

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

June 26, 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 26th day of June, 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:

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; Fred Ross and Cheryl Minchew, residents of the District; Jason Kirby, Bryan Jordan and Bethany Miller of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel, Ben Connelley, Doug Owen and Breah Campbell of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Curtis Lacy of WCA Waste Corporation of Texas, LP ("WCA"); Deputy Edward Gordon of the Fort Bend County Constable's Office, Precinct 3 ("Precinct 3"); Pat Naff of CDC Unlimited, LLC ("CDC"); Dan McDonald of SIG/McDonald & Wessendorff; Fort Bend County Commissioners Richard Morrison, Precinct 1, and Andy Meyers, Precinct 3; Aimee Ordeaneaux-Raley of Best Trash, LLC; 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.

MINUTES

The Board considered approving the minutes of the May 29, 2012, regular meeting, which was prepared and distributed in advance of the meeting. Following review and discussion, Director Kluppel moved to approve the minutes of the May 29, 2012, regular meeting, as submitted. Director Minchew seconded the motion, which carried unanimously.



## 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 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 Boyd seconded the motion, which passed by unanimous vote.

## COMMENTS FROM THE PUBLIC AND FORT BEND COUNTY COMMISSIONER MEYERS AND RESPONSE TO RESIDENTS' LETTERS

Director Howard offered residents of the District the opportunity to make public comment. Paul Metcalf, District resident, commented generally regarding the construction of a median on Mason Road. Katherine Feiser, District resident, requested that the Board consider requesting evaluation of District drainage by an engineering firm other than J&C and reported regarding Dunn & Bradstreet website information regarding officers of EDP, specifically naming Buddy Kluppel as an officer of EDP. Director Howard provided Ms. Feiser with the Texas Secretary of State information regarding officers of EDP, noting that none listed therein were Director Kluppel. Director Kluppel confirmed he is not, or has he ever been, a Director or Officer of EDP. Ms. Lenore Mensik also requested that the Board request an evaluation of District drainage by an engineering firm other than J&C. Conley Shepherd, District resident, requested confirmation that the Pecan Lakes levee, for which residents of the District voted for bonds in payment for construction thereof, would be constructed. Mr. Shepherd also commented regarding recent juvenile criminal activity in the District and asked if the District would continue contracting for security patrol with Precinct 3 Constables. Lee Dorcher, resident of the District, noted that Mr. Shepherd is not speaking on behalf of the Pecan Lakes homeowner's association.

Marilyn Weaver commented regarding her inability to get water services restored at a rental property that she owns in the District and use of credit cards to make payment for utilities. Mr. Ammel said that EDP responded in accordance with the District Rate Order and said credit cards may only be used on established accounts.

Ms. Ordeneaux-Raley made a presentation about garbage and recycling services available through Best Trash, LLC.

Commissioner Morrison addressed the Board regarding the importance of constructing the levee in Pecan Lakes, the effect upon homeowner insurance, property values and potential overall loss and damage to Fort Bend County (the "County") if the levee is not constructed.

Commissioner Meyers discussed with the Board the extension of Mason Road from FM 359 to connect with Highway 99 and possibly landscaping the medians. He said District residents who back up to the levee want the District to replace the trees



that had to be removed, but the road will be too close to the toe of the levee to plant new trees. Director Howard requested Mason Road expansion plans for Segment 1 and information regarding ongoing maintenance of the landscaped median.

#### RENEWAL OF DISTRICT'S INSURANCE POLICIES

Mr. McDonald reviewed a proposal from SIG/McDonald & Wessendorff Insurance for renewal of the District's insurance policies. He said the surface water plant is included in the values. After review and discussion, Director Kluppel moved to authorize renewal of the District's insurance coverage through SIG/McDonald & Wessendorff Insurance. Director Boyd seconded the motion, which passed unanimously.

#### SECURITY MATTERS

Director Minchew reported regarding issues with juveniles soliciting door to door and recommended reinstating community security meetings. Deputy Gordon reported on security in the District, drug activities, traffic violations and unauthorized activities on the golf course.

#### DITCH, LEVEE MAINTENANCE, AND REPAIRS

Mr. Naff updated the Board on ditch, levee maintenance, and repairs, including a previously approved repair of a slope failure that occurred in the drainage ditch and repair of an outfall structure on the east side of the drainage ditch past the elementary school and removal of a tree to allow mower access and discussed application of herbicide. Mr. Naff confirmed that the repairs made conformed to J&C's guidelines for the repair.

