report, attached hereto as Exhibit "E".

Review proposed Capital Improvements Budget

Mr. Kalkomey presented quotes on the District's possible acquisition of a gravity fed sand bagger and trailer with an initial purchase of sand bags and an ATV. The Board requested more information on an ATV and noted that they preferred to wait until the storage building is completed before making any purchases.

De-Silting of Commonwealth Boulevard

J&C is working with the City of Sugar Land to possibly include outfall repairs and cost sharing in conjunction with the de-silting project.

Maintenance Building

The subcontractor experienced equipment and concrete supply issues during the month of December. In addition, while drilling the piers for the well house, they experienced a different material than what was used to evaluate the original design. Due to the different subsurface conditions, the structural engineer asked for the geotechnical engineer to drill an additional boring at the well house to provide them with the information needed to redesign the well house slab. The cost for this work is \$1,600 for the geotechnical analysis and \$500 for the structural engineer to redesign the well house slab.

Additional Items

MS4 Permitting

The new MS4 general permit (TXR040000) was issued on December 13, 2013. All regulated entities new and existing will have 180 days to apply for coverage under the general permit. J&C is working on three options:

- a. Option 1 consists of working with TCEQ on a possible waiver from the MS4 permitting requirements. J&C is scheduling a TCEQ inspection to review the District's facilities so that TCEQ can make an initial determination on the waiver.
- b. Option 2 consists of working with the City of Sugar Land on partnering with the City on a joint plan.
- c. Option 3 consists of working with Storm Water Solutions to jointly develop and manage the District's individual permit.

The Board discussed the fence repairs and requested the engineer survey the fence line and to install a new fence by next month. The Board further requested "Private Property" signs posted by the next meeting date.

After discussion, upon a motion brought by Director Mazzo, seconded by Director Frerich, the Board unanimously voted to approve the engineer's report as presented including surveying the fence line, installing a new fence (at a cost not to exceed \$4.5/foot), and posting "Private Property" signs.

BOOKKEEPER'S REPORT

The Board then recognized Ms. Shelnett of Myrtle Cruz, Inc., who presented for the Board's review and approval the bookkeeper's report. She reported on the status of the District's various accounts and reviewed the Operating Account checks prepared for the Board's review and approval. A copy of the bookkeeper's report is attached hereto as Exhibit "F".

After discussion and upon motion by Director Lukin, duly seconded by Director Mazzo, after full discussion and the question being put to the Board, the Board voted unanimously to approve the bookkeeper's report and the checks presented for approval.

HEAR ATTORNEY'S REPORT

Discuss "ring levee" issues and take any necessary actions

No action was taken on this matter.

Discuss FBFMA issues and take any necessary actions

No action was taken on this matter.

Discuss and take any action on Operator's contract

After discussion and upon motion by Director Lukin, duly seconded by Director Mazzo, after full discussion and the question being put to the Board, the board voted unanimously to

approve the Operator's contract as presented.

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

PASSED, APPROVED and ADOPTED this 4th day of February, 2014.


Secretary, Board of Directors

(DISTRICT SEAL)

