

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

May 31, 2011

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 31st day of May, 2011, at the Pecan Lakes Clubhouse, 1818 Misty Falls Lane, Richmond, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

Joe Taylor	President
Richard Stolleis	Vice President
G. E. Kluppel	Secretary
John Minchew	Assistant Vice President / Assistant Secretary
Kevin Krahm	Assistant Vice President / Assistant Secretary

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

Also present at the meeting were Jim Keller, Lee Dorger, Robert Barta, Mr. and Mrs. C. K. Dickenson, Conley Shepherd, Keith Jones, Paul Metcalf, Cheryl Minchew, Angela George, Stephen Eaton, Philip Dozier, Fred Ross, and Jim Ashmore, residents of the District; Lea Anne Klentzman of the Fort Bend Star; Dominic Cashiola and Rodney Vannerson of Classic Messaging Systems, LLC.; Constable Rob Cook, Fort Bend County, Precinct 3; Bryan Jordan, Bethany Miller, and Jason Kirby of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Doug Owen, Breah Campbell, and Mike Ammel of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Kevin Atkinson of WCA Waste Corporation of Texas, LP; Pat Naff of CDC Unlimited, LLC; Dan McDonald of SIG/McDonald & Wessendorff Insurance; Sheldon Buck of Malcolm Pirnie, Inc. ("Malcolm Pirnie"); 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 April 26, 2011, meeting, which were prepared and distributed in advance of the meeting. Following review and discussion, Director Stolleis moved to approve the minutes of the April 26, 2011, meeting. Director Kluppel seconded the motion, which carried unanimously.

CONTRACT FOR ELECTRICITY WITH TXU ENERGY

Director Taylor stated that he did not have an update on this agenda item.

DITCH, LEVEE MAINTENANCE, AND REPAIRS

Mr. Naff updated the Board on ditch, levee maintenance, and repairs. The Board requested that Mr. Naff re-evaluate the growth of vegetation in Bullhead Slough during the next month and report to the Board at the next meeting.

GARBAGE COLLECTION AND RECYCLING SERVICES

Mr. Atkinson distributed and reviewed a report on garbage collection in the District during the past month, a copy of which is attached. The Board requested that Mr. Atkinson send the Directors a notice containing instructions for storm debris cleanup for inclusion in the July newsletter.

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 2010 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.

ATTORNEY'S REPORT/RENEWAL OF DISTRICT'S INSURANCE POLICIES

Mr. McDonald stated that he is in the process of preparing a proposal for renewal of the District's insurance policies. He added that he will obtain an update on the value of the District's facilities from Mr. Kirby. Mr. McDonald stated that he will present the proposal for renewal of the District's insurance at the next meeting.

DISTRICT NEWSLETTER AND WEBSITE

Mr. Vannerson and Mr. Cashiola reviewed a proposal from Classic Messaging Systems, LLC ("Classic") for distributing news quickly such as emergency messaging. He stated that the messages that would be left for residents pertain to protecting their health and safety and providing public service announcements. Mr. Vannerson stated that recorded messages will be sent to residents by phone and information will also be communicated as text messages. He added that Classic works with the District's operator to maintain a database of the District's customers and the database will be owned by the District. Mr. Cashiola stated that residents will be able to update their contact information via the internet. The Board concurred they were in favor of a contract with Classic for messaging services and concurred to consider approval of a contract at a special meeting on June 7, 2011, at the Pecan Grove Customer Service Office at 5:00 p.m.

OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of May, 2011, a copy of which is attached, and which was provided previously to the Board.

Mr. Ammel distributed and reviewed the Consumer Confidence Report ("CCR") with the Board. After review and discussion, Director Stolleis moved to (1) approve the operator's report and (2) approve the CCR, authorize the operator to mail the CCR and to file the Certificate of Mailing with the Texas Commission on Environmental Quality

("TCEQ"), and direct that the CCR be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which carried 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 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 Stolleis 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. A copy of the termination list is included in the operator's report.

DISTRICT NEWSLETTER AND WEBSITE CONTINUED

Director Stolleis reported on the preparation of the next District 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 reviewed and recommended approval of Pay Estimate No. 13 from LEM Construction in the amount of \$1,288,623.53. Mr. Buck recommended payment of Invoice No. 12 from Terracon in the amount of \$4,343.50. After review and discussion, Director Stolleis moved, based upon Mr. Buck's recommendation, to (1) approve Pay Estimate No. 13 in the amount of \$1,288,623.53 to LEM Construction; and (2) approve payment to Terracon in the amount of \$4,343.50. Director Kluppel seconded the motion, which passed unanimously.

