

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

May 20, 2014

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 20th day of May, at the Pecan Grove Country Club, Highway 359 at Plantation Drive, Richmond, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

Randy Vance	President
Kirk Boyd	Vice President
Buddy Kluppel	Secretary
Ryan Yokubaitis	Assistant Secretary
Chad Howard	Assistant Vice President

and all of the above were present, except Director Kluppel, thus constituting a quorum.

Also present at the meeting were residents of the District listed on Exhibit A attached hereto; Bethany Miller, Scott Saenger and Grady Turner of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel, Clayton Galloway and Breah Campbell of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Chief Joe Woolley of Pecan Grove Volunteer Fire Department ("VFD"); Marcus Campbell of Time and Season Property Management ("Time & Season"); Sergeant Jean Gobar of Fort Bend County Sherriff's Department; Trevor Royal of WCA Waste Corporation of Texas ("WCA"); Mike Rozell; and Lynne Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REMARKS FROM THE BOARD PRESIDENT

Director Vance opened the meeting at 6:05 p.m., and welcomed attendees. Director Vance then introduced newly elected Director Yokubaitis, discussed Board organization and updated Board liaisons and committees.

COMMENTS FROM THE PUBLIC

Mr. Charles Cook presented information regarding services offered by Blue Umbrella Company. Director Vance referred any further discussion to the website committee.

Ms. Wendy Hale-Erich thanked the Board for information under the construction tab on the District website and requested the Board add additional information regarding drainage improvements, including information regarding acquisition of land. Director Vance referred further discussion to the website committee. Ms. Hale-Erich also supported the District's decision to acquire a 15.1 acre detention pond from Johnson Development Company as part of the District's efforts to address ongoing drainage issues.

Mr. George Craddock requested the Board consider amending the Rate Order to allow earlier return of unused security deposits and to implement seasonal use rates. Director Vance referred Mr. Craddock to the District operator to explain charges in the District's Rate Order.

Mr. Paul Metcalf requested the Board update the District website to include additional drainage improvement progress information. He also requested information regarding the inlet project on the east end of Plantation Drive and requested the Board address his previous request additional traffic patrol on Plantation Drive during peak school traffic hours. Mr. Metcalf noted meeting links on the District website are not working and requested the Board consider an updated newsletter. Director Vance referred further discussion to the website committee.

Mr. Jim Ashmore reported his conversations with Fort Bend County regarding installation of a flashing light on the east end of the levee on Plantation Drive.

Mr. Greg Stimatz requested information about construction on the east side of FM 359 next to the carwash. Director Vance said the construction will be addressed in the engineer's report.

CONSENT AGENDA

Director Vance offered Board members the opportunity to remove items from the consent agenda for individual discussion. Director Howard moved to approve all items on the consent agenda with the exception of item (d). Director Boyd seconded the motion, which passed by unanimous vote. Copies of all documents **Error! Bookmark not defined.** approved as part of the consent agenda are attached.

With regard to consent agenda item (d), Mr. Ordeneaux reviewed correspondence from the District's delinquent tax attorney requesting authorization to file suit on 2 delinquent accounts. Following review and discussion, Director Boyd moved to approve the tax assessor/collector's report and authorize the District's delinquent tax attorney to file suit on 2 delinquent tax accounts, as recommended in the delinquent tax report attached to these minutes. Director Yokubaitis seconded the motion, which passed unanimously.

SECURITY AND PUBLIC SAFETY MATTERS

Sergeant Gobar reported patrol and security issues occurring since the Board's last regular meeting. Director Howard requested additional checks of the gate at Pecan Grove Park (on Pitts Road).

Chief Woolley discussed VFD activity since the April 29, 2014 meeting and VFD sponsored community events.

Sergeant Gobar left the meeting.

REPORT ON GARBAGE COLLECTION AND RECYCLING SERVICES

The Board reviewed the April customer call log provided by WCA and Mr. Royal discussed customer calls and updated the Board, upon inquiry by Director Howard, regarding progress of making large and additional containers available to individual customers for purchase.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Campbell reviewed a parks report, a copy of which is attached, and updated the Board on general maintenance and repairs in District parks, including pressure washing of park facilities and construction of the fence around the lift station near the VFD. He also discussed ongoing electrical issues and said he will bring a proposal for repairs to the June meeting.

OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of May, 2014, a copy of which is attached, and which was provided in advance to the Board.

