

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

November 16, 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 16th day of November, 2015 at 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:

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 Vance, thus constituting a quorum.

Also present at the meeting were residents of the District listed on Exhibit A attached hereto; Grady Turner and Bethany Miller of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel, Jaison Sanwald, Clayton Galloway and Breah Campbell of Environmental Development Partners, LLC ("EDP"); Pat Naff of CDC Unlimited, LLC ("CDC"); George Diaz and Shirley McLennan 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; Chief Joe Woolley and Chuck Bertrand, President of the Board, of the Pecan Grove Volunteer Fire Department ("PGVFD"); and Lynne Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR")

REMARKS FROM THE BOARD PRESIDENT

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

COMMENTS FROM THE PUBLIC

Mr. Ross commented regarding a recent Houston Chronicle article regarding removal of trees in the District and requested that the District provide additional information to District residents regarding same.

Mr. Schuler reported ongoing sanitary sewer back up issues at his residence on 1403 Tillman Drive, including efforts to repair the sewer connection. He said a privately hired plumber found and repaired the connection coming in to the District's

sanitary sewer manhole at the wrong angle causing the blockage and requested the District consider reimbursing him for repair expenses incurred.

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 consent agenda item letter c. 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. Ordeneaux reviewed the proposed amendment to the District’s contract with Tax Tech, Inc. Following review and discussion, Director Boyd moved to approve the proposed amendment and tax report. Director Kluppel seconded the motion, which passed unanimously.

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 updated the Board regarding efforts with Lamar Independent School District to address traffic flow on Pitts Road during student drop off and pick up hours.

Director Howard reviewed the election returns and stated the election resulted in a majority vote in favor of the Fire Plan and the District has been authorized to implement the Fire Plan, as approved by the Texas Commission on Environmental Quality (“TCEQ”) by Order Dated August 6, 2015. Ms. Humphries reviewed the Order Canvassing Returns and Declaring Results of Bond Election. After review and discussion, Director Boyd moved to (1) adopt the Order Canvassing Returns and Declaring Results of the Fire Plan Election; (2) direct that the Order be filed appropriately and retained in the District’s official records and (3) direct that the election results from the Fort Bend County Elections Administrator be posted on the District website. Director Kluppel seconded the motion, which passed unanimously.

The Board next considered amending the District’s Rate Order to include mandatory fire services fees pursuant to the District’s Fire Protection Services Agreements with PGVFD and the City of Richmond and as approved by the TCEQ and the voters of the District. Following review and discussion, upon a motion by Director

Boyd and a second by Director Kluppel, the Board voted unanimously to amend the District's Rate Order to include mandatory fire services fees, as discussed.

Additional discussion ensued regarding (1) fees charged to the apartment complex; (2) annual budget review and fee increase procedures in the Fire Plan; (3) media reporting regarding the District's Fire Plan election; and (4) status of TCEQ review and approval of fire plan submitted by Fort Bend County Municipal Utility District No. 118 ("Waterside").

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 discussed the status of surplus equipment purchased, as authorized, by order of the TCEQ on April 17, 2015 and reviewed bids for purchase of an all terrain vehicle for use on District levees and drainage channels. He reviewed 3 bids and recommended the Board approve purchase of the 2016 Polaris Gator in the amount of \$12,039.39.

Mr. Ammel reported on the status of maintenance and repairs made during the month and clarified that the replacement of booster pump no. 1 at water plant no. 1 for an estimated \$6,870, approved at the District's October meeting, was actually replacement of the bowl assembly.

Mr. Ammel next discussed and recommended repair of the mechanical seal on high service pump no. 2 on the clear well at the surface water treatment plant for an amount not to exceed \$5,875.

Discussion ensued regarding Mr. Schuler's request that the Board address an improper homebuilder connection to the District's sanitary sewer manhole and reimburse Mr. Schuler for repair expenses associated with sanitary sewer backups and repair of the connection. Mr. Ammel discussed options and estimates to remove the direct connection to the District's manhole and install an exterior connection. Following review and discussion, Director Kluppel moved to (1) authorize reimbursement to Mr. Schuler for half of his total repair bills submitted in the amount of \$3,200; and (2) authorize the District operator to remove the direct connection to the District's manhole and install a proper exterior connection. Director Yokubaitis seconded the motion, which passed unanimously.

The Board also discussed including an insert in the December utility billing cycle to inform District residents regarding mandatory fire protection fees included in the December water bills.

The Board next considered a customer appeal from Mr. Herbert Nay requesting the Board waive a \$25 fee a returned check. After considering the information from Bank of America and the customer, Director Boyd moved to authorize the District operator to credit the customer's account for the \$25 returned check fee. Director Yokubaitis seconded the motion, which passed unanimously.

