

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

July 28, 2015

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 28th day of July, 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:

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

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

Also present at the meeting were residents of the District listed on Exhibit A attached hereto; Grady Turner, Bethany Miller and Robert Alyward of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Clayton Galloway, Andrew Phelps, Jaison Sanwald and Brea Campbell of Environmental Development Partners, L.L.C. ("EDP"); Pat Naff of CDC Unlimited, LLC; Shirley McLennan and Chris Hall of McLennan & Associates, L.P.; Blake Kridel of Storm Water Solutions, LP ("SWS"); Sergeant Jean Gobar of Fort Bend County Sheriff's Office ("FBSCO"); Marcus Campbell of Time and Season Property Management ("Time & Season"); David Ciarella of Enhanced Energy Services of America, LLC ("Enhanced"); Chief Joe Woolley of Pecan Grove Volunteer Fire Department ("PGVFD"); Mary DuBois of Acclaim Energy Advisors ("Acclaim"); Ryan Niles of Arenosa Development; Greg Lentz of First Southwest Company; and Hannah Brook and Jane Miller of Allen Boone Humphries Robinson LLP.

REMARKS FROM THE BOARD PRESIDENT

Director Howard opened the meeting at 6:00 p.m. and welcomed attendees.

COMMENTS FROM THE PUBLIC

Mr. Fred Ross, Mr. Gerald Cox and Mr. Paul Stanley requested the Board consider developing a dog park in the District and discussed proposed location preferences. Mr. Cox also noted that the pavilion in Pecan Grove Park was left littered on July 4.

Bryan Green requested the Board address drainage issues on Bittersweet Drive and said the standing water attracts mosquitoes.

Ms. DuBois discussed services offered by Acclaim.

Mr. Michael Damoiseaux discussed maintenance of the area between his home and the Pecan Lakes levee and requested additional mowing. He also reported a crack in the ceiling of his home that developed following construction of the levee.

Ms. Anne Annis and Mr. Wayne Edwards requested an update regarding development of acreage at the end of Timothy Lane, outside the District, including through truck traffic and requested a gate to limit commercial vehicle access.

Mr. Amanda Esparza provided information regarding a private security company serving the Richmond/Rosenberg area and asked for an agenda item to discuss security patrols.

CONSENT AGENDA

Director Howard offered Board members the opportunity to remove items from the consent agenda for individual discussion. Director Kluppel moved to approve all items on the consent agenda, with the exception of items b and f. Director Vance seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

ITEMS REMOVED FROM CONSENT AGENDA

Mr. Naff presented and discussed a proposal for a revised mowing scope for the Pecan Lakes levee and pond. Following review and discussion, the Board concurred to defer action until the August 11, 2015 special workshop meeting. The Board also concurred to request a proposal for removal of a tree at Plantation Memorial Park.

Mr. Ciarella next presented market pricing from Enhanced. Following review and discussion, Director Yokubaitis moved to authorize execution of a 41 month contract with TXU Energy Texas to begin upon the expiration of the District's current contract with Reliant Energy, subject to final review of the proposed contract by ABHR. Director Vance seconded the motion, which passed unanimously. The Board concurred to appoint Director Yokubaitis as the Board liaison to complete and execute the contract on behalf of the Board.

ADDITIONAL BOOKKEEPING MATTERS

The Board reviewed and discussed the draft budget for the fiscal year ending September 30, 2016 and confirmed a special budget workshop meeting on August 11, 2015 at 6 p.m. at Pecan Grove Baptist Church.

SECURITY AND PUBLIC SAFETY MATTERS

Sergeant Gobar reported on patrol and security since the Board's last regular meeting and discussed traffic initiatives and planning for the upcoming school year. Sergeant Gobar also addressed a resident complaint regarding Fort Bend County's lack of a noise ordinance.