Mr. Ammel reported the status of maintenance and repairs made during the month of April, 2014 and reported regarding the status of sidewalk repairs affecting District facilities and inspection of underground conduit under Plantation Drive, and outfalls and drainage ditches for leaks.

Mr. Ammel next reviewed a proposal for repair of lift pump no. 2 at the surface water treatment plant from North Side Electric Motors in the amount of \$8,162 and estimated a total cost of \$9,200. Following review and discussion, Director Vance moved to approve repair of lift pump no. 2 at the surface water treatment plant for a cost not to exceed \$9,200, subject to final review by Director Yokubaitis. Director Boyd seconded the motion, which passed unanimously.

Mr. Ammel requested authorization to rewind and replace the booster pump motor no. 3 at water plant no. 2 for an estimated cost of \$4,000 through North Side Electric Motors.

Ms. Humphries presented and reviewed the District's Critical Load List and explained the District is required to file and update List annually with Fort Bend County and State agencies, regardless of whether the District has made any facility or personnel changes. Ms. Humphries said the District engineer, operator and bookkeeper have reviewed the revised List and verified the information is accurate.

Mr. Ammel reviewed the draft Consumer Confidence Report ("CCR") and said the CCR must be mailed to District customers by July 1. He said he also would post the CCR on the website.

The Board also discussed maintenance of Bullhead Bayou. Ms. Campbell reported Storm Water Solutions ("SWS") began treatments on April 6 and May 19. Following discussion, the Board concurred to request a representative of SWS attend the June Board meeting to discuss

maintenance and its contract with the District. Director Howard also requested Mr. Galloway notify a homeowner in writing of a flower bed or garden encroaching into the Bullhead Bayou maintenance area owned by the District.

Following review and discussion, Director Howard moved to (1) approve the operations report; (2) authorize the District operator to mail the CCR to District customers by July 1 and post a link to the CCR on the District website; (3) authorize ABHR to file the updated Critical Load List to local and state agencies; and (4) authorize the District engineer to rewind and replace the booster pump motor no. 3 at water plant no. 2 for an estimated cost of \$4,000 through North Side Electric. Director Vance seconded the motion, which passed unanimously.

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

The Board next conducted a hearing on the termination of utility service to delinquent accounts. Mr. Ammel reported that the residents on the delinquent list included in the operator's report were mailed written notice prior to this meeting in accordance with the Rate Order, notifying them of the opportunity to appear before the Board to explain, contest or correct the utility service bill, and to show reason why utility service should not be terminated for reason of nonpayment. Director Howard moved that, because the customers on the termination list were not present at the meeting to address the Board, and did not submit a written statement on the matter, utility service for such customers should be terminated in accordance with the District's Rate Order. Director Vance seconded the motion, which passed unanimously.

CONVERSION TO SURFACE WATER

There was no additional discussion on this agenda item.

ENGINEERING MATTERS

Ms. B. Miller reviewed with the Board an engineering report, a copy of which is attached, and which had been distributed to the Directors in advance of the meeting.

Ms. B. Miller discussed the status of construction of the Pecan Lakes Flood Protection System, and recommended the Board approve Pay Estimate no. 11 in the amount of \$537,210.02, payable to LECON, Inc. Following review and discussion, and based upon the engineer's recommendation, Director Boyd moved to approve the pay estimate and change order as presented. The motion was seconded by Director Vance and passed unanimously. Additional discussion ensued regarding meeting construction schedule deadlines and Pecan Lakes residents' flood insurance issues and the flood wall being constructed in the commercial area on the east side of FM 359.

Ms. B. Miller discussed the status of inlet replacements and improvements and recommended the Board approve Pay Estimate No. 2 in the amount of \$57,791.70, payable to CNS Construction. Following review and discussion, and based upon the engineer's recommendation, Director Boyd moved to approve the pay estimate, as presented. The motion, which was seconded

by Director Howard, passed unanimously. Ms. B. Miller confirmed a total of 40 inlets were installed.

Ms. B. Miller next provided and reviewed with the Board a final Storm Water Management Plan ("SWMP") and requested authorization to submit the plan to the Texas Commission on Environmental Quality ("TCEQ").

Following review and discussion, Director Boyd moved to (1) approve the engineering report; and (2) approve the final SWMP and authorize J&C to submit the final SWMP to the TCEQ. The motion, which was seconded by Director Yokubaitis, passed unanimously.

