

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

July 27, 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 27th day of July, 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
Richard Stolleis	Vice President
G. E. Kluppel	Secretary
John Minchew	Assistant Vice President/ Assistant Secretary
Kevin Krahn	Assistant Vice President/ Assistant Secretary

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

Also present at the meeting were Ed Sturdivant, the Fort Bend County Auditor; John Font and Mike Waller of the Fort Bend County Sheriff's Department; Constable Rob Cook, Precinct 3; Edward Gordon, and Aaron Tyksinski of Fort Bend County, Constable's Office, Precinct 3; Daren Heflin of the Pecan Grove Country Club; Jim and LeaAnne Klentzman, Cheryl Minchew, Jim Ashmore, Billy Teague, Conley Shepherd, Keith Jones, Ken and Kathy Thompson, Kirk Boyd, Fred Ross, and Mr. and Mrs. C. K. Dickenson, residents of the District; Bryan Jordan, Jason Kirby, and Bethany Miller of Jones & Carter, Inc. ("J&C"); Pat Naff of CDC Unlimited, LLC ("CDC"); Greg Ordeneaux of Tax Tech, Inc.; Doug Owen and Mike Ammel of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Kevin Atkinson and Sylvia Avila of WCA Waste Corporation of Texas, LP ("WCA"); 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 June 29, 2010, meeting, which had been prepared and distributed in advance of the meeting. Following review and discussion, Director Stolleis moved to approve the minutes of the June 29, 2010, meeting. Director Kluppel seconded the motion, which was approved by unanimous vote.

DITCH, LEVEE MAINTENANCE, REPAIRS

Mr. Naff updated the Board on ditch and levee maintenance in the District. He stated that the rainy weather has delayed maintenance work. Mr. Naff stated that there is a slope failure close to Pitts Road on the south side of the ditch. The Board requested that Mr. Kirby review the slope failure and the remainder of the ditch for any other locations where failure may be occurring and prepare a recommendation for repairs of the slope failure for the Board's review at the next meeting.

Mr. Naff stated that CDC will clean up limbs on the jogging trail. Mr. Naff stated that trees need to be trimmed along Bullhead Slough. He stated that he will contact customers prior to CDC trimming the trees. After discussion, Director Kluppel moved to authorize CDC to trim trees along Bullhead Slough and J&C to investigate the slope failure, including preparation of a recommendation to the Board. Director Stolleis seconded the motion, which carried unanimously.

APPROVE MOWING CONTRACT

Ms. Brook reviewed with the Board the renewal Mowing Contract between CDC and the District. After review and discussion, Director Kluppel moved to approve the Mowing Contract between CDC and the District and direct that the Contract be filed appropriately and retained in the District's official records. Director Krahn seconded the motion, which carried unanimously.

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.

Ms. Avila stated that the contract for garbage collection expires in October, 2010 and that she sent the Board information on the costs for renewal of the contract. Director Taylor requested that Ms. Avila prepare a proposed renewal amendment to the Contract for Garbage Collection Services between WCA and the District for a three year term, containing a cost of \$12.45 per residence with an allowance for an annual CPI increase, for the Board's review at the next meeting. He added that the contract should not include the wheeled carts for curbside recycling services.

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 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.

OPERATION OF DISTRICT FACILITIES

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

Mr. Ammel introduced Mr. Heflin, the Manager of the Pecan Grove Country Club to the Board. Mr. Heflin stated that WSG Pecan Grove IV, LP, is requesting that the District provide sanitary sewer service to a restroom at the 18th hole of the golf course. He stated that the restroom has been operating with a septic tank which is no longer working. He added that a small grinder pump lift station and force main would be needed to provide service to the restroom. In response to a question from Director Stolleis, Mr. Ammel stated

that the restroom could possibly be tied to the District's gravity sewer line on Plantation Drive. The Board requested that the operator work with Mr. Heflin on a proposal for the District to provide sanitary sewer services to the restroom. Director Taylor asked Mr. Heflin about the status of the waterline easement along the golf course for the surface water transmission line and the additional property for the levee extensions that the District has requested from WSG Pecan Grove IV, LP in fee. Mr. Kirby stated that he met with Mr. Heflin on site to discuss the District's requests for the easement and the property for the levee. He added that he will submit the survey for the easement for the surface water transmission line and the proposed options for the levee to WSG Pecan Grove IV, LP. Ms. Humphries requested that Mr. Heflin ask the attorney for WSG Pecan Grove IV, LP to travel to Pecan Grove to tour the location of the easement the District has requested.

Mr. Owen introduced Mr. and Mrs. Thompson of 2314 Quarterpath and stated that they contacted EDP about standing water in front of their home. Mr. Ammel stated that an unknown party installed a 4-inch PVC pipe and connected it to the storm sewer under the street from 2314 to 2315 Quarterpath. He added that the pipe appears to have modified drainage in front of the house. Mr. Ammel stated that EDP will jet the 4-inch line and contact Marc Grant of Fort Bend County Road and Bridge Department. Mr. Ammel stated that he will follow up with Mr. and Mrs. Thompson to determine if water is still standing in the street.

