

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

January 29, 2019

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 29th day of January, 2019 at the Pecan Grove Baptist Church, 1727 FM 359, 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: residents of the District, some of which signed in and are listed on Exhibit A attached hereto; David Ciarella, District resident, who also is a representative of the District's energy consultant, Enhanced Energy Services of America, LLC; Breah Campbell, Russell Piper and Cheryl Shafer of Environmental Development Partners, LLC ("EDP"); Assistant Chief Billy Hoyt of Pecan Grove Volunteer Fire Department; Justin Ring and Phillip Huseman of Odyssey Engineering ("Odyssey"); Karen Sears of Storm Water Solutions, LP; Pat Naff of CDC Unlimited, LLC; Kathy Cruthirds of Tax Tech, Inc.; Trevor Royal of WCA Waste Corporation of Texas; Marcus Campbell of Time & Season; Deputy Watkins of the Fort Bend County Sherriff's Department; Mark McGrath of McGrath & Co., PLLC; Joel Cleveland of Jeanne H. McDonald, P.C.; David Smith, President of the Board of Fort Bend Municipal Utility District No. 140 ("MUD NO. 140"); Ron Dechert of Costello, Inc.; Simon VanDyk and Michael Willett of Touchstone District Services; Christina Perry, Bob Jarmon and Mary Jarmon of Myrtle Cruz, Inc.; and Hannah Brook, and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

Director Yokubaitis announced the Board would convene in executive session at 4:05 p.m. to conduct a private consultation with the District's attorney regarding litigation. ABHR and Britton Harris were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 5:10 p.m. No action was taken by the Board.

REMARKS FROM THE BOARD PRESIDENT

Director Yokubaitis opened the public meeting at 5:30 p.m. and welcomed attendees.

COMMENTS FROM THE PUBLIC

Mr. Menning reported street lighting needed at the intersection of Pitts Road and Morton League Road and requested assistance reporting it to, and requesting assistance from, Fort Bend County.

Ms. Bergalia, on behalf of the Pecan Grove Property Owner's Association ("POA") requested assistance and advice regarding design and planning for a proposed renovation of the POA playground at Windmill Drive and Plantation Drive (the "POA Park").

Mr. Cleveland said he, Mr. Dechert and Mr. Smith are attending to follow up with the Board regarding a previous request from MUD No. 140 to install a flap gate on the outfall at FM 359 and Jones Creek and will be available to answer questions on this item during the engineering report.

CONSENT AGENDA

Director Yokubaitis 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, with the exception of agenda items 5 (d) and 5 (e). Director Kluppel 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

Discussion ensued regarding maintenance of Bullhead Slough. The Board then concurred to defer discussion regarding agenda items 5 (d) and 5 (e) until the February, 2019 regular meeting.

ADDITIONAL BOOKKEEPING ITEMS

Ms. Perry reported an additional check written after the bookkeeping report was issued in the amount of \$50 to the Brazos River Authority for preparation of an

assignment of 700-acre feet of raw water to the Gulf Coast Water Authority. She also discussed checks written from the capital project account (Series 2010 surplus) which will be reversed and paid from the operating account pending approval of a change of use and for use of surplus funds from the Texas Commission on Environmental Quality ("TCEQ").

AUDIT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2018

Mr. McGrath reviewed a draft audit for the fiscal year ending September 30, 2018. Upon a motion made by Director Kluppel, seconded by Director Bertrand, the Board voted unanimously to approve the audit and management letter, subject to final review and comments.

SECURITY AND PUBLIC SAFETY MATTERS

Deputy Watkins discussed security patrol in the District and discussion ensued regarding how calls are coded to the District patrol reports. Director Gobar said that all calls that code to the District are reported and additional discussion ensued regarding further analysis of the calls reported.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Campbell reviewed a written parks report, a copy of which is attached, and discussed ongoing repairs, improvements and projects, including an update on installation of monument signs in Memorial Park and Pecan Grove Park.

Mr. Campbell reviewed Storm Water Solutions' report regarding ongoing efforts to resolve electrical supply to aerator issues in Bullhead Slough and maintenance and repairs in Bullhead Slough. Ms. Sears asked if the Board wanted a proposal to clean out the dead vegetation. The Board concurred to review the proposal at the next meeting. Director Yokubaitis also confirmed that the Board wants the aeration timers in Bullhead Slough to run from 12:00 a.m. to 5:00 a.m.

Mr. Campbell said he has spoken to the POA regarding proposed improvements to the POA park.

OPERATIONS OF DISTRICT FACILITIES

Mr. Piper reviewed the EDP operations report, a copy of which is attached, and which was provided in advance to the Board. Mr. Piper also discussed water accountability for the month of January, 2019.

Director Yokubaitis informed residents attending the meeting that repairs considered under the monthly sidewalk repair agenda item are reported to EDP for

evaluation on a case by case basis and repairs are addressed on a prioritized schedule, subject to availability of funds.

Mr. Piper next discussed the status of previously approved repair and maintenance items and requested authorization to complete the following work:

1. Replacement of the bench top turbidimeter at the surface water treatment plant for an estimated amount of \$4,500;
2. Purchase of a back up chlorine dioxide pump at the surface water treatment plant for an estimated cost of \$4,700;
3. Repair of sludge well pump no. 2 at the surface water treatment plant for an estimated cost of \$3,700;
4. Replacement of the backwash clarifier sludge pump no. 1 at the surface water treatment plant for an estimated cost of \$11,000;
5. Purchase of a replacement lift pump no. 2 for lift station no. 3 for an estimated cost of \$9,500;
6. Replacement of the non-potable water pump rotator assembly at the wastewater treatment plant for an estimated cost of \$3,400;
7. Replacement of the RAS pump motor no. 3 at the wastewater treatment plant for an estimated cost of \$3,700; and
8. Replacement of multiple parts on the south storm water pump station generator for an estimated amount of \$11,400.

