

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

April 27, 2010

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 April, 2010, 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
Stephen Crow	Vice President
G. E. Kluppel	Secretary
Richard Stolleis	Assistant Vice President/ Assistant Secretary
John Minchew	Assistant Vice President/ Assistant Secretary

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

Also present at the meeting were Dwight Gardner, Susan Atkinson, Jim Keller, Susan Denkowski, and Mr. and Mrs. C. K. Dickenson, residents of the District; Pat Naff of CDC Unlimited, L.L.C. ("CDC"); Jason Kirby of Jones & Carter, Inc. ("J&C"); Kathy Cruthrids of Tax Tech, Inc.; Doug Owen, Andy Phelps, and Mike Ammel of Environmental Development Partners, L.L.C. ("EDP"); Mary Ann Mihills of McLennan & Associates, L.P.; Curtis Lacy and Kevin Atkinson of WCA Waste Corporation of Texas, LP; Sheriff Milton Wright and Sergeant Mike Waller of the Fort Bend County Sheriff's Office; Sheldon Buck of Malcolm Pirnie, Inc. ("Malcolm Pirnie"); Marquita Griffin of the Fort Bend Herald; and Lynne B. Humphries, Hannah Brook, and Janet Swartz of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the March 30, 2010, meeting, which had been prepared and distributed in advance of the meeting. Following review and discussion, Director Kluppel moved to approve the minutes of the March 30, 2010, meeting. Director Stolleis seconded the motion, which was approved by unanimous vote.

DITCH, LEVEE MAINTENANCE, REPAIRS

Mr. Naff reported on ditch and levee maintenance. He discussed the establishment of turf on the new portion of the levee and areas where the turf is thin. Mr. Kirby stated that the contractor who constructed the new portion of the levee was responsible for the establishment of the turf, but maintenance was removed from the contract. Mr. Naff stated that CDC can oversee the new portion of the levee with

Bermuda grass. He added that the cost would be approximately \$2,500 and he will contact Director Crow with the final price. After discussion, Director Kluppel moved to authorize CDC to oversee the new portion of the levee with Bermuda grass at a cost not to exceed \$2,500, contingent upon final approval by Director Crow. Director Crow seconded the motion, which passed by unanimous vote.

Mr. Naff discussed areas of the levee where trees need to be trimmed. He stated that the cracks in the slope paving in the ditch need to be sprayed with herbicide. Mr. Naff stated that CDC fertilized the ditch and levee. After discussion, Director Kluppel moved to authorize CDC to trim trees and spray cracks in the slope paving. Director Crow seconded the motion, which passed by unanimous vote.

REPORT ON SECURITY MATTERS

Sheriff Wright updated the Board on security matters in the District and the schedule of deputies who patrol the District. Director Minchew stated that he has received complaints about reduced visibility of deputies in the District. He asked that Sheriff Wright request that the deputies who patrol the District be more visible, especially on Pitts Road and Plantation Road. Director Minchew asked the Sheriff about obtaining time sheets for the deputies who patrol in the District. Discussion ensued between Director Minchew, Sheriff Wright, and Sergeant Waller regarding the time sheets, substitute coverage for deputies when they are on vacation, schedule changes, and documentation from the County Auditor's office. After discussion, Sheriff Wright said he would ask the County Auditor to present documentation and a report at the next meeting. The Board further concurred to conduct the annual review of security in July.

TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Cruthrids reviewed with the Board the monthly tax assessor/collector's report, a copy of which is attached. She updated the Board on the status of collection of delinquent taxes and 2009 tax payments and responded to questions from Board members. Following review and discussion, Director Stolleis moved to approve the tax assessor/collector's report and authorize payment of bills from the tax account. Director Crow seconded the motion, which passed by unanimous vote.

GARBAGE COLLECTION AND RECYCLING SERVICES

Mr. Lacy distributed and reviewed a report on garbage collection in the District during the past month, a copy of which is attached. Mr. Lacy discussed the types of materials that are accepted for recycling. The Board requested that Mr. Lacy send the list of items accepted for recycling to EDP for the newsletter. The Board requested that EDP reflect on the water bill that glass containers are accepted for recycling, add a notice to the next newsletter on recycling, and update the website.

OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of April, 2010, a copy of which is attached, and which was provided previously to the Board.

Mr. Ammel stated that the installation of a pressure transducer at the base of the elevated storage tank is complete. He added that the data logger has not been installed.

Mr. Owen updated the Board on leaks found in the District. Mr. Ammel discussed water accountability in the District. The Board requested that Mr. Ammel prepare a chart using prior audits to show trends in water usage, and that Mr. Kirby determine which water distribution projects were completed from 1989 to 1992.

Mr. Phelps stated that the sludge press at the wastewater treatment plant needs to be repaired and will cost approximately \$15,000. After discussion, Director Stolleis moved to approve repair of the sludge press at a cost not to exceed \$15,000, contingent upon final approval of Director Taylor. Director Kluppel seconded the motion, which carried unanimously. The Board requested that Mr. Kirby and Mr. Phelps prepare a cost estimate for the replacement and retrofitting of the belt filter press at the wastewater treatment plant for the 2011 fiscal year budget.

Mr. Phelps stated that the No. 4 motor at water plant no. 1 needs to be repaired or replaced. He stated the cost estimates are \$3,010 for a rebuilt motor and \$4,010 for a new motor. He added that he will obtain another estimate.

Mr. Ammel recommended that 20 uncollectible accounts be written off the District's books. After review and discussion, Director Crow moved to (1) approve the operator's report and (2) authorize EDP to write 20 uncollectible accounts off the District's books. Director Kluppel seconded the motion, which passed by unanimous vote.

Mr. Ammel distributed a draft of the Consumer Confidence Report ("CCR") to the Board. The Board tabled action on the CCR.

Ms. Humphries 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 distributed and 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 Stolleis moved to approve the annual report on the Program and direct that the report be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which passed by unanimous vote.

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 Stolleis 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 Kluppel seconded the motion, which passed unanimously.

DISTRICT NEWSLETTER AND WEBSITE

Mr. Phelps reported on updates to the District's website and the preparation of an article on the Storm Water Management Plan for the newsletter. He stated that the next newsletter is scheduled to go out in May. The Board agreed that additional topics for the newsletter include an update on the surface water plant, recycling, and security.

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. He stated that a construction schedule for the surface water plant is included in the report.

Mr. Buck updated the Board on the construction of the surface water treatment plant and stated that no Pay Estimates are ready for approval at this time.

Mr. Kirby then discussed the design of the chloramine conversion and surface water transmission lines. He noted that the project would be divided into two construction contracts that will be named the Water Plant Nos. 1, 2 & 3 Chloramine Conversions and the Surface Water Treatment Plant Offsite Utility Extensions. Director Taylor stated that J&C is researching alternatives for the location of the transmission lines. Mr. Kirby stated that he will recommend locations for the lines at the next meeting.

Mr. Kirby stated that J&C is coordinating with Malcolm Pirnie and EDP on the design of the controls and communication systems for delivery of surface water to each water plant site.

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 discussed re-certification of the levee and the Federal Emergency Management Agency ("FEMA") flood plain re-mapping. He stated that pursuant to FEMA's request, J&C has submitted additional information.

Mr. Kirby updated the Board on the contracts for point repairs to the slope of the east channel of the South ditch. He stated that the contracts are being executed.

Mr. Kirby stated that AT&T had no comments on the design of the improved driveway access from FM 359 necessary due to the Pecan Lakes levee. He added that J&C is addressing TxDOT comments and finalizing the plans. He added that AT&T will obtain three bids which will be presented at the May Board meeting.

Mr. Kirby discussed the design of the Pecan Lakes Floodplain Protection System. He stated that FEMA has requested additional information in connection with the Pecan Lakes and Expanded Commercial Flood Protection System Request for Conditional Letter of Map Revision. He added that J&C is preparing the information requested by FEMA. Mr. Kirby stated that Aviles Engineering is commencing the geotechnical investigation for the Pecan Lakes levee. He added that J&C is scheduling meetings with landowners affected by the proposed Pecan Lakes levee. Mr. Kirby stated that J&C is working with ABHR on the conveyance of a reserve by the Pecan Lakes Homeowner Association to the District that will be used for the levee. Mr. Gardner asked if the District received a letter from Mr. Damoiseaux regarding the plans for the Pecan Lakes Flood Plain Protection System. Director Stolleis stated that the letter from Mr. Damoiseaux was sent to J&C for review. He added that J&C is evaluating how the construction of the levee will affect Pecan Lakes. Mr. Gardner asked that a Board member attend the next Pecan Lakes Homeowner Association meeting. The Board concurred that one of the Board members would attend the next Pecan Lakes Homeowner Association meeting. Mr. Kirby stated that the requirements for the Pecan Lakes levee are defined by FEMA. He added that the District is building the levee in order to maintain the assessed value of the homes.

