

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

March 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 March, 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.

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"); Mary Ann Mihills of McLennan & Associates, L.P.; Chief Joe Woolley of Pecan Grove Volunteer Fire Department ("PGVFD"); Jonathan Howard of Arcadis U.S., Inc. ("Arcadis"); Sergeant Jean Gobar of Fort Bend County Sherriff'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 6:04 p.m., and welcomed attendees.

RESOLUTION COMMENDING DEPUTY CARDENAS

The Board next considered a Resolution Commending Deputy Cardenas for Outstanding Service to the District. Upon a motion by Director Kluppel and a second by Director Minchew, the Board approved a Resolution Commending Deputy Cardenas for Outstanding Service to the District for presentation to Deputy Cardenas at the April Board meeting.

COMMENTS FROM THE PUBLIC

Mr. Paul Metcalf commented regarding the status of the first phase of drainage improvements and noted his concern regarding the schedule for addressing drainage improvements planned for the areas nearest the intersection of Plantation Drive and Pitts Road. He also requested again for posting of project status on the Pecan Lakes levee on the District website. Ms. Campbell confirmed that project information is live on the District website and Mr.

Metcalf requested the status be moved to the District website home page. Mr. Paul Metcalf again requested additional traffic patrol on Plantation Drive during peak school traffic hours.

Mr. Lee Dorger commented regarding the passage of United States House Resolution 3370 and requested information on behalf of Pecan Lakes Homeowner's Association regarding the effect of the Biggert-Waters Reform Act of 2012 on the residents of Pecan Lakes.

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, with the exception of items b and g. Director Boyd seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

Mr. Naff reported regarding spring fertilization schedules. Upon a motion by Director Minchew and a second by Director Kluppel, the Board voted unanimously to authorize CDC to fertilize for spring. Mr. Naff also requested authorization to treat for fire ants. Upon a motion by Director Minchew and a second by Director Vance, the Board voted unanimously to authorize CDC to treat for fire ants in District parks. The Board also considered installing additional kiddie mulch. Upon a motion by Director Boyd and a second by Director Howard, the Board authorized installation of additional kiddie mulch before the Pecan Grove annual Easter egg hunt. Director Minchew said he would follow up with Marcus Campbell regarding the proposed fence at the lift station near the PGVFD fire station. Chief Woolley noted the PGVFD has no objection to the proposed fence placement. The Board concurred that the total cost remain under the \$10,000 fence budget previously approved by the Board.

SECURITY AND PUBLIC SAFETY MATTERS

Sergeant Gobar reported patrol and security issues occurring since the Board's last regular meeting and commented regarding personnel necessary for requested additional patrol on Plantation Drive during peak school traffic hours. Sergeant Gobar recommended having a public safety day for school age children. Discussion ensued regarding ongoing construction traffic issues and through heavy truck traffic.

Chief Woolley discussed PGVFD activity since the March 26, 2014 meeting, the progress of fire hydrant painting and the PGVFD's Basket of Hope charity event planned for May. Following discussion, the Board concurred that the park can remain open past dark for the Basket of Hope charity event.

Sergeant Gobar and Chief Woolley left the meeting.

REPORT ON GARBAGE COLLECTION AND RECYCLING SERVICES

Director Kluppel reported 6 bids received for garbage and recycling services, reviewed an analysis of services and costs and recommended the Board accept the proposal of WCA Waste Corporation of Texas ("WCA"). The Board concurred they have no interest in larger trash or recycling containers. Mr. Martin commented regarding WCA's past performance and promised to improve customer service going forward. Following review and discussion, Director Boyd moved to accept the service option no. 1 proposal of WCA and amend the District Rate Order to decrease the sanitary sewer base charge to pass the savings to the District residents. Director Minchew seconded the motion, which passed unanimously.

Representatives from Best Trash and Texas Pride Disposal left the meeting.

OPERATION OF DISTRICT FACILITIES

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

Mr. Ammel first discussed Governor Perry's recent proclamation extending the statewide drought emergency for Fort Bend County and said EDP will implement billing statement language used in the previous statewide proclamation in 2013.