Mr. Ammel reported on Lake Management's completion of phase one of the removal of vegetation from Bullhead Slough.

Director Minchew arrived at the Board meeting.

Mr. Ammel stated that lift pump no. 2 at lift station no. 6 needs to be repaired at a cost of \$3,920.69.

Mr. Ammel recommended that blower no. 1, which includes the motor and skid, at the wastewater treatment plant be replaced at a cost of \$18,000. The Board asked Mr. Ammel to file an insurance claim on the replacement of blower no. 1 at the wastewater treatment plant. The Board tabled any further action on the replacement of the blower.

Mr. Ammel stated that Mr. Owen met with the engineer and contractor for Fort Bend Independent School District regarding the middle school. He added that EDP has not received the approved plans for the school.

Mr. Ammel discussed the recoating project at water plant no. 3. He stated that he has requested that Dunham Engineering hold the final pay estimate until a list of items related to the project are addressed by the contractor. Mr. Ammel stated that the District's expenses to correct the items currently totals \$3,385. He added that all of the District's expenses to correct the items will be turned over to Dunham Engineering so they can be deducted from the final pay estimate. Mr. Ammel stated that the motor control center, air compressor motor, and well pump motor soft start were affected during the recoating project. He added that he is still in the process of testing other controls to determine any damages. Ms. McLennan stated that she will void the check for the pay estimate.

Mr. Owen discussed devices used to eliminate meter slippage and stated that the cost per device is \$67.00. Mr. Ammel stated that he will test some of the devices that are available. Mr. Ammel discussed water accountability in the District.

After review and discussion, Director Stolleis moved to (1) approve the operator's report; and (2) approve the repair of the lift pump no. 2 at lift station no. 6 at a cost of \$3,920.69. 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 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 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.

DISTRICT NEWSLETTER AND WEBSITE

Mr. Ammel reported on updates to the District's website. Director Stolleis discussed the preparation of 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 reviewed and recommended approval of Pay Estimate No. 3 from LEM Construction in the amount of \$521,285.81. After review and discussion, Director Kluppel moved, based upon Mr. Buck's recommendation, to approve Pay Estimate No. 3 in the amount of \$521,285.81 to LEM Construction. Director Krahn seconded the motion, which passed unanimously.

The Board discussed the design of the SCADA system being required by the Gulf Coast Water Authority ("GCWA"). Ms. Humphries stated that the design and construction costs for the SCADA system could be included in a change order to the contract for construction of the surface water plant. She added that a change order over \$25,000 would require Texas Commission on Environmental Quality ("TCEQ") approval. The Board requested that Mr. Buck ask the GCWA for an estimate to design and construct the SCADA system. The Board concurred that if the GCWA is not willing to design and construct the SCADA system, Malcolm Pirnie should proceed with the design of the SCADA system, and Malcolm Pirnie and ABHR should work together to obtain the necessary TCEQ approval of the change order.

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 stated that the engineer for Fort Bend County Water Control & Improvement District No. 3 ("WCID No. 3") contacted J&C to ask if the District would be interested in entering into negotiations for the sale of reclaimed water. He stated that he will contact representatives of WCID No. 3 to discuss this matter.

Mr. Kirby updated the Board on re-certification of the levee and the Federal Emergency Management Agency ("FEMA") flood plain re-mapping. He stated that accreditation letters are being routed through the FEMA Region 6 and FEMA headquarters for approvals and the letters are currently at the Region 6 office.

Mr. Jordan discussed the crack at the base of the elevated storage tank fill line. He stated that the contractor has stated that they do not accept responsibility for the crack. He discussed meeting with Dwight Recht and Doug Smiley on the repairs needed to the tank. Mr. Jordan stated that J&C accepts responsibility for allowing the contractor to make a design change that ultimately caused the crack. He added that J & C will work with the Board and the contractor to make sure that the Board is satisfied with the proposal for the repair and the ultimate result. Mr. Jordan stated that J & C will not charge additional engineering fees in connection with this matter. Mr. Jordan stated that J&C is preparing a recommendation for repair of the elevated storage tank and will meet with contractors to obtain quotes. He estimated that the repair could be completed within a month. Director Taylor requested that Mr. Jordan notify the contractor's bonding company of the repair that needs to be made and the amount of time the tank has been offline. The Board requested that J&C have the elevated storage tank fill line repaired immediately. Director Stolleis requested that J&C work with Malcolm Pirnie regarding the installation of brackets on the elevated storage tank for an antenna the GCWA will install on the tank.

Mr. Kirby discussed the status of the chloramine conversion and reported that J&C is obtaining comments from EDP on the proposed facility locations.