Ms. Miller reported regarding a slope failure near the wastewater treatment plant and a tree that needs to be removed to complete a repair. Following discussion, Director Boyd moved to authorize Mr. Naff to remove the tree, as discussed, for an amount not to exceed \$900, and to authorize repair of the slope at the wastewater treatment plant for an amount not to exceed \$13,000. Director Vance seconded the motion, which passed unanimously.

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

Mr. Lacy discussed recycling bin/cart options and a possible two year extension of the existing District contract with a guarantee of no consumer pricing index ("CPI") increase through September, 2015. The Board discussed a 4 year extension at \$12.65 per customer with no CPI increase for 2013. Following discussion and review of the proposed options, upon a motion by Director Minchew and a second by Director Kluppel, the Board unanimously approved the 4 year extension option, including a resident option to purchase larger carts, if preferred. The Board concurred to request



that ABHR amend the District Rate Order to reduce the sewer rate by the amount of the new garbage rate effective with the October, 2012 utility billing.

#### DISTRICT FIRE PLAN AND REPORT FROM FIRE PLAN COMMITTEE

The Board reviewed an accounting of funds spent to date on preparation of fire plan reports. Following review and discussion, Director Minchew moved to dismiss the fire plan and get out of the fire business. Director Kluppel seconded the motion, and Directors Vance and Boyd voted no. After discussion, Director Vance moved to kill the fire plan and the Fire Plan Committee and remove from agenda, Director Boyd seconded the motion, which carried unanimously. The Board noted it could reinstate a fire plan committee in the future, if necessary. Ms. Feiser requested that the Board consider instituting a voluntary donation to the Pecan Grove Volunteer Fire Department. The Board took no action in response to Ms. Feiser's request, but Director Kluppel said he was opposed and noted there were problems with the prior voluntary collection.

#### COLLECTION OF DELINQUENT TAXES

The Board considered authorizing Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the collection of delinquent 2011 taxes. Upon a motion made by Director Kluppel and seconded by Director Minchew, the Board unanimously authorized Perdue, Brandon, Fielder, Collins & Mott, LLP to proceed with the delinquent tax collection, effective July 1, 2012. Ms. Humphries said the Board may choose to consider at its March, 2013 Board meeting to increase the additional tax penalty from 15% to 20% are delinquent taxes outstanding as of July 1 and to amend the District's contract with Perdue, Brandon, Fielder, Collins & Mott, LLP accordingly.

#### OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of June, 2012, including a new surface water billing and use information, a copy of which is attached, and which was provided in advance to the Board.

Upon inquiry by Ms. Feiser, Mr. Ammel discussed previous discharge violations and the District's coliform sampling process.

Mr. Ammel discussed water accountability in the District, overall water loss and historical use and loss. Mr. Ammel said that he will add surface water to the pumpage reports.

Mr. Ammel updated the Board on previously approved repairs to the control panel at lift station no. 3, repair to blower nos. 10 and 11 at the wastewater treatment plant and lift pump no. 2 at lift station no. 6. Mr. Owen reported on significant repairs in the District, including draining the clearwell at the surface water treatment plant to



remove sediment to improve the total suspended solids and final punch list items for installation of the belt press at the wastewater treatment plant.

Mr. Owen presented a quote to install newly purchased sludge pumps at the wastewater treatment plant from DMG Electric & Controls in the amount of \$10,485.

After review and discussion, Director Kluppel moved to (1) approve the operator's report; and (2) authorize installation of newly purchased sludge pumps at the wastewater treatment plant by DMG Electric & Controls for an amount not to exceed \$10,485. Director Vance seconded the motion, which 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

The Board discussed preparing notification to residents for the newsletter and website notifying residents not to leave vehicles in the streets during heavy rain or storm events since the streets are part of the District's drainage system and informing residents of fines and penalties associated with placing debris of any kind in the storm sewers.

#### CONVERSION TO SURFACE WATER

Director Kluppel discussed the status of construction, start up and maintenance and operation of the surface water treatment plant and Ms. Humphries updated the Board on TCEQ's review of Change Order Nos. 4 and 5. Mr. Jordan said that J&C will take the lead on completing the necessary work with TCEQ to obtain approve of Change Order Nos. 4 and 5. Ms. Humphries discussed writing an official District letter to Malcolm Pirnie requesting that a company representative attend the next regular Board meeting. Upon a motion by Director Kluppel and a second by Director Boyd, the Board voted unanimously to authorize ABHR to prepare a letter to Malcolm Pirnie requesting representation at the next regular Board meeting.



