

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

June 29, 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 29th day of June, 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
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, Hardy Thomas, Susan Denkowski, Mr. and Mrs. C. K. Dickenson, Linda Koski, Sheila Benson, Jeff Janecek, Fred Ross, and Paul Metcalf, residents of the District; Jason Kirby and Bethany Miller of Jones & Carter, Inc. ("J&C"); Pat Naff of CDC Unlimited, LLC ("CDC"); Greg Ordeneaux of Tax Tech, Inc.; Andy Phelps, Clayton Galloway, Doug Owen, and Mike Ammel of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Kevin Atkinson and Sylvia Avila of WCA Waste Corporation of Texas, LP; Sheldon Buck of Malcolm Pirnie, Inc. ("Malcolm Pirnie"); and Lynne B. Humphries, Hannah Brook, and Janet Swartz of Allen Boone Humphries Robinson LLP ("ABHR").

Director Taylor introduced Kevin Krahn and stated that he has been appointed to the Board of Directors.

MINUTES

The Board considered approving the minutes of the May 25 and June 7, 2010, meetings, which had been prepared and distributed in advance of the meeting. Following review and discussion, Director Kluppel moved to approve the minutes of the May 25 and June 7, 2010, meetings. Director Stolleis seconded the motion, which was approved by unanimous vote.

PLANTATION PARK LANDSCAPING AND IMPROVEMENTS

Mr. Ross presented a proposal for the irrigation system for Plantation Park for the Board's review. The Board concurred to review and discuss the proposed plan at the next meeting.

## DITCH, LEVEE MAINTENANCE, REPAIRS

Mr. Naff updated the Board on ditch and levee maintenance. Mr. Naff recommended that the vegetation in the bottom of the ditch in the slope paved areas be cleaned out from Pitts Road to the T in the ditch, from the T in the ditch to the pump station at Highway 359, and from Highway 359 to Jones Creek. After discussion, the Board concurred to authorize CDC to clean out the vegetation from the ditch as described above.

The Board discussed a request from a homeowner that the District repair a depression on the greenbelt at Water Plant No. 2. The Board requested that EDP fill the depressed area with sand.

Mr. Ammel reviewed a proposal from Lake Management Services, L.P. for the application of herbicide to remove creeping water primrose and alligator weed from the District's ditch. Director Taylor stated that he will coordinate with Doug Owen and Lake Management Services, L.P. to determine which sections of the ditch need to be treated. After review and discussion, Director Kluppel moved to approve a Service Agreement between the District and Lake Management Services, L.P. for treatment of the District's ditch at a cost not to exceed \$900.00, contingent upon final approval of the Service Agreement by ABHR. Director Stolleis seconded the motion, which carried unanimously.

## 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.

Ms. Avila stated that the contract for garbage collection expires in October, 2010. She asked the Board to consider adding the 48-gallon or 64-gallon wheeled carts for curbside recycling services when considering renewal of the contract for garbage collection. The Board requested that Ms. Avila send the Board information on the costs for the carts.

## 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 2009 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 Minchew seconded the motion, which passed by unanimous vote.

## AUTHORIZE DELINQUENT TAX ATTORNEY TO PROCEED WITH THE COLLECTION OF DELINQUENT TAXES

After discussion, Director Kluppel moved to authorize the delinquent tax attorney to proceed with the collection of 2009 delinquent taxes. Director Minchew seconded the motion, which passed unanimously.

## 2011 FISCAL YEAR END BUDGET WORKSHOP

The Board concurred to conduct a special budget workshop meeting on August 11, 2010, at 5:30 p.m. at the Pecan Grove Country Club. Ms. McLennan stated that she will send the Board a draft of the budget to be discussed at the meeting.

### OPERATION OF DISTRICT FACILITIES

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

Mr. Ammel stated that blower no. 1 at the wastewater treatment plant needs to be repaired and that the estimated cost is \$15,136.00. The Board requested that Mr. Ammel obtain the cost of a refurbished blower and report back to the Board.

