

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

April 9, 2013

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in special session, open to the public, on the 9th day of April, 2013, at the Pecan Grove MUD Customer Service Office, 2035 FM 359, Suite 13, 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	Asst. Vice President/ Asst. Secretary
John Minchew	Asst. Vice President/ Assistant Secretary

and all of the above were present, with the exception of Directors Kluppel and Minchew, thus constituting a quorum.

Also present at the meeting were Bryan Jordan and Bethany Miller of Jones & Carter, Inc. ("J&C"); Greg Lentz of First Southwest Company; Doug Owen of Environmental Development Partners, L.L.C. ("EDP"); Katinka Damoiseaux, Annie Watts, Lee Dorger, Robert Watts and Antonio Marchena-Roldan, District residents; and Hannah Brook and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

SALE OF THE DISTRICT'S \$13,810,000 UNLIMITED TAX BONDS, SERIES 2013

Mr. Lentz reviewed bids received for the sale of the District's \$13,810,000 Unlimited Tax Bonds, Series 2013, and stated that the low bidder was Bank of America Merrill Lynch, with a net effective interest rate of 3.468163%. Mr. Lentz also discussed the District's Standard & Poors rating in connection with this bond issue and discussed the projected debt tax for 2013 based upon the bids received using the District's 2012 certified tax value. Following review and discussion, Director Vance moved that the Board award the sale of the District's \$13,810,000 Unlimited Tax Bonds, Series 2013 to Bank of America Merrill Lynch. Director Boyd seconded the motion, which was passed unanimously. Mr. Lentz said that the bonds will close on May 9, 2013.

RESOLUTION AUTHORIZING THE ISSUANCE OF THE DISTRICT'S \$13,810,000 UNLIMITED TAX BONDS, SERIES 2013

Ms. Brook reviewed the Resolution Authorizing the Issuance of the District's \$13,810,000 Unlimited Tax Bonds, Series 2013. After review and discussion, Director Vance moved that the Board adopt the Resolution Authorizing the Issuance of the District's \$13,810,000 Unlimited Tax Bonds, Series 2013. Director Boyd seconded the motion, which was approved by unanimous vote.

PAYING AGENT/REGISTRAR AGREEMENT

Ms. Brook reviewed the Agreement with The Bank of New York Mellon Trust Company, N.A. to be the Paying Agent/Registrar for the Series 2013 Bonds. After review and discussion, Director Vance moved that the Board approve the agreement with The Bank of New York Mellon Trust Company, N.A. to serve as the Paying Agent/Registrar for the Series 2013 Bonds. Director Boyd seconded the motion, which carried unanimously.

OFFICIAL STATEMENT

Mr. Lentz next reviewed changes to be made to the Preliminary Official Statement to become the Official Statement for the District's \$13,810,000 Unlimited Tax Bonds, Series 2013. Mr. Lentz stated the Preliminary Official Statement will be updated to reflect pricing information on the Bonds. Following discussion, Director Vance moved that the Board approve the Official Statement. Director Boyd seconded the motion, which was approved by unanimous vote.

DOCUMENTS RELATING TO THE BOND SALE AND NECESSARY ACTION TO DELIVER BONDS TO THE PURCHASER

Ms. Brook reviewed the various documents relating to the bond sale and asked the Board to authorize the attorney and the financial advisor to take all necessary steps to deliver the bonds to the purchaser. After review and discussion, Director Vance moved that the Board authorize the Board of Directors to sign the bond documents and authorize the attorney and financial advisor to take all necessary steps to deliver the bonds to the purchaser. Director Boyd seconded the motion, which was approved by unanimous vote.

AMENDMENT TO INFORMATION FORM

Ms. Brook reviewed the Amendment to the District's Information Form, reflecting the District's additional bonds sold. After review and discussion, Director Boyd moved that the Amendment to the District's Information Form be approved and filed with the Texas Commission on Environmental Quality and in the Fort Bend County Deed Records. Director Vance seconded the motion, which passed unanimously.

UPDATE FROM DISTRICT ENGINEER ON TEXAS COMMISSION ON ENVIRONMENTAL QUALITY INSPECTION OF FACILITIES

There was no discussion for this agenda item.

ENGINEERING MATTERS

Ms. B. Miller and Mr. Jordan reviewed the engineer's report, a copy of which is attached.

Ms. B. Miller first discussed the status of completion of the surface water treatment plant, including training and addressing deficiencies, and said membrane testing will start on April 16, 2013. Ms. B. Miller and Mr. Jordan next discussed line-of-sight issues affecting radio communication and recommended increasing the height of the radio antennas at water plant nos. 1 and 3 and requested authorization to advertise for bids for installation/construction of same. Ms. B. Miller said J&C estimates construction/installation costs exceed \$25,000. Mr. Jordan said the model to set the antenna heights did not take heavy tree cover into account. In response to a question from Mr. Dorger, Mr. Jordan said the antennas will be built with proper footing and wind loading. Following review and discussion, Director Boyd moved to authorize J&C to prepare a bid package and solicits bids to raise the antennas at water plant nos. 1 and 3. The motion, which was seconded by Director Vance, passed unanimously.