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 reported on a meeting with representatives of EDP to discuss the condition of electrical facilities at lift station no. 5. He stated that a new control panel needs to be installed and repairs need to be made for an estimated cost of \$60,000 to \$70,000. The Board requested that Mr. Ammel review the mechanical items that need repair and report to the Board at the June 7, 2011, special meeting. The Board concurred to consider authorizing the engineer to design and solicit or advertise for bids for the electrical and consider recommendations from EDP on the mechanical work at lift station no. 5 at the special meeting.

Mr. Kirby stated that the advertisement for bids for construction of the Water Plant Nos. 1, 2, and 3 chloramine conversions will occur on May 27, 2011.

Mr. Kirby stated that a meeting between the Board, J&C, and residents of Pecan Lakes regarding the design of the Floodplain Protection System has been scheduled for June 30, 2011, at 6:00 p.m., at the Pecan Lakes Clubhouse, 1818 Misty Falls Lane, Richmond, Texas.

Mr. Kirby updated the Board on the construction of surface water treatment plant offsite utility extensions. Mr. Kirby recommended approval of Change Order No. 1 to the contract to allow Hurtado Construction Company to modify construction methods through the golf course. He stated that there will not be an increase or decrease in the contract amount.

Mr. Kirby then updated the Board on the water well no. 4 rework project. He reviewed and recommended approval of Pay Estimate No. 1 in the amount of \$37,971.90 to Alsay Incorporated.

Following review and discussion, Director Kluppel moved to approve (1) the engineer's report; (2) design of electrical work and preparation for solicitation or advertisement for bids for lift station no. 5; (3) Change Order No. 1 to Hurtado Construction Company, based upon the engineer's recommendation, and direct that the Change Order be filed appropriately and retained in the District's official records; and (4) Pay Estimate No. 1 in the amount of \$37,971.90 to Alsay Incorporated, based on the engineer's recommendation. Director Stolleis seconded the motion, which passed by unanimous vote.

OUT-OF-DISTRICT SERVICE TO FORT BEND COUNTY INDEPENDENT SCHOOL DISTRICT

Director Taylor stated that Fort Bend County (the "County") has requested that the District enter into a Primary Interlocal Agreement ("Agreement") with the County for upcoming projects. The Board concurred to authorize Director Taylor to act on behalf of the Board to authorize certain joint projects with the County. The Board concurred to consider approval of the Agreement at the special meeting on June 7, 2011. Director Taylor stated that the sidewalk from Pecan Grove to the new middle school will be subject to this Agreement.

FINANCIAL AND BOOKKEEPING MATTERS AND TRAVEL REIMBURSEMENT GUIDELINES AND DIRECTOR EXPENSES FOR THE ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

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. The Board discussed fees of office and expenses in connection with the Association of Water Board Directors summer conference. After review and discussion, Director Stolleis moved to approve the bookkeeper's report, investment report, payment of the District's bills, and

authorize up to four per diems for attendance at the conference, a maximum of two meals a day, and three nights at a hotel at the conference rate. Director Krahn seconded the motion, which passed by unanimous vote.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS REGARDING EVENTS AND ACTIVITIES ATTENDED DURING THE MONTH, INCLUDING FORT BEND FLOOD MANAGEMENT ASSOCIATION MEETINGS

Director Kluppel stated that he and Director Taylor will attend the Fort Bend Flood Management Association Second Annual Symposium on Flood Risk Reduction on June 3, 2011. Director Taylor updated the Board on County re-districting. Director Kluppel stated that a bill passed in the Legislature to provide Fort Bend County customers with full voting member representation on the Gulf Coast Water Authority Board of Directors.

COMMENTS FROM THE PUBLIC

Mr. Ashmore stated that the Pecan Grove Property Owners Association Board of Trustees requests that the Board proceed with a Fire Plan for the Pecan Grove community. Mr. Jones stated that the Pecan Grove Community Improvement Association also requests that the Board proceed with a Fire Plan. Mr. Shepherd stated that the Pecan Lakes Community Association requests the Board proceed with a Fire Plan.

DEVELOPMENT AND MAINTENANCE OF PARKS

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

Ms. Brook stated that the Brazos Valley Amateur Radio Club (the "Club") has submitted a written request to the Board to use Pecan Grove Park on Pitts Road, a copy of which is attached. After discussion, Director Stolleis moved to approve the use of Pecan Grove Park by the Club. Director Kluppel seconded the motion, which passed by unanimous vote.

The Board discussed irrigation and lighting for Plantation Park. Director Krahn stated that he will obtain estimates for lighting. Director Taylor stated that the District will hold a Flag Day ceremony at 9:00 a.m. on June 14, 2011, at Plantation Park. Director Stolleis thanked Mr. Ross for his work on Plantation Park.

