

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

June 2, 2015

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 2nd day of June, 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:

Chad Howard	President
Ryan Yokubaitis	Vice President
Buddy Kluppel	Secretary
Randy Vance	Assistant Vice President/ Assistant Secretary
Kirk Boyd	Assistant Vice President/ Assistant Secretary

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

Also present at the meeting were residents of the District listed on Exhibit A attached hereto; Grady Turner and Scott Saenger of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Blake Kridel of Storm Water Solutions, LP ("SWS"); Mike Ammel and Breah Campbell of Environmental Development Partners, L.L.C. ("EDP"); Pat Naff of CDC Unlimited, LLC; Shirley McLennan of McLennan & Associates, L.P.; Sergeant Jean Gobar and Deputy Jordan Kelly of Fort Bend County Sheriff's Office; Marcus Campbell of Time and Season Property Management ("Time & Season"); Chief Joe Woolley and Chuck Bertrand of Pecan Grove Volunteer Fire Department ("PGVFD"); Ryan Niles of Arenosa Development; Greg Lentz of First Southwest Company; and Lynne Humphries, Hannah Brook and Jane Miller of Allen Boone Humphries Robinson LLP.

REMARKS FROM THE BOARD PRESIDENT

Director Howard opened the meeting at 6:00 p.m. and welcomed attendees.

COMMENTS FROM THE PUBLIC

Mr. Paul Metcalf inquired regarding development of a District dog park and requested information regarding total rainfall in the District during the recent heavy rain/flooding events.

Mr. Crow commended EDP for efficient operations and District facility/levee oversight during the recent heavy rain/flooding events.

Ms. Hale-Erich also commended EDP's and J&C's work during recent heavy rain/flooding events. She reported the intersection of Plantation Drive and Deerfield Drive flooded on the evening of Memorial Day and urged the Board to move forward with drainage improvements planned for Plantation, Sections 4 and 5 as quickly as possible.

CONSENT AGENDA

Director Howard 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 b. Director Yokubaitis 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 Howard discussed the District's insurance policy renewal and an increase in the overall premium by \$1,500 due to increased property/equipment values. Following review and discussion, Director Kluppel moved to accept the proposal for renewal of insurance through SIG/McDonald & Wessendorff Insurance. Director Yokubaitis seconded the motion, which passed unanimously.

SERIES 2015 UNLIMITED TAX BONDS

Mr. Lentz recommended that the Board appoint Bank of New York Mellon, N.A. to be the Paying Agent/Registrar for the Series 2015 Bonds. Director Kluppel then moved that the Board appoint Bank of New York Mellon, N.A. to be the Paying Agent/Registrar for the Series 2015 Bonds. Director Yokubaitis seconded the motion, which carried unanimously.

Ms. Humphries stated that pursuant to an Order of the Texas Commission on Environmental Quality ("TCEQ") the District will be required to escrow funds from the Series 2015 bonds. Ms. Humphries reviewed an Escrow Agreement between the District and Central Bank. Following review and discussion, Director Kluppel moved to approve the Escrow Agreement and direct that the Agreement be filed appropriately and retained in the District's official records. Director Vance seconded the motion, which passed unanimously.

Mr. Lentz reviewed the Preliminary Official Statement and notice of sale ("POS"). After review and discussion, Director Kluppel moved that the Board approve the POS, subject to final review by consultants. Director Vance seconded the motion, which carried unanimously.

Mr. Lentz discussed the requirements for advertising for the sale of the bonds and requested authorization to advertise. After review and discussion, Director Kluppel moved that the Board authorize the financial advisor to advertise the sale of the bonds and schedule the bond sale for June 30, 2015 at 6:00 p.m., which is the District's regular June meeting. Director Vance seconded the motion, which carried unanimously.

The Board also considered engaging the District auditor, Sandersen Knox & Co., LLP, to prepare a developer reimbursement report for funds to be reimbursed to Arenosa Development, LLC for certain facilities constructed to serve The Terrace at Pecan Grove. Following review and discussion, Director Kluppel moved to authorize engagement of Sandersen Knox & Co., LLP, to prepare a developer reimbursement report for the District's Series 2015 Bonds. Director Vance seconded the motion, which passed unanimously.

SECURITY AND PUBLIC SAFETY MATTERS

Sgt. Gobar reported on patrol and security since the Board's last regular meeting, including recent change of patrol hours. She also commended EDP for work during the recent flooding event.

Chief Woolley discussed VFD activity since the last meeting, updated the public regarding the District's proposed fire plan application pending with the Texas Commission on Environmental Quality ("TCEQ") and reported on PGVFD's meetings with Fort Bend County Municipal Utility District No. 118 ("Waterside") to discuss Waterside filing a simultaneous fire plan application with the TCEQ. Discussion ensued regarding possible schedules for approval of the proposed fire plan by the TCEQ, election schedules following TCEQ approval of the proposed fire plan, and coordinated efforts to distribute information regarding the proposed fire plan and schedule of events leading up to an election.