Mr. Kirby stated that AT&T has a bid in the amount of \$100,955 for the improved driveway access from FM 359. He added that he has requested that AT&T obtain another bid for the driveway. Mr. Kirby updated the Board on meetings with landowners affected by the proposed Pecan Lakes levee. Mr. Kirby stated that FEMA has requested and J&C is preparing additional information in connection with the Pecan Lakes and Expanded Commercial Flood Protection System Request for Conditional Letter of Map Revision.

Mr. Kirby discussed a Storm Water Management Plan Handbook for Construction Activities. After review and discussion, Director Kluppel moved to adopt a Resolution Adopting Storm Water Management Plan Handbook for Construction Activities and direct that the Resolution be filed appropriately and retained in the District's official records, contingent upon final review by the Board. Director Stolleis seconded the motion, which carried unanimously.

Following review and discussion, Director Kluppel moved to approve the engineer's report. Director Stolleis 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 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 Krahn reported on activities of the Parks Committee. Directors Krahn and Kluppel stated they would serve on a Reclaimed Water Committee.

COMMENTS FROM THE PUBLIC WHO HAVE SIGNED UP TO SPEAK

Mr. Boyd asked the Board if they could control the large number of large trucks passing through the subdivision on Plantation Drive. Director Minchew recommended that Mr. Boyd report his concerns to the Fort Bend County Sheriff's Department.

DEVELOPMENT AND MAINTENANCE OF PARKS

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

ATTORNEY'S REPORT

Ms. Humphries reviewed a letter to the Texas Commission on Environmental Quality ("TCEQ") reflecting that the District intends to levy a debt service tax rate lower than the rate recommended by the TCEQ in the Order Approving an Engineering Project and the Issuance of \$32,000,000 in Unlimited Tax Bonds. She added that a cash flow schedule prepared by First Southwest Company that indicates a projected 2010 debt service tax rate of \$0.31, due to the lower debt service resulting from the lower interest rate, is included with the letter. After review and discussion, Director Kluppel moved to authorize execution and submittal of the letter to the TCEQ, and direct that the Letter be filed appropriately and retained in the District's official records. Director Krahn seconded the motion, which carried unanimously.

Ms. Brook stated that the District was added as a party to a condemnation lawsuit entitled *Fort Bend County, Texas vs. B. Todd Patterson and wife, Amy A. Patterson a/k/a Amy Elizabeth Patterson, et al.* because the property named in the lawsuit is located within the Pecan Grove Municipal Utility District taxing jurisdiction. The Board concurred that no action is necessary.

REPORT ON SECURITY MATTERS

Director Minchew stated that the Board would conduct a review of the Agreement for Additional Law Enforcement Services with Fort Bend County and the services being provided by the Fort Bend County Sheriff's Department. Director Minchew stated that Sergeant Waller and Mr. Sturdivant were present to discuss services provided by the Fort Bend County Sheriff's Department. Sergeant Waller stated that when there is a change in schedule for deputies patrolling the District, Director Minchew will be notified. In response to a question from Director Minchew, Sergeant Waller stated that a deputy may work comp time when making an arrest. Director Minchew stated that if a deputy goes outside of the District, the District should receive a credit for all charges from the County. Mr. Sturdivant stated that the auditor's office conducts monitoring of activities and moves expenditures not applicable to the District out of the District's account. Director Minchew requested that the Sheriff's office keep him more informed of occurrences in the District. Sergeant Waller stated that he will make sure Director Minchew is kept informed. Director Minchew stated that the deputies are not as visible as they could be on Pitts Road and Plantation Road. Mr. Sturdivant requested that Director Minchew contact him if he needs information or data from the auditor's office. Director Minchew requested that he be provided with additional information on substitutes for deputies when they are on vacation and whether the District pays for the vacation time. Mr. Sturdivant stated that the District's account is reviewed at the end of the year and compared to the contract for services. Mr. Sturdivant discussed the funding for the patrol cars used to patrol the District. He stated that the County plans to replace two older cars with new cars to patrol the District in October. Mr. Sturdivant stated that the cars have a useful life of 100,000 miles. Director Minchew requested that Mr. Sturdivant provide him with additional information on the funding of patrol cars used in the District. Mr. Sturdivant stated that the District's upcoming contract may contain a reduced cost less than \$242,000. Director Minchew requested that the Sheriff's Department give attention to large trucks on Plantation Drive, four-wheel vehicles trespassing on the levee, and the closing of the gate at the District park on Pitts Road. Mr. Sturdivant, Mr. Font and Sergeant Waller left the meeting.

Director Minchew stated that the Board invited Constable Cook to the meeting to discuss security services that could be provided to the District by the Constable's Office. Constable Cook described security services that his office could provide to the District of 120 hours a week. He stated that he does not have substitutes available for officers on vacation. Constable Cook further discussed the security services his office can provide to the District. He stated that his officers provide additional communications with the residents and community service. Constable Cook stated that the Directors can contact him at (281) 684-6562 if they have questions. The Board concurred no action was necessary on this agenda item.

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, INCLUDING CONDEMNATION PROCEEDING

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

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

Secretary, Board of Directors

(SEAL)

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