Mr. Jordan next discussed status of design of a reclaimed water system, including Agreement for Use of Reclaimed water with WSG Pecan Grove IV, LP ("WSG") and said consultants continue to work with WSG to finalize necessary agreements. He said J&C met with WSG and WSG wants to convert both the north and south ponds to reclaimed water. Ms. B. Miller said the irrigation between the ponds is connected, but not the lakes. Mr. Jordan discussed budgeting for Phase 1 of the project and said the Board will need to establish a budget for Phase 2 which will be the addition of piping to reach the ponds and improvements to the north pond. Following discussion, the Board concurred to authorize J&C to prepare preliminary cost estimates for Phase 2.

Mr. Jordan discussed the status of design of the Pecan Lakes North Earthen Levee, South Earthen Levee, Flood Wall and Jones Creek Improvements, reviewed bids for construction and recommended that the Board award the contract, with no alternates, to the lowest bidder, Lecon, Inc., in the amount of \$8,115,270.70, 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, Lecon, 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 said Lecon, Inc. has offered to hold a community meeting to discuss construction phasing. Mr. Dorger said he will communicate with the Pecan Lakes Homeowner's Association and Ms. B. Miller to set up a meeting with the contractor to discuss phasing.

Mr. Jordan next discussed proposed Jones Creek Improvements and costs for third party management of surveying of foundations along Jones Creek. Mr. Jordan said the estimated total cost of \$30,600 will include complete survey and documentation pre and post construction. Mr. Jordan also discussed proposed supervision of the

project. Mr. Jordan responded to questions from District residents regarding same. Following discussion, the Board concurred to defer further discussion until the regular meeting in April 2013.

Mr. Marchena-Roldan entered the meeting.

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

At 6:15 p.m., Director Howard announced that the Board would convene in executive session to deliberate the purchase, exchange, lease or value of real property. Ms. J. Miller, Ms. B. Miller, Mr. Jordan and Ms. Brook also were present during executive session.


RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

At 6:36 p.m. the Board reconvened in open session. No action was taken as a result of discussion in executive session.

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

(SEAL)




Secretary, Board of Directors

PECAN GROVE MUNICIPAL UTILITY DISTRICT

ENGINEER'S REPORT

Special Meeting Date: April 9, 2013

Agenda
Item No.

8. ENGINEERING MATTERS

(a) *Approve change orders related to the construction of the surface water treatment plant;*

Arcadis, LEM, EDP and J&C are working together to select a firewall for the SWTP. The team recommends that the firewall not be finalized and installed until the membrane acceptance test is completed and the radio communication issues are resolved.

A taller antenna will be required to solve the line-of-sight issues that are impacting the radio communication system. Due to the increased height, a freestanding antenna will be required at WP No. 1 and WP No. 3.

ACTION REQUESTED: Authorize J&C to prepare a bid package and solicit bids for this work

(b) *Reclaimed water design, including agreement for the use of reclaimed water with WSG Pecan Grove IV, LP*

J&C met with a representative of the owner of Pecan Grove Country Club regarding the reclaimed water project. Due to the setup of their irrigation system, PGPCC wants to convert both the north and south ponds to reclaimed water. The current plans and budget included a project that would deliver water to the south pond. Additional design and budget will be required to deliver water to the north pond.

PGPCC is ready to begin working on an agreement for supply, including discussions of the rate for the reclaimed water.

PGPCC requested that the District test current levels of sodium, total dissolved solids, and total nitrogen in the WWTP effluent to help them evaluate what modifications will be needed to their turf maintenance program.

(c) *Drainage improvement projects*

J&C is working on preparing construction drawings and specifications.

(d) *Review bids and award contracts for*

(i) **Pecan Lakes North Earthen Levee**

This project is being combined with the Pecan Lakes Detention and South Earthen Levee project, and the Pecan Lakes Floodwall and Jones Creek Improvements project into a single construction contract. The overall project will be called the Pecan Lakes Flood Protection System.

The contract was publicly advertised and we received bids for the project on April 1, 2013. Four (4) contractors submitted bids. The low bidder is LECON, Inc., who submitted a base bid in the amount of \$8,115,270.70.

J&C recommends the Board award the contract to LECON, Inc. A copy of the Recommendation of Award and Bid Tabulation are attached.

ACTION REQUESTED: Award contract.

(ii) Pecan Lakes Detention and South Earthen Levee

See Item 8(d)(i).

(iii) Pecan Lakes Pump Station

Nothing new to report. This project was awarded at the March regular meeting.

(iv) Pecan Lakes Floodwall and Jones Creek Improvements

See Item 8(d)(i).

