

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

March 27, 2012

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 27th day of March, 2012, 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
Richard Stolleis	Vice President
G. E. Kluppel	Secretary
John Minchew	Assistant Vice President/ Assistant Secretary
Kevin Krahn	Assistant Vice President/ Assistant Secretary

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

Also present at the meeting were residents of the District listed on Exhibit A attached hereto; Ken Stringer of LEM Construction Co., Inc. ("LEM"); Jason Kirby and Bethany Miller of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel, Ben Connelley, Clayton Galloway, Doug Owen and Breah Campbell of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Kevin Atkinson of WCA Waste Corporation of Texas, LP ("WCA"); Deputy Edward Gordon and Deputy James Eleckel of the Fort Bend County Constable's Office, Precinct 3; Pat Naff of CDC Unlimited, LLC; Lynne Humphries, Hannah Brook, and Janet Swartz of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the February 28, 2012, meeting, which were prepared and distributed in advance of the meeting. Following review and discussion, Director Kluppel moved to approve the minutes of the February 28, 2012, meeting. Director Minchew seconded the motion, which carried unanimously.

REPORT ON SECURITY MATTERS

Deputy Gordon reported on security in the District.

Director Minchew requested that the deputies watch for people stealing candidate yard signs.

DITCH, LEVEE MAINTENANCE, AND REPAIRS

Mr. Naff updated the Board on ditch, levee maintenance, and repairs.

Mr. Naff reported that construction debris on the ditch outside a home needs to be cleared away from the T in the ditch, north to Plantation Drive. Mr. Ammel requested that Mr. Naff give him the address so he can contact the customer regarding removal of the debris.

Mr. Naff reported on a garden, wet spot and low area on the ditch swale, all of which need to be investigated. Mr. Ammel stated that he will obtain the locations of the areas, investigate, and determine what action needs to be taken.

#### GARBAGE COLLECTION AND RECYCLING SERVICES AND CONSIDERATION OF LARGE CARTS FOR GARBAGE AND/OR RECYCLING

Mr. Atkinson distributed and reviewed a report on garbage collection in the District during the past month, a copy of which is attached.

#### TAX ASSESSMENT AND COLLECTIONS MATTERS

Mr. Ordeneaux reviewed the monthly tax assessor/collector's report, a copy of which is attached. He updated the Board on the status of collection of delinquent taxes and 2011 tax payments and responded to questions from Board members. Following review and discussion, Director Kluppel moved to approve the tax assessor/collector's report, and authorize payment of bills from the tax account. Director Krahn seconded the motion, which passed by unanimous vote.

#### RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Brook 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 Krahn seconded the motion, which passed by unanimous vote.

#### OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of March, 2012, a copy of which is attached, and which was provided previously to the Board.

Mr. Ammel requested approval of an Operator Addendum and an ACH Originator Addendum in connection with the electronic lock box services provided to the District by Compass Bank.

Mr. Owen updated the Board on the status of operations items previously authorized. He reported on the tree planting project in Pitts Road Park on March 24, 2012, by CenterPoint, the Parks Committee and volunteers.

Mr. Owen stated that EDP received bids on the list of the District's surplus equipment. He presented a spreadsheet reflecting the bids received.

Mr. Ammel reported that EDP is going to run a test of the valve at ground storage tank no. 3 using surface water. He added that testing should be completed by April 1, 2012.

Mr. Ammel requested approval of the execution of the District's Water Smart application.

Mr. Ammel reviewed an Amendment to the Contract for Operating Services between the District and EDP.

The Board took no action on the Rate Order.

Mr. Ammel stated that EDP is preparing the annual report on the Water Conservation Plan for review at the next meeting.

Mr. Ammel reported on operations of the surface water plant. He stated that EDP will confirm plant automation at the surface water treatment plant once the groundwater plant control valves are completed.

After review and discussion, Director Kluppel moved to (1) approve the operator's report; (2) approve the Operator Addendum and ACH Originator Addendum and direct that the addendums be filed appropriately and retained in the District's official records; (3) make a finding that all of the District's equipment shown on the list provided by EDP is surplus; (4) authorize the sale of the surplus equipment based upon the highest bids received by the District as reflected on the bid spreadsheet; (5) direct that the bid spreadsheet and bids be filed appropriately and retained in the District's official records; (6) authorize EDP to notify the highest bidders of the Board's approval of the sale of the equipment and authorize EDP to scrap any of the equipment not sold; and (7) approve the amendment to operator's contract and direct that the amendment be filed appropriately and retained in the District's official records. Director Minchew seconded the motion, which carried unanimously.

