

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

June 5, 2018

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 5<sup>th</sup> day of June, 2018 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:

Ryan Yokubaitis	President
Stephen D. Crow	Vice President
G.E. "Buddy" Kluppel	Secretary
Jean Gobar	Assistant Secretary
Charles D. Bertrand	Assistant Vice President

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

Also present at the meeting were former Board President, Chad Howard; residents of the District, some of which signed in and are listed on Exhibit A attached hereto; Marcus Campbell of Time & Season Property Management; Dave Ciarella of Enhanced Energy Services of America, LLC and a District resident; Sergeant William Bennett, Sergeant Michael Patterson and Sergeant Ian Cahill of Fort Bend County Sherriff's Department; Bill Dunning and Karen Sears of Storm Water Solutions, LLC ("SWS"); Trevor Royal of WCA Waste Corporation of Texas; Mike Ammel, Breah Campbell and Cheryl Shafer of Environmental Development Partners, LLC ("EDP"); Justin Ring, Phillip Huseman and Megan Crutcher of Odyssey Engineering ("Odyssey"); Howard Katz and Chief Joe Woolley of Pecan Grove Volunteer Fire Department ("PGVFD"); Pat Naff of CDC Unlimited, LLC; Autumn Phillips of Municipal Accounts & Consulting, LP ("MAC"); Kathy Cruthirds of Tax Tech, Inc.; and Lynne Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REMARKS FROM THE BOARD PRESIDENT

Director Yokubaitis opened the meeting at 5:30 p.m., welcomed attendees and made a presentation to Chad Howard recognizing him for his significant service to the District. Mr. Howard commented that it has been his pleasure to serve the District.

Director Yokubaitis also noted that Director Gobar was appointed to fill the remainder of the term for the seat vacated by Chad Howard when he sold his home and moved from the District.

## COMMENTS FROM THE PUBLIC

Mr. Ciarella provided an update on recent developments in energy markets, including a rate case against CenterPoint Energy that may result in a change to the way Centerpoint Energy charges for high energy usage at the District's storm water pumps.

Ms. Hale-Erlich asked if the Board would authorize the District engineer to review the hydrologic modeling prepared for development of Harvest Green to confirm that the assumptions used were all reasonable and appropriate. She also expressed concern regarding increased runoff from upstream development that will flow into Oyster Creek.

## CONSENT AGENDA

Director Yokubaitis offered Board members the opportunity to remove items from the consent agenda for individual discussion. Director Kluppel moved to approve all items on the consent agenda, with the exception of item g. Director Bertrand seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

## ITEMS REMOVED FROM CONSENT AGENDA

Director Bertrand requested that the Board defer renewal of the District's insurance policies until the June 26, 2018 Board meeting. He also requested that the District engineer review the coverages for 4 specific insured facilities to confirm that flood coverages are sufficient and that the Board review options for excess flood coverage for those 4 locations. Mr. Ring said Odyssey would follow up with the District's insurance agent and provide excess coverage recommendations at the June regular Board meeting.

## ADDITIONAL BOOKKEEPING ITEMS

The Board concurred to pull check no. 10717 and hold payment of insurance premiums pending the Board's decision at the June 26, 2018 Board meeting regarding insurance renewals and options.

## SECURITY AND PUBLIC SAFETY MATTERS

Sergeant Bennett reported regarding District patrol and security since the last Board meeting and introduced Sergeant Patterson as the new contract contact for the District.

Chief Woolley provided an update regarding PGVFD activity and events since the last Board meeting in the PGVFD service area.

#### DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Campbell reviewed the parks report, a copy of which is attached and discussed ongoing maintenance in District parks.

Mr. Campbell and Mr. Dunning next reported issues with aerators in Bullhead Slough. Mr. Dunning presented a proposal to repair 2 seals for an estimated cost of \$2,048.96. Discussion ensued regarding original purchase/installation dates for the aerators, warranty periods and factory specifications for minimum water depth required for proper operations of the aerators. Mr. Dunning noted that depth in the slough is altered by sediment deposits from Hurricane Harvey. Following review of photographs and discussion, the Board concurred to request that SWS work with Odyssey and the drainage committee to prepare and present options to the Board at the June 26, 2018 Board meeting to resolve ongoing issues with aerators and slough water depth without compromising any detention volume.

