

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

August 25, 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 25th day of August, 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.

Also present at the meeting were residents of the District listed on Exhibit A attached hereto; Grady Turner and Scott Saenger of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel, Jaison Sanwald and Breah Campbell of Environmental Development Partners, L.L.C. ("EDP"); Trevor Royal and Melvin Moore of WCA Waste Corporation of Texas ("WCA"); Pat Naff of CDC Unlimited, LLC; Shirley McLennan 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"); Charles McFarland of McFarland, PLLC; and Lynne Humphries, 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. Paul Metcalf again requested the Board consider funding and developing a dog park in the District and presented a report of findings regarding dog park development and maintenance in Harris County, a copy of which is attached to these minutes.

Ms. Anne Annis and Mr. Wayne Edwards requested an update regarding development of acreage at the end of Timothy Lane, outside the District, including addressing through truck traffic, a gate to limit commercial vehicle access and repair of disturbed yards, drives and street. Mr. Edwards said he had air in his water line and suspects the interconnect valve was open before it was inspected.

Mr. Kevin Bracken complained regarding a large algae growth and trash, including a tree branch in Bullhead Bayou. He also said the 2 aerators closest to Colonel Court are running 24 hours a day.

Mr. Jim Ashmore, Mr. John Minchew and Ms. Cheryl Minchew requested the Board table discussion regarding increasing wter or sewer rates.

Mr. John Minchew also recommended the Board consider taking proposals for consultant services and announced his candidacy for Fort Bend County Constable, Precinct 3.

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. Director Boyd 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

There were no items removed for discussion.

2015 TAX RATE

Ms. Humphries reviewed a letter of recommendation from the District's financial advisor proposing a 2015 tax rate of \$0.64 per \$100 of assessed valuation, \$0.25 for maintenance and operations and \$0.39 for debt service. After review and discussion, Director Kluppel moved to approve a proposed 2015 tax rate of \$0.64 per \$100 of assessed valuation, to authorize the tax assessor/collector to publish notice in the Fort Bend Herald of the 2015 tax rate hearing on September 29, 2015, where the Board will adopt the tax rate and to authorize the District's website administrator to post notice of the 2015 tax rate hearing on the District's website. Director Boyd seconded the motion, which passed unanimously.

ADDITIONAL BOOKKEEPING MATTERS

Ms. McLennan reviewed an additional check written for settlement of the Smith Estate condemnation matter. Following review and discussion, Director Boyd moved to approve the additional check written as payment of the Smith Estate condemnation settlement. Director Kluppel seconded the motion, which passed unanimously.

SECURITY AND PUBLIC SAFETY MATTERS

Sergeant Gobar reported on patrol and security since the Board's last regular meeting.

The Board next discussed an Interlocal Agreement with Fort Bend County Sheriff's Department for patrol during the District's 2015-2016 fiscal year and an Agreement with the Pecan Grove Property Owner's Association to share the cost of law enforcement services. Upon a motion by Director Boyd and a second by Director Kluppel, the Board unanimously (1) to approve the Interlocal Agreement with Fort Bend County Sheriff's Department; (2) approve the Agreement with the Pecan Grove Property Owner's Association for the District's share of law enforcement services; and (3) authorize signature upon the documents when the patrol contracts are received from Fort Bend County.

The Board next considered adopting a Resolution Designating an Agent of the Secretary of the Board of Directors during the 2015 Fire Plan Election period. The Board also discussed posting information regarding Fort Bend County Vote Centers on the District website. Upon a motion by Director Kluppel and a second by Director Boyd, the Board voted unanimously to (1) approve the Resolution; and (2) authorize posting of information regarding Fort Bend County Vote Centers on the District website including Spanish translation, as required.

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 complaints regarding park use. Discussion ensued regarding cleaning up after dogs in District parks.

BULLHEAD BAYOU

The Board discussed the water quality in Bullhead Bayou and discussion ensued regarding ongoing issues with automatic overload and shut down of aerators. Mr. Kridel said he continues to work with the manufacturer to resolve ongoing voltage sensitivity issues affecting the operation of the aerators. He confirmed that SWS treated for algae and Mr. Ammel said EDP would remove the tree branch reported by Mr.

