

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

February 25, 2014

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 25th day of February, 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:

Randy Vance	President
Kirk Boyd	Vice President
Buddy Kluppel	Secretary
John Minchew	Assistant Secretary
Chad Howard	Assistant Vice President/ Assistant Secretary

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

Also present at the meeting were residents of the District listed on Exhibit A attached hereto; Bethany Miller, Grady Turner and Scott Saenger of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel, Clayton Galloway and Breah Campbell of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Chief Joe Woolley of Pecan Grove Volunteer Fire Department ("PGVFD"); Jonathan Howard of Arcadis U.S., Inc.("Arcadis"); Marcus Campbell of Time & Season; Kevin Atkinson of Texas Pride Disposal; Sergeant Jean Gobar of Fort Bend County Sheriff's Department; Pat Naff of CDC Unlimited, LLC; and Lynne Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REMARKS FROM THE BOARD PRESIDENT

Director Vance opened the meeting at 6:05 p.m., and welcomed attendees.

COMMENTS FROM THE PUBLIC

Mr. Lee Dorger complained regarding all terrain vehicles ("ATV") driven in construction areas and requested placement of additional No Trespass signage and additional patrol to keep ATV drivers from accessing/using the District property. Director Minchew said he would discuss the matter and additional patrol with the Sheriff's Department.

Mr. Paul Metcalf again requested additional traffic patrol on Plantation Drive during peak school traffic hours. Director Vance said Sergeant Jean Gobar is looking at revising patrol schedules for better coverage during peak traffic/school hours. Mr. Metcalf also again requested that the Board provide status of ongoing District projects on the District website. Ms. Campbell said projects pages would be live on the District website in March.

Mr. Niles updated the Board regarding a proposed 22 acre development south of Austin Elementary along Pitts Road and requested water, sewer and lift station capacity and discussed future annexation. The Board concurred that Directors Vance and Kluppel meet with Mr. Niles to discuss details of the proposed development and return a recommendation to the Board.

CONSENT AGENDA

Director Vance offered Board members the opportunity to remove items from the consent agenda for individual discussion. There being no request from any Board member, Director Kluppel moved to approve all items on the consent agenda. Director Howard seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

SECURITY AND PUBLIC SAFETY MATTERS

Director Vance reported on behalf of Sergeant Jean Gobar patrol and security issues occurring since the Board's last regular meeting and new patrol members now serving the District.

Chief Woolley discussed PGVFD activity since the February 4, 2014 meeting. He also discussed current budgeted funds

REPORT ON GARBAGE COLLECTION AND RECYCLING SERVICES

Directors Vance and Kluppel discussed ongoing collection route issues, including missed collections. Following discussion, Director Kluppel moved to authorize ABHR to give WCA Waste Corporation of Texas ("WCA") 60 day notice of termination and authorize ABHR to solicit proposals from garbage providers to be returned to the District by March 14, 2014. After additional discussion, Director Howard seconded the motion, which passed by a vote of 3 to 1, with Director Minchew voting against the motion.

PARK MATTERS

No additional report was given.

OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of February, 2014, a copy of which is attached, and which was provided in advance to the Board.

Mr. Ammel reported the status of maintenance and repairs made during the month of January, 2014, including repair of a leak on a transmission line and clean up and corrective action taken regarding a sanitary sewer overflow at 1802 Polley Court.

Mr. Ammel discussed the status of auto dialers ordered for lift stations 2 and 4.

Mr. Ammel and Mr. Galloway reported ongoing master meter accuracy issues at the surface water treatment plant and overall water system accountability, as adjusted. Mr. Ammel said EDP continues investigation of leaks along the box culvert under Plantation Drive and investigation of meters at the surface water treatment plant over registering.

Mr. Ammel next requested authorization for repair of a blower no. 11 at the wastewater treatment plant estimated at \$5,000, contingent upon inspection once the blower is disassembled.

Mr. Ammel also reviewed and recommended certain accounts for either referral to collections or write off.

Following review and discussion, Director Vance moved to (1) approve the operations report; (2) approve repair of blower no. 11 at the wastewater treatment plant for an amount not to exceed \$5,000; and (3) authorize the District operator to refer delinquent accounts over \$500 to collection, as discussed. Director Kluppel 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 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 Vance seconded the motion, which passed unanimously.

SECURITY AND PUBLIC SAFETY MATTERS CONTINUED

Sergeant Jean Gobar entered the meeting. Sergeant Gobar responded to Mr. Metcalf's inquiry regarding Texas traffic laws regarding stop signs and control of traffic along Plantation Drive during peak school traffic hours. Sergeant Gobar said she would also coordinate with Director Minchew regarding patrol of levee and construction areas where use of ATVs is reported.

