

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

June 30, 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 30th 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, 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.; Clayton Galloway and Breah Campbell of Environmental Development Partners, L.L.C. ("EDP"); Pat Naff of CDC Unlimited, LLC; Shirley McLennan and Chris Hall of McLennan & Associates, L.P.; Deputy Jordan Kelly of Fort Bend County Sheriff's Office; Marcus Campbell of Time and Season Property Management ("Time & Season"); David Ciarella of Enhanced Energy Services of America, LLC; 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 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. Lee Dorger commented regarding poor maintenance of the Pecan Lakes levee and detention pond and requested that the District authorize and instruct CDC to use a zero radius mower for improved appearance.

Mr. Paul Metcalf inquired regarding budget available for development of a District dog park and recommended the southwest corner of Pitts Park as a possible park location.

Ms. Anne Annis and Mr. Wayne Edwards complained of lack of information regarding development of acreage at the end of Timothy Lane, outside the District, including thru truck traffic, mud left on the streets by construction crews and vehicles and lack of proper notice regarding possible interruption of water service.

SALE OF THE DISTRICT'S \$3,700,000 UNLIMITED TAX BONDS, SERIES 2015

Mr. Lentz reviewed bids received for the sale of the District's \$3,700,000 Unlimited Tax Bonds, Series 2015, and stated that the low bidder was RBC Capital Markets, with a net effective interest rate of 3.690078%. Mr. Lentz also discussed the District's Standard & Poors rating in connection with this bond issue and discussed the projected debt tax for 2015 based upon the bids received using the District's 2015 certified tax value. Following review and discussion, Director Kluppel moved that the Board award the sale of the District's \$3,700,000 Unlimited Tax Bonds, Series 2015 to RBC Capital Markets. Director Yokubaitis seconded the motion, which was passed unanimously. Mr. Lentz said that the bonds will close on July 30, 2015.

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 Boyd 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

Mr. Naff discussed Pecan Lakes levee and pond mowing with the Board. Following review and discussion, the Board concurred to authorize zero radius mowing, as discussed, on the Pecan Lakes levee and detention pond. Mr. Naff also said crews are behind on weed eating due to inclement weather. The Board requested J&C prepare a maintenance area sketch for CDC and that CDC prepare a proposal for the revised mowing area for the July regular meeting. Additional discussion ensued regarding limiting use of herbicide to keep from killing vegetation used to help compact levee materials.

SECURITY AND PUBLIC SAFETY MATTERS

Deputy Kelly reported on patrol and security since the Board's last regular meeting. Discussion ensued regarding construction traffic on Timothy Lane and Deputy Kelly said the trucks were delivering to a Timothy Lane address and were not classified as "thru truck traffic" for enforcement purposes.

Chief Woolley discussed PGVFD activity since the last meeting 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. Director Howard said that he met with Justin Taack of the TCEQ and confirmed that the application the District submitted to the TCEQ was in order and submitted for technical review.

REPORT FROM ENHANCED ENERGY SERVICES OF AMERICA, LLC

Mr. Ciarella discussed services offered through Enhanced Energy Services of America, LLC, the terms and conditions of the District's current contract with Reliant Energy and current energy market pricing and contract terms and conditions available. Following review and discussion, the Board concurred to authorize an agenda item on the July regular meeting agenda allowing the Board to take action concerning the District's energy contract.

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, discussed reservations and presented an estimate from Texas Fence Company to repair, power wash and paint fencing at Pecan Grove Park. Following review and discussion, Director Kluppel move to approve the estimate from Texas Fence Company. Director Boyd seconded the motion, which passed unanimously. Additional discussion ensued regarding application of herbicide on the walking and granite trails and the Board concurred to refer the extent of application of herbicide to the parks committee for further handling.

BULLHEAD BAYOU

The Board discussed the water quality in Bullhead Bayou and discussion ensued regarding possible replacement of control panel components to mechanical style to alleviate automatic overload and shut down and removal of debris on impellers.