Sgt. Gobar and Deputy Kelly left the meeting.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Campbell reviewed a parks report, a copy of which is attached, updated the Board on maintenance and repairs in District parks and discussed reservations. Mr. Crow reported a tree lost on the levee trail and Mr. Ross recommended that Time & Season install a brace underneath a heavy pecan tree limb.

There were no items in the park report that required Board action.

BULLHEAD BAYOU

Mr. Kridel discussed the water quality in Bullhead Bayou and reported the fountains were pulled in May to remove debris causing aerators to overload and shut down. Discussion ensued regarding possible replacement of control panel components to mechanical style to alleviate automatic overload and shut down. Mr. Kridel also discussed debris on impellers and said SWS will check the screens when out to check on motors next and make a recommendation.

OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of April, 2015, a copy of which is attached, and which was provided in advance to the Board.

Directors Howard and Kluppel commended EDP and J&C for recent flood event operations on behalf of the Board.

Mr. Ammel discussed monitoring of the Brazos River during the recent flood event and said no property flooding or damage reports were received, other than a possible lightning strike to the antennae at the surface water treatment plant. Mr. Ammel also discussed rainfall measurements across the District and said he will discuss calibrating District gauges at a meeting of the Fort Bend County Office of Emergency Management meeting on Friday.

Ms. Campbell reported on the status of maintenance and repairs made during the month, and recommended the Board approve the following repairs:

1. Inspection of the surface water treatment plant Pall System for a price quoted in the amount of \$7,520;
2. Repair of booster pump no. 1 at water plant no. 3 in the amount of \$4,865 plus \$1,200 for operator time and materials; and
3. Repair of lift pump no. 2 at lift station no. 7 in the amount of \$8,158 plus \$1,000 for operator time and materials.

Ms. Campbell also discussed order of a Terrain 250 electric golf cart for use at the surface water treatment plant to be paid for from surplus funds approved by the TCEQ and said EDP is working with Director Yokubaitis to identify and order a backhoe, which will also be paid for from surplus funds approved by the TCEQ.

Mr. Ammel also discussed a pending insurance claim for a surge event at the surface water treatment plant on May 30, 2015. He said EDP is assessing damages and will report back to the Board.

Mr. Ammel reported a sanitary sewer overflow event on May 21 at Old South and Plantation Drive and said EDP has filed required reports with the TCEQ. He also reported a lead copper monitoring violation and said EDP is working with TCEQ to provide documents requested by the TCEQ.

The Board also discussed "No Trespassing" signs for the Pecan Lakes levee and Director Howard asked that Mr. Naff mow the levee as soon as weather permits.

Following review and discussion, Director Kluppel moved to (1) approve the operations report; and (2) approve the repairs listed above. Director Vance 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. 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 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 Vance seconded the motion, which passed unanimously.

ENGINEERING MATTERS

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

Mr. Turner reported the District monitoring and operations plan has been approved by the TCEQ and can be removed from future agendas.

Mr. Turner discussed and requested authorization to begin design of the following projects:

1. Sanitary sewer cleaning and televising all major sanitary sewer lines in Plantation 6, 7, 8, 9 and 10 and Greens Sections 1 and 2; and
2. Water plant no. 1 MCC replacement.

Mr. Turner then discussed the status of bids for improvements at the wastewater treatment plant and requested authorization to meet with a subcommittee to discuss programming services for future construction projects and other general maintenance

needs. Following discussion, the Board concurred to authorize J&C to meet with a subcommittee of Directors Kluppel and Vance and representatives from EDP.

Mr. Turner next discussed the status of design of improvements for lift station no. 8 and requested authorization to advertise for bids.

Mr. Turner next reported regarding installation of additional security fencing at the surface water treatment plant and recommended the Board approve payment in the amount of \$7,000 to Clements Fencing. Director Vance commented on security improvements made at the plant by the Board. Mr. Ammel noted 6 security cameras were damaged during the recent heavy rain event and said an insurance claim has been submitted.

The Board next discussed the status of design of drainage improvements for The Grove, Sections 4&5. Discussion ensued regarding the status of acquisition of drainage right of way and funding for the planned improvements. Following discussion, the Board concurred to authorize the District engineer to advertise for bids for construction of drainage improvements to serve The Grove, Sections 4 & 5. The Board also concurred to place an agenda item on the June agenda to schedule budget and drainage workshop meetings.

Mr. Turner next reported on the status of design of drainage improvements for Plantation Section 7 and requested the Board approve payment in the amount of \$18,000, payable to Sustainable Sports Solutions for preliminary revised plans.

Mr. Turner next discussed improvements at lift station no. 2, including additional bypass pumping time required, and recommended the Board approve Pay Estimate No. 4 in the amount of \$31,581, payable to McDonald Municipal and Industrial and a change order in the amount of \$4,300 for the contractor to furnish a plug for the remainder of the project, including maintenance of the plug and clean up and repair of damages from leaks. Discussion ensued regarding fencing at lift station no. 2 and possible landscaping/screening on the side slope down to the pond.

