

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

February 22, 2011

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 22nd day of February, 2011, 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, thus constituting a quorum.

Also present at the meeting were Greg East of Perdue, Brandon, Fielder, Collins & Mott, L.L.P.; Kirk Boyd, Robert Barta, and Mr. and Mrs. C. K. Dickenson, residents of the District; James Eleckel, Mark Gilliam, Mark Williams, and Edward Gordon, Jr. of the Fort Bend County Constable's Office, Precinct 3; Constable Rob Cook, Fort Bend County, Precinct 3; Bryan Jordan, Jason Kirby, and Bethany Miller of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Doug Owen, Breah Campbell, and Mike Ammel of Environmental Development Partners, L.L.C. ("EDP"); Mary Ann Mihills of McLennan & Associates, L.P.; Curtis Lacy and Kevin Atkinson of WCA Waste Corporation of Texas, LP; Sheldon Buck of Malcolm Pirnie, Inc. ("Malcolm Pirnie"); Pat Naff of CDC Unlimited, LLC; Don Dulin of DonDulin.com; Marquita Griffin of the Fort Bend Herald; 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 January 25, 2011, meeting, which had been prepared and distributed in advance of the meeting. Following review and discussion, Director Kluppel moved to approve the minutes of the January 25, 2011, meeting. Director Stolleis seconded the motion, which carried unanimously.

CONTRACT FOR ELECTRICITY WITH TXU ENERGY

Director Taylor noted that the District's contract for electricity with TXU Energy expires in December, 2011. He stated that he is in the process of contacting TXU Energy for a new proposed contract and will report to the Board at the next meeting.

## DITCH, LEVEE MAINTENANCE, AND REPAIRS

Mr. Naff reported on ditch, levee maintenance, and repairs. He stated that the vegetation is under control in Bullhead Slough due to less growth during the winter months.

## GARBAGE COLLECTION AND RECYCLING SERVICES

Mr. Lacy distributed and reviewed a report on garbage collection in the District during the past month, a copy of which is attached. He stated that plastic grocery bags are recyclable but get caught in the machines unless they are bagged together and styrofoam is not accepted in the District's recycling program and should be discarded in the regular trash. The Board requested that Ms. Campbell add a notice to the newsletter regarding proper disposal of these two plastics. Ms. Campbell stated that she will also post a notice at the District office and add a notice to the District's website.

## 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 2010 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 Stolleis seconded the motion, which passed by unanimous vote.

Mr. East reviewed a delinquent tax report, a copy of which is attached.

## OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of February, 2011, a copy of which is attached, and which was provided previously to the Board.

Mr. Ammel stated that the District supplied water to Fort Bend County Water Control & Improvement District No. 3 through the interconnect today.

Mr. Ammel stated that during the recent freezing weather, EDP started the generator at the wastewater treatment plant. He added that there was a leak on a water pump on the generator and the cost of the repair to the water pump was \$4,500.

Mr. Ammel stated that he is preparing the water loss audit and the annual water conservation report and will present the reports at the next Board meeting.

Mr. Ammel stated that the automatic alarm dialer at water plant no. 3 needs to be replaced with a new 8 channel verbatim at a cost of \$2,450.00.

Mr. Ammel stated that the no. 2 lift pump at lift station no. 11 needs to be replaced. He added that the repair cost is \$2,269.45 and the replacement cost is \$2,245.00.

Mr. Ammel discussed water service to Fort Bend Independent School District ("FBISD") pursuant to the Out-of-District Service Agreement with the District. Mr. Ammel stated that the tap fee has been paid by FBISD and EDP is coordinating with J&C and the contractor for FBISD for the water line installation. Ms. Brook stated that she will send an invoice to FBISD for the funds owed to the District for the feasibility study.

After review and discussion, Director Kluppel moved to (1) approve the operator's report; (2) approve repair of the water pump on the generator at the wastewater treatment plant at a cost of \$4,500.00.; (3) replacement of the auto dialer at water plant no. 3 at a cost of \$2,450.00; and (4) approve replacement of lift pump no. 2 at lift station no. 11 at a cost of \$2,245.00. Director Krahn seconded the motion, which carried unanimously.

#### HEARING AND AUTHORIZE TERMINATION OF SERVICE

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 Krahn seconded the motion, which passed unanimously.

#### DISTRICT NEWSLETTER AND WEBSITE

Director Stolleis updated the Board on the preparation of the next District newsletter scheduled to go out March 15, 2011.