#### PUBLIC HEARING ON PROPOSED TAX EXEMPT FINANCING PURSUANT TO IRS SECTION 147(f) AND ADOPT IRS SECTION 147(F) RESOLUTION

Director Yokubaitis open the hearing at 6:05 p.m. to allow the public an opportunity to comment on the proposed issuance and sale of a tax-exempt Promissory Note by the PGVFD to finance the acquisition of one (1) new Engine, and rescue and extrication tools and equipment, in an amount not greater than \$600,000.00, to be acquired by PGVFD for the benefit of and pursuant to PGVFD's contract with the District and PGVFD's service territory.

Mr. Menning requested information regarding the total cost of the truck, the debt service and the source of funding, to which Chief Woolley responded.

Mr. Metcalf asked if fire service fees would be increased to repay the debt, to which Chief Woolley and Mr. Katz responded that none are planned or expected at this time.

There being no additional comment from the public concerning the proposed financing, Director Yokubaitis closed the hearing at 6:13 p.m.

Mr. Katz presented and reviewed an IRS Section 147(f) Resolution authorizing the issuance. Following review and discussion, upon a motion by Director Kluppel and a second by Director Bertrand, the Board voted unanimously to approve the issuance by the PGVFD, as discussed above, and approve the associated resolution.

## 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 water accountability for the month of May, 2018 and introduced Cheryl Shafer as a new administrative assistant in EDP's office. Mr. Ammel also provided an update regarding recent reports of "blue" water and said EDP has fully investigated the reports, identified the source of discoloration as blue food coloring used in amenity lakes and determined that the District's water source was not compromised and remains safe to drink.

Mr. Ammel reported that Tracey Butcher is no longer with EDP and said he will follow up with the Board at the June 26, 2018 Board meeting regarding Mr. Butcher's replacement.

Ms. Campbell and Mr. Ammel discussed routine repairs completed and requested authorization for EDP to complete the following:

1. Repair of blower no. 9 at the wastewater treatment plant for an estimated cost of \$2,900;
2. Repair of lift pump no. 1 at lift station no. 6 for an estimated cost of \$9,165;
3. Installation of a power cable tensioning system on 5 pumps at the south storm water pump station for an estimated amount of \$7,000 per pump for a total estimated cost of \$35,000;
4. Installation of a power cable tensioning system on 2 pumps at the north storm water pump station for an estimated amount of \$7,000 per pump for a total estimated cost of \$14,000; and
5. Installation of a power cable tensioning system on 2 pumps at the Pecan Lakes storm water pump station for an estimated cost of \$7,000 each for a total estimated cost of \$14,000.

Following review and discussion, upon a motion by Director Crow and a second by Director Gobar, the Board voted unanimously to (1) approve the operator's report; and (2) approve the repairs and installations listed above, along with related Master Services Agreements or amendments thereto.

Ms. Campbell updated the Board regarding the status of implementing EDP's new billing system. The Board concurred to request that EDP provide the District customers information regarding the new bill format as an insert to the next utility bill.

## 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 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 Gobar seconded the motion, which passed unanimously.

## ODYSSEY ENGINEERING MATTERS

Ms. Crutcher responded to Ms. Hale-Erlich's earlier question and discussed Fort Bend County's drainage analysis review and approval process. Discussion ensued regarding ongoing studies conducted on behalf of the Brazos River Authority and modeling systems used for flood map revisions.

Mr. Ring and Ms. Crutcher next reviewed the Odyssey engineering report, a copy of which is attached and was distributed to the Directors in advance of the meeting.

Mr. Ring discussed the status of design for rehabilitation for lift station nos. 4 and 7.

Discussion ensued regarding Odyssey's recent conversations with the Pecan Lakes Homeowner's Association ("PLHOA") regarding the need for inclusion of a PLHOA makeup remote water well in a Groundwater Reduction Plan. Mr. Ring said he is working the PLHOA to assess the PLHOA's water usage for the remote well and will follow up regarding whether it can offer the PLHOA the opportunity to joint the District's Groundwater Reduction Plan.