SECURITY MATTERS

Constable Cook updated the Board on security matters.

ATTORNEY'S REPORT

Upon the Board's request, Ms. Humphries reviewed the procedures for establishment and implementation of a Fire Plan. She stated that the District is required

to submit a Fire Plan to the TCEQ for approval and hold an election to approve the Fire Plan. After discussion, Director Minchew moved to approve the formation of a Fire Plan Committee consisting of Directors Minchew and Stolleis and representatives from the Pecan Grove Property Owners Association, Pecan Grove Community Improvement Association, Pecan Lakes Community Association, Plantation Place Homeowners Association, and Pecan Grove Homeowners Association. Director Kluppel seconded the motion, which passed by unanimous vote.

Ms. Brook reviewed the Interlocal Agreement between the District and the Fort Bend Subsidence District ("FBSD") for the Water Conservation Education Program. After review and discussion, Director Kluppel moved to approve an Interlocal Agreement between the District and the FBSD for the sponsorship of the three elementary schools (Austin, Frost, and Pecan Grove) in the Water Conservation Education Program and direct that the Agreement be filed appropriately and retained in the District's official records. Director Minchew seconded the motion, which carried by unanimous vote.

The Board discussed the North Fort Bend Water Authority Amended Groundwater Reduction Plan. Director Krahn and Director Stolleis concurred to serve on a committee to review the Amended Groundwater Reduction Plan and make a recommendation to the Board on any changes that should be made to the District's Groundwater Reduction Plan. Director Kluppel requested that the committee review the use of gray water.

Ms. Brook stated that a Deed and Easement for the Pecan Lakes Floodplain Protection System have been sent to WSG Pecan Grove IV, LP for execution.

Ms. Brook stated that the U.S. Department of Justice adopted revised rules in 28 CFR part 35 pertaining to the use of other-power driven mobility devices ("OPDMDs") by individuals with disabilities in public areas open to pedestrian use. In consultation with the District's engineer, the Board of Directors considered the following factors to determine the Policy Regarding the Use of Other Power-Driven Mobility Devices in Pecan Grove Park, Belin Park, Plantation Park and the Levee Walking Trail from Pecan Grove Park at Pitts Road to Belin Park (the "Facilities"): i) the type, size, weight, dimensions, and speed of the OPDMDs; (ii) the facility's volume of pedestrian traffic; (iii) the facility's design and operational characteristics; (iv) whether legitimate safety requirements can be established to permit the safe operation of OPDMDs in the facility; and (v) whether the use of OPDMDs creates a substantial risk of serious harm to the immediate environment or natural or cultural resources. The Board concurred that the following restrictions shall apply to the use of OPDMDs within the Facilities: OPDMDs are prohibited within the Facilities at all times and District consultants and contractors are, however, permitted to operate an OPDMD within the Facilities so long as a maximum speed limit of 5 miles per hour is observed and the OPDMD is not used within the Facilities during or for a period of 24 hours after a precipitation event. After review and discussion, Director Kluppel moved to adopt a Resolution Adopting Policy Regarding the Use of Other Power-Driven Mobility Devices and direct that the

Resolution be filed appropriately and retained in the District's official records. Director Minchew seconded the motion, which passed by unanimous vote.

REVIEW CRITICAL LOAD LIST FOR DISTRICT FACILITIES

Ms. Brook reviewed with the Board the Critical Load List for District facilities. She stated that the District's engineer and operator have reviewed the Critical Load List and do not have any revisions. After review and discussion, the Board concurred no action was necessary and that a copy of the Critical Load List will be filed appropriately and retained in the District's official records.

Ms. Humphries stated that sadly Mr. Bruce Belin, the former developer of the District, passed away and a service will be held on June 3, 2011, at 11:00 a.m. at Second Baptist Church in Houston, Texas.

CONVENE IN EXECUTIVE SESSION PURSUANT TO THE SECTION 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 deliberate the deployment or specific occasions for implementation of security personnel or devices.

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

At 7:48 p.m., Director Taylor announced that the Board would convene in executive session to deliberate the purchase, exchange, lease, or value of real property.

RECONVENE 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 7:58 p.m. The Board took no action.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION INCLUDING CONDEMNATION PROCEEDINGS

The Board did not convene in executive session to conduct a private consultation with its attorney to discuss pending or contemplated litigation including condemnation proceedings.

CONDUCT ANNUAL REVIEW OF ENGINEER, MOWING CONTRACT, OPERATOR,
AND NEWSLETTER MANAGER

The Board conducted an annual review of the engineer and mowing contractor.

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

Secretary, Board of Directors

(SEAL)

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