

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

September 1, 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 regular session, open to the public, at 12:00 p.m. on September 1, 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, thus constituting a quorum.

Also present at the meeting were Tara Klein of Four and One LLC ("4&1"); Debbie Arellano of Bob Leared Interests, the District's tax assessor/collector ("TAC"); Joe Mattingly of Champions Hydro-Lawn, Inc. ("Champions"); Jason Klump of Storm Water Solutions, LP ("SWS"), the District's Operator; Craig Kalkomey of Jones & Carter ("J&C"), the District's Engineer; Karrie Kay of Myrtle Cruz, Inc. ("MCI"), the District's Bookkeeper; 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 from the public spoke.

APPROVAL OF MINUTES

The Board considered approving the minutes of the Board meeting held August 4, 2015. After consideration and upon a motion by Director Lukin, seconded by Director Mazzo, the question was put to the Board, and the Board voted unanimously to approve the minutes of the meeting held August 4, 2015.

FINANCIAL ADVISOR'S REPORT

The Board recognized Mr. Cannon, who presented on behalf of the district's financial advisor the 2015 M&O Tax Rate Analysis, a copy of which is attached as Exhibit "B" to these minutes. After discussion and upon a motion by Director Lukin, seconded by Director Mazzo, 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.

TAX COLLECTOR'S REPORT

The Board recognized Ms. Arellano, who reported that 99.535% of the 2014 tax levy has been collected as of August 31, 2015. 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 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 REPORT

The Board recognized Mr. Mattingly who presented Champions' report, a copy of which is attached as Exhibit "D" to these minutes. He reported that the irrigation system has continued to experience operational problems, so parts have been returned to the manufacturer for assessment and repairs.

After discussion, the Board authorized Champions to mow the levee in September as recommended.

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 "E".

During the past month 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, and river reports are attached to the operator's report.

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 generator maintenance and load bank testing was completed on July 31, 2015. The next quarterly maintenance will take place in October. SWS tested the District's radios twice in connection with Fort Bend County's weekly radio checks, and the radios are functioning correctly.

Mr. Klump reported that SWS has contacted Camino Services to make warranty repairs to several damaged sections of damaged bagwalls. The Board noted that they would like the remaining paper wrapping still on the bagwalls to be removed as well.

ENGINEER'S REPORT

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

Review proposed Capital Improvements Plan ("CIP") Budget

There are no current changes to the District's CIP; however, based on the electrical inspection and coordination with the U.S. Army Corps of Engineers ("USACE"), additional projects could be added to the CIP. The Board requested that SWS obtain quotes for performing electrical system rehabilitation work.

Project Reports, Change Orders, and Pay Estimates

USACE Update

During the quality assurance/quality control review of the District's report, the USACE reviewed the video inspection reports that were completed by SWS in 2014. Based on the review, USACE is concerned about a gap between two pipe end joints located where 36" ductile iron discharge lines made a 45-degree bend. This concern will cause the USACE to drop the District's rating from acceptable to unacceptable if it is not remedied quickly. The USACE also commented on rusted areas due to seepage in the pipe walls, but their rating warning was based only on the gap in the joint. USACE is ready to finalize the reports, but have indicated that they will give the District time to repair the issue first. Currently, J&C is aware of three potential solutions to address USACE's concerns:

1. Option 1: Seal the two joints – This only addressed USACE's concerns with the joints, but it is the least costly and time-consuming option. SWS is working with a contractor that can seal the joints without needing to excavate the bend.
2. Option 2: Coat both discharge lines – This is a common practice for sanitary sewers and storm water lines that have limited accessibility. J&C is working with SWS to determine if this option is feasible in light of the bends in the line.
3. Option 3: Excavate the bend and repair – Based on the videos and limited construction documentation, the current opinion is that the two joints may not be completely fused together. This option would be to excavate the bend to determine the exact issue. Depending on the issue, the District could either install a collar around the joint or replace the bend.

After discussion, upon a motion by Director Mazzo, seconded by Director Lukin, the Board voted unanimously to authorize J&C to proceed with Option 1, subject to Director Frerich's review and approval of the contractor's price quote.

MS4 Permitting

The District's waiver request is still awaiting review and approval from the TCEQ Team Leader of the Storm Water Division.

Additional Items – Emergency Action Plan (“EAP”) Updates

J&C will have final copies of the updated EAP available to the Board at the October meeting, and Mr. Kalkomey requested that the Directors bring their current copies of the EAP to be updated.

BOOKKEEPER'S REPORT

The Board then recognized Ms. Kay 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”.

Approve budget for fiscal year ending September 30, 2016

Ms. Kay also provided for the Board's review a proposed budget for the District's fiscal year ending September 30, 2016.

Upon motion by Director Frerich, duly seconded by Director Lukin, after full discussion and the question being put to the Board, the Board voted unanimously to approve (i) the proposed budget for the fiscal year ending September 30, 2016 and (ii) the bookkeeper's report and the checks presented for approval.

ATTORNEY'S REPORT

Discuss any landscape projects and act thereon

The Board recognized Ms. Klein, who discussed the status of landscaping projects. Ms. Klein stated that she would bring construction bids for the board's approval to the District's November meeting.

Discuss status of efforts to acquire land from HOA

The Board discussed the status of efforts to acquire land from the HOA, including drafting a letter to the HOA in response to the conversation that occurred at the HOA meeting. After discussion, the Board tabled the matter to further consider the District's response.

Discuss “ring levee” issues and take any necessary actions

The Board discussed current ring levee matters. No action was taken.

Discuss FBFMA issues and take any necessary actions

The Board discussed current FBFMA matters. No action was taken.

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

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


Secretary, Board of Directors

(DISTRICT SEAL)

