

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

July 1, 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 July 1, 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 Tara Klein with Four and One, LLC; 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; Les Griffith 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 June 3, 2014. After consideration and upon motion by Director Lukin, seconded by Director Frerich, and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting held June 3, 2014.

APPROVING TAX COLLECTOR'S REPORT

The Board recognized Ms. Rodriguez, who reported that as of June 30, 2014, 99.279% of the 2013 tax levy has been collected. She also presented a current list of delinquent accounts to the Board for examination.

After discussion and upon motion by Director Lukin, seconded by Director Frerich, 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. Griffith who presented and updated the Board on the status of the District's rights of way. No written report was presented.

The Board discussed mowing the levee. Mr. Griffith reported that Champions recommended mowing in July. He also presented a quote for \$450 to seal cracks on the concrete spillway following the scheduled pressure washing, a copy of which quote is attached hereto as Exhibit "C". The Board instructed Mr. Griffith to ensure that caulk would be used as sealant for the same price rather than an epoxy.

After discussion and upon motion by Director Frerich, seconded by Director Lukin, the Board voted unanimously to authorize the requested actions.

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 June, 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. During a weekly generator load test on June 25, white smoke was observed leaving the exhaust. The generator was inspected by a technician who noted a loose wire leading to a block heater. The problem was resolved and the load test was complete with no further issues. Quarterly maintenance is schedule for July 15.

Mr. Klump also reported that a water line belonging to the homeowners association ("HOA") was damaged during installation of irrigation for the storage building. SWS notified the HOA and the City of Sugar Land (the "City"). Once it was determined the water could not be shut off, the contractor repaired the line with a pressure fitting. All irrigation on the storage building site now runs through the well located at the site. The Board instructed Mr. Klump to be sure the piping is fixed with a vacuum breaker.

On June 13 SWS noticed the levee irrigation system running and switched the system from automatic to manual mode, then contacted Champions to reset the timer. SWS also noticed that the rain gauge will need to be moved outside the pump house.

The resident at 5204 Avondale cut a path through the levee property. The Board authorized Coats Rose to send a letter to the resident and requested that SWS leave red tags on residents' fences for future incidents.

The Centerpoint contractor was on the property for four days in June replacing transformers and lines. SWS was present at all times. No damage was done and all limbs and debris were removed daily. Due to rain events the work could not be completely finished as of the meeting date. SWS will continue to monitor and communicate with the contractor.

With respect to the Alcorn Bayou area, the Board stated that the pilot channel needs to be cleared so it can drain properly and will eventually dry up. The Board also stressed that previously authorized projects need to be completed promptly. The Board instructed Mr. Klump to oversee the replacement of three pine trees at the storage building and follow up on the drip irrigation in the flower bed.

The filter fabric fence installed by the contractor at the storage building inlet failed, sending silt into the forebay of the pump station. This occurred between removal of the fabric fence and sod installation. The contractor will have to remove the dirt as he did previously.

No action was taken on this agenda item.

ENGINEER'S REPORT

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

Review proposed Capital Improvements Budget

J&C updated the 2014 capital improvements plan ("CIP") budget based on current and anticipated costs. J&C will continue to work with the Board to monitor and update the CIP. Per last month's meeting, J&C coordinated with Hlavinka Equipment Company to purchase the Kubota UTV and is working with the dealer to hold it until the storage building is complete.

Fort Bend County Levee Inspection Program

On June 18, Fort Bend County Drainage District ("FBCDD") contacted J&C to discuss inspecting the District's levee system. FBCDD's process is as follows:

- Initial meeting – The purpose of this meeting is to review general information about the District's levee system. Some of the information discussed will include the District's contacts, levee system design and construction history, internal design characteristics, flood fighting supplies, and operator's inspections and ongoing

maintenance activities. This meeting is anticipated between July 7-11.

- Site inspection – At this meeting, FBCDD will walk the levee system with the operator, engineer, and Board. FBCDD will use the USACE inspection report as a basis for this inspection, which will include the levee, pump station, and outfalls. This meeting is anticipated between July 14-18.

Maintenance Building

CZS Developers has completed the majority of the work associate with the storage building and well house. Some of the final remaining items include:

- Well House
 - Install filter fabric and gravel in well house
 - Complete programming of irrigation system
- General Site Items
 - Install data conduit from well house and storage building
 - Modify guard rail at sidewalk
- Landscaping (inspected by KGA on June 20)
 - Missing all soft leaf yucca
 - Missing some lantana and Liriope
 - Three Loblolly pine trees not installed by well house
 - The Loblolly pines that have been planted do not appear to be a very good quality plant material and also have some damage showing.

J&C has notified CZS of the final remaining items. Once completed, J&C will schedule a final inspection with CZS, the Board, MCCM Architects, and J&C.

J&C presented the official copy of Change Order No. 1, as approved last month, for the Board's signature. Mr. Kalkomey also noted that CZS submitted Progress Payment No. 4 for the Board's review and approval.

MS4 Permitting

The District's waiver request is still awaiting review and approval from the TCEQ Team Leader. J&C will continue to work with the TCEQ as needed.

Additional Items

CenterPoint Easement

CenterPoint asked J&C to submit a utility research request form to finalize the process, which J&C has completed and submitted to CenterPoint. Due to the age of the original easement the review is taking longer than anticipated, but J&C will continue to update the Board.

GIS Services

J&C will continue to work with Director Mazzo before presenting it to the Board.

Shared Perimeter Levee Report

Mike Stone Associated worked with the perimeter levee operators to develop an inspection report that each operator can use to easily share inspection activities with all districts associated with the perimeter levee system. A copy of the form is attached as Exhibit "F" to these minutes.

After discussion and upon motion by Director Frerich, duly seconded by Director Lukin, the Board voted unanimously to approve Progress Payment No. 4 and the engineer's report.

BOOKKEEPER'S REPORT

The Board then recognized Ms. Shelnutt 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 "G".

Upon motion by Director Frerich, 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

Consider renewal of insurance policy

Mr. Cannon reported that the District's insurance policy with HARCO Insurance Services would expire on August 7, 2014. He presented a proposal from HARCO to renew the policy, a copy of which is attached hereto as Exhibit "H". After discussion, the Board decided to defer final action on the insurance policy until the next meeting. Upon a motion by Director Mazzo, seconded by Director Frerich, the Board voted unanimously to authorize getting a binder for the storage building and well house and to authorize J&C to coordinate with the insurance company on updates to the District's list of covered facilities.

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.

OTHER MATTERS

Ms. Klein presented a Conceptual Cost Estimate for the Board's review, a copy of which is attached hereto as Exhibit "I".

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

PASSED, APPROVED and ADOPTED this 5th day of August, 2014.



Secretary, Board of Directors