Following review and discussion and upon the recommendation of EDP, Director Crow moved to (1) approve the operator's report; and (2) approve all repairs, replacements and purchases, as requested and discussed, above. Director Bertrand seconded the motion which passed unanimously.

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

The Board next conducted a hearing on the termination of utility service to delinquent accounts. Mr. Piper 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 Bertrand seconded the motion, which passed unanimously.

ODYSSEY ENGINEERING MATTERS

Mr. Ring reviewed the Odyssey engineering report, a copy of which is attached and was distributed to the Directors in advance of the meeting. Mr. Ring and Mr. Huseman provided an update regarding ongoing engineering and construction projects.

Mr. Ring reported regarding geotechnical analysis and the status of final structural design of Jones Creek slope repairs and Pecan Lakes slope failure, Phase 1 and Phase 2. He next reviewed an application to the United States Army Corps of Engineers ("USACE") for permitting of the existing rip rap in Jones Creek and the proposed non-jurisdictional improvements related to the proposed Jones Creek stabilization project and requested authorization to submit the application to the USACE.

Mr. Ring next reported findings in the topographic survey of the Mason Road levee, recommended adjustment to the levee between FM 359 and Farmer Road and requested authorization to begin design of the proposed levee improvements.

Mr. Ring updated the Board regarding construction of levee expansion/improvements in Plantation, Sections 4 & 5 and recommended the Board approve Pay Request No. 4 and Final in the amount of \$19,187.60, payable to R&T Ellis Excavating, Inc. Mr. Ring next reviewed and recommended approval of Change Order No. 2 to the contract with R&T Ellis Excavating, Inc. for to decrease the contract in the amount of \$2,000. Based upon Mr. Ring's recommendation, the Board determined that Change Order No. 2 is beneficial to the District.

Mr. Ring stated that bids were received for improvement and rehabilitation of lift station no. 4. Mr. Ring recommended that the Board award the contract to Sustanite Support Services ("Sustanite") in the amount of \$225,000. Based upon Mr. Ring's recommendation, the Board concurred that, in its judgment, Sustanite was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Ring reviewed an application to the Texas Commission on Environmental Quality ("TCEQ") requesting a change in scope and authorization to reallocate use of surplus funds from the District's Series 2010 Unlimited Tax Water Bonds previously approved for use by the in 2015.

Mr. Dechert discussed MUD No. 140's proposed flap gate installation. Mr. Smith requested that the Board consider and support MUD No. 140's proposal. Mr. Dechert and Mr. Cleveland said that the proposed improvement will isolate any outfall to MUD No. 140 and will not affect the District. Following discussion, the Board concurred to authorize MUD No. 140 to move forward and coordinate any necessary agreements with ABHR and Odyssey.

Following review and discussion, and based upon Odyssey's recommendation, upon a motion by Director Crow and a second by Director Gobar, the Board voted unanimously to (1) approve the engineer's report; (2) authorize Odyssey to submit an application to the USACE for permitting of the existing rip rap in Jones Creek and the proposed non-jurisdictional improvements related to the proposed Jones Creek stabilization project; (3) authorize Odyssey to begin design of the proposed Mason Road levee improvement; (4) approve Pay Request No. 4 and Final in the amount of \$19,187.60, payable to R&T Ellis Excavating, Inc., for levee expansion/improvements in Plantation, Sections 4 & 5 and accept the facilities as final; (5) approve Change Order No. 2 in the amount of \$2,000 as a decrease to the contract with R&T Ellis Excavating, Inc., based upon the Board's finding that the Change Order is beneficial to the District and the engineer's recommendation; (6) award a contract for construction of improvement and rehabilitation of lift station no. 4 to Sustanite in the amount of \$225,000, based upon the engineer's recommendation and subject to approval of the payment and performance bonds and review of the certificate of insurance and endorsements, if any, provided by the contractor; and (7) approve a Resolution Authorizing Application to the TCEQ for Approval Of Change In Project Scope and to Request Use of Surplus Funds.

Director Yokubaitis commented regarding funding capital improvements, including a possible bond and maintenance tax election to fund future capital improvements.

SECURITY AND PUBLIC SAFETY MATTERS (continued)

Assistant Chief Hoyt reported regarding fire protection in the District and PGVFD activity since the last Board meeting.

DISTRICT WEBSITE AND NEWSLETTER

The Board reviewed emails received through website and discussed posting an annual energy consumption on the District website. Director Bertand and Director Crow updated the Board regarding completion of an updated metrics analysis report and posting same on the District website. Ms. Campbell said she would bring a proposal for preparation of a newsletter to the February, 2019 board meeting. Following review and discussion, Director Crow moved to authorize posting of the annual energy consumption report on the District website. The motion was seconded by Director Gobar and passed unanimously.

SURFACE WATER MATTERS AND REPORTS FROM DIRECTORS, COMMITTEES AND DISTRICT CONSULTANTS

Directors Crow and Bertand reported regarding the Association of Water Board Directors winter conference and legislative updates reported at the conference.

ATTORNEY'S REPORT

There was no additional discussion for this agenda item.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

Director Yokubaitis announced the Board would reconvene in executive session at 7:12 p.m. to conduct a private consultation with the District's attorney regarding litigation. ABHR and Odyssey were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 7:33 p.m. Following discussion in executive session, Director Kluppel moved to authorize Burdine Wynne LLP to issue notice, as discussed in executive session. Director Crow seconded the motion, which passed unanimously.

There being no additional business to consider, the meeting was adjourned.


Secretary, Board of Directors

(SEAL)



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