

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

February 26, 2013

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 26<sup>th</sup> day of February, 2013, 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
Randy Vance	Vice President
Buddy Kluppel	Secretary
Kirk Boyd	Assistant Vice President/ Assistant Secretary
John Minchew	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; Bethany Miller of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel, Breah Campbell, Sarah Hume, Clayton Galloway and Doug Owen of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Matt DuVall and Karen Sears of Acclaim Energy Advisors; Deputy Mark Williams and Deputy Gordon of the Fort Bend County Constable's Office, Precinct 3 ("Precinct 3"); Jonathan Howard of Arcadis U.S., Inc. ("Arcadis"); Pat Naff of CDC Unlimited LLC ("CDC"); Greg Lentz of First Southwest Company; Chief Joe Woolley of Pecan Grove Volunteer Fire Department ("PGVFD"); and Lynne Humphries, Hannah Brook and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REMARKS FROM THE BOARD PRESIDENT

Director Howard opened the meeting and welcomed attendees.

COMMENTS FROM THE PUBLIC

Ms. Lila Smith updated the Board on Commissioner Andy Meyers' meetings with Senator Hegar regarding a proposed low incoming housing for the elderly at 1717 FM 359. Ms. Humphries reported regarding lack of water and sewer necessary to serve the tract. Director Howard noted his disappointment in the response, or lack thereof, of Fort Bend County Economic Development Committee regarding the application for the project.

Mr. Metcalf again requested that the Board consider constructing a dog park. He also asked about the implementation of a consent agenda for District Board meetings.

Mr. Greg Adair of Century Golf Partners, representing Pecan Grove Country Club expressed concerns regarding flooding at the Pecan Grove Country Club and throughout the community and requested involvement in the District drainage projects planned. Ms Humphries noted that discussions have been ongoing with the manager of the Pecan Grove Country Club regarding conveyance of easements and the drainage plans. Mr. Adair said that he was the appropriate party to contact concerning any necessary conveyances.

#### ACCLAIM ENERGY ADVISORS PRESENTATION REGARDING CURTAILMENT AND PROPOSAL FOR ENERGY BROKERAGE SERVICES

Mr. Duvall discussed electricity curtailment programs offered through the Energy Reliability Council of Texas ("ERCOT") and CenterPoint Energy. A copy of the presentation, as well as documents necessary to implement the program, are attached to these minutes.

Ms. Sears then discussed energy brokerage services offered through Acclaim Energy Services, including procurement, monitoring of the energy market rates and compliance and reporting required as part of House Bill 3693 passed during the 80th Regular Session of the Texas Legislature.

#### CONSENT AGENDA

Director Howard offered Board members the opportunity to remove items from the consent agenda for individual discussion. Mr. Owen requested that agenda item 3(b) be removed for discussion. Ms. Humphries requested that the Board defer action on agenda item 3(h). There being no additional response from any Board member, Director Kluppel moved to (1) approve all items on the consent agenda, with the exception of item b, which was removed for discussion; and (2) defer agenda item 3(h) for approval at the March 2013 regular meeting. Director Minchew 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 Minchew introduced Deputy Williams, new night patrol, who then reported regarding patrol activity and security issues within the District. Director Minchew reviewed call statistics for the District and recommended that the District add 40 patrol hours.

Director Boyd discussed adding voluntary contributions to the utility bill for the benefit of Pecan Grove Volunteer Fire Department ("PGVFD") and requested the District operator research appropriate record keeping measures needed to implement same. Following discussion, the Board concurred to defer further discussion to the fire committee for a recommendation to the Board. Director Boyd then introduced Kathy Golden and Mark Heath, members of the PGVFD.

Chief Woolley then reported water use for a fire event and said he will coordinate gallons used with EDP for accountability purposes.

#### PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL NOTICE OF SALE

Mr. Lentz reviewed the Preliminary Official Statement and notice of sale ("POS). After review and discussion, Director Boyd moved that the Board approve the POS, subject to final review by consultants. Director Kluppel seconded the motion, which carried unanimously.

Ms. B. Miller said J&C will advertise this Thursday and prepare bids for review at the March Board meeting.

Mr. Lentz discussed obtaining a rating through Standard & Poors.

