

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

March 25, 2008

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 March, 2008, 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
Stephen Crow	Vice President
G.E. Kluppel	Secretary
Richard Stolleis	Assistant Vice President/ Assistant Secretary
John Minchew	Assistant Vice President/ Assistant Secretary

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

Also present at the meeting were Pat Naff of CDC Maintenance, Inc.; Mr. and Mrs. Dickenson, Jalene Palmer, and Susan Denkowski, residents of the District; Jason Kirby of Jones & Carter, Inc. ("J&C"); Aimee Ordeneaux of Tax Tech, Inc.; Mike Ammel and Andrew Phelps of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Will Webb of the Pecan Grove Volunteer Fire Department ("PGVFD"); Trent Slovak and Sheldon Buck of Malcolm Pirnie, Inc.; and Lynne Humphries, Hannah Brook and Janet Eisenberg of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the February 26, 2008 meeting, which had been prepared and distributed in advance of the meeting. Following review and discussion, Director Crow moved to approve the February 26, 2008 meeting as submitted. Director Kluppel seconded the motion, which was approved by unanimous vote.

REPORT ON FIRE AND SECURITY MATTERS

Director Minchew stated that the Board is in receipt of a letter from the PGVFD requesting that the Board consider adoption of a Fire Plan. After discussion, Director Minchew moved to authorize ABHR to send a letter to the PGVFD requesting a meeting between both boards to discuss the request for the Fire Plan. Director Kluppel seconded the motion, which passed by unanimous vote.

Director Minchew discussed a report on security matters and stated that the report will be posted on the District's website.

Mr. Webb stated that the auditors have completed the audit of the PGVFD and are currently compiling the report.

#### REPORT ON DITCH, LEVEE MAINTENANCE, REPAIRS

Mr. Naff stated that the cost to fertilize the ditch and levee using 300 pounds per acre is \$100 an acre. The Board requested that Mr. Naff research the cost of organic fertilizer. Mr. Naff recommended that an agronomist conduct tests and evaluate the best method to treat the ditch and levee. The Board requested that Mr. Naff arrange to have an agronomist conduct the evaluation and send the estimate for organic fertilizer and test results to the Board prior to the next meeting.

Mr. Phelps stated that CDC has estimated it will cost \$4,375 to fill in many areas on the jogging trail along Farmers Road from Belin Park to Plantation with crushed granite. He added that CDC has estimated that it will cost an additional \$2,150 to extend the asphalt to the north end of the jogging trail. Ms. Humphries stated that the owners of the golf course are to maintain the 15 feet width of the easement and they should repair any damage to the easement. The Board requested that Mr. Naff re-evaluate the project and present another estimate at the next meeting.

#### TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Ordeneaux reviewed with the Board the monthly tax assessor/collector's report, a copy of which is attached. She updated the Board on the status of collection of delinquent taxes and 2007 tax payments and responded to questions from Board members. Following review and discussion, Director Crow moved to approve the tax assessor/collector's report and authorize payment of bills from the tax account. Director Kluppel seconded the motion, which passed by unanimous vote.

#### ADOPT RESOLUTION CONCERNING TAX COLLECTION PROCEDURES

The Board considered adopting a Resolution Concerning Tax Collection Procedures. Ms. Humphries reviewed the procedures outlined in the Resolution. After review and discussion, Director Stolleis moved to adopt a Resolution Concerning Tax Collection Procedures reflecting that the Board of Directors rejects all of the optional procedures and direct that the Resolution be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which passed by unanimous vote.

## ADOPT RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Humphries reviewed a Resolution Concerning Exemptions from Taxation. After review and discussion, Director Stolleis moved to adopt a Resolution Concerning Exemptions from Taxation, reflecting that the Board of Directors rejects a general residential homestead exemption, rejects any exemption of charitable organizations from ad valorem taxation, rejects any exemption of travel trailers from ad valorem taxation and grants a \$25,000 exemption for disabled persons and persons over 65 years of age and direct that the Resolution be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which passed by unanimous vote.