Chief Woolley discussed PGVFD activity since the last meeting and reported on PGVFD's meetings with Fort Bend County Municipal Utility District No. 118 ("Waterside") to discuss Waterside filing a fire plan application with the Texas Commission on Environmental Quality ("TCEQ"). Director Yokubaitis provided an update regarding TCEQ's issuance of a draft order and memorandum approving the District's fire plan and thanked Chuck Bertrand, President of the Board of the PGVFD, for his efforts in getting the fire plan drafted and approved. Following discussion, the Board concurred to include items on the August 11, 2015 meeting to call the fire plan election for November, 2015.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Campbell reviewed a parks report, a copy of which is attached, updated the Board on maintenance and repairs in District parks, discussed reservations and provided an update regarding repair, power washing and fence painting at Pecan Grove Park and installation of a walking trail at Plantation Memorial Park. Discussion ensued regarding resident requests and inquiries regarding development of a dog park. Following discussion, the Board concurred to refer discussion of development of a proposed dog park to the parks committee to research and prepare information for consideration at the special budget workshop meeting on August 11, 2015.

BULLHEAD BAYOU

The Board discussed the water quality in Bullhead Bayou and discussion ensued regarding ongoing replacement of control panel components to mechanical style to alleviate automatic overload and shut down and removal of debris on impellers, including ongoing discussions with the manufacturer. Mr. Kridel said two panels, which control 4 of the 8 aerators in Bullhead Bayou, were repaired and the others will be returned to service shortly. Mr. Kridel also reported repair of an aerator that went down on July 21 when an anchor cable came loose and cut the power cord to the

aerator. He added the weeds were treated last week. Director Yokubaitis requested SWDS keep a call log regarding aerators reported down and repaired.

OPERATION OF DISTRICT FACILITIES

Ms. Campbell reviewed the EDP operations report for the month of June, 2015, a copy of which is attached, and which was provided in advance to the Board.

Ms. Campbell, Mr. Phelps and Director Yokubaitis next updated the Board regarding equipment purchases with surplus funds approved for use by the Texas Commission on Environmental Quality ("TCEQ").

Ms. Campbell reported on the status of maintenance and repairs made during the month, and recommended the Board approve replacement of the booster pump motor at water plant no. 1 for \$5,038, plus \$900 for EDP time and materials. She also presented service agreements between the District and DuPont and Prime Controls, Inc.

Ms. Campbell updated the Board regarding a pending insurance claim for damage to the surface water treatment plant on May 30, 2015 due to a power surge that caused extensive direct damage. She said the current claim amount, which will be finalized by next month's meeting, is \$33,000, which includes lost water production revenue. Discussion ensued regarding oversight of the plant controls and Director Kluppel requested EDP send the Prime Controls, Inc. contract to J&C for content review.

Ms. Campbell discussed with the Board a customer request to tour District facilities. Discussion ensued regarding developing guidelines and a policy to address such requests, but concurred to authorize EDP to deny access for public tours at this time.

Following review and discussion, Director Kluppel moved to (1) approve the operations report; (2) approve the repairs listed above; and (3) approve services agreements with Prime Controls and DuPont, subject to final review by ABHR. Director Yokubaitis 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. Ms. Campbell 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 Kluppel

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 Yokubaitis seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Turner reviewed the engineering report, a copy of which is attached, and which had been distributed to the Directors in advance of the meeting.

Mr. Niles updated the Board regarding the status of construction of water, sewer and drainage facilities to serve The Terrace at Pecan Grove and discussed traffic management during school rush hours if construction is not completed by the start of school.

Mr. Turner discussed the status of contract preparation for the wastewater treatment plant phase 1 improvements and installation of additional meters at the surface water treatment plant and presented contracts for improvements at lift station no. 8 for execution.

Mr. Turner next reviewed bids for improvements for sanitary sewer cleaning and televising and recommended that the Board award the contract to the lowest qualified bidder, Sewer Services of Texas, Inc., in the amount of \$41,642, based on the engineers' recommendations, and because it would result in the best and most economical completion of the project. Director Kluppel moved to approve the award of the contract to the lowest qualified bidder, Sewer Services of Texas, Inc., based upon the recommendation of J&C and subject to review and approval of payment and performance bonds and insurance. Director Yokubaitis seconded the motion, which passed unanimously.