Mr. Niles updated the Board regarding the status of construction of water, sewer and drainage facilities to serve The Terrace at Pecan Grove.

The Board next discussed the TCEQ's Order Approving an Engineering Project and the Issuance of \$3,700,000 in Unlimited Tax Bonds and requirement to escrow funds for 2 tracts necessary for drainage improvements in The Grove, Sections 4 & 5. Ms. Humphries presented a Resolution Authorizing Application to the Texas Commission on Environmental Quality Requesting Release of Funds from Escrow.

Following review and discussion, upon a motion by Director Yokubaitis and a second by Director Kluppel, the Board voted unanimously to (1) approve the engineer's report; (2) authorize J&C to design sanitary sewer cleaning and televising all major sanitary sewer lines in Plantation 6, 7, 8, 9 and 10 and Greens Sections 1 and 2; and water plant no. 1 MCC replacement; (3) authorize J&C to advertise for bids for improvements for lift station no. 8, drainage improvements to serve The Grove, Sections 4 & 5; (4) approve payment in the amount of \$7,000 to Clements Fencing for installation of additional security fencing at the surface water treatment plant; (5) approve payment in the amount of \$18,000, payable to Sustainable Sports Solutions for preliminary revised plans for drainage improvements in Plantation, Section 7; (6) approve Pay Estimate No. 4 in the amount of \$31,581, payable to McDonald Municipal and Industrial and a change order in the amount of \$4,300 for the contractor to furnish a plug for the remainder of the project, including maintenance of the plug and clean up and repair of damages from leaks for improvements at lift station no. 2; and (7) approve a Resolution Authorizing Application to the Texas Commission on Environmental Quality Requesting Release of Funds from Escrow.

DISTRICT WEBSITE AND NEWSLETTER

Director Yokubaitis and Ms. Campbell discussed delivery of the next newsletter and posting rainfall and river levels on the District website.

Ms. Humphries and Mr. Ammel discussed with the Board website posting and information sharing during emergency events. Following review and discussion, Director Howard moved to authorize District consultants to receive, make recommendations to the Board and post emergency notifications to the public on the District website to keep residents informed during emergency events. Director Kluppel seconded the motion, which passed unanimously.

REPORTS FROM DIRECTORS, COMMITTEES, AND DISTRICT CONSULTANTS REGARDING CORRESPONDENCE AND/OR REPORTS RECEIVED DURING THE MONTH AND EVENTS AND ACTIVITIES ATTENDED DURING THE MONTH AND ATTORNEY'S REPORT

Director Kluppel reported regarding Brazos River Authority and Gulf Coast Water Authority matters.

Director Howard reported the annual National Association of Flood & Stormwater Management Agencies ("NAFSMA") levee conference is in Wyoming in August. The Board determined no one could attend.

The Board noted its next regular meeting is on June 30, 2015 at 6:00 p.m.

The Board discussed the upcoming Association of Water Board Directors ("AWBD") summer conference. Director Howard stated this year there are no conference sessions after lunch on Saturday and recommended the Board only approve Thursday and Friday nights for hotel reimbursement. After discussion, Director Vance moved to authorize a maximum of 3 per diems, 2 hotel nights and actual expenses for all directors who attend the AWBD summer conference, noting that reimbursements must meet the requirements of the District's Travel Reimbursement Guidelines. The motion was seconded by Director Howard, and passed unanimously.

Director Howard requested an item on the June regular meeting agenda to discuss electricity service/rates.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO (1) SEEK ADVICE ON PENDING OR CONTEMPLATED LITIGATION, INCLUDING CONDEMNATION PROCEEDINGS, AND (2) MATTERS IN WHICH THE DUTY OF THE ATTORNEY UNDER THE TEXAS DISCIPLINARY RULES OF PROFESSIONAL CONDUCT CONFLICT WITH CHAPTER 551 TEXAS GOVERNMENT CODE AND SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO (1) SEEK ADVICE ON PENDING OR CONTEMPLATED LITIGATION, INCLUDING CONDEMNATION PROCEEDINGS, AND (2) MATTERS IN WHICH THE DUTY OF THE ATTORNEY UNDER THE TEXAS DISCIPLINARY RULES OF PROFESSIONAL CONDUCT CONFLICT WITH CHAPTER 551 TEXAS GOVERNMENT CODE

Director Howard announced the Board would convene in executive session at 7:33 p.m. to conduct a private consultation with the District's attorney to seek advice on litigation matters. J&C consultants also were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 7:52 p.m. No action was taken as a result of discussion in executive session.

EXECUTIVE SESSION PURSUANT TO THE SECTION 551.072, TEXAS GOVERNMENT CODE, TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

The Board determined no executive session was necessary.

EXECUTIVE SESSION PURSUANT TO SECTION 551.076, TEXAS GOVERNMENT
CODE TO DELIBERATE THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR
IMPLEMENTATION, OF SECURITY PERSONNEL OR DEVICES

The Board determined no executive session was necessary.

There being no additional business to consider, the meeting was adjourned at
7:53 p.m.


Secretary, Board of Directors



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