## ENGINEERING MATTERS

Mr. Kirby reviewed the engineer's report, a copy of which is attached, and which was provided to the directors in advance of the meeting.

Mr. Kirby and Ms. Brook discussed the status of proposed drainage improvements at the Pecan Grove Plantation Country Club.

Mr. Kirby reported that the contractor is addressing final punch list items for the chloramines conversion of water plant nos. 1, 2 and 3 and should finalize next month.

Mr. Kirby updated the Board on the wastewater treatment plant belt filter press replacement project. He reviewed and recommended approval of Pay Estimate No. 7 in the amount of \$12,150 to R&B Group, Inc. based upon the engineer's recommendation. Director Boyd then moved to approve Pay Estimate No. 7 in the amount of \$12,150 to R&B Group, Inc. Director Kluppel seconded the motion which passed unanimously. Mr. Kirby said that there is some electrical work remaining, but that appropriate retainage remains.

Mr. Kirby reviewed 3 proposals for initial channel clean out and routine maintenance at Bullhead Bayou. Upon a motion by Director Minchew and a second by Director Kluppel, the Board voted 4 to 0 to approve the initial clean out and maintenance proposal submitted by Storm Water Solutions, LLP and an accompanying Services Agreement, with Director Vance abstaining. Ms. McLennan verified funds available for the clean out project. Director Howard requested that residents backing up to the channel be notified of the clean out. Director Vance noted for the record that he prefers to always have three bids for every job, with the only exception being emergency repairs.

Director Boyd then left the meeting.

## 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 Kluppel moved to approve the bookkeeper's report, investment report, and payment of the District's bills. Director Minchew seconded the motion, which passed by unanimous vote.

The Board discussed scheduling a budget workshop on August 22 at 5:30 p.m. and concurred to discuss scheduling further at the July regular meeting.



## REPORTS FROM DIRECTORS, COMMITTEES, AND DISTRICT CONSULTANTS

Director Kluppel discussed Fort Bend Flood Management Association meetings and activities.

### REPORT REGARDING DEVELOPMENT AND MAINTENANCE OF PARKS IN THE DISTRICT

The Board reviewed a proposal from Plantation Landscaping for improvements to Plantation Park, including plants, trees, scrubs, benches and soil and mulch. Following review and discussion, Director Minchew moved to approve the proposal from Plantation Landscaping and a Services Agreement for Plantation Landscaping. Director Kluppel seconded the motion, which passed 4 to 0, with Director Vance voting no.

Mr. Ross reviewed a proposal from Terra Management Services ("Terra") to take over the maintenance of the irrigation system at Plantation Park. Ms. Brook reviewed the Amended Services Agreement. The Board concurred to place an agenda item on the October regular meeting agenda to discuss proposals for maintenance.

### ATTORNEY'S REPORT

The Board first discussed meeting locations and concurred to continue meet at the Pecan Grove Country Club.

The Board next discussed the Board's previous authorization to prepare bond application no. 13 at the District's special meeting on June 21, 2012. Ms. Humphries presented a Resolution Authorizing Application to the TCEQ for Approval of Projects and Bonds.

The Board then discussed using surplus funds available from the surface water plant project for a reclaimed water project within the District.

Ms. Humphries reviewed the Interlocal Agreement between the District and the Fort Bend Subsidence District ("FBSD") for the Water Conservation Education Program. After review and discussion, Director Howard moved to approve an Interlocal Agreement between the District and the FBSD for the sponsorship of the three elementary schools (Austin, Frost, and Pecan Grove) in the Water Conservation Education Program and direct that the Agreement be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which carried 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

At 7:55 p.m., Director Howard announced that the Board would convene in executive session to deliberate the deployment or specific occasions for implementation of security personnel or devices.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING THE DEPLOYMENT OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES

At 8:09 p.m. the Board reconvened in open session. Following discussion and review in executive session, upon a motion by Director Howard and a second by Director Kluppel, the Board voted 3 to 0, with Director Minchew abstaining, to approve a 1 year contract with Executive Security Systems of America, Inc. ("ESSI") beginning July 1, 2012.

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

At 8:10 p.m., Director Howard announced that the Board would convene in executive session to conduct a private consultation with its attorney to discuss pending or contemplated litigation including condemnation proceedings.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING PENDING OR CONTEMPLATED LITIGATION INCLUDING CONDEMNATION PROCEEDINGS

At 8:13 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 come before the Board, the meeting was adjourned.

  
Secretary, Board of Directors

(SEAL)



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