OPERATION OF DISTRICT FACILITIES

Ms. Campbell reviewed the EDP operations report for the month of May, 2015, a copy of which is attached, and which was provided in advance to the Board.

Ms. Campbell reported on the status of maintenance and repairs made during the month, and recommended the Board approve repair of 2 sludge pump stators at the wastewater treatment plant for an estimated amount of \$3,650. She said the Nemo pumps are overheating and causing swelling of the stators. She said EDP is working with J&C to come up with a proposal to rebuild the Nemo pumps. Ms. Campbell said

EDP is also working on a maintenance manual to track ongoing equipment issues for ongoing use by the Board and consultants

Ms. Campbell reported that the surface water treatment plant, which was offline since May 30, 2015 due to a power surge that caused extensive direct damage, has been returned to service. Mr. Turner noted that no major equipment was damaged by the power surge. Discussion ensued regarding delays in getting parts necessary to return the surface water treatment plant to service and Director Kluppel directed EDP to work with J&C to prepare a list of parts inventory to keep on hand for emergency repairs. Ms. Campbell also updated the Board regarding the status of the pending insurance claim for damages as a result of the power surge at the surface water treatment plant. Discussion ensued regarding security issues during the power outage at the plant and the Board concurred to defer further discussion until executive session.

The Board next discussed the Johnson Development project outside the District at the end of Timothy Lane, including construction traffic on Timothy Lane, tap installation and notification of residents regarding possible service interruptions during the tap installation. Ms. Campbell noted that the contractor for Johnson Development excavated and installed the tap without notifying EDP and distributed notification to the District's customers indicating that affected customers could be without water for up to 48 hours. Mr. Turner confirmed that service to District customers was not interrupted and that the contractor was instructed not to use Timothy Lane, but did use Timothy Lane due to heavy rain. Director Kluppel expressed dissatisfaction with the handling of District customers and instructed Mr. Saenger to address and correct any associated problems with the Johnson Development team immediately. Discussion ensued regarding the truck weight limit for Timothy Lane, street sweeping following use and requesting that Johnson Development bear the cost of repair of the street, if damaged.

Director Vance discussed delays in addressing a sanitary sewer problem reported by customer, Bill Leeford, and a driveway cave in. Discussion ensued regarding notifying customers of the dangers of entering storm sewers and directing them to contact EDP if they have any storm sewer issue. The Board concurred to include information in the next newsletter regarding the danger of entering storm sewer facilities.

Following review and discussion, Director Kluppel moved to (1) approve the operations report; and (2) approve the repairs listed above. Director Boyd 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. Ms. Campbell 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 Boyd 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 next reviewed bids for wastewater treatment plant phase 1 improvements and recommended that the Board award the contract to the lowest qualified bidder, T&C Construction, Ltd., in the amount of \$1,792,130, based on the engineers' recommendations, and because it would result in the best and most economical completion of the project. Director Boyd moved to approve the award of the contract to the lowest qualified bidder, T&C Construction, Ltd., based upon the recommendation of J&C and subject to review and approval of payment and performance bonds and insurance. Director Kluppel seconded the motion, which passed unanimously.

Mr. Turner next reviewed bids for the installation of additional meters at the surface water treatment plant and recommended that the Board award the contract to the lowest qualified bidder, WW Payton Corporation, in the amount of \$40,000, based on the engineers' recommendations, and because it would result in the best and most economical completion of the project. Director Boyd moved to approve the award of the contract to the lowest qualified bidder, WW Payton Corporation, based upon the recommendation of J&C and subject to review and approval of payment and performance bonds and insurance. Director Kluppel seconded the motion, which passed unanimously.