#### HEARING AND AUTHORIZE TERMINATION OF SERVICE

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 Stolleis seconded the motion, which passed unanimously.

## DISTRICT NEWSLETTER AND WEBSITE

Director Krahn reported that the newsletter was sent to customers.

## CONVERSION TO SURFACE WATER

Mr. Stringer stated that LEM is working on the punch list items and change order at the surface water treatment plant.

Ms. Humphries noted that Change Order Nos. 4 and 5 have been submitted to the Texas Commission on Environmental Quality ("TCEQ") for approval. She added that the contract with LEM cannot be finalized until the District has received TCEQ approval of all Change Orders to the contract. Ms. Humphries noted that Change Order No. 6 has not been submitted to the Board for approval.

Mr. Kirby updated the Board on the surface water treatment plant offsite utility extensions. He stated that the contractor is preparing for testing of communication between the groundwater plants and the surface water treatment plant.

## ENGINEERING MATTERS

Mr. Kirby reviewed with the Board the engineer's report, a copy of which is attached, and which was provided in advance of the meeting. He stated that J&C previously completed a feasibility study in connection with the annexation of 4.15 acres owned by Pecan Grove Baptist Church. He added that the District has the capacity to serve the 4.15-acre tract.

Mr. Kirby discussed drainage issues with the Board. The Board concurred to conduct a special meeting on Wednesday, April 18, 2012, at 5:30 p.m., at the Pecan Grove MUD Customer Service Office, to discuss drainage issues, analysis and acquisition of needed sheet flow easements.

Mr. Kirby recommended electrical improvements be made at lift station no. 3

Mr. Kirby updated the Board on the design of the Pecan Lakes Flood Plain Protection System. The Board concurred to discuss this matter at the special meeting on April 18, 2012.

Mr. Kirby stated that a stream assessment is required by the U.S. Army Corps of Engineers for the South ditch improvements from Pitts Road to the confluence of Jones Creek Outfall Channel. Mr. Kirby reviewed a proposal from SMC Consulting in the amount of \$900.00 for the assessment.

Mr. Kirby updated the Board on the construction of the surface water treatment plant offsite utility extensions. He reviewed and recommended approval of Pay Estimate No. 10 in the amount of \$19,831.88 to Hurtado Construction Company.

Mr. Kirby updated the Board on the chloramines conversion of water plant nos. 1, 2, and 3. He reviewed and recommended approval of Pay Estimate No. 7 in the amount of \$230,850.00 to R&B Group, Inc.

Mr. Kirby updated the Board on the wastewater treatment plant belt filter press replacement project. He reviewed and recommended approval of Pay Estimate No. 4 in the amount of \$90,247.50 to R&B Group, Inc.

Mr. Kirby updated the Board on the inlet marking project in connection with the Storm Water Management plan.

Following review and discussion, Director Kluppel moved to (1) approve the engineer's report; (2) authorize J&C to prepare plans for electrical improvements for lift station no. 3; (3) approve a proposal from SMC Consulting for a stream assessment in the amount of \$900.00; (4) approve Pay Estimate No. 10 in the amount of \$19,831.88 to the contract with Hurtado Construction Company for the surface water treatment plant offsite utility extensions, based upon the engineer's recommendation; (5) approve Pay Estimate No. 7 in the amount of \$230,850.00 to R&B Group, Inc. for the chloramine conversion of water plant nos. 1, 2, and 3, based upon the engineer's recommendation; and (6) approve Pay Estimate No. 4 in the amount of \$90,247.50 to the contract with R&B Group, Inc., for the wastewater treatment plant belt filter press replacement project, based upon the engineer's recommendation. Director Minchew seconded the motion, which passed by unanimous vote.

The Board concurred that Directors Kluppel and Taylor will serve on the Reclaimed Water Use Committee.

#### FINANCIAL AND BOOKKEEPING MATTERS

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

#### REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS REGARDING EVENTS AND ACTIVITIES ATTENDED DURING THE MONTH, INCLUDING FORT BEND FLOOD MANAGEMENT ASSOCIATION MEETINGS

Director Kluppel reported on the recent meeting of the Brazos River Authority. Director Taylor announced that Director Stolleis will be the new engineer for Fort Bend County.