Sergeant Gobar left the meeting.

CONVERSION TO SURFACE WATER

Mr. Howard reported on the status of completion of membrane acceptance testing.

ENGINEERING MATTERS

Ms. B. Miller reviewed with the Board an engineering report, a copy of which is attached.

Ms. Miller first reported regarding re-alignment of the surface water treatment plant drive in conjunction with the James Long Parkway project and requested authorization to continue working with the James Long Parkway project engineer to determine an acceptable design.

Ms. B. Miller next discussed the status of construction of the Pecan Lakes Flood Protection System, and recommended the Board approve Pay Estimate no. 8 in the amount of \$357,613.49, payable to LECON, Inc. She also requested authorization to negotiate a change order for an amount not to exceed \$14,410 to remove existing slope paving along FM 359 and tie in to the northern earthen levee to roadway. Mr. Dorger commended the project contractor for a clean work site.

Ms. B. Miller next reported the status of construction of the Pecan Lakes Pump Station and recommended the Board approve Pay Estimate No. 6 in the amount of \$144,506.11, payable to JTR Constructors, Inc. and Change Order No. 2 in the amount of \$3,749 for relocation of the natural gas meter outside the pump station fence and installation of bollards.

Ms. B. Miller next discussed ongoing site work with regard to Water Plant No. 1 Hydro-Tank Replacement and Recoating and recommended the Board approve Pay Estimate No. 7 in the amount of \$37,997.10, payable to Nunn Constructors, Ltd.

Ms. B. Miller next reported the status of sanitary sewer rehabilitation and presented and recommended the Board approve Change Order No. 1 in the amount of \$1,380 for manhole repairs.

Ms. B. Miller then discussed the status of application for renewal of TPDES Permit No. TXR040225 and requested a meeting with the MS4 committee to review best management practices to be included in the Storm Water Management Plan to be submitted to the Texas Commission on Environmental Quality ("TCEQ").

Ms. B. Miller, Mr. Saenger and Ms. Humphries next reviewed proposed terms for interim water service to a proposed Johnson Development Company project adjacent to the District. Discussion ensued regarding the possibility to entering into a permanent arrangement.

Following review and discussion, Director Howard moved to (1) approve the engineering report; (2) authorize the District engineer to work with the James Long Parkway project engineer regarding the re-alignment of the surface water treatment plant drive in conjunction with the James Long Parkway project; (3) approve all pay estimates and change orders discussed above; (4) authorize the District engineer to negotiate a change order for an amount not to exceed \$14,410 to remove existing slope paving along FM 359 and tie in to the northern earthen levee to roadway; (5) authorize the District engineer to meet with the MS4 committee to review best management practices to be included in the Storm Water Management Plan to be submitted to the TCEQ; and (6) authorize ABHR and Jones & Carter to prepare an agreement for water service to Johnson Development. The motion, which was seconded by Director Vance, passed unanimously.

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

Director Kluppel discussed pending finalization of flood maps by the Federal Emergency Management Association, a National Association of Flood and Stormwater Management Agencies ("NAFSMA") seminar on February 21, 2014 and a meeting with the Gulf Coast Water Authority ("GCWA") on February 19, 2014.

ATTORNEY'S REPORT

There was no additional discussion on this agenda item.

2014 DIRECTORS ELECTION

Ms. Humphries reported the District is required to call the 2014 Directors Election by February 28, 2014. She presented an Order Calling Directors Election. Following review and discussion, Director Howard moved to approve the Order Calling Directors Election and authorize posting of a Notice of Election, if necessary. The motion, which was seconded by Director Vance, 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

Director Vance announced that the Board would convene in executive session at 7:39 p.m. to deliberate the deployment or specific occasions for implementation of security personnel or devices.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 8:03 p.m. No action was taken as a result of discussion in executive session.

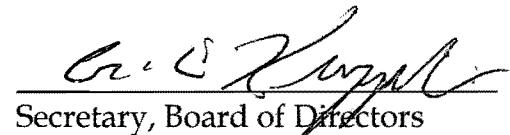
CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO (1) SEEK ADVICE ON PENDING OR CONTEMPLATED LITIGATION, INCLUDING CONDEMNATION PROCEEDINGS, AND (2) MATTERS IN WHICH THE DUTY OF THE ATTORNEY UNDER THE TEXAS DISCIPLINARY RULES OF PROFESSIONAL CONDUCT CONFLICT WITH CHAPTER 551 TEXAS GOVERNMENT CODE

The Board determined it was not necessary to convene in executive session.

CONVENE IN 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 it was not necessary to convene in executive session.

There being no additional business to consider, the meeting was adjourned.



Secretary, Board of Directors

(SEAL)

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