

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

January 31, 2012

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 31st day of January, 2012, 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:

Joe Taylor	President
Richard Stolleis	Vice President
G. E. Kluppel	Secretary
John Minchew	Assistant Vice President/ Assistant Secretary
Kevin Krahn	Assistant Vice President/ Assistant Secretary

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

Also present at the meeting were residents of the District listed on Exhibit A attached hereto; Ken Stringer of LEM Construction Co., Inc. ("LEM"); Sheldon Buck of Arcadis U.S., Inc.; Jason Kirby, Craig Kalkomey, and Bethany Miller of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Ben Connelley, Clayton Galloway, Doug Owen and Breah Campbell of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Curtis Lacy and Kevin Atkinson of WCA Waste Corporation of Texas, LP ("WCA"); Deputy Edward Gordon and Deputy James Eleckel of the Fort Bend County Constable's Office, Precinct 3; Pat Naff of CDC Unlimited, LLC; Alan Sandersen of Sandersen Knox & Co., LLP; and Lynne B. Humphries, Hannah Brook, and Janet Swartz of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the December 20, 2011, meeting, which were prepared and distributed in advance of the meeting. Following review and discussion, Director Kluppel moved to approve the minutes of the December 20, 2011, meeting. Director Krahn seconded the motion, which carried unanimously.

DITCH, LEVEE MAINTENANCE, AND REPAIRS

Mr. Naff updated the Board on ditch, levee maintenance, and repairs. Mr. Naff reported on the removal of trees on the trail to Belin Park.

Mr. Kirby stated that a segment of slope paving needs to be replaced on the backslope swale of the drainage ditch immediately above the wastewater treatment plant outfall. Mr. Kirby reviewed several bids for construction of the wastewater treatment plant outfall replacement, a copy of which is attached to the engineer's

report. After review and discussion, Director Taylor moved to approve construction of the wastewater treatment plant outfall replacement by CDC at a cost of \$19,685.00. Director Krahn seconded the motion, which passed by unanimous vote.

#### GARBAGE COLLECTION AND RECYCLING SERVICES

Mr. Atkinson distributed and reviewed a report on garbage collection in the District during the past month, a copy of which is attached. Mr. Lacy discussed the cost to the District to supply large trash and/or recycling carts to residents. He stated that he will submit a written proposal including the costs of the carts to the Board for consideration at the next meeting. Mr. Lacy stated that any resident who needs assistance getting trash to the curb should contact WCA.

#### TAX ASSESSMENT AND COLLECTIONS MATTERS

Mr. Ordeneaux reviewed with the Board the monthly tax assessor/collector's report, a copy of which is attached. He updated the Board on the status of collection of delinquent taxes and 2011 tax payments and responded to questions from Board members. Following review and discussion, Director Kluppel moved to approve the tax assessor/collector's report, and authorize payment of bills from the tax account. Director Krahn seconded the motion, which passed by unanimous vote.

#### CONVERSION TO SURFACE WATER

Mr. Buck stated that LEM has been given a list of items to complete before the surface water treatment plant is considered operational. Mr. Buck stated that LEM will provide information for a final Change Order and he will submit the Change Order at the next meeting. Mr. Buck stated that there is no Pay Estimate ready for approval at this time.

Mr. Buck reported that he will meet with the Surface Water Committee on February 9, 2012. Director Taylor requested that Mr. Buck prepare information for the Board on possible covers for the basin at the surface water treatment plant and the costs. Director Kluppel stated that the exclusion of a cover from the plans for the plant may have been a design defect by Acardis U.S., Inc. Mr. Buck responded that the lack of a cover in the plans was not a defect and discussed various types of covers. The Board requested that Mr. Buck obtain feedback from EDP on the cover.

Ms. Humphries stated that Director Taylor sent a letter to Commissioner Andy Meyers requesting assistance from the Fort Bend County Road and Bridge Department for construction of an asphalt entrance road to the surface water treatment plant site. After review and discussion, Director Kluppel moved to (1) approve a Project Agreement between the District and Fort Bend County for the asphalt road at the surface water treatment plant and direct that the Agreement be filed appropriately and retained in the District's official records; and (2) authorize the President of the Board of Directors to take all necessary action related to the project. Director Krahn seconded the motion, which passed by unanimous vote.

## AUDIT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2011

Mr. Sandersen reviewed the District's audit for the fiscal year ended September 30, 2011. Following review and discussion, Director Kluppel moved to approve the audit, authorize the President's execution of the Texas Commission on Environmental Quality ("TCEQ") Annual Filing Affidavit, authorize the filing of the audit with the TCEQ, and direct that the audit be filed appropriately and retained in the District's official records. Director Krahn seconded the motion, which was unanimously approved.

