

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

April 29, 2008

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 29th day of April, 2008, 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 except Director Minchew, thus constituting a quorum.

Also present at the meeting were Cliff Kavanaugh of First Southwest Company; Pat Naff of CDC Maintenance, Inc.; Mr. and Mrs. Dickenson, Albert Zarate, Holly Cravens, Larry Danna, Stephanie Ramirez, Kevin McCune, Jim Keller, Hector Araujo, Maggie Crow, Lyn Adolphus-Wicke, Ryan Niles, Shannon Davis, and Susan Denkowski, residents of the District; Matthew Hricko and Lowell Gage of the Fort Bend County Sheriff's Department; Jason Kirby and Bobby Jones of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel, Andrew Phelps, and Brea Campbell of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Will Webb, Keith Jones, Conley Shepherd, Paula Micheli, Fred Ross, and Chief Paul LeDoux of the Pecan Grove Volunteer Fire Department ("PGVFD"); Claudia Wright of R&W Real Estate; and Lynne Humphries, Hannah Brook and Janet Eisenberg of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the March 25 and April 1, 2008 meetings, which had been prepared and distributed in advance of the meeting. Ms. Eisenberg stated that the March 25, 2008 minutes had been revised to reflect that CDC has estimated that it will cost an additional \$2,150 to extend the asphalt to the north end of the jogging trail. Following review and discussion, Director Crow moved to approve the minutes of the March 25, 2008 meeting as revised and the April 1, 2008 minutes. Director Kluppel seconded the motion, which was approved by unanimous vote.

REPORT ON FIRE AND SECURITY MATTERS

Deputies Hricko and Gage introduced themselves to the Board and discussed security matters in the District. Ms. Humphries stated that pursuant to the Board's request, she contacted the County Attorney regarding the Sheriff's Department's enforcement of the District's Park Rules. She added that she sent a letter to Mr. Cordes and Sheriff Wright reflecting the need for enforcement of the rules by the Sheriff's Department and that pursuant to Section 54.206 of the Texas Water Code, after the required publication, the Park Rules are recognized by the courts as if they were city ordinances.

Chief LeDoux announced a community function on May 3, 2008 being sponsored by the PGVFD.

REPORT ON DITCH, LEVEE MAINTENANCE, REPAIRS

Mr. Naff stated that the cost to fertilize the ditch and levee using commercial fertilizer is \$100 an acre. He added that the cost to fertilize the ditch and levee using organic fertilizer is \$285 an acre.

Mr. Naff stated that CDC has estimated it will cost \$4,375 to fill in many areas on the jogging trail along Farmers Road from Belin Park to Plantation with crushed granite. He added that CDC has revised the estimate to \$1,100 to extend the asphalt to the north end of the jogging trail.

After discussion, Director Crow moved to authorize (1) CDC to fertilize the ditch and levee with commercial fertilizer at a cost of approximately \$7,000; and (2) CDC to fill in many areas on the jogging trail along Farmers Road from Belin Park to Plantation with crushed granite at a cost of \$4,375 and extend the asphalt to the north end of the jogging trail at a cost of \$1,100. Director Kluppel seconded the motion, which passed by unanimous vote.

The Board tabled discussion on renewal of the mowing contract with CDC.

TAX ASSESSOR/COLLECTOR'S REPORT

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 2007 tax payments and responded to questions from Board members. Following review and discussion, Director Kluppel moved to approve the tax assessor/collector's report and authorize payment of bills from the tax account. Director Stolleis seconded the motion, which passed by unanimous vote.

UPDATE ON GARBAGE AND RECYCLING SERVICES

Director Stolleis stated that there was no report on garbage services.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. McCune stated that he is a resident of the District. He distributed and reviewed a memorandum addressed to Mr. Ben Anders, YMCA Parks Director, a copy of which is attached. He stated that he is requesting permission for youth teams to play flag football at Pecan Grove Park on Sunday afternoons from 12:00 p.m. to 6:00 p.m. starting September 14, 2008 and ending November 16, 2008. After review and discussion, Director Kluppel moved to authorize the flag football teams to use Pecan Grove Park on Sundays from 12:00 p.m. to 6:00 p.m. for flag football contingent upon the observance of the District's Parks General Use Guidelines and Rules. Director Crow seconded the motion, which passed by unanimous vote.

After review and discussion, Director Crow moved to authorize payment in the amount of \$2,500 to Pecan Lakes, C.A. for maintenance of the park facility. Director Stolleis seconded the motion, which passed by unanimous vote.

OPERATOR'S REPORT

Mr. Phelps reviewed the EDP operations report for the month of March, 2008, a copy of which is attached, and which was provided previously to the Board. Mr. Ammel reported that the District received a letter from the Texas Commission on Environmental Quality ("TCEQ") stating that two violations were noted during a compliance investigation of the wastewater treatment facility conducted in February, 2008. He stated that he is preparing a response for submittal to the TCEQ by the required deadline and will send a copy to the Board.

After review and discussion, Director Crow moved to approve (1) the operator's report; (2) replacement of lateral from manhole under the street to serve homes located at 1214 and 1218 Austin Colony at a cost of \$7,400; (3) repairs to lift pump no. 2 at lift station no. 5 at a cost of \$2,920.81; (4) repairs to lift pump no. 2 at lift station no. 8 at a cost of \$3,631.16, and (5) a leak detection survey by EGW at a cost of \$8,000. Director Stolleis seconded the motion, which passed by unanimous vote.

