

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

February 4, 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 February 4, 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; Patty Rodriguez, the District's tax assessor/collector ("TAC"); Jason Klump of Stormwater Solutions ("SWS"), the District's Operator; Joe Mattingly and Tara Klein with Champions Hydro-Lawn, Inc. ("Champions"); Craig Kalkomey of Jones & Carter ("J&C"), the District's Engineer; John Cannon and Ryan Bledsaw 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 January 7, 2014. 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 January 7, 2014.

APPROVING TAX COLLECTOR'S REPORT

The Board recognized Ms. Rodriguez, who reported that as of January 31, 2014, 93,449% of the 2013 tax levy has been collected. She also presented a current list of delinquent accounts to the Board for examination. Ms. Rodriguez next reported that Comerica is now charging various service fees to the District. She recommended that the Board authorize her to move the tax accounts to Wells Fargo to avoid such fees.

After discussion and upon motion by Director Lukin, seconded by Director Mazzo, the Board voted unanimously to approve (i) moving the District's accounts to Wells Fargo, and (ii) the tax collector's report, a copy of which is attached hereto as Exhibit "B".

Consider imposing 20% penalty on all 2013 delinquent taxes due on July 1, 2014 and entering into contract with attorney to collect said taxes

The Board next considered establishing a 20% penalty for delinquent tax collection for the 2013 tax accounts that become delinquent and subject to collection as of July 1, 2014. Following discussion, and upon a motion by Director Lukin, seconded by Director Mazzo, the Board voted unanimously to adopt the Resolution Establishing 20% Penalty for 2013 Delinquent Taxes and to authorize Coats Rose to represent the District in collection of the 2013 delinquent taxes.

Consider granting tax exemption for 2014 tax year

The Board next discussed granting tax exemptions for the 2014 tax year. After discussion, the Board elected not to grant any tax exemptions for the 2014 tax year.

FINANCIAL ADVISOR'S REPORT

The Board recognized Mr. Cannon who presented and outlined a Resolution Calling for Redemption of Bonds. He noted that arrangements have been made to redeem bonds, in the outstanding principal amount of \$330,000, as of March 15, 2014. After discussion and upon a motion by Director Mazzo, seconded by Director Lukin, the Board unanimously approved defeasance of the District's remaining outstanding \$330,000 in Unlimited Tax Levee Improvement Refunding Bonds, Series 2003.

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 reported that the barbed wire fence replacement project was started on February 3, 2014. Mr. Mattingly requested authorization to mow the levee at the end of February and for overseeding and fertilization at the end of March. The Board instructed Mr. Mattingly to proceed with his recommendations and also to mow the northwest detention pond if it is dry.

Next, Ms. Klein discussed soil testing, erosion, and landscaping issues.

After discussion, upon a motion by Director Lukin, seconded by Director Mazzo, the Board voted unanimously to approve Champions' report and to authorize Champions to perform the recommended mowing, overseeding, and fertilization.

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 January, 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. Graffiti on the pump station box culverts was scrubbed off.

Animal burrows were filled and compacted, and SWS will continue to monitor those areas. The area of levee damaged by the utility contractor was filled and re-seeded, and SWS has back-charged the contractor.

Mr. Klump presented an estimate of \$6,340 for maintenance work to clean out three box culverts leading into Alcorn Lake, the drainage channel leading into the culverts, and the drainage channel north of Avondale Drive at Burbury Street.

Mr. Klump next reported on several homeowner issues. After discussion, the Board instructed Mr. Bledsaw to send letters to three homeowners regarding mowing of the levee, and instructed Mr. Klump (i) to send letters to homeowners dumping trash on the levee and (ii) to draft a letter for reoccurring use by the operator when homeowners dump trash and debris on the levee.

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 reported at the March meeting, J&C will present the Board with final quotes on all previously discussed equipment and supplies to be stored inside the storage building. J&C is working on a multi-year CIP for the District. Mr. Kalkomey next discussed with the Board priorities for future projects.

De-Silting of Commonwealth Boulevard

On January 9, 2014, J&C met with the City of Sugar Land (the "City") to discuss a possible joint project. The City is working on finalizing budgets for the replacement of the existing outfalls along Commonwealth Boulevard. J&C will continue to work with the City; however, J&C will proceed to prepare bid documents independently from the City and will present the final project for the Board's approval at the March meeting.

Maintenance Building

CZS Developers is continuing to work on the storage building and has begun constructing the CMU walls. As discussed in January, CZS experienced poor subsurface conditions at the well house, which will require a revised design for the foundation. CZS has requested a revised design from a structural engineer. Based on J&C's discussions with several structural engineers and geotechnical engineers, the recommendation is to drill another soil boring at the well house. The additional information will be used to modify the well house foundation design. The cost for this work is \$500 for geotechnical analysis and \$500 for the structural engineer. After discussion, the Board instructed Mr. Kalkomey to proceed with the project in the most cost-effective manner, including incurring the additional \$1,000 in costs if necessary.

Additional Items

South Fence Staking and CenterPoint Pole

On January 29, 2014, J&C staked the southern boundary of the District for Champions. Based on the staked location, J&C discovered that the CenterPoint utility pole was installed several inches south of the District's boundary. On average, the existing fence is 1 to 2 feet outside the District's boundary.

CenterPoint / Utility Easements

J&C has received most of the existing easements crossing the levee. However, considering the recent utility activity in the area, J&C is recommending working with CenterPoint Energy and/or an abstracting company to research all utility easements crossing the levee that have not been previously documented. For a fee, CenterPoint Energy will provide the District with recorded and unrecorded easement documentation. CenterPoint charges an initial fee of \$250 per service line for the first four hours of research and an additional \$80 per hour thereafter. If CenterPoint discovers that the service line in question is not within a recorded easement, CenterPoint will refund the District's fees. In addition to CenterPoint's requests, the District could hire an abstracting or title company to research all recorded easements that cross the levee. This information could be useful in discovering any potential easements that might

have been overlooked or poorly documented in the past, which would be added to the District's EAP, if necessary. J&C estimates the fee for this service could range between \$500 and \$1,500.

After discussion, the Board instructed Mr. Kalkomey to include all easements in the District's EAP. Upon a motion by Director Frerich, seconded by Director Mazzo, the Board voted unanimously to authorize J&C to obtain a title search at a cost not to exceed \$5,000 to locate any easements in the District.

MS4 Permitting

J&C is currently working with the TCEQ on a possible waiver from the MS4 permitting requirements. In the meantime, J&C has officially notified the City that the District is interested in working on a joint program. J&C will update the District as the process progresses.

After discussion, upon a motion brought by Director Lukin, seconded by Director Mazzo, the Board unanimously voted to approve the engineer's report as presented, including: (i) approving the pay estimate to CZS; (ii) authorizing J&C to prepare a bid package for the de-silting project; and (iii) approving continued work on the maintenance building as discussed.

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


Director Frerich reported on topics discussed at recent ring levee meetings. After discussion, the Board instructed Coats Rose to send letters to the other ring levee member districts regarding the District's concerns involving the National Waterways Conference and a proposed uniform operations and maintenance manual.

Discuss FBFMA issues and take any necessary actions

No action was taken on this matter.

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

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


Secretary, Board of Directors

(DISTRICT SEAL)

