

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

February 23, 2010

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 23rd day of February, 2010, 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:

Joe Taylor	President
Stephen Crow	Vice President
G. E. Kluppel	Secretary
Richard Stolleis	Assistant Vice President/ Assistant Secretary
John Minchew	Assistant Vice President/ Assistant Secretary

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

Also present at the meeting were Chad Haglin, Mr. and Mrs. C. K. Dickenson, and Susan Denkowski, residents of the District; Thomas Hardy of the Pecan Grove Baptist Church; Pat Naff of CDC Unlimited, L.L.C. ("CDC"); Bethany Miller and Jason Kirby of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Curtis Lacy, Kevin Atkinson, and Sylvia Avila of WCA Waste Corporation of Texas, LP ("WCA"); Greg East of Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue Brandon"); and Lynne B. Humphries, Hannah Brook, and Janet Swartz of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the January 26, 2010, meeting, which had been prepared and distributed in advance of the meeting. Following review and discussion, Director Crow moved to approve the minutes of the January 26, 2010, meeting. Director Kluppel seconded the motion, which was approved by unanimous vote.

Ms. Swartz noted that the minutes of the December 22, 2009, meeting need to be revised to reflect that Mr. Kirby recommended award of a contract to MK Painting for the recoating and repairs to water plant no. 3 in the amount of \$279,000. After review and discussion, Director Crow moved to approve the revision to the December 22, 2009, minutes. Director Kluppel seconded the motion, which carried unanimously.

## DITCH, LEVEE MAINTENANCE, REPAIRS

Mr. Naff reported on ditch and levee maintenance. Mr. Naff discussed the installation of five-gallon bald cypress trees on the slope behind Ms. Gray's house. Mr. Kirby stated that he is in favor of the installation of the trees as long as the trees do not interfere with operations and maintenance of the slope. After discussion, Director Crow moved to authorize CDC to install the bald cypress trees on the slope behind Ms. Gray's house at a cost of \$400.00. Director Stolleis seconded the motion, which passed unanimously.

## TAX ASSESSMENT AND COLLECTIONS MATTERS

Mr. Ordeneaux reviewed with the Board the monthly tax assessor/collector's report, a copy of which is attached. He updated the Board on the status of collection of delinquent taxes and 2009 tax payments and responded to questions from Board members. Following review and discussion, Director Crow moved to approve the tax assessor/collector's report and authorize payment of bills from the tax account. Director Kluppel seconded the motion, which passed by unanimous vote.

## CONDUCT ANNUAL REVIEW OF DELINQUENT TAX ATTORNEY

Mr. East reviewed a report on delinquent taxes, a copy of which is attached. The Board conducted a review of the delinquent tax attorney and determined to continue the contract.

## GARBAGE COLLECTION AND RECYCLING SERVICES

Mr. Lacy distributed and reviewed a report on garbage collection in the District during the past month, a copy of which is attached. He introduced Ms. Avila of WCA to the Board. Mr. Lacy stated that customers are picking up recycling bins at the MUD office. He added that he will meet with representatives of the homeowner associations to get their views on an expanded recycling program. Mr. Atkinson discussed the items now accepted for recycling.

## OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of February, 2010, a copy of which is attached, and which was provided previously to the Board.

Mr. Ammel discussed a proposal from SAMCO for a comprehensive leak detection survey at a cost of \$19,000. He stated that he met with Director Stolleis and Mr. Phelps to discuss water accountability. Mr. Ammel then discussed internal data loggers, external data loggers, and ultrasonic survey of water systems. He stated that he will research new technology available to collect data on the District's system. Mr. Ammel recommended that an ultrasonic leak survey be performed. He stated that

SAMCO Leak Detection Services ("SAMCO") checks for surface line leaks and a data logger checks for leaks inside the water main. The Board concurred to table action on the SAMCO proposal and asked Mr. Ammel to obtain additional information on leak detection services available to the District for discussion at the next meeting.

Mr. Ammel stated that a manual stainless steel hoist needs to be installed at the wastewater treatment plant to enable the pulling of the scum pump at a cost of \$1,755.00. He added that the main power disconnect at water plant no. 1 needs to be replaced at a cost of \$8,495.00. Mr. Ammel stated that the alarm dialer at lift station no. 8 needs to be replaced at a cost of \$3,245. Mr. Ammel recommended that EDP be authorized to purchase a sounding device and locator for the District's sewer video camera at a cost of \$2,225.00.

