

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

March 30, 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 30th day of March, 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 Chuck Bertrand, Fred Ross, Maureen Courtney, and Mr. and Mrs. C. K. Dickenson, residents of the District; 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.; Breah Campbell, Donald Wilson, Doug Owen, Andy Phelps, and Mike Ammel of Environmental Development Partners, L.L.C. ("EDP"); Mary Ann Mihills of McLennan & Associates, L.P.; Curtis Lacy and Kevin Atkinson of WCA Waste Corporation of Texas, LP ("WCA"); Cliff Kavanaugh of First Southwest Company; Bret Legendre of GreenScape Associates, LLC ("GreenScape"); Sheldon Buck of Malcolm Pirnie, Inc. ("Malcolm Pirnie"); and Lynne B. Humphries, Hannah Brook, and Janet Swartz of Allen Boone Humphries Robinson LLP.

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

At 5:10 p.m., Director Taylor announced that the Board would convene in executive session to discuss the condemnation proceeding.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING PENDING OR CONTEMPLATED LITIGATION

Director Taylor announced the Board would reconvene in open session at 5:30 p.m. The Board took no action.

## MINUTES

The Board considered approving the minutes of the February 23, 2010, meeting, which had been prepared and distributed in advance of the meeting. Following review and discussion, Director Kluppel moved to approve the minutes of the February 23, 2010, meeting. Director Crow seconded the motion, which was approved by unanimous vote.

Ms. Swartz noted that the minutes of the January 26, 2010, meeting need to be revised to reflect that Director Crow moved that based upon the engineer's recommendation, the Board award the contract to Gemini Contracting Services in the amount of \$512,000 for generators at water plants nos. 2 and 3. After review and discussion, Director Stolleis moved to approve the revision to the January 26, 2010, minutes. Director Crow seconded the motion, which carried unanimously.

## SERVICE AGREEMENT BETWEEN THE DISTRICT AND GREENSCAPE FOR LANDSCAPING SERVICES AT PLANTATION PARK

Ms. Brook reviewed a Service Agreement between the District and GreenScape for landscaping services at Plantation Park. She stated that Exhibit A to the Service Agreement is a proposal for the design of the irrigation system and landscape plans for the park. She added that any additional work by GreenScape will need to be approved by the Board and will be added as an exhibit to the Service Agreement. After review and discussion, Director Stolleis moved to approve the Service Agreement and direct that the Agreement be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which was approved by unanimous vote.

Mr. Legendre reviewed a landscape plan for Plantation Park. Director Crow stated that the Parks Committee will review comments from the community on the proposed plan. Director Crow stated that comments on the plan should be submitted to himself or Director Minchew. Director Stolleis recommended that low impact plants that require less watering be used at the park. Mr. Ammel stated that he will send information to Director Stolleis on sustainable landscaping.

## DITCH, LEVEE MAINTENANCE, REPAIRS

Mr. Naff reported on ditch and levee maintenance. He stated that the cost to fertilize the ditch and levee is \$75 an acre and includes 75 total acres. Mr. Naff recommended that herbicide be placed on the jogging trail. Mr. Naff reported that the bald cypress trees were installed on the slope behind Ms. Gray's house. After discussion, Director Crow moved to authorize (1) CDC to fertilize the ditch and levee at a cost of approximately \$5,625; and (2) CDC to apply herbicide to the jogging trail. Director Minchew seconded the motion, which passed by unanimous vote.

## 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.

## RESOLUTION CONCERNING TAX COLLECTION PROCEDURES

The Board considered adopting a Resolution Concerning Tax Collection Procedures. Ms. Brook stated that the Property Tax Code establishes optional procedures relating to the collection of property taxes. She added that the collection procedures require official action by the governing body of the taxing unit prior to implementation. She then reviewed the optional tax collection procedures: refraining from sending out tax bills that are less than \$15.00, allowing for the split payment of taxes, and allowing a discount for early payment of taxes. After review and discussion, Director Crow moved to adopt a Resolution Concerning Tax Collection Procedures reflecting that the Board of Directors rejects all of the optional procedures, that the provisions for tax collection procedures remains in effect for this and each subsequent tax year until the Board of Directors takes formal action to the contrary, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which passed by unanimous vote.

## RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Brook reviewed a Resolution Concerning Exemptions from Taxation. After review and discussion, Director Crow moved to adopt a Resolution Concerning Exemptions from Taxation, reflecting that the Board of Directors rejects any exemptions of residential homesteads, rejects any exemption of charitable organizations from ad valorem taxation, rejects any exemption of travel trailers from ad valorem taxation, and grants a \$25,000 exemption for persons over 65 years of age and for disabled persons, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which passed by unanimous vote. Ms. Brook noted that qualified residents may claim only one exemption.

