

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

**August 5, 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 August 5, 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 and Debbie Arellano of Bob Leared Interests, the District's tax assessor/collector ("TAC"); Jason Klump of Stormwater Solutions ("SWS"), the District's Operator; 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 July 1, 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 July 1, 2014.

## **APPROVING TAX COLLECTOR'S REPORT**

The Board recognized Ms. Rodriguez, who reported that as of June 30, 2014, 99.512% 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".

## **FINANCIAL ADVISOR'S REPORT**

The Board recognized Mr. Cannon, who presented on behalf of the district's financial advisor the 2014 M&O Tax Rate Information, a copy of which is attached as Exhibit "C" to these minutes. After discussion and upon a motion by Director Mazzo, seconded by Director Lukin, the Board voted unanimously to authorize publishing notice of a tax rate hearing to be held at the District's next regular meeting to consider adopting a tax rate of \$0.25 per \$100 of assessed value.

## **CHAMPIONS HYDRO-LAWN, INC. REPORT**

The Board recognized Ms. Klein who reported on behalf of Champions. No written report was presented.

The Board noted that there are still several items outstanding that Champions needs to complete, including cutting down trees and clearing growth in culverts. The Board also reiterated that it would like to have billing reports itemized by section starting next month.

After discussion and upon motion by Director Lukin, seconded by Director Mazzo, the Board voted unanimously to authorize mowing and handwork to include cutting vines at the Maranatha Farms fence line.

## **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 July, 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 per week and is continuing debris removal and good housekeeping measures. Quarterly maintenance on the generator and load bank was completed on July 24.

For the storage building, Mr. Klump also reported that interior work and doors are being finished. Irrigation is completed and mulch was added to flower beds to cover exposed drip irrigation lines. The transition over the entry gate was graded. The contractor is continuing to work on punch list items. The Board requested that SWS clear Willow trees near the pond at the storage building.

The CenterPoint contractor was on the property for two days in July to replace transformers and lines. SWS was present at all times, observing that no damage was done and all limbs and debris were removed each day. However, the job is still not complete and SWS will continue to monitor and communicate with the contractor.

Fort Bend County Drainage District (“FBCDD”) completed the field portion of a USACE style inspection of the District’s portion of the ring levee system, pump station, and drainage system. FBCDD found two items rated unacceptable: (1) no megger testing of wiring for pumps; and (2) the condition of the sealant/grout of the energy dissipators where they meet the side of the forebay. For megger testing, the insulation replacement that was first done in 2013 when the pumps were pulled for testing should suffice until 2015, and SWS is working with service companies for quotes to be used for budgeting purposes. According to FBCDD, if the sealant issue is corrected before August 11, it will not be classified as unacceptable in the report. Mr. Klump stated that SWS can clean and seal the six joints plus a crack found at the Briarwood culvert for \$715. The Board authorized SWS to perform the repairs for \$715 and to perform any actions necessary with respect to receiving an acceptable rating for meggers testing, all before August 11, if possible.

Also during FBCDD’s inspection, two of the City of Sugar Land’s interceptor pipes were questioned. One was filled with debris and severely damaged, including a pipe possibly left over from the construction of the University Drive bridge. The other pipe did not seem to outfall into the ditch. J&C has stated that they will contact the City about possible repairs. The Board authorized SWS to clean and repair these items and bill the City for costs incurred.

Mr. Klump also reported that SWS completed ditch and culvert cleanouts on Briarwood and Burbury Street. The result achieved positive drainage. SWS will continue to monitor vegetation growth.

Windstream contracted for a fiber optic line to be installed along the utility easement on Commonwealth Boulevard. After initially being stopped by Director Frerich on their initial attempt to bore through the levee, they received approval from J&C. SWS witnessed the work and all actions met the standards set by the District.

After discussion and upon a motion by Director Frerich, seconded by Director Lukin, the Board voted unanimously to approve the engineer’s report and to authorize the action items discussed.

### **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 presented costs for the 2015 fiscal year engineering and capital improvements plan (“CIP”) budgets and conceptual schedule for the Board’s review and approval. Mr. Kalkomey requested approval of or comments to the engineering and CIP budgets.

### **Fort Bend County Levee Inspection Program**

On July 25, FBCDD held an inspection of the District’s levee and internal drainage system. Overall, FBCDD was satisfied with the overall condition of the District’s facilities. FBCDD’s draft report should be ready the week of August 11. On July 31, FBCDD had only two items that were considered unacceptable:

- Megger testing (electrical insulation test) at pump station (USACE requirement) – J&C has included a line item for testing to the District’s CIP.
- Joint void space between pump station retaining wall and energy dissipators – J&C recommended that SWS provide the District with a quote to correct the issue.