#### PAYING AGENT/REGISTRAR

Mr. Lentz recommended that the Board appoint Bank of New York Mellon to be the Paying Agent/Registrar for the Series 2013 Bonds. Director Boyd then moved that the Board appoint Bank of New York Mellon to be the Paying Agent/Registrar for the Series 2013 Bonds. Director Kluppel seconded the motion, which carried unanimously.

#### SALE OF THE SERIES 2013 BONDS

Mr. Lentz discussed with the Board the requirements for advertising for the sale of the bonds and requested authorization to advertise the sale of the bonds. After review and discussion, Director Boyd moved that the Board authorize the financial advisor to advertise the sale of the bonds and schedule the bond sale for April 9, 2013 at 5:30 p.m. at the District Administrative Office. Director Kluppel seconded the motion, which carried unanimously.

#### OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of February, 2013, a copy of which is attached, and which was provided in advance to the Board.

Mr. Ammel first requested approval for repair of Booster Pump No. 3 at Water Plant No. 2 for an estimated cost of \$3,400. He said the pump was pulled for inspection and North Side Electric found the windings blown phase to ground. He said the replacement cost for a new booster pump with heaters and installation is approximately \$4,500. Mr. Ammel also requested approval for repairs to Lift Pump No. No. 3 for an estimated cost of \$9,500. He said the lift pump was pulled for cleaning and noted to have broken mounting discharge brackets. Mr. Ammel said the approximate cost to install new mounts is approximately \$31,000. Following discussion, Director Kluppel moved to authorize EDP to make the requested repairs for the lowest and best price,

subject to the receipt of two additional bids. The motion, which was seconded by Director Boyd, passed unanimously.

Mr. Ammel also reported the upcoming expiration of service agreements for maintenance and repair of chlorine dioxide units next month and presented proposals from Hach Service Partnership and DuPont Water Technologies for quarterly maintenance. Director Vance moved to approve the proposals from Hach Service Partnership and DuPont Water Technologies, subject to execution of a standard District Services Agreement. Director Boyd seconded the motion, which passed unanimously.

Mr. Ammel discussed water accountability in the District, overall water loss and historical use and loss, including surface water amounts pumped.

He also reported the status of sidewalk repairs and ongoing coordination with the property owners' association for non District sections of sidewalk.

Mr. Owen reported flair up of duckweed at Bullhead Slough and said Storm Water Solutions, LP will be treating for same.

Following review and discussion, Director Vance moved to approve the District operator's report. The motion, which was seconded by Director Boyd, 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 Boyd seconded the motion, which passed unanimously.

#### PARTICIPATION IN THE WATER SMART PROGRAM

Mr. Ammel discussed participation in the Water Smart Partners Program sponsored by the Association of Water Board Directors ("AWBD"). Following discussion, the Board took no action and concurred to pass on participation for 2013.

#### DISTRICT NEWSLETTER AND WEBSITE

There was no additional discussion for this agenda item.

## CONVERSION TO SURFACE WATER

Ms. B. Miller said suppliers for the surface water treatment plant chemical feed pumps have denied warrantable coverage, but said LEM Construction is prepared to pay for repair of the pumps in advance of membrane acceptance testing which will start in March 2013.

Ms. B. Miller updated the Board on parts ordered for repair of the raw water pumps.

The Board discussed with Ms. B. Miller and Mr. Howard the status of completion of the surface water treatment plant, including training and addressing deficiencies, including HVAC issues, including addressing issues with the anti-freeze units, ADA compliance issues and issues with panic hardware. Director Kluppel requested that Mr. Howard add to the deficiency list those items requiring completion and repair which fall outside the plant fence. Mr. Ammel said that EDP has developed a separate deficiency list for the SCADA system and said that EDP may suggest revisions to make the plant more functional.

## ENGINEERING MATTERS

Ms. B. Miller reviewed the engineer's report, a copy of which is attached, and which was provided to the directors in advance of the meeting.

Ms. B. Miller discussed the status of design of the Pecan Lakes North Earthen Levee, the Pecan Lakes Detention and South Earthen Levee, the Pecan Lakes Pump Station and the Pecan Lakes Floodwall and Jones Creek Improvements and requested authorization to advertise for bids for construction of same.