Director Stolleis stated that the District's website is currently being managed by Texas Network as part of the Communications Consulting Agreement with Payne Communications (the "Payne Agreement"). Director Stolleis introduced Don Dulin to the Board and reviewed the website services Mr. Dulin can provide to the District. Director Stolleis recommended that the Board discontinue the website services being provided by Texas Network under the Payne Agreement and approve an agreement with Don Dulin for website services. He stated that under the Agreement with Don Dulin, Ms. Campbell would have access to post to the website. Mr. Dulin stated that he could also manage the domain name for the District. After review and discussion, Director Stolleis moved to (1) authorize ABHR to prepare a letter to Payne Communications reflecting that the District will discontinue the Texas Network website services contained in the Payne Agreement; and (2) approve and authorize execution of a Website Development Agreement with Don Dulin and direct that the letter and Agreement be filed appropriately and retained in the District's official records. Director Krahn seconded the motion, which passed unanimously.

## CONVERSION TO SURFACE WATER

Mr. Buck reviewed an Activity Report from Malcolm Pirnie on the surface water treatment plant, a copy of which is attached. In response to an inquiry from Director Stolleis, Mr. Buck stated that the contractor has been behind schedule on the project but has been working to get back on schedule.

Mr. Buck stated that the Texas Commission on Environmental Quality ("TCEQ") approved Change Order No. 1 to the contract for the surface water treatment plant.

Mr. Buck reviewed and recommended approval of Change Order No. 2 to the contract for construction of the surface water treatment plant in the amount of \$12,225.64 for a change in the size of the water line from 12 inches to 16 inches. He added that notice would be sent to the TCEQ regarding the change order. After review and discussion, Director Kluppel moved, based upon Mr. Buck's recommendations, to approve Change Order No. 2 to the contract in the amount of \$12,225.64 and authorize the President to execute the letter notifying the TCEQ of the Change Order, and direct that the letter be filed appropriately and retained in the District's official records. Director Krahn seconded the motion, which passed unanimously.

Mr. Buck reviewed and recommended approval of Pay Estimate No. 10 from LEM Construction in the amount of \$692,294.86. After review and discussion, Director Stolleis moved, based upon Mr. Buck's recommendation, to approve Pay Estimate No. 10 in the amount of \$692,294.86 to LEM Construction. Director Krahn seconded the motion, which passed unanimously.

Mr. Buck stated that CenterPoint Energy Houston Electric LLC ("CenterPoint") has requested that the District grant an Easement for electrical lines at the surface water plant site and consent to a Third Party Easement from Old South Plantation, Inc. to CenterPoint. After review and discussion, Director Kluppel moved to approve and authorize execution of an Easement to CenterPoint and consent to the Third Party Easement, and direct that the Easements be filed appropriately and retained in the District's official records, contingent upon final approval by ABHR. Director Stolleis seconded the motion, which carried unanimously.

## 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.

Mr. Kirby stated that J&C is waiting on approval of the plans for the water plant chloramine conversion from the TCEQ.

Mr. Kirby stated that J&C is addressing TCEQ comments on the plans and specifications for the surface water treatment plant offsite utility extensions. He stated that bids should be presented at the March meeting.

Mr. Kirby discussed the design of the Pecan Lakes Floodplain Protection System. He reported on discussions with FEMA regarding the Pecan Lakes Flood Protection System. Mr. Kirby stated that FEMA does not have an issue with the plans for inflatable barriers proposed to meet the levee freeboard requirements on the proposed Pecan Lakes Levee crossing at FM 359. Mr. Kirby requested authorization to proceed with the design of the Pecan Lakes levee. After discussion, Director Krahn moved to authorize J&C to proceed with the design of the Pecan Lakes levee, design of the Jones Creek improvements and floodwall, design of the detention and storm water pump station, and preparation of the metes and bounds for the land acquisition. Director Kluppel seconded the motion, which passed by unanimous vote. The Board requested that ABHR prepare a letter to thank Congressman Olson and his staff for assistance in scheduling the meeting with FEMA.

Mr. Kirby reviewed the tabulation of bids received by the District for the water well no. 4 rework project and recommended that the Board award the contract to Alsay, Inc. in the amount of \$159,733.00. The Board concurred that in its judgment, Alsay, Inc. was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. After review and discussion, Director Stolleis moved that, based on Mr. Kirby's recommendation, the Board award the contract for the water well no. 4 rework project to Alsay, Inc. in the amount of \$159,733.00. Director Krahn seconded the motion, which passed by unanimous vote.