## COMMENTS FROM THE PUBLIC

Mr. Vance inquired about the possibility of the Fort Bend County election administrator adding an early voting place located in the District for the May 12, 2012, Directors Election. The Board asked ABHR to contact the Elections Administrator regarding an early voting polling place in the District.

## DEVELOPMENT AND MAINTENANCE OF PARKS

The Board reviewed reports on parks for February and March, copies of which are attached.

The Board concurred to discuss Pecan Grove Park irrigation for replacement trees at the special meeting on April 18, 2012.

## DISTRICT FIRE PLAN AND REPORT FROM FIRE PLAN COMMITTEE

There was no discussion of this agenda item.

## ATTORNEY'S REPORT, AUTHORIZE FILING OF REQUIRED DOCUMENTATION OF EMINENT DOMAIN AUTHORITY IN TEXAS WITH THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS, ACCEPT PETITION FOR ADDITION OF CERTAIN LAND, ADOPT ORDER ADDING LAND AND AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM, APPROVE VOTING RIGHTS ACT SUBMISSION LETTER TO U.S. DEPARTMENT OF JUSTICE, AND ACCEPT DEEDS AND EASEMENTS FROM PECAN GROVE BAPTIST CHURCH

Ms. Humphries stated that pursuant to Chapter 2206.101(d), Texas Government Code, as added by Senate Bill 18, 82nd Regular Session, the District is required to file documentation of its eminent domain authority in Texas with the Texas Comptroller of Public Accounts. Ms. Humphries reviewed the Required Documentation of Eminent Domain Authority in Texas with the Board.

The Board reviewed a Petition for Addition of Certain Land to Pecan Grove Municipal Utility District from Pecan Grove Baptist Church for a 11.324-acre tract. Ms. Brook reviewed an Order Adding Land and stated that it provides that the 11.324-acre tract of land be annexed into the District. Ms. Brook stated that the Texas Water Code requires that the District file an Amendment to the Information Form with Fort Bend County and the TCEQ in order to reflect the annexation of the 11.324-acre tract of land into the District. Ms. Brook stated that the District is required to submit a Voting Rights Act Submission Letter to the U.S. Department of Justice regarding the annexation of the 11.324-acre tract of land into the District. Ms. Brook presented a Special Warranty Deed (levee tract and temporary construction easement)(4.15-acre tract) from Pecan Grove Baptist Church to the District.

Following review and discussion, Director Kluppel moved to (1) authorize ABHR to file the Required Documentation of Eminent Domain Authority in Texas with

the Texas Comptroller of Public Accounts and direct that the Documentation be filed appropriately and retained in the District's official records; (2) accept the Petition for Addition of Certain Land to Pecan Grove Municipal Utility District and direct that the Petition be filed appropriately and retained in the District's official records; (3) adopt an Order Adding Land; (4) authorize execution of an Amendment to Information Form; (5) approve and authorize execution of a Voting Rights Act Submission Letter to the U.S. Department of Justice; (6) direct that the Order Adding Land, Amendment to Information Form, and Voting Rights Act Submission Letter be filed appropriately and retained in the District's official records; and (7) accept and authorize execution of the Special Warranty Deed from Pecan Grove Baptist Church to the District and direct that the Deed be filed appropriately and retained in the District's official records. Director Minchew seconded the motion, which passed by unanimous vote.

Director Taylor stated that he is working with Fort Bend County on a project agreement for participation related to landscape/irrigation along Farmer Road. The Board concurred to participate via a project agreement with Fort Bend County.

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

At 7:32 p.m., Director Taylor announced that the Board would convene in executive session to deliberate the deployment or specific occasions for implementation of security personnel devices.

RECONVENE IN OPEN SESSION PURSUANT TO THE SECTION 551.076, TEXAS GOVERNMENT CODE, TO DELIBERATE THE DEPLOYMENT OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES

At 7:47 p.m., the Board reconvened in open session.

After review and discussion, Director Kluppel moved to approve a Service Agreement between the District and Executive Security Systems, Inc. of America and direct that the Agreement be filed appropriately and retained in the District's official records. Director Stolleis seconded the motion, which passed by unanimous vote.

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

CONVENE IN 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 its attorney to discuss pending or contemplated litigation including condemnation proceedings.

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

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Secretary, Board of Directors

(SEAL)



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