

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

October 24, 2017

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 October, 2017 at the Pecan Grove Country Club, Richmond, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

Chad Howard	President
Ryan Yokubaitis	Vice President
G.E. "Buddy" Kluppel	Secretary
Stephen D. Crow	Assistant Secretary/ Assistant Vice President
Charles D. Bertrand	Assistant Vice President/ Assistant Secretary

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

Also present at the meeting were residents of the District, some of which are listed on Exhibit A attached hereto; Tobin Synatschk, Bob Aylward and Grady Turner of Jones & Carter, Inc. ("J&C"); Marcus Campbell of Time & Season Property Management; Breah Campbell, Clayton Gallaway and Tracy Butcher of Environmental Development Partners, LLC ("EDP"); Melvin Moore of WCA Waste Corporation of Texas ("WCA"); Kathy Cruthirds of Tax Tech, Inc.; Jorge Diaz of McLennan & Associates, L.P. ("M&A"); and Lynne Humphries, Hannah Brook and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REMARKS FROM THE BOARD PRESIDENT

Director Howard opened the meeting at 5:34 p.m., welcomed attendees, and congratulated Director Yokubaitis on the birth of his daughter.

COMMENTS FROM THE PUBLIC

Mr. Menning requested an update regarding investigation of flooding of areas within the District not in Plantation, Sections 4 and 5 and asked if the flooding in other areas of the District was related to issues identified in LJA Engineering's analysis of drainage in Plantation, Sections 4 and 5.

Mr. Heitmann asked if J&C would be responsible for damage to personal property and resulting loss of property value.

CONSENT AGENDA

Director Howard offered Board members the opportunity to remove items from the consent agenda for individual discussion. Director Yokubaitis moved to approve all items on the consent agenda. Director Crow seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached, including the bookkeeper's report and the tax assessor collector's report.

ITEMS REMOVED FROM CONSENT AGENDA

There was no discussion for this agenda item.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Campbell reviewed a parks report, a copy of which is attached, and updated the Board on park reservations, maintenance and repairs in District parks.

Director Crow provided an update regarding schedules for planting of ligustrum bushes on the west side of Pitts Road from Winston Homestead to Landsdowne Drive.

SECURITY AND PUBLIC SAFETY MATTERS

No report was given.

OPERATIONS OF DISTRICT FACILITIES

Ms. Campbell reviewed the EDP operations report, a copy of which is attached, and which was provided in advance to the Board. Ms. Campbell discussed routine repairs completed. She reported previously approved water inflated proper protectors ("wipps") were purchased and are stored at the wastewater treatment plant for use during flooding events. Discussion ensued regarding other types of flood containment equipment and pricing for same.

Ms. Campbell also provided an update regarding previously approved replacement of communication between the surface water plant and ground water plants from radio to Virtual Private Network ("VPN") by GB Tech.

Mr. Galloway provided an update on EDP's survey of sanitary sewer manholes in the District to identify manhole repairs needed.

Discussion ensued regarding reports of manholes overflowing during Hurricane Harvey flooding.

Following review and discussion, upon a motion by Director Kluppel and a second by Director Crow, the Board voted unanimously to approve the operator's report.

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

The Board next conducted a hearing on the termination of utility service to delinquent accounts. Ms. Campbell reported that the residents on the delinquent list provided to the Directors 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 Kluppel 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 Crow seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Turner reviewed the engineering report, a copy of which is attached and was distributed to the Directors in advance of the meeting.

Mr. Turner first discussed the ongoing reliability assessment at the surface water treatment plant ("SWTP"). He said Cibor, Inc. completed a 35-foot boring near the low lift pump station to determine the degree of settlement and potential for more settlement at the pump station slab and submitted a preliminary report showing lack of proper dewatering and compaction during original construction. Mr. Turner said the report also indicated that the District can anticipate another inch to 1 ½ inches of settlement. Mr. Turner said Cibor recommends raising the concrete pads to prevent additional electrical damage of stress or torque on the valves at the pump station.

Mr. Turner next reported that J&C requested that the Fort Bend County Drainage District ("FBCDD") dredge portions of Bullhead Bayou internal to the District's levee, but FBCDD said the request will have to go through the Commissioner for Precinct 3. Discussion ensued regarding options available to the District and the Board concurred to request that J&C bring proposals with options and pricing to the November, 2017 meeting.

Mr. Turner updated the Board regarding installation of the north floodgate on FM 359 and schedules for delivery of the south gate. Mr. Turner presented Pay Estimate No. 1 in the amount of \$32,603.18, payable to Black Castle General Contract and Change Order No. 1 to add four days to the contract completion date. Following discussion, the Board determined that Change Order No. 1 is beneficial to the District.

Mr. Turner said the contractor installed three 12 inch drain lines to avoid utility lines near the Pecan Grove Baptist Church to improve a drainage swale at no cost to the District.

Mr. Turner next reported that J&C is working on pricing for a new gate on an existing manhole and inlet on the west side of FM 359 and recommended that the Board authorize the additional scope of work to install a new slide gate.

Mr. Turner said J&C will be onsite for the Club's final inspection to confirm that the full scope of work in the contract for drainage improvement in Plantation, Section 7 is completed to contract specifications.