## ENGINEERING MATTERS

Mr. Kirby reviewed with the Board the engineer's report, a copy of which is attached, and which was provided in advance of the meeting. Director Taylor requested that Mr. Kirby evaluate and prepare a cost estimate for drainage improvements at the intersection of Bittersweet and Plantation for the next meeting.

Mr. Kirby stated that J&C is waiting on comments from the City of Richmond on the plans for the southern portion of the Pecan Lakes Flood Plain Protection System. He added that the structural wall and pump station plans will be submitted to agencies in February.

Mr. Kirby stated that the plans for the South ditch improvements from Pitts Road to the confluence of Jones Creek Outfall Channel have been submitted to Fort Bend County and the City of Richmond for approval.

Mr. Kirby updated the Board on the construction of the surface water treatment plant offsite utility extensions. He reviewed and recommended approval of Pay Estimate No. 8 in the amount of \$75,701.84 to Hurtado Construction Company.

Mr. Kirby reviewed and recommended approval of Change Order No. 3 in the amount of \$12,500.00 to the contract with Hurtado Construction Company. He stated that Change Order provides for installation of a permanent 6" flexible base with a 2" asphalt access road along the levee behind water plant no. 2.

Mr. Kirby updated the Board on the chloramines conversion of water plant nos. 1, 2, and 3. He reviewed and recommended approval of Pay Estimate No. 5 in the amount of \$8,775.00 to R&B Group, Inc.

Mr. Kirby updated the Board on the wastewater treatment plant belt filter press replacement project. He reviewed and recommended approval of Pay Estimate No. 2 in the amount of \$40,950.00 to R&B Group, Inc. Mr. Kirby reviewed and recommended approval of Change Order No. 1 to the contract with R&B Group, Inc., with no monetary increase to the contract. He added that the Change Order provides for the contractor to provide a building of higher strength and an increase of the contract period of performance by 49 calendar days.

Mr. Kirby stated that Lift Station No. 5 electrical improvements are complete and the final Pay Estimate is not ready for review at this time.

Mr. Kirby discussed the Mason Road expansion and stated that J&C is reviewing revised drawings from Fort Bend County and AT&T.

Following review and discussion, Director Kluppel moved to (1) approve the engineer's report; (2) approve Change Order No. 3 in the amount of \$12,500.00, and Pay Estimate No. 8 in the amount of \$75,701.84 to the contract with Hurtado Construction Company for the surface water treatment plant offsite utility extensions, based upon the engineer's recommendation; (3) approve Pay Estimate No. 5 in the amount of \$8,775.00 to R&B Group, Inc. for the chloramine conversion of water plant nos. 1, 2, and 3, based upon the engineer's recommendation; and (4) approve Pay Estimate No. 2 in the amount of \$40,950.00 and Change Order No. 1, with no monetary increase to the contract with R&B Group, Inc., for the wastewater treatment plant belt filter press replacement project, based upon the engineer's recommendation. Director Krahn seconded the motion, which passed by unanimous vote.

#### FINANCIAL AND BOOKKEEPING MATTERS

Ms. McLennan distributed and reviewed the monthly bookkeeper's report, a copy of which is attached, which was provided in advance of the meeting, including the investment report, budget comparison, and the District's bills. Ms. McLennan presented to the Board the Public Funds Investment Act Disclosure Statements for the bookkeeper and investment officer. Ms. Humphries noted that the Disclosure Statements will be filed with the Texas Ethics Commission. After review and discussion, Director Kluppel moved to approve the bookkeeper's report, investment report, and payment of the District's bills and to accept the Disclosure Statements under the Public Funds Investment Act and direct that the Statements be filed appropriately and retained in the District's official records. Director Krahn seconded the motion, which passed by unanimous vote.

#### REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS REGARDING EVENTS AND ACTIVITIES ATTENDED DURING THE MONTH, INCLUDING FORT BEND FLOOD MANAGEMENT ASSOCIATION MEETINGS

Director Kluppel updated the Board on the Gulf Cost Water Authority's appointment of a new general manager, Ivan Langford. Director Kluppel reported on a meeting he attended of the Fort Bend Flood Management Association and stated that a levee related conference will be held on June 1, 2012.

#### COMMENTS FROM THE PUBLIC

A resident requested that the Board investigate drainage in the area of Glenhaven and Country Place where several houses flooded during a recent heavy rain event. Another resident reported water in his garage during the same rain event. The Board asked the residents to report the information to J&C so J&C can evaluate the

drainage in those areas. Another resident stated that there was flooding at Country Squire and Old South. Mr. Boyd asked if the District can require residents to remove debris and grass clippings from the street during lawn maintenance. Director Taylor requested that J&C take into account Mr. Boyd's comment in implementation of the District's storm water management program.