Mr. Kirby stated that in connection with service to FBISD, J&C has received the recorded Water Line Easement and is waiting to receive the recorded Water Meter Easement.

Following review and discussion, Director Stolleis moved to approve the engineer's report. Director Kluppel seconded the motion, which passed by unanimous vote.

The Board tabled adoption of a Resolution Authorizing Expedited Application to the Texas Commission on Environmental Quality Requesting Approval of Release of Funds from Escrow and a Resolution Adopting Prevailing Wage Rates.

#### OUT-OF-DISTRICT SERVICE TO FBISD

Ms. Brook stated that the recorded Water Line Easement was sent to the District's operator and engineer. She added that the only outstanding item is the Water Meter easement which should be recorded shortly.

#### FINANCIAL AND BOOKKEEPING MATTERS

Ms. Mihills distributed and reviewed the monthly bookkeeper's report, a copy of which is attached, and which was provided in advance of the meeting, including the investment report, budget comparison, and the District's bills. After review and discussion, Director Stolleis moved to approve the bookkeeper's report, investment

report, and payment of the District's bills. Director Kluppel seconded the motion, which passed by unanimous vote.

#### AUTHORIZE ATTENDANCE AT THE ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

After discussion, Director Krahn moved to authorize all interested directors to attend the Association of Water Board Directors summer conference. Director Kluppel seconded the motion, which carried unanimously.

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

Director Kluppel reported on Judge Hebert's comments on levees at the recent Fort Bend Flood Management Association meeting.

Ms. Humphries reviewed a letter to the District from the North Fort Bend Water Authority ("NFBWA") regarding the NFBWA's willingness to provide capacity in a second source water transmission line to the District on a contract basis. The Board concurred no action was necessary.

#### COMMENTS FROM THE PUBLIC WHO HAVE SIGNED UP TO SPEAK

Mr. Boyd reported on the Pecan Grove Volunteer Fire Department.

#### DEVELOPMENT AND MAINTENANCE OF PARKS

The Board reviewed a report on parks for February from the park manager, a copy of which is attached.

Director Krahn discussed the replacement of water fountains at the restroom at Pecan Grove Park. He stated that he received an estimate for replacement of the water fountains from MAC Mechanical, Inc. in the amount of \$2,070.00. After review and discussion, the Board concurred to approve the replacement of the water fountains at a cost of \$2,070.00.

Mr. Kirby discussed the drainage and grading plan for Plantation Park being prepared by J&C.

Director Taylor reported on communications with representatives of CenterPoint Energy on tree removal from Pecan Grove Park. Director Krahn stated that he is working on options for free or replacement trees for Pecan Grove Park.

#### SECURITY MATTERS

Constable Cook introduced James Eleckel, Mark Gilliam, Mark Williams, and Edward Gordon, Jr. to the Board. Director Minchew recommended that the Board send

a letter to the Fort Bend County Auditor requesting a refund in connection with services provided under the prior Agreement for Additional Law Enforcement Services with services provided by the Sheriff's Department. Director Minchew stated that he will gather information for the letter.

#### ATTORNEY'S REPORT

Ms. Brook updated the Board on the status of negotiations with WSG Pecan Grove IV, LP ("WSG Pecan Grove") for a Deed and Easement for the Pecan Lakes Floodplain Protection System.

Ms. Humphries reviewed the District's annual report containing updated financial and operating data to be filed in accordance with the continuing disclosure provisions contained in the bond resolutions. She stated that the District is required to file certain financial and operating data with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System ("EMMA"). Following review and discussion, Director Kluppel moved to approve the annual report, authorize the attorney to submit the District's updated financial and operating data in compliance with the continuing disclosure provisions contained in the bond resolution through EMMA and direct that the report be filed appropriately and retained in the District's official records. Director Minchew seconded the motion, which passed unanimously.

#### 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

At 7:10 p.m., Director Taylor announced that the Board would convene in executive session to deliberate the deployment or specific occasions for implementation of security personnel or devices.

#### RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING THE DEPLOYMENT OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES

Director Taylor announced the Board would reconvene in open session at 7:35 p.m. The Board took no action.

#### 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 7:37 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

Director Taylor announced the Board would reconvene in open session at 7:50 p.m. The Board took no action.

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 7:55 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

Director Taylor announced the Board would reconvene in open session at 8:15 p.m. The Board took no action.

CONDUCT ANNUAL REVIEW OF DELINQUENT TAX ATTORNEY AND ATTORNEY

The Board conducted an annual review of the delinquent tax attorney. The Board tabled the annual review of the attorney.

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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