

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

October 27, 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 27th day of October, 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.

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.; Jim Grover with Ventana Development McCrary, Ltd., the developer of McCrary Meadows in Fort Bend County Municipal Utility District No. 143; Mike Ammel, Jaison Sanwald, Clayton Galloway and Breah Campbell of Environmental Development Partners, L.L.C. ("EDP"); Trevor Royal of WCA Waste Corporation of Texas ("WCA"); Pat Naff of CDC Unlimited, LLC; George Diaz and Chris Hall of McLennan & Associates, L.P.; Sergeant Jean Gobar of Fort Bend County Sheriff's Office ("FBSCO"); Marcus Campbell of Time and Season Property Management ("Time & Season"); David Ciarella of Enhanced Energy Services of America, LLC ("Enhanced"), and a District resident; Chuck Bertrand, President of the Board, Pecan Grove Volunteer Fire Department; Ryan Niles of Arenosa Development, and a District resident; Jim Ashmore of Pecan Grove Property Owner's Association; and Hannah Brook and Jane Miller of Allen Boone Humphries Robinson LLP.

REMARKS FROM THE BOARD PRESIDENT

Director Howard opened the meeting at 6:02 p.m. and welcomed attendees.

COMMENTS FROM THE PUBLIC

Mr. Mark Allen appeared to protest the meter readings and high usage on his water bill.

Mr. Bertrand updated the Board regarding Fort Bend County Municipal Utility District No. 118's ("Waterside") fire plan filed with, and pending approval of, the Texas Commission on Environmental Quality ("TCEQ").

Mr. Wayne Edwards updated the Board regarding development of acreage at the end of Timothy Lane, outside the District, including a meeting organized by J&C on October 19 to address repair of disturbed yards, driveways and the street.

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. 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

No items were discussed under this agenda item.

ADDITIONAL BOOKKEEPING MATTERS

No items were discussed under this agenda item.

SECURITY AND PUBLIC SAFETY MATTERS

Sergeant Gobar reported on patrol and security since the Board's last regular meeting and meeting with Lamar Independent School District to address traffic flow during student drop off and pick up hours.

The Board discussed the District's upcoming fire plan election on November 3, 2015 and concurred to hold the District's regular November meeting, including canvassing the official election votes, on November 16, 2015 at 6:00 p.m. at Pecan Grove Baptist Church.

DEVELOPMENT AND MAINTENANCE OF PARKS

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

OPERATIONS OF DISTRICT FACILITIES

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

Mr. Ammel updated the Board regarding previous complaints regarding high water usage and review of water production data provided to customer Catherine Feiser. Director Kluppel discussed average flows from irrigation systems.

Mr. Ammel reported on the status of maintenance and repairs made during the month and recommended the Board approve replacement of booster pump no. 1 at water plant no. 1 for an estimated \$6,870.

The Board next considered a customer appeal from Ms. Christi Wynn, including notice of medical need from Ms. Wynn's physician, requesting the Board waive penalties and fees assessed on her account and approve a payment plan. Following review and discussion, Director Boyd moved to approve a written payment plan. Director Kluppel seconded the motion, which passed unanimously.

Mr. Mark Allen continued his protest of meter readings and high usage on his water bill and requested the Board adjust his high usage invoices to his average use. Mr. Ammel confirmed that Mr. Allen's meter register was broken, had been underregistering, has been repaired and returned to service. The Board took no action.

Mr. Ciarella discussed application for a \$4,000 rebate available for purchase of an electrical pump.

The Board next reviewed an Interlocal Agreement between the District and Fort Bend County for District participation in the County's emergency radio system from October, 2015 through September, 2016 and discussed the purchase of upgraded radios in order to participate in the program. Following review and discussion, the Board concurred to authorize EDP to solicit a proposal for the purchase of 2 radios to be used in this program.

Following review and discussion, Director Boyd moved to (1) approve the operations report; (2) approve the repairs listed above; and (3) approve an Interlocal Agreement between the District and Fort Bend County for District participation in the County's emergency radio system. Director Yokubaitis 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 Boyd

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 Yokubaitis 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 reviewed a feasibility study, including an analysis of influent and pollutant concentration, treatment requirements, and assessment of capital recovery costs for the proposed development of McCrary Meadows. Mr. Turner confirmed that hydraulic capacity is available, but said J&C is further assessing organic loading and capacity feasibility. The Board discussed availability of 7.98% of the District's rated capacity at a net present value calculation of an initial investment of \$1.7 million dollars, not including any necessary expansion or maintenance. Following review and discussion, Director Yokubaitis moved to authorize additional organic capacity feasibility study, subject to Mr. Grover funding and depositing funds with the District. Director Boyd seconded the motion, which passed unanimously.

Mr. Turner then updated the Board regarding the status of design of drainage improvements in Plantation, Section 7. Director Boyd requested that J&C include Director Kluppel and him when meeting with the golf course owners to finalize plans.

Mr. Niles updated the Board regarding the status of construction of water, sewer and drainage facilities to serve The Terrace at Pecan Grove, including addressing punch list items and bacteriological testing of the waterline and adjustment of manholes, and requested the Board approve and accept the project, subject to final approval by J&C. Following review and discussion, Director Kluppel moved accept the project, subject to final approval by J&C. Director Vance seconded the motion.

Mr. Turner then reported regarding water plant no. 2 improvements and recommended approval of Pay Estimate No. 3 in the amount of \$119,561.40, payable to WW Payton.

Mr. Turner updated the Board regarding the Johnson Development water connection and punch list to complete the project and make all repairs, including a gate at the end of Timothy Lane.

Mr. Turner and Mr. Ammel next discussed sand and silt in the raw water tanks at the surface water treatment plant and revising the standard operating procedures to address removal/prevention.

Mr. Turner also reported a sinkhole near Water Plant No. 1 due to a collapsed drain line and said J&C estimates the repair of \$45,000. He said Fort Bend County has been notified that the District will do an emergency repair and said J&C will bring bids next month to award the project.

Following review and discussion, upon a motion by Director Boyd and a second by Director Yokubaitis, the Board voted unanimously to (1) approve the engineer's report; and (2) approve the pay estimates presented and discussed above.

DISTRICT WEBSITE AND NEWSLETTER

Director Yokubaitis discussed delivery of the newsletter.

REPORTS FROM DIRECTORS, COMMITTEES, AND DISTRICT CONSULTANTS REGARDING CORRESPONDENCE AND/OR REPORTS RECEIVED DURING THE MONTH

Director Vance discussed recent forums in Fort Bend County to discuss upcoming Fort Bend County elections on November 3, 2015, including Fort Bend County Proposition No. 3.

ATTORNEY'S REPORT

The Board considered a Resolution Voting for Water District Candidate for Board of Director Election for Fort Bend Central Appraisal District. After review and discussion, Director Kluppel moved to adopt a Resolution Voting for Director for Board of Director Election for Fort Bend Central Appraisal District reflecting that the District's 20 votes are cast in favor of Sam Mayson and direct that the Resolution be filed appropriately and retained in the District's official records. Director Vance seconded the motion, which passed unanimously.

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 7:15 p.m. to conduct a private consultation with the District's attorney to seek advice on litigation matters. 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 7:20 p.m. Director Kluppel moved to authorize J&C to make a settlement offer to close the project, as discussed in executive session. Director Boyd seconded the motion, which passed unanimously.

ENGINEERING MATTERS (CONTINUED)

Additional discussion ensued regarding schedules to complete the additional organic loading feasibility study for the proposed development of Ventana McCrary Meadows.

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 7:34 p.m.

(SEAL)




Secretary, Board of Directors

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