## 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. Mr. Lacy requested the Board's approval of route changes due to the increased volume of yard waste. Mr. Atkinson discussed maps reflecting the route changes. The Board concurred to approve the route changes and asked that EDP respond to any customer inquiries the District may receive

regarding the route changes. Mr. Lacy stated that he sent letters to the representatives of the homeowner associations to obtain their views on an expanded recycling program.

#### COMMENTS FROM THE PUBLIC

Ms. Courtney requested information on the Fort Bend Independent School District's ("FBISD") plans for wastewater treatment for the new middle school under construction and the wastewater treatment plant located behind her home. Director Taylor stated that FBISD has requested out-of-District water service from the District and the plant behind Ms. Courtney's home does not belong to the District. Director Stolleis recommended that Ms. Courtney contact the Texas Commission on Environmental Quality ("TCEQ") for information on the wastewater treatment plant.

#### OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of March, 2010, a copy of which is attached, and which was provided previously to the Board. He introduced Donald Wilson and Doug Owen to the Board.

Mr. Ammel reported on the servicing and repairs of the District's blowers at the wastewater treatment plant. He stated that additional repairs are being made to five blowers at a cost of \$3,597.00. Mr. Ammel reported that blower no. 1 will need to be pulled and evaluated due to internal problems.

Mr. Phelps stated that there is a leak on an underground valve behind the booster pump building. He stated that the valve will need to be excavated and repaired.

Mr. Ammel discussed a proposal from NTS for installation of a pressure transducer at the base of the elevated storage tank for a cost of \$2,150.00. He added that the proposal includes rental of a data logger for one month at a cost of \$550.00. The Board discussed the possible purchase of a data logger for the District. Director Taylor discussed methods of finding water usage that usage meters are not measuring.

Mr. Ammel discussed water accountability in the District. He stated that EDP is monitoring the storm water outfalls monthly for potable water discharges. He stated that EDP is concentrating efforts for leak detection on the south side of the District. Mr. Ammel stated that he is going to meet with representatives of the Permalog system for a demonstration in April.

Mr. Ammel discussed the need to update the existing District utility maps and possibly upgrading the mapping system. The Board requested that J&C send EDP any maps EDP does not have.

Director Taylor stated that he plans to review the District's audits to try to determine a time frame related to the change in water accountability.

Mr. Ammel discussed a proposal from SAMCO for a comprehensive leak detection survey for the south half of the District at a cost of \$9,000.00.

After review and discussion, Director Crow moved to (1) approve the operator's report; (2) authorize installation of the pressure transducer at the elevated storage tank at a cost of \$2,150.00 and rental of a data logger for one month at a cost of \$550.00; and (3) authorize the leak detection survey of the south side of the District by SAMCO at a cost of \$9,000. Director Kluppel seconded the motion, which passed by unanimous vote.

Mr. Ammel stated that EDP is working on the District's annual report for submittal to the Texas Water Development Board on the District's water conservation plan. He added that EDP will present the report for approval at the next meeting.

#### 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.

#### AMENDED RATE ORDER

The Board discussed increasing the surface water conversion fee in the Rate Order. Mr. Brook reviewed an Amended Rate Order reflecting a surface water conversion fee of \$0.40 per 1,000 gallons of water used. Director Kluppel reviewed a worksheet on water fees, a copy of which is attached. After review and discussion, Director Kluppel moved to adopt the Amended Rate Order and direct that it be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which was approved by unanimous vote. Mr. Ammel stated that the increased rate will be on the June water bill which covers usage for the time period April 15 through May 15.

## DISTRICT NEWSLETTER AND WEBSITE

Mr. Phelps reported on updates to the District's website and the preparation of the newsletter. He stated that the next newsletter is scheduled to go out in May. Director Crow recommended that articles on water conservation be included in the newsletter.

## CONVERSION TO SURFACE WATER

Mr. Buck reviewed an Activity Report from Malcolm Pirnie on the surface water treatment plant, a copy of which is attached. Mr. Buck presented Task Order No. 11 for project representative services during construction of the surface water treatment plant in the amount of \$302,530, a copy of which is attached. Mr. Buck discussed a Service Agreement with CenterPoint for the surface water plant. He also discussed a contract for material testing related to the surface water plant between the District and Terracon. After review and discussion, Director Stolleis moved to approve (1) Task Order No. 11 pursuant to the Master Agreement for Professional Services between the District and Malcolm Pirnie in the amount of \$302,530 and direct that the Order be filed appropriately and retained in the District's official records, (2) approve the Service Agreement with CenterPoint and direct that the Agreement be filed appropriately and retained in the District's official records, and (3) approve the contract with Terracon for material testing and direct that the Contract be appropriately and retained in the District's official records. Director Crow seconded the motion, which passed by unanimous vote.

