

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

March 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 26th day of March, 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 and Bryan Jordan of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel, Ben Connelly, Brea 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 of Acclaim Energy Advisors ("Acclaim"); Deputy Mark Williams, Deputy Gordon and Deputy Tysinski of the Fort Bend County Constable's Office, Precinct 3 ("Precinct 3"); Jonathan Howard of Arcadis U.S., Inc. ("Arcadis"); Trey Sawyer of CDC Unlimited LLC ("CDC"); Chief Joe Woolley of Pecan Grove Volunteer Fire Department ("PGVFD"); Fort Bend County, Precinct 3 Commissioner Andy Meyers; 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 WHO HAVE SIGNED UP TO SPEAK

Mr. Conley Shepherd commented regarding voluntary fire department donations, both to PGVD and City of Richmond.

Mr. Paul Metcalf passed on comment when called.

Ms. Connie Van de Walker commented regarding a proposed low income senior housing project on FM 359. Director Howard noted that the proposed development is not within the District boundary.

Mr. Mike Damoiseaux commented regarding the proposed floodwall along Jones Creek and Jones & Carter handling of same, including geotechnical surveying.

Director Howard announced that the developers, Mr. Les Kilday and Mr. Dick Kilday, for Campanile at Jones Creek, a low income senior housing project proposed on FM 359 (the "Proposed Development") would give a presentation and that all remaining questions regarding same should be addressed to the developers outside the meeting since the project is not inside the District and the District will not provide water or sewer service.

Mr. Les Kilday and Mr. Dick Kilday discussed plans for the proposed development, including financing of same, occupancy requirements, potential effect upon property values and school district and quality of similar projects. Mr. Les Kilday, Mr. Dick Kilday and Mr. Matt Fuqua left the meeting and residents with concerns regarding the proposed development followed to discuss the proposed development with Mr. Les Kilday, Mr. Dick Kilday and Mr. Matt Fuqua.

Commissioner Meyers introduced Justice of the Peace, Precinct 3 Ken Cannatta and commented regarding the application process for the Proposed Development and said Fort Bend County has no involvement in the application process other than support for or against the proposed development. Commissioner Meyers said he contacted local and state officials regarding same, including the Fort Bend County Economic Development Council. He said because there is a split in Fort Bend County for support for this project, neither the State Representative nor the State Senator will support the project with the State.

Mr. Duvall followed up with the Board regarding a previously proposed energy curtailment program discussed at the February 2013 regular meeting. He said curtailment enrollment must be complete by April 26, 2013, if the District intends to participate.

CONSENT AGENDA

Director Howard offered Board members the opportunity to remove items from the consent agenda for individual discussion. Director Boyd requested that agenda item h be removed for discussion. 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 3(h), which was removed for discussion. Director Boyd seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

ACCLAIM ENERGY ADVISORS CURTAILMENT AND ENERGY BROKERAGE SERVICES

Director Boyd moved to defer all further discussion regarding participation in energy curtailment programs or energy brokerage services. Director Vance seconded

the motion, which passed unanimously. Director Howard requested that ABHR notify Acclaim of the Board's decision regarding participation.

SECURITY AND PUBLIC SAFETY MATTERS

Deputy Gordon reported regarding patrol activity and security issues within the District.

OPERATION OF DISTRICT FACILITIES

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

Mr. Owen reviewed the Water Conservation Plan annual report with the Board.

Mr. Owen and Mr. Ammel reported on coordination with contractors regarding completion and testing of the surface water treatment plant.

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 approved sidewalk repairs and discussed improvement to the quality of pavement being installed following a change of sidewalk contractor.

Following review and discussion, Director Boyd moved to (1) approve the District operator's report; and (2) approve the Water Conservation Plan annual report and authorize EDP to submit the report to the Texas Water Development Board, subject to final review by Director Kluppel. The motion, which was seconded by Director Kluppel, 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.

DISTRICT NEWSLETTER AND WEBSITE

Ms. Campbell reported that the newsletter would be published within the next two weeks. There was no additional discussion for this agenda item.

CONVERSION TO SURFACE WATER

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 completion of the parking lot, concrete rework in the exterior of the tool room door, replacement of the chemical feed pumps and resolution of communication issues.

Mr. Howard discussed the communication system and said when the project was initially awarded, Arcadis did not intend to connect the whole communication system to the internet and, thus, did not install antivirus software. He recommended installing a firewall for \$7,000 to \$10,000. Ms. B. Miller said that she would discuss with the contractor to see what laptops and cell phones are needed and revise the scope of work to the change order for discussion at the District's special meeting on April 9, 2013.

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 said bids are expected April 1, 2013.

Mr. Jordan discussed the status of design of the Pecan Lakes Pump Station, reviewed bids for construction and recommended that the Board award the contract to the lowest bidder, JTR Constructors, Inc., in the amount of \$1,653,527, based on the engineers' recommendations, and because it would result in the best and most economical completion of the project, Director Vance moved to approve the award of the contract to the lowest bidder, JTR Constructors, Inc., based upon the recommendation of J&C and subject to review and approval of payment and performance bonds and insurance. Director Boyd seconded the motion which passed unanimously.

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 the design.

Ms. B. Miller next discussed water well no. 3 rework, reviewed bids for rework and recommended that the Board award the contract to the lowest bidder, Layne Christiansen Company, in the amount of \$114,690, based on the engineers' recommendations, and because it would result in the best and most economical completion of the project, Director Boyd moved to approve the award of the contract to the lowest bidder, Layne Christiansen Company, based upon the recommendation of J&C and subject to review and approval of payment and performance bonds and insurance. Director Vance seconded the motion which passed unanimously.

Ms. B. Miller next discussed plans to replace and recoat water plant no. 1 hydro-tanks, reviewed bids for rework and recommended that the Board award the contract to the lowest bidder, Nunn Constructors, Ltd., in the amount of \$448,400, based on the engineers' recommendations, and because it would result in the best and most economical completion of the project, Director Vance moved to approve the award of the contract to the lowest bidder, Nunn Constructors, Ltd., based upon the recommendation of J&C and subject to review and approval of payment and performance bonds and insurance. 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 and Gulf Coast Water Authority Mainland Municipal Advisory Committee.

ATTORNEY'S REPORT

Ms. Humphries reviewed Texas Open Meetings Act Requirements with the Board.

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

PARK MATTERS

Ms. Campbell reported routine parks maintenance and repair, including facility rentals, and the Board discussed establishing rentals fees for parks to cover bathroom cleaning following use of the pavilion and any damage incurred as a result of use.

The Board next discussed irrigation design and proposed installation in connection with proposed landscaping in the median along Mason Road. The Board concurred that J&C coordinate proposed installation of sleeves for irrigation piping at the levee.

Ms. B. Miller also updated the Board on the District's application for a recreational grant.

EXECUTIVE SESSION PURSUANT TO SECTION 551.076, TEXAS GOVERNMENT CODE, TO DISCUSS THE DEPLOYMENT OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES

At 6:58 p.m., Director Howard announced that the Board would convene in executive session to discuss the deployment or specific occasions for implementation of security personnel or devices. 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 7:32 p.m. the Board reconvened in open session. Following discussion in executive session, Director Vance moved to approve additional services to be added to the District's Services Agreement with PGVFD. Director Boyd seconded the motion, which passed unanimously.

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.

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

The Board did not convene in executive session to conduct a private consultation with attorney to discuss pending or contemplated litigation including condemnation proceedings

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




Secretary, Board of Directors

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