## UPDATE ON GARBAGE AND RECYCLING SERVICES

Director Stolleis stated that there was no report on garbage services.

## DEVELOPMENT AND MAINTENANCE OF PARKS

The Board reviewed a parks management report, a copy of which is attached. Director Crow stated that he met with Andy Phelps and John Kelly of Terra Management Services to discuss standing water and drainage along the east side of Plantation Park. He distributed an estimate for landscape work in the amount of \$17,783.31, a copy of which is attached. The Board requested that Mr. Phelps obtain two additional estimates for the landscaping work for review at the next meeting. The Board requested that all landscape companies be asked to submit a map of the District indicating where the fill dirt will be placed. Mr. Kirby stated that he will provide the map.

## OPERATOR'S REPORT

Mr. Phelps reviewed the EDP operations report for the month of February, 2008, a copy of which is attached, and which was provided previously to the Board. Mr. Phelps discussed accountability of water with the Board. He stated that there have been a large number of underground leaks and EDP has concentrated on locating and repairing the leaks. He added that EDP has also been reviewing and replacing commercial meters as necessary.

The Board concurred to add a message to the next water bill, also translated into Spanish, regarding the bond election. After review and discussion, Director Crow moved to approve the operator's report. Director Stolleis seconded the motion, which passed by unanimous vote.

## CONDUCT HEARING AND AUTHORIZE TERMINATION OF SERVICE

The Board next conducted a hearing on the termination of utility service to delinquent accounts. Mr. Phelps 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 Crow 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 Stolleis seconded the motion, which passed unanimously.

#### DISCUSS DISTRICT NEWSLETTER, WEBSITE, AND RENEWAL OF COMMUNICATIONS CONSULTING PROGRAM AGREEMENT

The Board reviewed a Communications Consulting Program Agreement between the District and Payne Communications. After review and discussion, Director Crow moved to approve the Communications Consulting Program Agreement with Payne Communications and direct that the Agreement be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which carried unanimously.

#### MS4 STORMWATER MANAGEMENT PLAN IMPLEMENTATION

Mr. Kirby stated that the District's MS4 Stormwater Management Plan workshop will be conducted on April 1, 2008, at 4:30 p.m. at the Pecan Grove Customer Service Office, 2035 FM 359, Suite 13, Richmond, Texas.

#### ENGINEER'S REPORT

Mr. Kirby reviewed with the Board the engineer's report, a copy of which is attached, and which had been provided in advance of the meeting.

The Board requested that ABHR contact Mr. Patterson of Michael Baker, a FEMA consultant, and set up a meeting in April to discuss re-certification of the levee. The Board asked that Mr. Mark Vogler of Fort Bend County be invited to the meeting.

Mr. Kirby reviewed a memorandum to the Board on the Army Corps of Engineers' inspection of the Pecan Grove Levee System, a copy of which is attached.

Mr. Kirby discussed the results of the water plant facilities inspection. He discussed the condition of the protective coating for the storage and pressure maintenance tanks. The Board requested that Mr. Kirby prepare a schedule of the repairs to be completed during a two-year period.

The Board requested that Mr. Kirby ask the Fort Bend Subsidence District for a total of the District's groundwater banking credits.

Mr. Kirby reviewed a letter to Ms. Emmer regarding her request that the Board compensate her for drainage repairs needed in her back yard. The Board requested that ABHR prepare a letter to Ms. Emmer in response to her request for compensation and attach the engineer's letter.

Following review and discussion of the engineer's report, Director Crow moved to accept the engineer's report as presented. Director Kluppel seconded the motion, which passed unanimously.