Mr. Phelps discussed the proposal from Dunham Engineering for design, bid solicitation, and inspection work for replacement of the 16-inch steel riser pipe at the elevated storage tank. Director Stolleis recommended and the Board concurred to request that J&C review the proposed project and make a recommendation to the Board.

CONDUCT HEARING AND AUTHORIZE TERMINATION OF SERVICE

The Board next conducted a hearing on the termination of utility service to delinquent accounts. Mr. Phelps 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 Stolleis seconded the motion, which passed unanimously.

APPROVE CONSUMER CONFIDENCE REPORT

Mr. Ammel reviewed the Consumer Confidence Report ("CCR") with the Board. He stated that the CCR will be finalized once the template is received from the TCEQ. The Board asked Mr. Ammel to obtain the approval of a Board member before the CCR is mailed out. After review and discussion, Director Crow moved to approve the CCR, authorize the operator to mail the CCR and authorize the operator to file the Certificate of Mailing with the TCEQ, and direct that the CCR be filed appropriately and retained in the District's official records. Director Stolleis seconded the motion, which passed unanimously.

DISCUSS DISTRICT NEWSLETTER AND WEBSITE

Director Crow updated the Board on the plans for the summer newsletter. He requested that Mr. Phelps ask Ms. Wynn to commence preparation of an outline of topics for the next newsletter.

MS4 STORMWATER MANAGEMENT PLAN IMPLEMENTATION

Mr. Kirby reported on the District's MS4 Stormwater Management Plan workshop. He stated that there will be a workshop for the public at the July meeting which will include a presentation and discussion on storm water quality issues. Director Taylor stated that Mr. Larry Padgett, a resident, has requested to be notified of the July public education program. The Board requested that the engineer and operator include a notice of the public education program in the newsletter, on the website, insert the notice with the June water bill, and inform Mr. Larry Padgett.

ENGINEER'S REPORT

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

Ms. Humphries stated that J&C is drafting a Water Conservation Plan for submittal to the Texas Water Development Board by May 1, 2009. The Board requested that ABHR send all Board members a sample water conservation plan.

Mr. Kirby stated that the bond application is pending at the TCEQ. In response to questions from the Board, Mr. Kavanaugh updated the Board on bond sale matters.

Mr. Kirby reviewed an Agreement for Geotechnical Services between the District and The Murillo Company. He stated that the District only needs Option 1 under the Agreement which will provide an engineering report based on a visual inspection and at a cost of \$5,300.

Following review and discussion of the engineer's report, Director Kluppel moved to accept the engineer's report as presented and approve the Agreement for Geotechnical Services between the District and The Murillo Company, and direct that the Agreement be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which passed unanimously.

CONVERSION TO SURFACE WATER AND AGREEMENTS FOR SALE OF CONVERSION CREDITS

There was no discussion on this agenda item.

BOOKKEEPER'S REPORT

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

REPORTS FROM BOARD MEMBERS AND DISTRICT CONSULTANTS

Director Taylor reminded the Board of the special meeting scheduled for April 30, 2008 at ABHR at 10:00 a.m.

Ms. Humphries stated that the insurance certificate provided by WCA is missing one item of coverage that is required pursuant to the Garbage Collection Agreement. She added that Mr. May is to report back to ABHR on whether the insurance carrier will provide the coverage.

Director Taylor requested that Mr. Kirby re-evaluate the list of District facilities that are insured and send the updated list to Dan McDonald and Director Taylor.

Director Stolleis reported on a Web Seminar he attended by Malcolm Pirnie, Inc. on surface water.

ATTORNEY'S REPORT

Ms. Humphries stated that she is waiting to hear from the Fort Bend Economic Development Council on the Interlocal Agreement.

The Board considered adopting a Resolution Establishing Posting Place for Notice of Board of Directors' Meetings. Ms. Humphries reviewed the Resolution and stated that the posting place will be the Pecan Grove MUD Customer Service Office, 2035 FM 359, Suite 13, Richmond, Texas. After review and discussion, Director Crow moved to adopt a Resolution Establishing Posting Place for Notice of Board of Directors' Meetings, 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.

The Board reviewed the action list. The Board concurred to conduct a special meeting on May 14, 2008 at 5:30 p.m. at the Pecan Grove MUD Customer Service Office to canvass the returns of the elections.

RECEIVE COMMENTS FROM THE PUBLIC

Mr. Danna asked that the operator check on a sinking sidewalk located at 1906 Richmond Bend Court. The Board requested that the operator check on the sidewalk. Ms. Adolphus-Wicke commented 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 to discuss 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

At 7:00 p.m., Director Taylor announced that the Board would convene in executive session to discuss the purchase of real property.

RE-CONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

Director Taylor announced the Board would reconvene in open session at 7:50 p.m. After review and discussion, Director Stolleis moved to (1) authorize R&W Real Estate to continue to negotiate on the District's behalf for the purchase of a site for a surface water treatment plant, and (2) authorize ABHR to work on Drainage Easements with WSG Pecan Grove IV, LP as needed. Director Crow seconded the motion, which passed unanimously.

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

The Board did not convene in executive session to discuss contemplated litigation.

REPORT ON FIRE DEPARTMENT MATTERS, INCLUDING DISCUSS POSSIBLE DISTRICT FIRE PLAN

Ms. Humphries reviewed a Schedule of Events for Approval of a Fire Protection Plan, a copy of which is attached. She discussed several types of fire protection agreements that have been entered into by local governments. Members of the PGVFD and the District discussed the possibility of a fire plan and agreement. After discussion, the Board requested Ms. Humphries to send the Board members and Fire Chief LeDoux examples of agreements for their review.

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

Secretary, Board of Directors

(SEAL)

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