

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

October 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 October 7, 2014 at the offices of Coats, Rose, Yale, Ryman & Lee, P.C., 9 Greenway Plaza, Suite 1100, 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; Debbie Arellano of Bob Leared Interests, the District's tax assessor/collector ("TAC"); Joe Mattingly of Champions Hydro-Lawn ("Champions"); 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 September 2, 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 September 2, 2014.

APPROVING TAX COLLECTOR'S REPORT

The Board recognized Ms. Arellano, who reported that as of September 30, 2014, 99.625% 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 Frerich, seconded by Director Mazzo, 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 Champions' report, a copy of which is attached as Exhibit "C" to these minutes.

Mr. Mattingly reported that there has been increased hog activity on the levee, and most of the resulting damage is on the toe of the levee near the fence line. He stated that the hogs present a major problem. The Board noted that the City of Sugar Land (the "City") used to provide hog trappers but is not doing so currently. The Board authorized its attorneys to send a letter to the City requesting their assistance.

Mr. Mattingly noted that the last ant treatment was in July, but ant treatments have been washing out quickly this year due to rain. The Board authorized mowing and fertilization work and requested that Champions perform debris cleanup that is needed due to a recent storm.

CONSIDER APPROVING PROPOSALS FROM FOUR AND ONE, LLC

No action was taken.

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 September 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 is scheduled for early November and the fuel tank was filled with 212 gallons on September 30, 2014.

At the storage building site, SWS is waiting on Windstream to provide service so the surveillance and alarm system can be set up.

At the Board's request, prior to the USACE inspection SWS repaired the grout between the interceptor pipe and the slope paving at the east of the ring levee portion of the levee system and also cleaned and sealed two vertical joints at the slope paving near the ditch. During the USACE inspection, no issues were reported on the District's portion of the ring levee; however, the USACE requested a video inspection of the pipe and boxes that travel through the levee at the pump station. SWS completed this inspection on September 12 and it was submitted to USACE on September 30.

While testing flap gates for the video inspection, both arms on the gate hinges broke. Rust had formed on the inside and the arms broke at their weakest point. SWS welded the arms back together and reinstalled them. All gates are operating correctly, and SWS did not have any issues opening the second gate.

SWS completed ditch and culvert cleanouts on Briarwood and Burbury Street, resulting in positive drainage. SWS will continue to monitor vegetative growth. SWS also noticed spots at each structure where water was undermining the walls and slope paving. The Board requested an estimate to repair these issues. The Board also requested that SWS inspect the remainder of the culvers and continue to do so annually after pump testing is completed.

The Board next discussed the resident at 5023 Berkshire Court who had been in contact regarding the \$500 fine imposed and the fence erected on District property behind the access gate at 5023 Berkshire Court. The Board discussed a letter received from the homeowners, noting that several comments were inconsistent with the District's records. After consideration, the Board decided to waive the \$500 fine, but instructed Mr. Klump to complete the fence and the attorneys to respond to the homeowners' letter.

The Board also noted that CenterPoint Energy needs to replace a fence where they had been performing work and instructed Mr. Klump to contact CenterPoint to request that they allow the District to spread silt across their fee strip.

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 included as attachments to the engineer's report the two 5-year capital improvements plans ("CIP") presented last month. J&C will revise as necessary based on the projects selected by the Board.

Fort Bend County Levee Inspection Program and USACE Inspection

a. Fort Bend County Levee Inspection Program – There is currently nothing new to report. As discussed last month, the Fort Bend County Drainage District ("FBCDD") anticipates re-inspecting the District's levee system in February 2015. J&C is still waiting to hear from the City on previously discussed repairs. To date, the City is working with the contractor to schedule repairs. Director Frerich noted that J&C should review the

inspection report and request corrections of any errors in the report

b. USACE Levee Inspection – On September 5, the USACE inspected the Sugarstone Perimeter System. As discussed in J&C’s email dated September 8th, the USACE’s inspection was based on the revised guidelines published earlier this year, which recommended holding an inspection since the most recent inspection was more than two years ago. From the inspection, J&C noted the following issues with the system:

i. Visual inspections of the levee culvert crossings – USACE required that all culverts crossing the levee be inspected every five years. This requires a person or video camera to be sent into each culvert to document the conditions of the walls and joints to observe any structural failures or seepage issues along the culvert. Except for a set of culverts on Fort Bend County LID No. 2, all culverts which are a part of the perimeter system have been inspected and sent to USACE for their records.

ii. Fort Bend County LID No. 14 – While treating Johnson grass, it appears a significant portion of surrounding vegetation was also damaged. LMS and Champions are working to correct the issue.

iii. Fort Bend County LID No. 15 – This district is experiencing severe hog damage long the top of their levee.

iv. Fort Bend County LID Nos. 15 and 19 – These districts recently re-graded and filled the top of the levee in places. There was limited to no vegetation on the top of the levee, but they are working to reestablish the vegetation.

c. District Video Inspection Summary – J&C reviewed the videos of all six culverts owned by the District. Overall each culvert appeared to be in good condition. The only issues to note were in the existing 36” DIP from the pump station. Both pipes showed minor issues with the same join located at the 45-degree bend from the pumps, as well as signs of minor seepage through the pipe walls. At this time, J&C is not recommending repairing or replacing the 36” DIP; however, it is recommended that this be re-inspected after the annual pump test in 2015 or 2016 to monitor any changes.

Maintenance Building

As of October 1, the storage building and well house are complete except for minor issues with the irrigation system. Champions and the contractor’s irrigation subcontractor are meeting on October 2nd to review the irrigation system and confirm proper installation. Since all work is complete, J&C and SWS recommend starting the process to install the shelving inside the building, relocating the FloodSax and AquaFence, and having the UTV delivered.

J&C and SWS met with Windstream on September 10th to discuss service installation. Based on the conversation, Windstream is working on a more efficient route to connect the building. Windstream will contact SWS when the design is complete and ready for installation. Once installation is complete, J&C will schedule SecureCheck for installation of the cameras..

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.

After discussion and upon motion by Director Lukin, duly seconded by Director Frerich, the Board voted unanimously to approve the engineer's report.

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".

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

Mr. Cannon presented and discussed a letter from FBFMA's attorney containing information on services provided and expenses for lobbying activities, a copy of which is attached as Exhibit "G" to these minutes. After discussion, the Board gave no objections to increasing the contribution to FBFMA for lobbying activities.

Consider amending easement agreement with CenterPoint Energy

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 November, 2014.




Secretary, Board of Directors