Mr. Ammel stated that EDP received three bids for an Echologics Corrolator System, for the detection of leaks. He added that one bid has been rejected due to poor performance of the equipment. Mr. Ammel stated that the cost of the equipment contained in the proposals is \$33,500 and \$38,863. Mr. Ammel stated that training will take place once the equipment is purchased, and that one person can operate the equipment. Mr. Ammel stated that he will inform Director Krahn of the schedule for training on the equipment.

Mr. Ammel reported that he is obtaining devices in order to eliminate meter slippage and will report the results to the Board.

Mr. Ammel discussed the construction of Highway 359 improvements by the Texas Department of Transportation ("TxDOT") and the District's water line that crosses Highway 359. He stated that EDP located the District's water line. Mr. Ammel stated that EDP will install an isolation valve on the water line to allow TxDOT's contractor to construct an offset so as not to interrupt water service.

Director Taylor discussed adding a message to the water bill on water conservation measures. Mr. Ammel stated that he will add an insert to the water bill on water conservation measures. Mr. Kirby stated that he will document the District's distribution of the water conservation measures for the District's Texas Water Development Board water conservation audit.

Mr. Ammel discussed routine preparations for hurricane season. Mr. Phelps discussed the use of certain radio channels for communications with mutual aid partners during emergency situations. He added that he is working with CenterPoint to ensure the District's facilities are on the critical load list. Mr. Kirby stated that he will review and follow up on the District's facilities being on the critical load list.

After review and discussion, Director Stolleis moved to (1) approve the operator's report; (2) approve the purchase of an Echologics Corrolator System at a cost of \$33,500.00. Director Kluppel seconded the motion, which carried unanimously.

Director Taylor stated that a resident has requested that the Board waive fees and penalties in connection with a delinquent account that was paid through online banking. He added that the account became delinquent due to a death in the family. After discussion, the Board concurred to authorize the operator to waive the fees and penalties on the resident's account.

#### 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. Ammel reported on updates to the District's website and the preparation of the newsletter. The Board concurred that Director Stolleis would serve on the newsletter and website committee.

#### 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. Mr. Buck reviewed and recommended approval of Pay Estimate No. 2 from LEM Construction in the amount of \$487,421.37. After review and discussion, Director Stolleis moved, based upon Mr. Buck's recommendation, to approve Pay Estimate No. 2 in the amount of \$487,421.37 to LEM Construction. Director Kluppel seconded the motion, which passed unanimously.

Mr. Buck stated that he will schedule a special Board meeting in July on the surface water plant with J&C, EDP, and representatives of Malcolm Pirnie.

#### 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 EDP discovered a crack at the base of the elevated storage tank fill line. He added that J&C and Dunham Engineering inspected the site and agreed that there are failures in the welds on the horizontal supports that were repaired during the replacement of the riser pipe. He added that Dunham Engineering has reported that the

failure of the welds has contributed to the failure of the fitting. Mr. Kirby stated that J&C will obtain an estimate for repair of the crack. The Board asked Mr. Kirby to have Dwight Recht look at the crack at the base of the elevated storage tank fill line. Mr. Kirby stated that J&C met with the contractor, Williams Painting & Sandblasting, to discuss the issue and is waiting for a reply. The Board requested that Mr. Kirby notify the contractor's bonding company that time is of the essence and the crack at the base of the elevated storage tank fill line needs to be repaired immediately.

Mr. Kirby updated the Board on re-certification of the levee and the Federal Emergency Management Agency ("FEMA") flood plain re-mapping. He stated that accreditation letters are being routed through the FEMA Region 6 and FEMA headquarters for approvals.

Mr. Kirby discussed the status of the chloramine conversion and reported that J&C met with EDP to discuss proposed facility locations. He reported that this will be discussed further at the July special meeting/workshop.