#### CONVERSION TO SURFACE WATER AND AGREEMENTS FOR SALE OF CONVERSION CREDITS

Director Kluppel stated that he attended a meeting with representatives of Malcolm Pirnie, Inc. and the TCEQ regarding the plans for the surface water plant. In response to a question from Director Taylor, Mr. Slovak stated that Malcolm Pirnie, Inc. has been engaged by the City of Sugar Land to prepare a preliminary engineering report for source testing and pilot plant testing.

#### BOOKKEEPER'S REPORT

Ms. McLennan distributed and reviewed the monthly bookkeeper's report, a copy of which is attached and which was provided in advance, including the investment report, budget comparison, and the District's bills. After review and discussion, Director Crow moved to approve the bookkeeper's report, investment report and payment of the District's bills. Director Kluppel seconded the motion, which passed unanimously.

#### REPORTS FROM BOARD MEMBERS AND DISTRICT CONSULTANTS

Ms. Humphries reviewed a letter from the Texas Water Development Board (the "TWDB") on requirements for submittal of 2009 Water Conservation Plans, a copy of which is attached. She stated that the District is required to adopt and submit a Water Conservation Plan to the TWDB by May 1, 2009, and submit the first annual report on implementation of the plan by May 1, 2010. The Board requested that Mr. Kirby prepare the Water Conservation Plan.

#### ATTORNEY'S REPORT

Ms. Humphries stated that she is waiting to hear from the Fort Bend Economic Development Council on the Interlocal Agreement.

The Board reviewed the action list. The Board discussed that the District had asked if the PGVFD would convey a water line in the right-of-way on Pitts Road from the levee to the fire station to the District. Mr. Webb stated that the attorney for the PGVFD has advised against this action and therefore PGVFD is declining the request.

Director Taylor stated that the Board requested that Chief LeDoux respond to the District in writing regarding the request. Director Taylor stated that the District has not received a letter regarding this matter. The Board requested that ABHR contact the attorney for the PGVFD to discuss this matter.

RECEIVE COMMENTS FROM THE PUBLIC

There were no comments from the public.

2008 ELECTIONS

Ms. Humphries stated that the candidates that will appear on the ballot in the May 10, 2008, Director Election are "Big" Steve Richard, Susan Denkowski, Holly Cravens, Stephen Crow, Richard Stolleis and Joe Taylor. She added that Jalene Palmer is a write-in candidate.

CONVENE IN EXECUTIVE SESSION PURSUANT TO THE CHAPTER 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 discuss security.

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

At 7:52 p.m., Director Taylor announced that the Board would convene in executive session to discuss the purchase of real property.

RE-CONVENE 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 8:17 p.m. After review and discussion, Director Kluppel moved to (1) authorize ABHR to conduct research in connection with the land owned by the District, which will affect its value, and (2) authorize R&W Real Estate to continue to negotiate on the District's behalf for the purchase of a site for a surface water treatment plant. Director Stolleis seconded the motion, which passed unanimously.

CONVENE IN EXECUTIVE SESSION PURSUANT TO THE CHAPTER 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ITS ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION

The Board did not convene in executive session to discuss contemplated litigation.

CONDUCT ANNUAL REVIEW OF LEGAL SERVICES CONTRACT

The Board conducted an annual review of the legal services contract. The Board thanked ABHR for the work they perform for the District, and asked, as always, for ABHR to continue to be as efficient as possible. Ms. Humphries thanked the District for its continued business.

CONDUCT ANNUAL REVIEW OF BOOKKEEPING SERVICES CONTRACT

The Board conducted the annual review of the bookkeeper. The Board thanked Ms. McLennan for the work she has done for the District as bookkeeper. Ms. McLennan presented an Amendment to the Agreement for Bookkeeping Services between the District and McLennan & Associates, Inc. She stated that the Amendment provides for a increase in the monthly fee by \$250.00. After review and discussion, Director Kluppel moved to approve the Amendment to the Agreement for Bookkeeping Services and direct that the Amendment be filed appropriately and retained in the District's official records. Director Stolleis seconded the motion, which passed by unanimous vote.

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



  
Secretary, Board of Directors

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