

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

November 24, 2009

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 24th day of November, 2009, 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 Steve Ginsburg, Mr. and Mrs. C. K. Dickenson, Robert Ewing, Fred Ross, Steve Miller, Jane Gray, and Barbara DiBlasi Martin, residents of the District; Sheldon Buck of Malcolm Pirnie, Inc.; Pat Naff of CDC Unlimited, L.L.C. ("CDC"); Jason Kirby of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel and Andy Phelps of Environmental Development Partners, L.L.C. ("EDP"); Mary Ann Mihills of McLennan & Associates, L.P.; Kevin Atkinson of WCA Waste Corporation of Texas, LP; Cliff Kavanaugh of First Southwest Company; and Hannah Brook and Janet Swartz of Allen Boone Humphries Robinson LLP.

MINUTES

The Board considered approving the minutes of the October 27 and November 4, 2009, meetings, which had been prepared and distributed in advance of the meeting. Following review and discussion, Director Crow moved to approve the minutes of the October 27 and November 4, 2009, meetings. Director Kluppel seconded the motion, which was approved by unanimous vote.

DITCH, LEVEE MAINTENANCE, REPAIRS

Mr. Naff reported on ditch and levee maintenance. He discussed the bollards to be placed across both ends of the levee at golf hole no. 1. The Board discussed the removal of alligator weed from the District's drainage ditch. Mr. Naff stated that the cost to remove the alligator weed will be \$3,500. After review and discussion, Director Crow moved to authorize EDP and CDC to install bollards at golf hole no. 1 and authorize CDC to proceed with the removal of alligator weed from the District's drainage ditch. Director Stolleis seconded the motion, which was approved 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 Kluppel moved to approve the tax assessor/collector's report and authorize payment of bills from the tax account. Director Crow seconded the motion, which passed by unanimous vote.

## 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. Mr. Ewing requested that the Board consider establishing new procedures for residents who request replacement of a recycle bin. Mr. Atkinson stated that the recycle bins will now be available at the District's customer service office at no charge to residents. Mr. Atkinson discussed the possibility of a pilot program in the District to test the residential use of 48-gallon recycle carts. Mr. Ross requested that Mr. Atkinson attend a homeowners association meeting to discuss a possible hazardous waste disposal program for the community. Mr. Atkinson agreed to provide details for a possible hazardous waste disposal event. Mr. Phelps stated that information on the Fort Bend County Recycle/Environmental Center will be included with the next water bill. In response to a question from Director Taylor regarding garbage trucks blocking roads, Mr. Atkinson responded that it is sometimes due to a truck backing into a location to pick up a large amount of trash.

## DEVELOPMENT AND MAINTENANCE OF PARKS

In response to a question from Mr. Ross, Director Crow stated that the parks committee welcomes input from the homeowners association on the landscaping plans for Plantation Park. Director Crow stated that the priority project is the installation of an irrigation system at the park. Director Minchew stated that he will report to the park manager that the gate was left unlocked at the Pecan Grove Park. Ms. Mihills reported that the Pecan Grove Athletic Association representative has reported that the Association did not receive the District's check issued in August. The Board instructed Ms. Mihills to stop payment on the check and reissue the check at the next meeting. Ms. Brook stated that she will ask the president of the Association to attend the next meeting when the Board will reissue the check.

## OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of November, 2009, a copy of which is attached, and which was provided previously to the Board.

Mr. Phelps stated that the automatic gate was removed from the levee at Belin Park. He recommended that no additional asphalt work be performed in the area.

Mr. Phelps stated that the no. 3 sludge pump drive unit at the wastewater treatment plant needs to be repaired at a cost of \$3,600.

Mr. Phelps stated that the sludge press motor at the wastewater treatment plant needs to be replaced. He added that the lowest cost estimate is in the amount of \$2,418.

Mr. Phelps stated that an effluent basin drain valve at the wastewater treatment plant needs to be repaired at a cost of \$3,325.

The Board discussed water accountability for the District's system. Mr. Phelps recommended that a leak detection survey be performed on the system. The Board discussed having a leak detection survey performed in December or January and thereafter, on an annual basis.

Mr. Phelps discussed meter readings for master meters in the District. He stated that he will obtain the Texas Water Development Board equipment and training in connection with the reading of the meters.

Director Taylor stated that Mr. Ashmore of the Pecan Grove Owners Association has asked if the District has an objection to a basketball goal located at 1306 Copper Court. The Board concurred that the District has no jurisdiction in this matter. Director Minchew stated that he will respond to Mr. Ashmore's inquiry.

After review and discussion, Director Crow moved to (1) approve the operator's report; (2) authorize repair of the no. 3 sludge pump drive unit in the amount of \$3,600; (3) authorize replacement of the sludge press motor in the amount of \$2,418; (4) authorize repair of the effluent basin drain valve in the amount of \$3,325.; and (5) authorize a leak detection survey be performed in December or January and annually thereafter. 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

Director Crow updated the Board on the status of the next newsletter. Mr. Phelps stated that he will add a notice to the newsletter about the Fort Bend County Recycle/Environmental Center. The Board requested that the website be updated regarding garbage collection.

## CONVERSION TO SURFACE WATER

Mr. Buck reviewed an Activity Report from Malcolm Pirnie, Inc. on the surface water treatment plant, a copy of which is attached. He updated the Board on approvals of the plans and specifications for the surface water plant from government agencies. He stated that he will notify the Board when approval is received from the Texas Commission on Environmental Quality ("TCEQ"). Mr. Buck updated the Board on the advertisement for bids for the surface water plant. He stated that the pre-bid conference is scheduled for December 1, 2009, and the bid opening is scheduled for December 15, 2009.