Mr. Turner next reviewed bids for improvements for lift station no. 8 and recommended that the Board award the contract to the lowest qualified bidder, T&C Construction, Ltd., in the amount of \$206,200, based on the engineers' recommendations, and because it would result in the best and most economical completion of the project. Director Boyd moved to approve the award of the contract to

the lowest qualified bidder, T&C Construction, Ltd., based upon the recommendation of J&C and subject to review and approval of payment and performance bonds and insurance. Director Kluppel seconded the motion, which passed unanimously.

Mr. Turner next reviewed bids for drainage improvements at The Grove, Sections 4 and 5 and bids for drainage improvements at Plantation, Sections 4 and 5 and recommended that the Board authorize J&C to revise the scope of the project, combine both projects into one single project and re-advertise the revised project for bids for construction.

Mr. Turner reported regarding design of sanitary sewer cleaning and televising and requested authorization to advertise for bids.

Mr. Turner next discussed improvements at lift station no. 2, including additional bypass pumping time required, and recommended the Board approve Pay Estimate No. 5 in the amount of \$37,166, payable to McDonald Municipal and Industrial.

Mr. Niles updated the Board regarding the status of construction of water, sewer and drainage facilities to serve The Terrace at Pecan Grove and recommended the Board approve Pay Estimate No. 2 in the amount of \$76,630.84, which is the District's share of water related items.

The Board next discussed Water Plant No. 2 improvements and reviewed color samples for the exterior of the ground storage tanks and concrete fence. The Board concurred to keep the ground storage tanks the same color as the elevated storage tank and chose the darker concrete fence color.

Mr. Turner reported regarding bacteriological testing of the Johnson Development water connection and said the District will remove the testing location in a week and a half.

Mr. Turner updated the Board regarding plans for drainage improvements in Plantation Section 7 and Director Kluppel updated the Board regarding meetings with the golf course owners.

Following review and discussion, upon a motion by Director Boyd and a second by Director Kluppel, the Board voted unanimously to (1) approve the engineer's report; (2) authorize J&C to advertise for bids for revised drainage improvements at The Grove, Sections 4 and 5 and bids for drainage improvements at Plantation, Sections 4 and 5 and sanitary sewer cleaning and televising; and (3) approve the pay estimates presented and discussed above.

DISTRICT WEBSITE AND NEWSLETTER

Director Yokubaitis discussed delivery of the newsletter and Director Kluppel commented regarding the article on the fire plan.

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 AND BUDGET/DRAINAGE WORKSHOP

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

The Board noted its next regular meeting is on July 28, 2015 at 6:00 p.m. and concurred to tentatively schedule a budget workshop meeting for August 11, 2015 at 6:00 p.m. at the Pecan Grove Baptist Church.

The Board considered expenses submitted by Board members who attended the summer conference and considered authorizing attendance at the Association of Water Board Directors ("AWBD") winter conference. The bookkeeper noted the expenses are in compliance with the District's travel and reimbursement guidelines. Upon a motion made by Director Kluppel and seconded by Director Vance, the Board unanimously authorized reimbursement of the expenses submitted for the summer conference and authorized attendance by all interested directors at the AWBD winter conference.

Ms. Brook updated the Board regarding a revised contract submitted by Pall Technology Services. Following review and discussion, upon a motion by Director Kluppel and a second by Director Boyd, the Board voted unanimously to approve the revised contract, subject to attorney review.

Ms. Brook next discussed the procedure to appoint, as part of the Fort Bend Central Appraisal District Board of Directors election process, a candidate to represent the interest of the District on the Fort Bend County Central Appraisal District Board. The Board took no action.

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 8:05 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 8:15 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

Director Howard announced the Board would convene in executive session at 8:16 p.m. to discuss security at District facilities. ABHR and J&C consultants also were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 8:27 p.m. Following discussion in executive session, Director Kluppel moved to authorize ABHR to prepare and forward a letter to the Fort Bend County Sheriff, as discussed in executive session. Director Boyd seconded the motion, which passed unanimously.

There being no additional business to consider, the meeting was adjourned at 8:30 p.m.


Secretary, Board of Directors



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