

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

April 26, 2011

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 April, 2011, 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 Jim Keller, Lee Dorger, Robert Barta, and Mr. and Mrs. C. K. Dickenson, residents of the District; Rey Silva representing the Pecan Grove Athletic Association ("PGAA"); Constable Rob Cook, Fort Bend County, Precinct 3; Bryan Jordan and Jason Kirby of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Todd Horelica, Clayton Galloway, Donald Wilson, Doug Owen, Breah Campbell, and Mike Ammel of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Kevin Atkinson of WCA Waste Corporation of Texas, LP; Sheldon Buck of Malcolm Pirnie, Inc. ("Malcolm Pirnie"); Marquita Griffin of the Fort Bend Herald; and Hannah Brook and Janet Swartz of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the March 29, 2011, meeting, which were prepared and distributed in advance of the meeting. Following review and discussion, Director Krahn moved to approve the minutes of the March 29, 2011, meeting. Director Stolleis seconded the motion, which carried unanimously.

CONTRACT FOR ELECTRICITY WITH TXU ENERGY

Director Taylor stated that he did not have an update on this agenda item.

DITCH, LEVEE MAINTENANCE, AND REPAIRS

There was no report on ditch, levee maintenance, and repairs.

GARBAGE COLLECTION AND RECYCLING SERVICES

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 with the Board 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 2010 tax payments and responded to questions from Board members. Mr. Ordeneaux noted that the value of the District's preliminary tax roll for 2011 is \$823,868,168.

Mr. Ordeneaux stated that the District received a request from property owners, Mr. and Mrs. Miciotto, requesting waiver of penalty and interest on delinquent taxes. Mr. Ordeneaux stated that the District did not make an error in connection with Mr. and Mrs. Miciotto's account.

Following review and discussion, Director Kluppel moved to (1) approve the tax assessor/collector's report and authorize payment of bills from the tax account; (2) deny waiving penalty and interest on Mr. and Mrs. Miciotto's account because no error was made by the District; and (3) authorize Mr. Ordeneaux to send an invoice to Mr. and Mrs. Miciotto reflecting that the penalty and interest on the delinquent taxes is due to the District. Director Minchew seconded the motion, which passed by unanimous vote.

OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of April, 2011, a copy of which is attached, and which was provided previously to the Board.

Mr. Ammel stated that the auto dialer at water plant no. 3 was installed today. He added that EDP is monitoring Bullhead Slough for excessive debris.

Mr. Ammel stated that the automatic alarm dialer at lift station no. 7 needs to be replaced at a cost of \$3,025.00.

Mr. Ammel stated that lift pump no. 2 at lift station no. 8 needs to be replaced and the cost will be \$4,196.00.

Ms. Brook stated that the District's Identity Theft Prevention Program (the "Program") requires EDP to provide an annual written report evaluating the effectiveness of the Program, significant instances of identity theft detection and any recommendations regarding changes to the Program. Mr. Ammel reviewed a report on the District's Program. He stated that the report indicates no significant incidents of identity theft detection and recommends no changes to the Program. The Board concurred that it was not necessary to adopt a Program amendment.

After review and discussion, Director Kluppel moved to (1) approve the operator's report; (2) approve replacement of the automatic alarm dialer at lift station no. 7 at a cost of \$3,025.00; (3) approve replacement of lift pump no. 2 at lift station no. 8 at a cost of \$4,196.00; and (4) approve the annual report on the Program and direct that the report be filed appropriately and retained in the District's official records. Director Krahn 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 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 Krahn seconded the motion, which passed unanimously. A copy of the termination list is included in the operator's report.

DISTRICT NEWSLETTER AND WEBSITE

Director Krahn reported that the District newsletter has been sent out and posted on the District's website. Mr. Ammel updated the Board on the transition of the website pursuant to the agreement with Mr. Dulin. Ms. Brook stated that ABHR will conduct an annual review of the new website for legal notices.

CONVERSION TO SURFACE WATER

Mr. Buck reviewed an Activity Report from Malcolm Pirnie on the surface water treatment plant, a copy of which is attached. In response to an inquiry from Director Kluppel, Mr. Buck stated that the contractor is three to four weeks behind schedule on the project. Director Kluppel stated that he will meet with Mr. Buck to discuss the timetable following the Surface Water committee meeting.

Mr. Buck reviewed and recommended approval of Pay Estimate No. 12 from LEM Construction in the amount of \$1,070,395.08. Mr. Buck recommended payment of Invoice No. 11 from Terracon in the amount of \$2,483.75. After review and discussion, Director Kluppel moved, based upon Mr. Buck's recommendation, to (1) approve Pay Estimate No. 12 in the amount of \$1,070,395.08 to LEM Construction; and (2) approve payment to Terracon in the amount of \$2,483.75. Director Minchew seconded the motion, which passed unanimously.

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.

Mr. Kirby stated that J&C is waiting on final approval from the Texas Commission on Environmental Quality ("TCEQ") on the plans for the Water Plant Nos. 1, 2, and 3 chloramine conversions. He added that once plan approval is received, he will advertise for bids for construction of the Water Plant Nos. 1, 2, and 3 chloramine conversions.

Mr. Kirby stated that the contracts are being finalized for the construction of surface water treatment plant offsite utility extensions and the pre-construction conference will be held next week.

Mr. Kirby discussed the design of the Pecan Lakes Floodplain Protection System. Director Krahn discussed the plans for the meeting between the Board, J&C, and residents of Pecan Lakes regarding the design of the Floodplain Protection System. The Board concurred to schedule a date for the meeting at the next Board meeting.