Mr. Ammel next discussed a Notice of Violation from the Texas Commission on Environmental Quality ("TCEQ") following a compliance investigation at 1627 Pitts Road with a June 25, 2014 response deadline. Mr. Ammel said he would bring recommendations for work to complete in response to the notice to the April Board meeting. Discussion ensued regarding the scope of the TCEQ's document request and Ms. Humphries discussed the potential cost associated with production of same.

Mr. Ammel reported the status of maintenance and repairs made during the month of February, 2014 and reported regarding submittal of an insurance claim for sanitary sewer damages at 1402 Emmott Drive to the District's insurance carrier, the status of sidewalk repairs affecting District facilities, the status of back billing for grease traps failing inspection, elimination of certain surface water meters to isolate and improve water accountability and inspection of underground conduit under Plantation Drive, outfalls and drainage ditches for leaks.

Mr. Ammel requested authorization to replace booster pump no. 3 at water plant no. 2 for \$13,450. He reported replacement would be complete in 60 days. The Board requested EDP coordinate with J&C to confirm that water plant 2 can adequately operate during the replacement with the remaining booster pump. Following review and discussion, upon a motion by Director Kluppel and a second by Director Boyd, the Board voted unanimously to authorize replacement of booster pump no. 3 at water plant no. 2 for a cost not to exceed \$13,450, subject to confirmation by J&C as discussed above.

Mr. Ammel next discussed an appeal from the customer at 2010 Country Mile Court for reimbursement of a plumbing invoice in the amount of \$2,742. After receiving comment from both the customer and Mr. Ammel, Director Kluppel moved to reimburse the customer the cost that the District would have incurred for its own work and warranty that portion of the line that benefits the District. Director Boyd seconded the motion, which passed unanimously.

Mr. Ammel next discussed an appeal from the District customer at 1824 Thompson Crossing requesting reimbursement of a plumbing invoice in the amount of \$1,317. After carefully considering the information provided by EDP, Director Kluppel moved to reimburse the customer in the amount of \$308. Director Boyd seconded the motion, which passed unanimously.

Following review and discussion, Director Howard moved to approve the operations report. Director Boyd seconded the motion, which passed unanimously.

Representatives from WCA left the meeting.

Chief Woolley re-entered the meeting.

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 Howard 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.

CONVERSION TO SURFACE WATER

Mr. Howard reported that membrane acceptance testing is final with the Texas Commission on Environmental Quality ("TCEQ").

ENGINEERING MATTERS

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

Ms. B. Miller first reported the status of the CT study at the surface water plant and said there are slight piping modifications needed to relocate the sample point to the disinfection basin. She said J&C will coordinate with EDP to get an estimate for the modifications for the April Board meeting.

Ms. B. Miller next discussed repairs needed and transitioning to 3 phase power at lift station no. 2 and funds budgeted for same, including design fees. Following review and discussion,

Director Kluppel moved to authorize J&C to begin design. Director Boyd seconded the motion, which passed unanimously.

Ms. B. Miller next discussed funds budgeted for inspection of the wastewater treatment plant to assess condition, repairs needed and make a recommendation to the Board. Following review and discussion, Director Kluppel moved to authorize J&C to inspect the wastewater treatment plant to assess condition, repairs needed and make a recommendation to the Board. Director Howard seconded the motion, which passed unanimously.

Ms. B. Miller next discussed surplus funds for water projects available for inspection of water plant no. 2 to identify repairs needed, including recoating of tanks, and make a recommendation to the Board. Following review and discussion, Director Boyd moved to (1) authorize J&C to inspect water plant no. 2 to identify repairs needed and make a recommendation to the Board; and (2) authorize J&C to prepare an escrow release and surplus funds application. Director Kluppel seconded the motion, which passed unanimously.

In response to Mr. Metcalf's earlier comment regarding phasing of drainage improvements, Ms. B. Miller said phase 1 is focused on those areas where structural flooding was reported. Ms. Gipson commented regarding flooding at her home on Mossy Glen. Mr. Saenger said J&C will follow up with Ms. Gipson. Following discussion, the Board concurred to continue with the previously approved phasing plan.

Ms. B. Miller discussed the surface water treatment plant access road and the intersection where the driveway ties into the intersection at Skinner Road. Following review and discussion, Director Kluppel moved to authorize Director Howard to meet with J&C and approve preliminary design of the surface water treatment plant driveway modification. Director Howard seconded the motion, which passed unanimously.