REPORTS FROM DIRECTORS, COMMITTEES, AND DISTRICT CONSULTANTS REGARDING CORRESPONDENCE AND/OR REPORTS RECEIVED DURING THE MONTH AND EVENTS AND ACTIVITIES ATTENDED DURING THE MONTH

There was no additional discussion under this agenda item.

CONVENE IN EXECUTIVE SESSION PURSUANT TO THE SECTION 551.072, TEXAS GOVERNMENT CODE, TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

Director Vance announced that the Board would convene in executive session at 7:10 p.m. to conduct a private consultation to deliberate the purchase, exchange, lease, or value of real property. Ms. Humphries, Ms. J. Miller, Mike Rozell, Ms. B. Miller, Mr. Saenger and Mr. Turner were present during executive session.

RECONVENE IN OPEN SESSION AND AUHTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 7:28 p.m. Following executive session, Director Howard moved to authorize Mr. Rozell to proceed to acquire property as discussed in executive session. Director Vance seconded the motion, which passed unanimously.

CONVENE IN EXECUTIVE SESSION PURSUANT TO THE SECTION 551.076, TEXAS GOVERNMENT CODE, TO DELIBERATE THE DEPLOYMENT OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES

Director Vance announced that the Board would convene in executive session at 7:29 p.m. to deliberate the deployment or specific occasions for implementation of security personnel or devices. Ms. Humphries, Ms. J. Miller, Ms. B. Miller, Mr. Saenger and Mr. Turner also were present during executive session.

RECONVENE IN OPEN SESSION AND AUHTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 8:08 p.m. Following executive session, Director Howard moved to authorize ABHR to finalize a contract with Kimmons Investigative Services for

security at the surface water plant, as discussed in executive session. Director Yokubaitis seconded the motion, which passed unanimously.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO (1) SEEK ADVICE ON PENDING OR CONTEMPLATED LITIGATION, INCLUDING CONDEMNATION PROCEEDINGS, AND (2) MATTERS IN WHICH THE DUTY OF THE ATTORNEY UNDER THE TEXAS DISCIPLINARY RULES OF PROFESSIONAL CONDUCT CONFLICT WITH CHAPTER 551 TEXAS GOVERNMENT CODE

The Board determined it was not necessary to convene in executive session for this purpose.

ATTORNEY'S REPORT

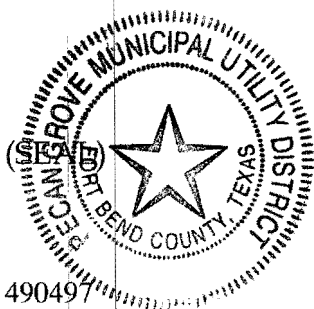
Ms. Humphries updated the Board on the pending proposed Agreement with Johnson Development, LLC ("Johnson") for interim water supply and detention land acquisition, including Johnson dedication of a 15.1 acre tract for District drainage as partial consideration.

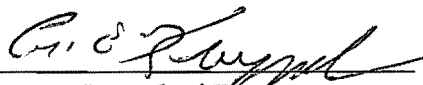
Ms. Humphries and Director Vance updated the Board on the District's submission of a petition to the City of Richmond requesting annexation of certain levee and drainage land owned by the District.

The Board discussed the upcoming Association of Water Board Directors ("AWBD") summer conference. After discussion, Director Howard moved to authorize a maximum of 4 per diems, 3 hotel nights and 8 meals for all directors who attend the AWBD summer conference, noting that reimbursements must meet the requirements of the District's Travel Reimbursement Guidelines. The motion was seconded by Director Vance, and passed unanimously.

Ms. Humphries and Mr. Ryan Niles discussed a proposed annexation of an approximately 22 acre tract into the District, including discussion regarding development plans and annexing into an existing Pecan Grove homeowners' association. Following discussion, Director Boyd moved to (1) authorize ABHR to prepare a letter annexation agreement with Arenosa Development; and (2) authorize J&C to move forward with review of any documents related to annexation and/or service to the tract. Director Vance seconded the motion, which passed unanimously. The Board asked Mr. Niles to proceed to petition the City of Richmond for consent to the annexation.

There being no additional business to consider, the meeting was adjourned at 8:29 p.m.




Secretary, Board of Directors

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