Mr. Turner next reviewed bids for drainage improvements for the Grove 4/5 and Plantation 4/5 and recommended that the Board award the contract to the lowest qualified bidder, Lecon, Inc., in the amount of \$4,819,603, based on the engineers' recommendations, and because it would result in the best and most economical completion of the project. Director Kluppel moved to approve the award of the contract to the lowest qualified bidder, Lecon, Inc., based upon the recommendation of J&C and subject to review and approval of payment and performance bonds and insurance. Director Yokubaitis seconded the motion, which passed unanimously.

Mr. Turner next discussed improvements at lift station no. 2, including additional bypass pumping time required, and recommended the Board approve Pay Estimate No. 6 in the amount of \$21,150, payable to McDonald Municipal and Industrial.

Mr. Turner next discussed water plant no. 2 improvements and recommended approval of Change Order No. 1 in the amount of \$17,082.40 for installation of a concrete mow strip along the concrete fence, additional panels for future use, additional work on the control building roof structure and miscellaneous pipe repairs resulting from excess corrosion.

Mr. Turner updated the Board regarding bacteriological and pressure testing of the Johnson Development water connection. He said the contractor is excavating tomorrow to repair the gasket and will re-pour the sidewalk and re-sod the disturbed area following the repair. Mr. Turner confirmed that a gate will be installed at the end of Timothy, but said he is unsure of the schedule for gate installation.

Mr. Turner discussed elevated Brazos River levels over the weekend and said that some slope failure along the Pecan Lakes levee was identified after the water subsided. He said J&C is working with its geotechnical department to determine the cause of failure. Director Yokubaitis requested J&C coordinate weekly inspection of the Pecan Lakes levee with EDP.

Mr. Turner updated the Board regarding discussion with Fort Bend County Municipal Utility District No. 25 regarding possible purchase of the District's overconversion credits.

Following review and discussion, upon a motion by Director Kluppel and a second by Director Yokubaitis, the Board voted unanimously to (1) approve the engineer's report; and (2) approve the pay estimate and change order presented and discussed above.

Mr. Lentz discussed a shortfall to fund planned drainage improvements projects, discussed the District's bond capacity to sell additional bonds without raising the tax rate and reviewed a cash flow analysis. Following review and discussion, Director Kluppel moved to authorize the District engineer to begin preparation of a bond application for additional drainage projects. Director Vance seconded the motion, which passed unanimously.

DISTRICT WEBSITE AND NEWSLETTER

Director Yokubaitis discussed delivery of the newsletter on August 15, 2015.

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

Director Kluppel reported regarding the upcoming budget workshop meeting.

ATTORNEY'S REPORT

Ms. Brook distributed and reviewed a report prepared by ABHR regarding legislative matters pertaining to the 84th Regular Session of the Texas Legislature. A copy of the report is attached.

The Board next considered a Resolution Voting for Water District Nominee for the Election of the Board of Directors of the Fort Bend Central Appraisal District. After discussing the nominations, Director Kluppel moved to cast all of the District's votes for Sam Mayson. The motion, which was seconded by Director Yokubaitis, 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 AND 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

Director Howard announced the Board would convene in executive session at 7:53 p.m. to conduct a private consultation with the District's attorney to seek advice on litigation matters. ABHR and J&C consultants also were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 7:55 p.m. Director Kluppel moved to approve a settlement offer, as discussed in executive session. Director Vance seconded the motion, which passed unanimously.

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

The Board determined no executive session was necessary.

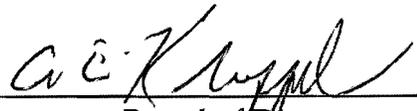
EXECUTIVE SESSION PURSUANT TO SECTION 551.076, TEXAS GOVERNMENT CODE TO DELIBERATE THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION, OF SECURITY PERSONNEL OR DEVICES

Director Howard announced the Board would convene in executive session at 7:56 p.m. to discuss security at District facilities. ABHR and J&C consultants also were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 7:58 p.m. No action was taken.

There being no additional business to consider, the meeting was adjourned at 7:59 p.m.


Secretary, Board of Directors

(SEAL)



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