Mr. Ring next discussed an inquiry from Fort Bend Municipal Utility District Nos. 134D and 134E ("Harvest Green") regarding proposed joint maintenance of drainage swales between the District and Harvest Green. Mr. Ring said Harvest Green proposes to fill and regrade some of the areas outside the District's levee that are currently holding water to improve the drainage and facilitate better maintenance. Following discussion, the Board concurred to authorize Odyssey to follow up with Harvest Green to let them know the Board is interested and would review their proposal if they would like to suggest a plan.

Ms. Crutcher then reported the status of fabrication of flap gates for the south pump station and requested authorization to advertise for bids for the installation of the gates. Discussion ensued regarding deferring mobilization until October, 2018 to avoid construction during the 2018 hurricane season.

Ms. Crutcher next reported the status of the District's application to the National Resources Conservation Service ("NRCS") for Jones Creek slope repairs and an estimated date of delivery for a second geotechnical survey of Jones Creek, as authorized by the Board at the May 8, 2018 meeting. In response to an inquiry from Director Crow, Ms. Crutcher said funds to repair the outfall structure on Jones Creek were not requested as part of the District's current request for funding from the NRCS.

Mr. Ring discussed investigation of drainage at the intersection of Victorian Gardens Drive and Old South Drive and requested that the Board authorize an estimated expense of \$3,000 to survey the intersection to get current topographic information.

Ms. Crutcher discussed the levee expansion project in Plantation, Sections 4 and 5 and recommended the Board approve Pay Estimate No. 2 in the amount of \$36,662.62, payable to R&T Ellis Excavating, Inc.

Mr. Ring then reviewed a proposal in the amount of \$5,500 from AAA Flexible Pipe Cleaning to televise the sanitary sewer located on Austin Colony Drive to check for infiltration issues or potential line breaks and an associated Services Agreement.

Following review and discussion, and based upon Odyssey's recommendation, upon a motion by Director Crow and a second by Director Kluppel, the Board voted unanimously to (1) approve the engineer's report; (2) authorize advertisement for bids for installation of flap gates for the south pump station; (3) authorize an estimated expense of \$3,000 to survey the intersection of Victorian Gardens Drive and Old South Drive; (4) approve pay estimates, as presented and discussed above; and (5) approve a proposal in the amount of \$5,500 from AAA Flexible Pipe Cleaning to televise the sanitary sewer located on Austin Colony Drive and an associated Services Agreement.

#### DISTRICT WEBSITE AND NEWSLETTER

Director Bertrand reported on photos of District facilities will be added to the District website.

#### REPORTS FROM DIRECTORS, COMMITTEES AND DISTRICT CONSULTANTS

There was no discussion for this agenda item.

ATTORNEY'S REPORT

There was no discussion for this agenda item.

BOARD LIASIONS AND COMMITTEES

The Board discussed and revised the District's Board liaisons and committees.

Director Yokubaitis announced that the Board would take a brief break at 7:22 p.m. before convening in executive session.


EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

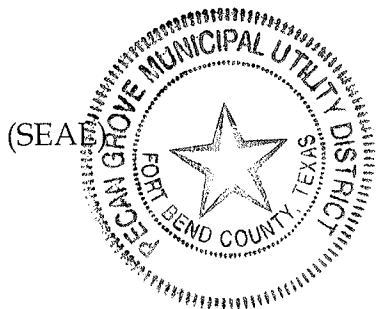
Director Yokubaitis announced the Board would convene in executive session at 7:30 p.m. to conduct a private consultation with the District's attorney. ABHR was present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 8:18 p.m. Following discussion in executive session, Director Crow moved to (1) authorize Harris Hilburn, LP to proceed with mediation on June 20, 2018, as discussed; (2) authorize Odyssey to prepare a Certificate of Merit, as discussed; and (3) authorize Harris Hilburn, LP to prepare a petition for suit for filing with the Fort Bend County District Clerk on June 21, 2018, as discussed, if no settlement is reached at the District's mediation with Jones & Carter, Inc. on June 20, 2018. The motion was seconded by Director Kluppel and passed unanimously.

There being no additional business to consider, the meeting was adjourned at 8:20 p.m.

  
Secretary, Board of Directors



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