### **Maintenance Building**

CZS Developers has completed the majority of the work associated with the storage building and well house. According to CZS, the final remaining items include:

- Final programming of irrigation system
- Three pine trees on south side of Station
  - In July, the Board requested planting a different tree in lieu of pine trees. J&C requested a specific plant that the Board would like planted so that CZS can complete the item.
- Three pine trees on north side of Station
  - CZS believes they have fulfilled this portion of the contract and requires additional payment if the District would like these pine trees replaced with a different plant. J&C requested instructions from the District so that CZS can complete this item if required.

The Board instructed J&C to have CZS replace the three slash pine trees with, and substitute the three pine trees not yet planted with six matching crape myrtles at no additional cost to the District.

Mr. Kalkomey also noted that J&C is investigating excessive charges from KGA/Deforest and will report back to the Board.

SecureCheck LLC will be able to install the proposed security cameras now that construction is nearing completion. In order to complete the installation, data service will be

required at the storage building. J&C provided quotes from available internet service providers, included in the engineer's report. After discussion, the Board selected the option of data-only service from Windstream.

**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 has surveyed the existing facility and is in the process of creating the easement exhibit and easement modification documentation. Once completed and received, J&C will forward the document to the District for review and approval.

**GIS Services**

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

**University Drive**

Based on deficiencies found during the FBCDD inspection, J&C has sent pictures and documentation to the City of Sugar Land for review. The issues discussed with the City were related to a damaged interceptor structure and PVC piping on one end of the pipeline, as well as the concrete slope paving on the other end of the pipeline. J&C will continue to coordinate with the City on addressing these issues.

After discussion and upon motion by Director Mazzo, duly seconded by Director Lukin, the Board voted unanimously to approve the engineer's report, including action items 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 "G".

Upon motion by Director Mazzo, duly seconded by Director Frerich, 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.

**Consider adopting budget**

Ms. Shelnett then presented a proposed budget for the fiscal year ending September 30, 2015, a copy of which is attached hereto as Exhibit "H". The Board requested the following

revisions:

- Budget for security cameras should be reduced to \$6,500 to be paid in October; and
- Budget should reflect ant treatments to be performed twice per year.

No action was taken on the budget.

## **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 was attached to the previous month's minutes. He noted that the newly constructed facilities are being added to the policy. After discussion, upon a motion by Director Lukin, seconded by Director Mazzo, the Board voted unanimously to approve renewal of the insurance policy.

### **Consider approving revised interlocal agreement for disaster debris cleanup**

Mr. Bledsaw presented and outlined a revised interlocal agreement with the City of Sugar Land for disaster debris cleanup. Upon a motion by Director Frerich, seconded by Director Mazzo, the Board voted unanimously to approve the revised interlocal agreement.

### **Consider approving interlocal agreement for rental of radio equipment**

Mr. Bledsaw presented and outlined an interlocal agreement with Fort Bend County for rental of radio equipment. Upon a motion by Director Lukin, seconded by Director Frerich, the Board voted unanimously to approve the interlocal agreement.

### **Approve order designating meeting places outside the district**

Mr. Cannon presented and outlined an Order Designating Administrative Office and Designating Meeting Place Outside the District. Mr. Cannon explained that Coats Rose will be moving to a new office, and Texas law requires that if a district holds Board meetings outside the District, an order must be adopted designating such locations and notice of such designation must be published in a newspaper of general circulation within the District. He also noted that J&C's office is being added as an additional meeting place. He then presented an Order designating the following locations as additional meeting places outside the District: (i) 9 Greenway Plaza, Ste. 1100, Houston, Texas, 77046; and (ii) 6415 Reading Road, Rosenberg, Texas 77471.

It was noted that the Order also designates the administrative office for the District to be at the offices of Coats Rose, 9 Greenway Plaza, Ste. 1100, Houston, Texas, 77046, effective September 29, 2014. Following discussion, Director Lukin moved for approval of the Order Designating Administrative Office and Designating Meeting Place Outside the District and authorized publishing notice in a newspaper of general circulation in the District. The motion

was seconded by Director Mazzo and approved by unanimous vote.

**Execute previously approved engagement letter for audit of fiscal year ending 9/30/2014**

Mr. Cannon stated that the District’s auditor requested that their engagement letter, approved in 2013, be signed and dated again effective 2014 in order to comply with certain legal requirements, and the Board approved such execution.

**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 and outlined a proposal for landscape architectural services on Commonwealth Boulevard for the Board’s review, a copy of which is attached as Exhibit “I” to these minutes. No action was taken.

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

PASSED, APPROVED and ADOPTED this 2nd day of September, 2014.



  
Secretary, Board of Directors