Bracken tomorrow. The Board made it clear to Mr. Kridel that SWS was responsible for overseeing the installation of the aerators, ensuring the manufacturer's warranty is upheld, and being responsible to make sure the aerators installed worked properly.

OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of August, 2015, a copy of which is attached, and which was provided in advance to the Board.

Ms. Campbell confirmed that complaints regarding, and requests for sidewalk repairs, have been turned over to the repair department.

Mr. Ammel and Director Yokubaitis next updated the Board regarding equipment purchases with surplus funds approved for use by the Texas Commission on Environmental Quality ("TCEQ"). Mr. Ammel reviewed an analysis of backhoe use hours from 2010 to present and associated costs. Following review and discussion, Director Kluppel moved to authorize purchase of a backhoe for an amount not to exceed \$76,000 using the surplus funds approved for this purpose by the TCEQ. The motion was seconded by Director Boyd and passed unanimously.

Mr. Ammel confirmed that the emergency and temporary water interconnect between the District and Fort Bend County Municipal Utility District No. 134D was open, but is closed now and being monitored by EDP. He also discussed lower surface water production during the time the surface water treatment plant was down due to a lightning strike.

Mr. Ammel reported on the status of maintenance and repairs made during the month, and recommended the Board approve repair of the Optek sensor for the chlorine dioxide generator at the surface water treatment plant for an amount not to exceed \$5,422.24.

Director Howard noted at the budget workshop, it was determined no water or sewer increase was necessary at this time, and requested the Rate Order amendment be deferred and calendared for discussion in 6 months to give the Board time to review a mid year budget comparison.

Following review and discussion, Director Kluppel moved to (1) approve the operations report; and (2) approve the repairs listed above. Director Boyd 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 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 Boyd 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. Turner updated the Board regarding the status of construction of water, sewer and drainage facilities to serve The Terrace at Pecan Grove and recommended that the Board approve the District's share of Pay Estimate No. 3 in the amount of \$83,312.01, payable to CNS Construction.

Mr. Turner then updated the Board regarding the status of design of drainage improvements in Plantation, Section 7. The Board requested to see a design rendering.

Mr. Turner next discussed improvements at lift station no. 2, including additional bypass pumping time required, and recommended the Board approve Pay Estimate No. 7 and Final in the amount of \$25,452.83, payable to McDonald Municipal and Industrial.

Mr. Turner then reported regarding water plant no. 2 improvements and recommended approval of Pay Estimate No. 1 in the amount of \$67,050, payable to WW Payton.

Mr. Turner requested authorization to update the wastewater treatment plant storm water general permit.

Mr. Turner reported regarding bacteriological and pressure testing of the Johnson Development water connection. He said the contractor is addressing a punch list, including re-sodding of disturbed areas following the repair. Mr. Turner said he would follow up and request that the developer of that development expedite installation of a gate at the end of Timothy Lane. Discussion ensued regarding construction traffic and recommended the residents were to contact Fort Bend County

Commissioner Andy Meyers to complain about construction traffic since Timothy Lane is a county public road.

Mr. Turner also updated the Board regarding preparation of a bond application for additional drainage projects.

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; (2) approve the pay estimates presented and discussed above; (3) authorize update of the wastewater treatment plant storm water general permit; and (4) approve the bond application and a Resolution Authorizing Application to the Texas Commission on Environmental Quality ("TCEQ") for Approval of Projects and Bonds.

DISTRICT WEBSITE AND NEWSLETTER

Director Yokubaitis discussed delivery of the newsletter.

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

There was no additional discussion for this agenda item.

ATTORNEY'S REPORT

There was no additional discussion for this agenda item.

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 7:13 p.m. to conduct a private consultation with the District's attorney to seek advice on litigation matters. ABHR, Mr. McFarland 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 8:08 p.m. Director Kluppel moved to authorize Mr. McFarland to proceed with further appeals in the lawsuit about the City of Richmond's annexation of the property on FM 359, as instructed. Director Yokubaitis 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

The Board determined no executive session was necessary.

There being no additional business to consider, the meeting was adjourned at 8:10 p.m.


Secretary, Board of Directors

(SEAL)



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