Mr. Kirby reported on the recoating and repairs to water plant no. 3. He reviewed and recommended payment of Pay Estimate No. 1 in the amount of \$121,500 to Dunham Engineering. After review and discussion, Director Stolleis moved that, based upon the engineer's recommendation, the Board approve Pay Estimate No. 1 in the amount of \$121,500 to Dunham Engineering. Director Kluppel seconded the motion, which carried unanimously.

Mr. Kirby updated the Board on the contract for the generators at water plants nos. 2 and 3.

Mr. Kirby updated the Board on the TxDOT FM 359 pre-construction conference.

Mr. Kirby discussed discharge biomonitoring testing and stated that the District may receive new requirements for testing and new limits when a new permit is issued. Following review and discussion, Director Stolleis moved to approve the engineer's report. Director Kluppel seconded the motion, which passed unanimously.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Mihills 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 Crow seconded the motion, which passed unanimously.

Ms. Brook stated that the representatives of Fort Bend Independent School District ("FBISD") have indicated that the School Board has approved the Out-of-District Service Agreement. Ms. Humphries suggested that one Board member, the operator, and the engineer meet with a representative of FBISD once the signed Out-of-District Service Agreement is returned, in order to review the terms of the Agreement.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

There were no reports from the directors or consultants.

FORT BEND FLOOD MANAGEMENT ASSOCIATION MEETINGS, INCLUDING PARTICIPATION IN SUB-COMMITTEE MEETINGS, AND STATUS OF FEDERAL FLOOD INSURANCE LEGISLATION

Director Kluppel reported on the activities of the Fort Bend Flood Management Association ("FBFMA"). He stated that the FBFMA will conduct the Fort Bend Flood Management Association 1st Annual Symposium on Flood Risk Reduction on June 4, 2010. He encouraged all of the Board members to attend the Symposium.

ATTORNEY'S REPORT AND RESOLUTION NOMINATING CANDIDATE FOR BOARD OF DIRECTORS OF FORT BEND CENTRAL APPRAISAL DISTRICT

Ms. Humphries stated that Mr. Duggan has resigned from the Board of the Fort Bend Central Appraisal District and the Board can nominate a candidate. After review and discussion, Director Stolleis moved to adopt a Resolution Nominating Candidate for Board of Directors of Fort Bend Central Appraisal District reflecting the nomination of Jeff Anderson and direct that the Resolution be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which passed unanimously.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

DEVELOPMENT AND MAINTENANCE OF PARKS

The Board reviewed a report on parks for April from the park manager, a copy of which is attached. The Board noted that the annual payment for development of recreational facilities to the Pecan Grove Athletic Association was approved under the bookkeeper's report. Director Crow stated that the Parks Committee met on the landscape plan for Plantation Park and made modifications.

CONVENE IN EXECUTIVE SESSION PURSUANT TO THE CHAPTER 551.076, TEXAS GOVERNMENT CODE, TO DELIBERATE THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES INCLUDING REVIEW OF COMPLAINTS WITH SGT. MIKE WALLER OF THE FORT BEND COUNTY SHERIFF'S OFFICE AND PERFORMANCE REVIEW DATE FOR SECURITY SERVICES

The Board did not convene in executive session regarding security.

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

The Board did not convene in executive session regarding the purchase, exchange, lease, or value of real property.

CONVENE IN EXECUTIVE SESSION PURSUANT TO THE CHAPTER 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, INCLUDING CONDEMNATION PROCEEDING

The Board did not convene in executive session regarding pending or contemplated litigation.

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

Secretary, Board of Directors

(SEAL)

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