

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

January 12, 2015

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 special session, open to the public, at 12:00 p.m. on January 12, 2015 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 except Director Lukin, thus constituting a quorum.

Also present at the meeting were Mohamed Zekkour of CZS Developers LLC, contractor for the maintenance building project; Mark Eyring of Roth & Eyring, PLLC, the District's Auditor; Kim Shelnett of Myrtle Cruz, Inc. ("MCI"), the District's Bookkeeper; 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, attorneys 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 2, 2014. After consideration and upon motion by Director Mazzo, seconded by Director Frerich, and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting held December 2, 2014.

CONSIDER APPROVING AUDIT

Mr. Eyring presented the District's audit for the fiscal year ending September 30, 2014, a copy of which is attached hereto as Exhibit "B". Upon motion by Director Frerich, seconded by Director Mazzo and by unanimous vote, the Board approved the audit for its fiscal year ending September 30, 2014.

APPROVING TAX COLLECTOR'S REPORT

The Board recognized Ms. Arellano, who reported that as of December 31, 2014, 63.666% of the 2014 tax levy has been collected. She also presented a current list of delinquent accounts to the Board for examination.

Director Frerich requested that Ms. Arellano attempt to locate a credit card processing company with a lower processing fee.

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 "C".

CHAMPIONS HYDRO-LAWN, INC. REPORT

No written report was presented. Director Frerich noted that he has made a request for Champions to quote pricing to perform selected spot work.

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 per week and is continuing debris removal and good housekeeping measures throughout the pump station and storage building. Quarterly maintenance on the generator is scheduled for this month.

Alvin Contracting is in the process of painting the pump gates. Rain and the holiday schedule have delayed the project.

A contractor for CenterPoint Energy cut the chain on a gate to access the levee. Their truck left ruts on the top of the levee, which have since been repaired with sod. The Board requested that Mr. Kalkomey obtain a quote for new signs to be posted on the levee stating that no unauthorized vehicles are permitted—especially CenterPoint Energy contractors. He also

requested that the Kubota and sandbagger be fitted with stickers stating they belong to the District so that people will not think that ATVs are permitted on the levee.

After discussing continuing graffiti and litter issues, the Board requested a quote for additional surveillance cameras to monitor the District's facilities downstream of the pump station to monitor river levels.

Mr. Klump reported that SWS noticed damage at each outfall structure where water has undermined the walls and slope paving. The Board tabled discussion authorization for concrete work until next meeting.

ENGINEER'S REPORT

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

Review proposed Capital Improvements Budget

No changes have been made to the District's capital improvements plan ("CIP") budget since the December Board meeting. J&C will update the CIP budget as projects are authorized.

Maintenance Building

CZS has completed the majority of work associated with the project. Details on remaining items were provided in the written engineer's report.

The Board recognized Mr. Zekkour, who discussed the status of the project with Mr. Kalkomey and the Board. Mr. Zekkour noted that he would like to receive the remainder of the contract payment. After discussion, the Board instructed the contractor to repair the outstanding water leak and stated that the Board would pay the remainder at its next regular meeting, in early February. Upon a motion by Director Frerich, seconded by Director Mazzo, the Board also voted unanimously to approve payment of a check for \$15,131.10 to CZS for release of a portion of the construction retainage. The Board instructed CZS and J&C to determine among themselves how to pay the change order that was not approved by the Board.

Mr. Kalkomey also required the Board's authorization to approve a proposal for repairs to the irrigation system, including repairing a waterline break, program the control panel, and complete final inspection of the irrigation system for an estimated cost of \$800.

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 – University Drive

The City of Sugar Land has completed the work required to clean out the existing interceptor outfall located on the downstream end of the District's outfall channel. The only

remaining issue is repairing the concrete at the top portion of the interceptor structure on the opposite bank. The City has proposed the use of concrete rip rap versus the installation of new concrete slope paving. Following discussions with the City, J&C believes this is an acceptable alternative. Mr. Kalkomey requested the Board's consideration and approval. The Board requested that Mr. Kalkomey obtain some prices to present at the next board meeting.

After discussion and upon motion by Director Frerich, duly seconded by Director Mazzo, the Board voted unanimously to approve the engineer's report and to approve repairs to the irrigation system at a cost not to exceed \$800.

BOOKKEEPER'S REPORT

The Board then recognized Ms. Shelnut 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". Ms. Shellnut also requested the Board's approval for a new depository pledge agreement with Central Bank.

The Board next requested that Coats Rose verify the correct monthly contract payment for website maintenance and update the bookkeeper.

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, the checks presented for approval, and the depository pledge agreement with Central Bank.

HEAR ATTORNEY'S REPORT

Approve previous transfer of debt service funds to maintenance fund

Mr. Cannon noted that the District's auditor has requested that the Board make a determination in connection with its previous transfer of debt service funds to the maintenance fund that the transfer was made because the Board felt it would be impractical to refund the money to the taxpayers. Director Frerich made a motion to approve the previous transfer of debt service funds to the maintenance fund on the basis that refunding the monies to taxpayers would be impractical. Director Mazzo seconded the motion, which the Board voted unanimously to approve.

Discuss status of utility poles on levee

Next, the Board discussed the status of utility poles which have been left in the levee right-of-way. No action was taken.

Discuss "ring levee" issues and take any necessary actions

The Board discussed "ring levee" issues.

Discuss FBFMA issues and take any necessary actions

Director Frerich reported that FBFMA is planning to increase annual dues for each District to \$8,000, up from \$3,000, which is in addition to the recent \$5,000 special assessment. After discussion, the Board requested an item on the next agenda to consider resigning from FBFMA. The Board also instructed the District's bookkeeper to hold all checks payable to FBFMA until further notice.

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

PASSED, APPROVED and ADOPTED this 6th day of January, 2015.



Carl Mazza
Secretary, Board of Directors