Ms. B. Miller next discussed status of design of a reclaimed water design, including Agreement for Use of Reclaimed water with WSG Pecan Grove IV, LP and said construction plans are complete and consultants are working with the Pecan Grove Plantation Country Club to finalize necessary agreements.

Ms. B. Miller reported status of water well no. 3 rework and said the pumping equipment was pulled and inspected and found to be in poor condition. She said the column assembly and pump will have to be replaced and that J&C is recommending a full rework for an estimated cost of \$143,000 and deferral of cleaning and televising of sanitary sewer until 2014 and using those budgeted funds for the necessary rework. Ms. McLennan confirmed \$300,000 was budgeted for sanitary sewer rehabilitation. Following discussion, Director Vance moved to authorize J&C to prepare a bid package and to advertise for bids for rework of water well no. 3. The motion, which was seconded by Director Boyd, passed unanimously.

Ms. B. Miller reported J&C is working on plans for proposed drainage improvements projects and water plant No. 1 hydro-tank replacement and recoating.

Ms. B. Miller reported the status of camera surveying of water well no. 3 and recommended the Board approve Progress Payment No. 1 in the amount of \$8,640, payable to Alsay Incorporated.

Ms. B. Miller also presented contracts from Midwest Trenchless Technologies for sanitary sewer cleaning and televising for signature.

Ms. Humphries presented for the Board's approval a waterline easement modifying the alignment of the District's easement to the City of Richmond where the water line crosses the District's south storm water outfall by moving the lines from the utility easement along the west side of FM 359 to the adjacent District drainage fee strip. Following discussion, Director Boyd moved to authorize execution of the water line easement with modified alignment, [subject to payment of all conveyance costs by the City of Richmond.] Director Kluppel seconded the motion, which passed unanimously.

Director Kluppel then moved to (1) approve the engineering report; and (2) approve Progress Payment No. 1 in the amount of \$8,640, payable to Alsay Incorporated for camera surveying of water well no. 3. Director Boyd seconded the motion which passed unanimously.

#### REPORTS FROM DIRECTORS, COMMITTEES, AND DISTRICT CONSULTANTS

Director Kluppel reported regarding surface water issues and meetings with the Fort Bend Flood Management Association.

Director Boyd reported regarding PGVFD water billing issues.

Director Minchew reported on general park maintenance need, including faucets, flooring and door sticking.

Ms. McLennan presented information regarding registration for AWBD summer conference.

#### ATTORNEY'S REPORT

There was no additional discussion or action for this agenda item.

#### ADDITIONAL PARK MATTERS

Mr. Owen reported a call from a District resident alleging that a tree fallen from the park on Pitts Road fell onto a building on the District resident's property. Mr. Owen said the tree is not on District property and told the District resident to contact the owners of the driving range. Mr. Owen and Ms. B. Miller recommended surveying

the area to confirm which areas in Pitts Park belong to the District. Ms. B. Miller estimated surveying at \$400 to \$500 depending upon the available of locatable boundary markers. Following discussion, Director Boyd moved to authorize J&C to survey the property and EDP to clean the property if the survey indicates that the area belongs to the District. Director Kluppel seconded the motion, which passed unanimously.

The Board deferred discussion regarding a policy regarding rental of parks and discussed current charges for use of facilities by the YMCA.

The Board next discussed a proposal from CDC Unlimited to clean the outfall at Pecan Lakes Park. Upon a motion by Director Boyd and a second by Director Kluppel, the Board voted unanimously to approve the proposal from CDC Unlimited to clean the outfall at Pecan Lakes Park and authorize ABHR to add the proposal to the District's Master Service Agreement with CDC Unlimited as an exhibit.

The Board next reviewed a map showing proposed landscaping in the median along Mason Road.

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 7:57 p.m., Director Howard announced that the Board would convene in executive session to conduct a private consultation with attorney to discuss pending or contemplated litigation including condemnation proceedings. Ms. J. Miller, Ms. Humphries and Ms. Brook were also present during executive session.

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

At 8:05 p.m. the Board reconvened in open session. No action was taken as a result of discussion in executive session.

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 or devices.

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

The Board did not convene in executive session to deliberate the purchase, exchange, lease, or value of real property.

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



*C. L. Kuyper*

Secretary, Board of Directors



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