Mr. Ammel stated that the District received a letter from the Pecan Grove Baptist Church requesting an adjustment to its January water bill due to a leak. He stated that the church has provided an invoice for the repair of the leak. The Board requested that Mr. Ammel adjust the water bill and charge for the amount of water used on an average monthly basis.

Ms. Humphries stated that the District is required to prepare and submit an annual report to the Texas Water Development Board ("TWDB") on the District's water conservation plan. Mr. Ammel stated that EDP will prepare the annual report form and present it for approval at the next meeting.

After review and discussion, Director Crow moved to (1) approve the operator's report; (2) authorize installation of a manual stainless steel hoist at the wastewater treatment plant at a cost of \$1,755.00; (3) authorize replacement of the main power disconnect switch at water plant no. 1 at a cost of \$8,495.00; (4) authorize replacement of the alarm dialer at lift station no. 8 at a cost of \$3,245.00; (5) approve the purchase a sounding device and locator for the District's sewer video camera at a cost of \$2,225.00; (6) approve an adjustment to the water bill for the Pecan Grove Baptist Church; and (7) authorize EDP to prepare the annual report to the TWDB on the water conservation plan. Director Kluppel seconded the motion, which passed unanimously.

#### HEARING AND AUTHORIZE TERMINATION OF SERVICE

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 Crow 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 Kluppel seconded the motion, which passed unanimously.

#### DISTRICT NEWSLETTER AND WEBSITE

Mr. Ammel updated the Board on updates to the District's website and the preparation of the newsletter.

#### CONVERSION TO SURFACE WATER

The Board discussed that Mr. Buck has previously distributed and reviewed bids received for construction of the surface water treatment plant and he recommended award of the contract for construction of the surface water treatment plant to LEM Construction Co., Inc. ("LEM") in the amount of \$16,110,035, which includes Alternate Item One in the amount of \$800,000. The Board concurred that in its judgment, LEM was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. After review and discussion, Director Kluppel moved that based upon the engineer's recommendation, the Board award the contract to LEM in the amount of \$16,110,035 for construction of the surface water treatment plant, including Alternate Item One, contingent upon funding of the District's Series 2010 Unlimited Tax Bonds (the "Bonds") on March 11, 2010. The Board noted that the engineer should not issue a notice to proceed until the funding of the Bonds has occurred. The Board concurred that Director Stolleis will address with Malcolm Pirnie, Inc. the inspection and materials testing aspect of the project. Director Crow seconded the motion, which passed unanimously.

Mr. Kirby discussed the scope of services that would be contained in a J&C proposal for engineering services for construction contract administration and field project representation for the surface water plant. Director Stolleis stated that Mr. Buck indicated that Malcolm Pirnie, Inc. will provide the construction contract administration. After discussion, Director Kluppel moved to approve Malcolm Pirnie, Inc. providing construction contract administration and field project representation for the surface water plant, contingent upon final approval of the proposal by Director Stolleis and ABHR. Director Crow seconded the motion, which passed unanimously.

The Board discussed groundwater reduction fees being charged in the Rate Order. The Board concurred to discuss amending the Rate Order at the next meeting to include surface water fees.

After discussion, Director Crow moved to reapprove the adoption of a Resolution Authorizing Application to the Texas Commission on Environmental Quality for a Change in Scope for approval of the revised cost summary and use of funds for the surface water distribution projects. Director Kluppel seconded the motion, which passed unanimously.

Ms. Humphries stated that the TCEQ approved the District's application requesting approval of a change in project scope due to the revised cost summary which now reflects one year of capitalized interest and the reduction of the projected interest rate previously approved in the TCEQ order. She added that by letter dated February 22, 2010, the TCEQ approved a change in scope to reduce capitalized interest to 12 months and the interest rate to 5.5% and increased the escrow requirement from \$3,047,000 to \$5,754,443, as follows: (1) \$880,000 for chloramine conversion; (2) \$4,856,500 for surface water distribution, water plant connections, emergency generators; and (3) \$17,943 for utility line easements.

Mr. Kirby stated that he is finalizing the District's application to the TCEQ to request the release of escrowed funds under the TCEQ Order Approving the Series 2010 bond issue, for the purchase and installation of the emergency generators at the District's water plants nos. 2 and 3.

### ENGINEERING MATTERS

Mr. Kirby reviewed with the Board the engineer's report, a copy of which is attached, and which was provided in advance of the meeting.