#### DEVELOPMENT AND MAINTENANCE OF PARKS

The Board reviewed a report on parks for January, a copy of which is attached. Director Krahn recommended that the Board approve the expenditure of \$20,000 for Plantation Park landscaping and improvements and \$3,000 for flag lighting for Pecan Grove Park. After review and discussion, Director Krahn moved to approve the expenditure of \$20,000 for landscaping and improvements at Plantation Park and \$3,000 for flag lighting at Pecan Grove Park. Director Kluppel seconded the motion, which passed by unanimous vote.

Director Taylor updated the Board on tree removal by CenterPoint in front of Pecan Grove Park on Pitts Road. He added that the Parks Committee will have input on the location of the replacement trees to be planted by CenterPoint in Pecan Grove Park.

#### REPORT ON SECURITY MATTERS

Deputy Gordon reported on security in the District.

#### DISTRICT FIRE PLAN AND REPORT FROM FIRE PLAN COMMITTEE

Director Krahn stated that a letter was sent to the City of Richmond Fire Department and Pecan Grove Volunteer Fire Department requesting that they work together to investigate possibilities of implementing a blended policy on fire protection that meets the common good of the residents. Director Krahn updated the Board on a meeting of the representatives of both fire departments on January 19, 2012, where a comprehensive plan was discussed by the departments. He stated that the chiefs of the departments plan to work on a framework for a comprehensive plan. Director Krahn thanked both departments for their work on the plan. He added the two departments are supposed to submit a plan back to the community fire plan committee, which can then be presented to the Board.

#### ATTORNEY'S REPORT

Ms. Humphries stated that she did not have a report.

#### OPERATION OF DISTRICT FACILITIES AND HEARING REGARDING TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT ACCOUNTS

Mr. Owen reviewed the EDP operations report for the month of January, 2012, a copy of which is attached, and which was provided previously to the Board.

Mr. Owen stated that Hartwell Environmental has recommended that two Netzch sludge pumps for the wastewater treatment sludge press be purchased. He added that the cost is \$13,800.00.

Mr. Owen reviewed prices for a used forklift for operations at the surface water treatment plant. After discussing maintenance concerns, the Board requested that Mr. Owen present price quotes for new forklifts at the next meeting.

Mr. Owen stated that pump no. 1 at Lift Station No. 5 needs to be repaired at a cost of \$3,485.00. He request approval for the cost of a rental pump.

The Board next conducted a hearing on the termination of utility service to delinquent accounts. Mr. Owen reported that the residents on the delinquent list 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. A copy of the termination list is attached. No customers on the termination list were present at the meeting to address the Board, nor did they submit a written statement on the matter.

Mr. Owen stated that emergency repairs were made at lift station no. 3 following the January 9, 2012, rain event. He added that the cost for NTS to set up temporary pumping from the flooded lift station was \$3,180.00. Mr. Owen stated that the cost for NTS to repair electrical controls and put the lift station back in service was \$3,270.00.

After review and discussion, Director Krahn moved to (1) approve the operator's report; (2) approve purchase of the two Netzch sludge pumps at a cost of \$13,800.00; (3) approve repair of pump no. 1 at Lift Station No. 5 at a cost of \$3,485.00, plus the cost of a rental pump; (4) approve repairs at lift station no. 3 in the amounts of \$3,180.00 and \$3,270.00 by NTS; and (5) authorize termination of utility service for delinquent customers in accordance with the District's Rate Order. Director Stolleis seconded the motion, which carried unanimously. The Board requested that EDP add a message to the next water bill and the website reflecting that customers should contact the District's office or J&C to report any flooding in the District.

#### DISTRICT NEWSLETTER AND WEBSITE

Director Krahn updated the Board on plans for the next newsletter.

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

The Board did not convene in executive session to deliberate the deployment or specific occasions for implementation of security personnel devices.

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

At 7:55 p.m., Director Taylor announced that the Board would convene in executive session to deliberate the purchase, exchange, lease, or value of real property.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

At 8:05 p.m., the Board reconvened in open session. After discussion, Director Krahn moved to proceed with condemnation of the Abb-Ivey tract and the HQ359 tract. Director Kluppel seconded the motion, which passed by unanimous vote.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION INCLUDING CONDEMNATION PROCEEDINGS

At 8:07 p.m. Director Taylor announced that the Board would convene in executive session to conduct a private consultation with its attorney to discuss pending or contemplated litigation including condemnation proceedings.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING PENDING OR CONTEMPLATED LITIGATION INCLUDING CONDEMNATION PROCEEDINGS

At 8:10 p.m. the Board reconvened in open session and took no action.

There being no further business to come before the Board, the meeting was adjourned.

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Secretary, Board of Directors

(SEAL)

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