Following review and discussion, Director Yokubaitis moved to (1) approve the operations report; (2) approve purchase of a 2016 Polaris Gator in the amount of \$12,039.39; and (3) repair of the mechanical seal on high service pump no. 2 on the clear well at the surface water treatment plant for an amount not to exceed \$5,875. 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. 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 Yokubaitis 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.

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, including discussion regarding a vehicle left after hours in the park on November 13, 2015.

The Board discussed a written, request from District resident, John Minchew, requesting after hours use of Pecan Grove Park on Pitts Road on December 12 from 3:00 p.m. to 10:00 p.m. for a non-sport nighttime event. After discussing proposed event plans with Mr. Minchew for this request for a one-time use/variance, Director Kluppel moved to approve the variance, subject to the terms and conditions discussed and agreed upon with Mr. Minchew related to lighting and security and subject to completion of the required use application. Director Yokubaitis seconded the motion, which passed unanimously.

Director Yokubaitis reviewed bids for landscaping around the Pecan Lakes levee pump station and Director Kluppel moved to approve the proposal of the low bidder, Watts Landscaping, in the amount of \$37,600. 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 first reported the progress of construction of improvements at lift station no. 8 and recommended the Board approve Pay Estimate No. 1 in the amount of \$9,000, payable to T&C Construction, Ltd.

Mr. Turner next updated the Board regarding drainage improvements for the Grove, Sections 4 and 5 and Plantation, Sections 4 and 5 and recommended the Board approve Pay Estimate No. 1 in the amount of \$161,730, payable to LECON, Inc. Mr. Turner discussed trees that needed to be removed on the south pond and said necessary tree removal on the north pond is planned for March, 2016. He discussed careful selection of trees for removal to minimize the loss of large pecan trees and confirmed that no pecan trees will need to be removed on the north pond. Director Kluppel commented regarding the necessity of tree removal to construct drainage improvements. Mr. Turner said the drainage improvements will be 20 feet deep and are being constructed to address flooding that occurred in 20 homes in prior extreme flooding events. The Board requested J&C provide notice of construction disruption to affected homeowners and update the project information/schedules on the District website. The Board addressed the need to respond to a recent inaccurate Houston Chronicle article.

Mr. Turner then reviewed proposals for repair of a sinkhole near Water Plant No. 1 due to a collapsed drain line and said CDC was the low bidder. He recommended that the Board approve the proposal of CDC.

Mr. Turner and Mr. Naff also discussed repair options for an additional sinkhole downstream of the drainage channel and said CenterPoint Energy was notified to brace the power pole at the sinkhole location. Mr. Turner requested authorization for EDP to televise the sanitary sewer line and to request a repair proposal from CDC.

Mr. Turner then reported regarding water plant no. 2 improvements and recommended approval of Pay Estimate No. 4 in the amount of \$42,075, payable to WW Payton.

The Board also discussed pressure washing the elevated storage tank and concurred to authorize J&C to get bids for same.

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; (2) approve the pay estimates presented and discussed above; and (3) approve the proposal of CDC for repair of the sinkhole near Water Plant No. 1.

DISTRICT WEBSITE AND NEWSLETTER

Director Yokubaitis discussed delivery of the newsletter.

Ms. Campbell and Director Yokubaitis presented and discussed a proposal from Off Cinco to upgrade the District website, including a mobile application use.

The Board also reviewed a media consultant/public relations proposal from Barry Kaplan on an as needed basis under the supervision of Director Howard and the website committee.

After review and discussion, Director Boyd moved to approve proposals from Off Cinco and Barry Kaplan. Director Kluppel seconded the motion, which passed unanimously.

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

There was no additional discussion for this agenda item.

ATTORNEY'S REPORT

Ms. Humphries updated the Board regarding a pending request from Ventana Development McCrary, Ltd. and MUD No. 143 regarding wastewater treatment capacity.

The Board concurred to move the District's December Board meeting to December 17, 2015 at 10:30 a.m., to accommodate holiday schedules.

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 7:24 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 7:33 p.m.

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

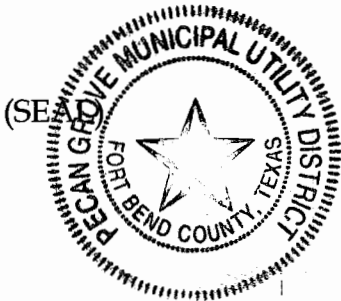
The Board determined no executive session was necessary.

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.


Secretary, Board of Directors



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