Ms. B. Miller next discussed the status of construction of the Pecan Lakes Flood Protection System, and recommended the Board approve Pay Estimate no. 9 in the amount of \$568,411.34, payable to LECON, Inc. and Change Order No. 3 revising the overall contract cost to \$13,010,000. Following review and discussion, Director Boyd moved to approve the pay estimate and change order as presented. The motion was seconded by Director Kluppel and passed unanimously.

Ms. B. Miller next reported the status of construction of the Pecan Lakes Pump Station and recommended the Board approve Pay Estimate No. 7 in the amount of \$42,973.06, payable to JTR Constructors, Inc. Following review and discussion, Director Kluppel moved to approve the pay estimate as presented. The motion was seconded by Director Howard and passed unanimously.

Ms. B. Miller discussed the status of contract preparation for inlet replacements and improvements and recommended removing the water meters from the contract and having EDP complete the water meter replacements in the contract. Following review and discussion, Director Kluppel moved (1) to authorize J&C to remove the water meter replacement from contract and assign same to be completed by EDP; and (2) to authorize execution of the contracts, subject to

review and approval of bonds and insurance by ABHR. The motion, which was seconded by Director Boyd, passed unanimously.

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. 8 in the amount of \$32,558.62, payable to Nunn Constructors, Ltd. Following review and discussion, Director Boyd moved to approve the pay estimate as presented. The motion was seconded by Director Howard and passed unanimously.

Ms. B. Miller next reported the status of sanitary sewer rehabilitation and presented and recommended the Board approve Pay Estimate No. 1 in the amount of \$119,031.30, payable to Reliance Construction and Change Order No. 2 in the amount of \$8,250 for manhole repairs. Following review and discussion, Director Kluppel moved to approve the pay estimate and change order as presented. The motion was seconded by Director Boyd and passed unanimously.

Following review and discussion, Director Howard moved to approve the engineering report. The motion, which was seconded by Director Minchew, 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 an upcoming Fort Bend County Flood Management Association seminar in October, 2014.

Director Howard reported a request from Classic Messaging to discuss upcoming TCEQ requirements for public broadcast messaging availability.

ATTORNEY'S REPORT

Ms. Humphries reported regarding correspondence received by Director Vance from the Association of Water Board Directors regarding participation in The Goldwater Project Water Conservation Study (the "Study") and requesting permission to collect data for the Study. Following review and discussion, Director Kluppel moved to authorize the District operator to release data requested by the Study. Director Boyd seconded the motion, which passed unanimously.

Mr. Ammel and Ms. Humphries discussed the Water Conservation Plan annual report and 5-year implementation report on the Water Conservation Plan with the Board. The Board concurred to defer action on this agenda item.

Ms. Humphries stated that the TCEQ rules require that the District review and adopt an Amended and Restated Drought Contingency Plan in 2014, prior to May 1st. After review and discussion, the Board concurred to defer action on this agenda item.

Ms. Humphries next reported the District is required to adopt or show evidence of adoption of floodplain management regulations that meet the standards of Paragraph 60.3(d) of the NFIP regulations by the effective date of the FIRM. She reported Fort Bend County adopted Regulations for Floodplain Management on March 4, 2014, which are effective April 2, 2014. The Board considered making Fort Bend County the District's floodplain administrator by adopting the Interlocal Agreement, Flood Damage Prevention Order and County Addendum, and reviewed a Floodplain Management Ordinance. Following review and discussion, Director Kluppel moved to adopt a District Floodplain Management Ordinance but not to enter into an Interlocal Agreement with the County for administration. Director Boyd seconded the motion, which passed unanimously.

2014 DIRECTORS ELECTION

Ms. Humphries reported the District is contracted with Fort Bend County to conduct the May 10, 2014 election.

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 8:16 p.m. to deliberate the deployment or specific occasions for implementation of security personnel or devices.

RECONVENE IN OPEN SESSION AND AUTHORITY APPROPRIATE ACTION

The Board reconvened in open session at 9:02 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.

A. E. Kruppel
Secretary, Board of Directors

(SEAL)



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