Mr. Buck updated the Board on the construction of the surface water treatment plant and discussed the Notice to Proceed to LEM Construction, Inc. The Board requested that Mr. Buck date the Notice to Proceed April 5, 2010. The Board requested that Mr. Buck provide a monthly report on the schedule of construction of the surface water plant at the Board meetings. Mr. Buck stated that the District will supply the construction staking pursuant to the Construction Contract.

## 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.

Ms. Brook stated that by letter dated March 30, 2010, the TCEQ approved the District's application requesting the release of \$563,200 in 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.

Mr. Kirby discussed re-certification of the levee and the Federal Emergency Management Agency ("FEMA") flood plain re-mapping. He stated that the FEMA

regional office has agreed that no further geotechnical testing should be required. He added that J&C is waiting for a final ruling from FEMA headquarters.

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 is being reviewed by FEMA. The Board concurred to conduct a special meeting at the Pecan Grove Customer Service Office on April 22, 2010, at 5:30 p.m., to discuss the surface water plant, Pecan Lakes floodplain protection system, and the annual Report on Implementation of the Water Conservation Plan.

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 approved by AT&T. He reported that the Club has requested an additional concrete arm be added and this request has been submitted to AT&T. He added that J&C is preparing plans for the driveway.

Mr. Kirby stated that four bids were solicited for the point repairs to the slope of the east channel of the South ditch. Mr. Kirby recommended award of the contract to L.N. McKean, Inc. in the amount of \$22,100. The Board concurred that in its judgment, L.N. McKean, Inc. 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 Crow moved that based upon the engineer's recommendation, the Board award the contract to L.N. McKean, Inc. in the amount of \$22,100.00 for the point repairs. Director Stolleis seconded the motion, which passed unanimously.

Mr. Kirby updated the Board on the design of chloramine conversion and the transmission lines to the surface water plant.

Mr. Kirby reported on the recoating and repairs to water plant no. 3.

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

Mr. Kirby discussed the draft TCEQ permit in connection with the District's Chapter 210 Effluent Reuse Application.

Mr. Kirby updated the Board on the inlet inspection in connection with the MS4 Stormwater Management Plan. He stated that he will work with the Board committee on the remaining year three requirements.

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

## FINANCIAL AND BOOKKEEPING MATTERS

Ms. Mihills 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 Kluppel 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

There were no reports from the directors or consultants.

## FORT BEND FLOOD MANAGEMENT ASSOCIATION MEETINGS, INCLUDING PARTICIPATION IN SUB-COMMITTEE MEETINGS, AND STATUS OF FEDERAL FLOOD INSURANCE LEGISLATION

Director Kluppel reported on the activities of the Fort Bend Flood Management Association. He stated that the next meeting is March 31, 2010.

## ATTORNEY'S REPORT, 2010 ELECTIONS, RESOLUTION EXPRESSING INTENT TO REIMBURSE OPERATING ACCOUNT, RESOLUTION CONCERNING TAX COLLECTION PROCEDURES, AND RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Brook reviewed a Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors reflecting that as of March 15, 2010, two candidate applications and no write-in candidate applications were received in connection with the two director positions to be placed on the ballot for the May 8, 2010 directors election. Ms. Brook then reviewed an Order Declaring Unopposed Candidates Elected to Office with the Board. She stated that the Order reflects that (1) the Secretary of the Board has certified that the District received only two candidate applications and no write-in applications in connection with the two director positions to be placed on the ballot for the May 8, 2010 directors election; (2) pursuant to Section 2.053 of Subchapter C of the Texas Election Code, the District may declare each unopposed candidate for director elected to office in lieu of holding the May 8, 2010 directors election; and (3) G.E. Kluppel and John Minchew are hereby elected to office to serve from May 8, 2010 until May 10, 2014. Following review and discussion, Director Crow moved to accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors and adopt the Order Declaring Unopposed Candidates Elected to Office and direct that the Certificate and Order be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which passed by unanimous vote.

Ms. Brook reviewed an Order of Cancellation reflecting that the May 8, 2010 election is cancelled because the Board declared each unopposed candidate for director elected to office in lieu of holding the election. After review and discussion, Director Crow moved to approve the Order of Cancellation and authorize posting of the Order of Cancellation and direct that the Order be filed appropriately and retained in the District's official records. Director Kluppel 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 March from the park manager, a copy of which is attached.

#### REPORT ON SECURITY MATTERS

Director Minchew discussed security matters, a new patrolman in the District, and review of the logs for the officers patrolling the District.

#### 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

At 8:18 p.m., Director Taylor announced that the Board would convene in executive session regarding pending or contemplated litigation.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION  
REGARDING PENDING OR CONTEMPLATED LITIGATION

Director Taylor announced the Board would reconvene in open session at 8:32 p.m. The Board took no action.

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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