Mr. Kirby discussed re-certification of the levee and the FEMA flood plain re-mapping. He stated that J&C is discussing the geotechnical testing requirements for recertification with FEMA.

Mr. Kirby discussed the design of the Pecan Lakes floodplain protection system. He stated that the Pecan Lakes and Expanded Commercial Flood Protection System Request for Conditional Letter of Map Revision has been submitted to FEMA. Mr. Kirby discussed the J&C proposal for design of the components of the Pecan Lakes floodplain protection system. He stated that J&C is working with Director Stolleis on modifications to the proposal. Director Stolleis stated that the work in the commercial areas may result in different optional alignments. He added that he hopes to achieve the District's goals with minimal impact to the existing development.

Mr. Kirby discussed the design of the AT&T and Pecan Grove Country Club improved driveway access from FM 359 necessary due to the Pecan Lakes levee. He stated that a schematic of the proposed driveway has been submitted to AT&T for review. Director Kluppel requested that Mr. Kirby meet with him and the new manager of the Pecan Grove Country Club to discuss the driveway.

Mr. Kirby recommended that the Board authorize J&C to commence the design of chloramine conversion and the transmission lines to the surface water plant. After discussion, Director Kluppel moved to authorize J&C to commence design of the chloramine conversion and the transmission lines to the surface water plant. Director Crow seconded the motion, which carried unanimously.

Mr. Kirby reported that the preconstruction conference for the recoating and repairs to water plant no. 3 was held February 17, 2010. He added that work is scheduled to commence March 1, 2010.

Mr. Kirby updated the Board on the contract for the generators at water plants nos. 2 and 3.

Mr. Kirby stated that the District's Chapter 210 Effluent Reuse Application has been submitted to the TCEQ.

Mr. Kirby stated that J&C expects to complete the inlet inspection by the end of the month in connection with the MS4 Stormwater Management Plan.

Mr. Kirby stated that TxDOT has requested that the Board approve a Temporary Construction Easement. After review and discussion, Director Crow moved to authorize the President to execute the Temporary Construction Easement from the District to TxDOT. Director Kluppel seconded the motion, which passed unanimously.

Mr. Kirby stated that he is coordinating with Fort Bend Independent School District ("FBISD") on the Agreement for Out-of-District Service between the District and FBISD.

Mr. Kirby stated that representatives of J&C met with representatives of EDP and Mr. Naff regarding slope failure on the east drainage channel south of the main channel. He recommended that point repairs be made to the channel at the failed locations at a cost of approximately \$40,000 to \$50,000. After discussion, Director Crow moved to authorize J&C to prepare contract documents and obtain proposals for the point repairs to the channel. Director Kluppel seconded the motion, which passed by unanimous vote.

Ms. Humphries updated the Board on the Brazos River Authority draft Chapter 210 Effluent Reuse Application. She stated that the application has been referred for a hearing at the TCEQ.

Following review and discussion of the engineer's report, Director Crow moved to approve the engineer's report. Director Kluppel seconded the motion, which passed unanimously.

#### FINANCIAL AND BOOKKEEPING MATTERS

Ms. McLennan distributed and reviewed the monthly bookkeeper's report, a copy of which is attached and which was provided in advance of the meeting, including the investment report, budget comparison, and the District's bills. After review and discussion, Director Stolleis moved to approve the bookkeeper's report, investment

report, and payment of the District's bills. Director Crow seconded the motion, which passed unanimously.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS AND AUTHORIZE ATTENDANCE AT THE ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

After discussion, Director Kluppel moved to authorize all interested directors to attend the Association of Water Board Directors summer conference. Director Crow seconded the motion, which carried unanimously.

FORT BEND COUNTYWIDE LEVEE MEETING, PARTICIPATION IN SUBCOMMITTEE AND WEST LEVEE SUBGROUP AND FORT BEND FLOOD MANAGEMENT ASSOCIATION MEETINGS, LEVEE RECERTIFICATION, AND STATUS OF FEDERAL FLOOD INSURANCE AND RELATED LEGISLATION

Director Kluppel reported on the activities of the Fort Bend Flood Management Association. He stated that the bylaws were approved at the February 12, 2010, meeting. Director Kluppel updated the Board on the legislative subcommittee meeting.