The Board discussed the adoption of an updated prevailing wage rate scale. After review and discussion, the Board concurred to adopt the prevailing wage rates of the City of Richmond for classes of workers employed on engineering construction projects in the locality of the District. After review and discussion, Director Stolleis moved to adopt a Resolution Adopting Prevailing Wage Rate Scale for Engineering Construction and direct that the Resolution be filed appropriately and retained in the District's official records. Director Krahn seconded the motion, which passed unanimously.

Following review and discussion, Director Stolleis moved to approve the engineer's report. Director Krahn seconded the motion, which passed by unanimous vote.

OUT-OF-DISTRICT SERVICE TO FORT BEND COUNTY INDEPENDENT SCHOOL DISTRICT

Ms. McLennan stated that \$70.00 remains on deposit by Fort Bend County Independent School District. Mr. Kirby reported that J&C and EDP were onsite during the meter installation process.

FINANCIAL AND BOOKKEEPING MATTERS

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

investment report, and payment of the District's bills. Director Krahn seconded the motion, which passed by unanimous vote.

COMMENTS FROM THE PUBLIC

Mr. Silva updated the Board on PGAA activities. He stated that the District's contribution to PGAA represents 25% of its budget. The Board thanked Mr. Silva for attending the meeting and updating the Board.

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

Director Kluppel updated the Board on his and Director Taylor's meeting with Judge Hebert to discuss water supply, flood insurance, levee issues and re-districting. Director Kluppel reported on his attendance at a Gulf Coast Water Authority ("GCWA") meeting and stated that Mr. Saour was appointed the interim general manager to replace Robert Istre, who resigned. Director Kluppel also discussed the current bill in the Legislature to provide Fort Bend County customers with full voting member representation on the GCWA Board of Directors. Director Stolleis stated that he and Director Taylor plan to meet with representatives of the Fort Bend County Road & Bridge Department and representatives of Fort Bend County Independent School District on the sidewalk to connect from Pecan Grove to the new middle school. Directors Taylor and Kluppel updated the Board on re-districting.

DEVELOPMENT AND MAINTENANCE OF PARKS

The Board reviewed a report on parks for April from the park manager, a copy of which is attached.

Director Krahn discussed a meeting between himself, Mr. Kirby, Mr. Bertrand, Mr. Ross, and representatives of GreenScape Associates, LLC ("GreenScape") to discuss the drainage and grading plan being prepared by J&C for Plantation Park (the "Park"). Mr. Kirby reviewed a proposal from GreenScape for the landscaping and improvements for the Park and a proposal from Kronberg's Flags and Flagpoles for two flagpoles and flags. After review and discussion, Director Krahn moved to approve an Addendum to the Service Agreement with GreenScape in the amount of \$24,977.86 for landscaping for the Park and the proposal from Kronberg's in the amount of \$5,433.07 for the flagpoles and direct that the Addendum and proposal be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which passed unanimously.

SECURITY MATTERS

Constable Cook updated the Board on security matters.

ATTORNEY'S REPORT

Ms. Brook stated that a Deed and Easement for the Pecan Lakes Floodplain Protection System have been sent to WSG Pecan Grove IV, LP ("WSG Pecan Grove") for execution.

Ms. Brook stated that under U.S. Department of Justice revised rules, public entities must permit a disabled individual to use other power-driven mobility devices ("OPDMD"), which includes golf carts, segways, and any other device powered by batteries, fuel, or other engines in any areas open to pedestrian use. She added that the District may, however, adopt a policy to impose legitimate safety requirements necessary for the safe operation of its services, programs, or activities. She added that the Board of Directors, in consultation with the District's engineer, will need to adopt an accessibility policy in the form of a Resolution Adopting Policy Regarding the Use of Other Power-Driven Mobility Devices. The Board requested that the Parks Committee work with ABHR to develop the policy for consideration at the next meeting.

ANNEXATION OF LAND INTO THE DISTRICT, ACCEPT PETITION FOR ADDITION OF CERTAIN LAND, ADOPT ORDER ADDING LAND, AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM, AND APPROVE THE VOTING RIGHTS ACT SUBMISSION LETTER TO THE U.S. DEPARTMENT OF JUSTICE.

The Board reviewed a Petition for Addition of Certain Land to Pecan Grove Municipal Utility District for the surface water plant site. After review and discussion, Director Kluppel moved to accept the Petition for Addition of Certain Land to Pecan Grove Municipal Utility District direct that the Petition be filed appropriately and retained in the District's official records. Director Krahn seconded the motion, which passed by unanimous vote.

The Board next considered adopting an Order Adding Land into the District. Ms. Brook reviewed the Order and stated that it provides that the tract of land for the surface water plant site will be annexed into the District. It was noted that this tract is not located in any city's extraterritorial jurisdiction.

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 8.3 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 8.3 acre tract of land into the District.

After review and discussion, Director Kluppel moved to (1) adopt an Order Adding Land; (2) authorize execution of an Amendment to Information Form; (3) approve a Voting Rights Act Submission Letter to the U.S. Department of Justice; and (4) 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. Director Krahn seconded the motion which passed by unanimous vote.

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

The Board did not convene in executive session to deliberate the deployment or specific occasions for implementation of security personnel or devices.

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

At 7:22 p.m., Director Taylor announced that the Board would convene in executive session to deliberate the purchase, exchange, lease, or value of real property.

RECONVENE 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 7:29 p.m. After discussion, Director Kluppel moved to authorize appraisals in connection with the offers to purchase land. Director Minchew seconded the motion, which passed unanimously.

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.

Secretary, Board of Directors

(SEAL)

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
report on garbage collection.....	2
tax assessor/ collector's report	2
EDP operations report for April, 2011	2
Activity Report from Malcolm Pirnie on the surface water treatment plant.....	3
engineer's report	4
bookkeeper's report.....	4
parks report for April.....	5