Mr. Turner updated the Board regarding Jones Creek Slope Repairs and the District's application for reimbursement pending with the Natural Resources Conservation Service ("NRCS") and recommended that the Board authorize J&C to proceed with a new agreement between the District and NRCS for additional reimbursement amounts for the slope repair project, which is expanded due to Hurricane Harvey.

Mr. Turner reported the status of water plant no. 1 MCC Replacement and recommended the Board approve a certificate of acceptance.

Mr. Turner and Ms. Humphries discussed a previous request from the Jones Creek Business Park to modify an existing 50-foot access easement and the District's subsequent request that the landowner modify and resubmit plans so the proposed modification would not interfere with the District's access. Mr. Turner recommended the Board approve the proposed modified site layout for the Jones Creek Business Park. Discussion ensued and the Board concurred not to proceed as recommended by J&C and to request that the landowner remove the curve and show project pavement at grade and eliminate all encroachment into the easement.

Discussion ensued regarding earned over-conversion credits issued by the Fort Bend County Subsidence District and opportunities to sell the credits.

In response to Mr. Menning's inquiry, Mr. Turner said that J&C is investigating the impact of drainage issues in Plantation, Sections 4 and 5 on other areas in the District and will meet with Directors Howard and Yokubaitis to discuss J&C's initial analysis.

Following review and discussion, and based upon J&C's recommendation, upon a motion by Director Yokubaitis and a second by Director Crow, the Board voted unanimously to (1) approve the engineer's report; (2) approve pay estimates listed above; (3) approve the Change Orders listed and as discussed above, based upon the

Board's finding that the Change Order is beneficial to the District; (4) authorize the additional scope of work to install a new slide gate on the west side of FM 359; (5) authorize J&C to proceed with a new agreement between the District and NRCS for additional reimbursement for the Jones Creek Slope Repair project; and (6) approve a certificate of acceptance for water plant no. 1 MCC Replacement.

Mr. Turner introduced Mr. Aylward who addressed the audience and reported that J&C is developing procedures for residents of the District impacted by floodwater to submit claims to J&C for payment. He said J&C is still working on the details, but expects to send out program offer letters to flood affected residents within 2 weeks.

DISTRICT WEBSITE AND NEWSLETTER

Director Yokubaitis updated the Board regarding the fall newsletter.

REPORTS FROM DIRECTORS, COMMITTEES AND DISTRICT CONSULTANTS

There was no discussion for this agenda item.

ATTORNEY'S REPORT

The Board next considered an offer from JB Land Co, Inc. and Belcross, Inc. to convey approximately 11.83 acres to the District without charge. The Board also discussed obtaining a title policy for the tracts proposed for conveyance and the costs for the proposed title policy. Following review and discussion, Director Yokubaitis moved to authorize ABHR to review the proposed Special Warranty Deed submitted by the landowner and to obtain a title policy for the appraised value of the tracts. The motion was seconded by Director Bertrand and passed unanimously.

The Board discussed meeting schedules for November and December 2017 and concurred to meet on Tuesday, November 28, 2017 and December 19, 2017, both at 5:30 p.m.

Director Howard announced that the Board would take a short recess at 6:24 p.m.

The meeting reconvened at 7:02 p.m.

ADDITIONAL BOOKKEEPING MATTERS

Mr. Diaz presented handwritten check no. 10322 in the amount of \$49,310 payable to WCA for heavy debris removal. Following review and discussion, Director

Crow moved to approve the additional check. The motion, which was seconded by Director Kluppel, passed unanimously.

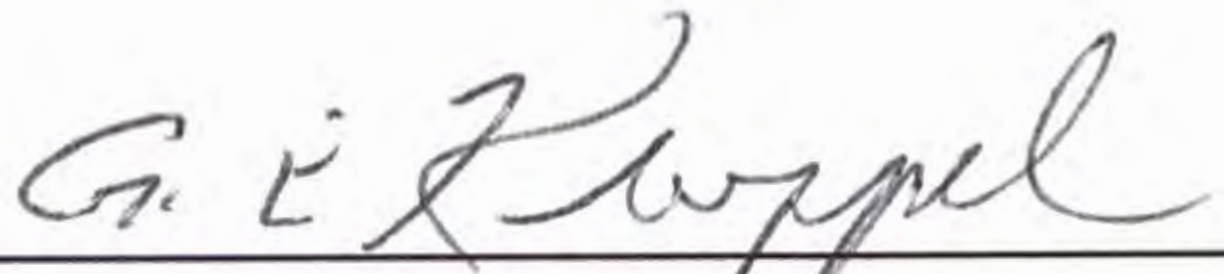
EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

Director Howard announced the Board would convene in executive session at 7:07 p.m. to conduct a private consultation with the District's attorney. ABHR was present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 8:00 p.m. Following discussion in executive session, Director Bertrand moved to approve a Settlement Agreement with J&C, as discussed in executive session, and authorize execution of same. The motion was seconded by Director Crow and passed unanimously.

There being no additional business to consider, the meeting was adjourned at 8:01 p.m.


Secretary, Board of Directors



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