ATTORNEY'S REPORT, 2010 ELECTIONS, RESOLUTION EXPRESSING INTENT TO REIMBURSE OPERATING ACCOUNT, AGREEMENT BETWEEN THE DISTRICT AND THE FORT BEND SUBSIDENCE DISTRICT FOR INSTALLATION OF AN ELEVATION MONITOR

[Ms. Humphries reviewed the District's annual report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the bond resolutions. She stated that the District is required to file certain financial and operating data with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System \("EMMA"\). Following review and discussion, Director Crow moved to approve the annual report, authorize the attorney to submit the District's updated financial and operating data in compliance with the continuing disclosure provisions contained in the bond resolution through EMMA and direct that the report be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which passed unanimously.](#)

Ms. Humphries reviewed an Order Calling Directors Election for conduct of a May 8, 2010 election. She stated that the Order reflects that the District will enter into a contract with Fort Bend County to conduct the election. After review and discussion, Director Kluppel moved to adopt an Order Calling Directors Election and direct that the Order be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which was approved by unanimous vote.

Ms. Humphries reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors During the 2010 Board of Directors Election Period. She stated

that the Resolution reflects that Director Stolleis will serve as agent of the Secretary of the Board to perform duties provided by Section 31.123 of the Texas Election Code during the 2010 election period. After review and discussion, Director Kluppel moved to adopt the Resolution Designating an Agent of the Secretary of the Board of Directors During the 2010 Board of Directors Election Period and direct that the Resolution be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which passed by unanimous vote.

Ms. Humphries reviewed a Joint Election Agreement and Contract for Election Services between the District and Fort Bend County for conduct of the May 8, 2010 election. After review and discussion, Director Kluppel moved to approve the Joint Contract for Election Services with Fort Bend County, if necessary and direct that the Contract be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which was approved by unanimous vote.

Ms. Humphries stated that the District will be required to submit a Voting Rights Act Submission Letter to the U.S. Department of Justice regarding the polling places that will be used in the election. After review and discussion, Director Kluppel moved to authorize the preparation and submittal of a Voting Rights Act Submission Letter to the U.S. Department of Justice under the Voting Rights Act, if applicable. Director Crow seconded the motion, which passed unanimously.

Ms. Humphries reviewed a Resolution Expressing Intent to Reimburse the Operating Account with the Board. She stated that the Resolution reflects that the District will reimburse the District's operating account for the design of the Pecan Lakes floodplain protection system and preparation of the Pecan Lakes and Expanded Commercial Flood Protection System Request for Conditional Letter of Map Revision. After review and discussion, Director Kluppel moved to adopt a Resolution Expressing Intent to Reimburse, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Stolleis seconded the motion, which passed unanimously.

Ms. Humphries then reviewed a Resolution Expressing Intent to Reimburse the Operating Account with the Board. She stated that the Resolution reflects that the District will reimburse the District's operating account for the design of transmission lines to the surface water plant. After review and discussion, Director Crow moved to adopt a Resolution Expressing Intent to Reimburse, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which passed unanimously.

Director Stolleis discussed an Agreement between the District and the Fort Bend Subsidence District for Installation of an Elevation Monitor. After review and discussion, Director Crow moved to approve an Agreement between the District and the Fort Bend Subsidence District for Installation of an Elevation Monitor contingent

upon final approval by ABHR and Director Stolleis, and direct that the Agreement be filed appropriately and retained in the District's official records. Director Stolleis seconded the motion, which carried unanimously.

#### COMMENTS FROM THE PUBLIC

There were no comments from the public.

#### DEVELOPMENT AND MAINTENANCE OF PARKS

The Board reviewed a report on parks for February from the park manager, a copy of which is attached.

Director Crow updated the Board on landscaping plans for Plantation Park. He stated that he and Director Minchew met with Greenscape Associates regarding the design of an initial landscaping plan at Plantation Park.

#### REPORT ON SECURITY MATTERS

There was no report on security matters.

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

The Board did not convene in executive session regarding security.

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

The Board did not convene in executive session regarding the purchase, exchange, lease, or value of real property.

#### CONVENE IN EXECUTIVE SESSION PURSUANT TO THE CHAPTER 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION

The Board did not convene in executive session regarding pending or contemplated litigation.

#### CONDUCT ANNUAL REVIEW OF LEGAL SERVICES CONTRACT

The Board conducted an annual review of the legal services contract. The Board concurred to continue the contract with ABHR.

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

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Secretary, Board of Directors

(SEAL)

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