Mr. Kirby stated that J&C is reviewing the plans and specifications for the surface water plant and preparing a proposal for inspection services and contract administration.

Director Kluppel updated the Board on communications with Mr. Istre of the Gulf Coast Water Authority ("GCWA") regarding an Interlocal Agreement. He stated that representatives of the GCWA have indicated an agreement will be ready for District review in December.

Mr. Kavanaugh discussed a time schedule for the Series 2010 Bonds and recommended that the Board members meet with Moody's Investor Service in January.

## 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 Federal Emergency Management Agency ("FEMA") flood plain re-mapping. He added that FEMA has requested additional documentation from the District for certification of the levee. He added that J&C is preparing the documentation to submit to FEMA.

Mr. Kirby discussed the design of the Pecan Lakes flood plain protection system. He stated that FEMA has recommended the District wait to submit the CLOMR until the new FEMA maps become effective. The Board requested that Mr. Kirby finalize the CLOMR and bring it to the next meeting for Board approval. Mr. Kirby recommended that the new levee be designed once FEMA has approved the CLOMR.

Mr. Kirby discussed the possible placement of a flood control structure on Oyster Creek to create additional storage capacity for the surface water treatment plant. He stated that the structure would need to be designed to store additional water under normal conditions and release water during an extreme event. Mr. Kirby stated that J&C needs to study additional factors, including storage options, availability of water, and permitting matters, in order to evaluate a possible control structure. He stated that further study of a control structure will cost approximately \$6,000. After discussion, Director Crow moved to authorize J&C to evaluate a flood control structure at a cost of \$6,000. Director Kluppel seconded the motion, which carried unanimously.

Mr. Kirby updated the Board on construction of levee improvements to the existing levee. He stated that Paskey Incorporated is working on punch list items and turf establishment. Mr. Kirby stated that Paskey Incorporated requested an additional release of retainage and J&C does not recommend the additional release of retainage.

Mr. Kirby reported on the contract for the elevated storage tank recoating and repairs. He stated that J&C notified Williams Painting & Sandblasting that they were found in abandonment of the contract and the bonding company was notified. He added that bids were solicited for the removal and replacement of the broken tee fitting. Mr. Kirby stated that the low bid was submitted by G&N Enterprises, Inc. in the amount of \$6,650.00. He added that G&N Enterprises, Inc. will commence the repair on December 1, 2009.

Mr. Kirby updated the Board on the advertisement of bids for the recoating and repairs at water plant no. 3. He stated that bids will be presented at the December meeting.

Mr. Kirby updated the Board on the preparation of plans and specifications for natural gas generators for water plants no. 2 and 3 with alternate plans for diesel fuel. The Board requested that the plans be sent to Directors Taylor and Stolleis and the operator for review.

Mr. Kirby stated that J&C is preparing the District's Chapter 210 Effluent Reuse Application.

Mr. Kirby stated that J&C received comments from the TCEQ on the District's annual report for the MS4 Stormwater Management Plan. He added that J&C is preparing a response to the TCEQ.

Mr. Kirby updated the Board on the driveway realignment improvements at the intersection of FM 359 and Skinner Lane. He stated that TxDOT plans to replace the driveway where existing concrete is present and the District will need to fund replacement of the remaining portion of the driveway. The Board requested that Mr. Kirby prepare a cost estimate for relocation of the driveway easement.

Ms. Brook distributed for the Board's review an Advance funding Agreement for the Voluntary Local Government Contributions to Transportation Improvement Projects between the District and TxDOT for the FM 359, West of Farmer Road Project. The Board tabled any action on the Agreement.

Ms. Brook reviewed an Agreement for Out-of-District Service between the District and the Fort Bend County Independent School District ("FBISD"). After review and discussion, Director Crow moved to approve the Agreement for Out-of-District Service between the District and the FBISD, subject to final details being worked out with the consultants for the District and FBISD, and direct that the finalized Agreement be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which passed unanimously.

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. 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 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.

#### RESOLUTION EXPRESSING INTENT TO REIMBURSE OPERATING ACCOUNT

The Board took no action on this agenda item.

#### REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

Director Crow stated that he is evaluating the placement of trees on the slope behind Ms. Gray's home.

#### ATTORNEY'S REPORT

The Board discussed establishing meeting places at the Showalter Law Firm, 1117 FM 359, Suite 200, Richmond, Texas 77406-2013, and the office of SWWC Services, Inc., 12535 Reed Road, Sugar Land, Texas 77478. After review and discussion, Director Crow moved to adopt a Resolution Establishing Additional Out of District Meeting Places of the Board of Directors reflecting new out of District meeting places at the offices of the Showalter Law Firm, 1117 FM 359, Suite 200, Richmond, Texas 77406-2013 and the office of SWWC Services, Inc., 12535 Reed Road, Sugar Land, Texas 77478, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion. Upon the question being called,

Directors Taylor, Minchew, Kluppel, and Crow voted "Aye" and Director Stolleis voted "No" and the motion passed.

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

Director Kluppel reported on the meeting of the Fort Bend Flood Management Association (the "Association"). He stated that he will attend the next Association meeting on December 11, 2009. The Board concurred to post agendas for future Association meetings.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

REPORT ON SECURITY MATTERS

There was no discussion 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

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.

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Secretary, Board of Directors

(SEAL)

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