Mr. Kirby discussed the plans for the Surface Water Treatment Plant offsite utility extensions. He stated that the District will need an easement from WSG Pecan Grove IV, LP for the utility extensions. Mr. Kirby stated that he would prefer a 30-foot easement so a reuse pipe could be installed. Ms. Humphries requested that J&C send WSG Pecan Grove IV, LP the survey of the easement that is needed. Mr. Kirby reported on his discussions with the attorney for WSG Pecan Grove IV, LP on work being done by TxDOT.

Mr. Kirby stated that J&C has finalized plans based on AT&T and Fort Bend County comments for the design of the improved driveway access from FM 359 necessary due to the Pecan Lakes levee. He added that the plans have been submitted to AT&T who is obtaining bids for the project. Mr. Kirby discussed the design of the Pecan Lakes Floodplain Protection System. He stated that the District's Pecan Lakes and Expanded Commercial Flood Protection System Request for Conditional Letter of Map Revision is pending at FEMA. Mr. Kirby updated the Board on meetings with landowners affected by the proposed Pecan Lakes levee. He added that he has scheduled a meeting with Plaza FM 359.

Mr. Kirby discussed his meeting with EDP on the options for replacement of a belt filter press at the wastewater treatment plant. Mr. Kirby stated that he will make a recommendation on the project at the August budget meeting.

Mr. Kirby updated the Board on the construction of point repairs to the slope of the east channel of the South ditch. He reviewed and recommended payment of Pay Estimate No. 1 in the amount of \$19,890.00 to L. N. McKean. After review and discussion, Director Kluppel moved, based upon the engineer's recommendation, to approve Pay Estimate No. 1 in the amount of \$19,890.00 to L. N. McKean. Director Minchew seconded the motion, which carried unanimously.

Mr. Kirby reported on the recoating and repairs to water plant no. 3. He reviewed and recommended payment of Pay Estimate No. 3 in the amount of \$32,675.00 to Dunham Engineering. After review and discussion, Director Kluppel moved that, based upon the

engineer's recommendation, the Board approve Pay Estimate No. 3 in the amount of \$32,675.00 to Dunham Engineering. Director Minchew seconded the motion, which carried unanimously.

Mr. Kirby discussed a meeting with EDP on the possible establishment of a GIS system that will contain the District's boundary map and the water, sanitary sewer, storm sewer, and levee layouts. Mr. Kirby stated that he will prepare a cost estimate for the GIS system for the Board's review at the August budget meeting.

Mr. Kirby stated that he is preparing a Storm Water Management Plan Handbook for Construction Activities for the Board's review at the next meeting. Following review and discussion, Director Kluppel moved to approve the engineer's report. Director Minchew seconded the motion, which passed unanimously.

ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE, APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES, AND AUTHORIZE ATTENDANCE AT THE ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE

Director Stolleis discussed the Association of Water Board Directors summer conference. Ms. McLennan noted the expenses were submitted in accordance with the District's travel guidelines. After discussion, Director Kluppel moved to approve reimbursement of eligible expenses for the summer conference and authorize all interested directors to attend the Association of Water Board Directors winter conference. Director Minchew seconded the motion, which carried by unanimous vote.

Ms. Humphries stated two Greatwood directors presented a seminar on their emergency preparedness plan and that she would forward a copy to the Board members.

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 Minchew seconded the motion, which passed unanimously.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS REGARDING EVENTS AND ACTIVITIES ATTENDED DURING THE MONTH, INCLUDING FORT BEND FLOOD MANAGEMENT ASSOCIATION MEETINGS AND ACTIVITIES, AND AUTHORIZE DIRECTORS TO ATTEND THE NAFSMA NATIONAL CONFERENCE

Director Kluppel reported on the activities of the Fort Bend Flood Management Association ("FBFMA") and the FBFMA 1<sup>st</sup> Annual Symposium on Flood Risk Reduction held on June 4, 2010. After discussion, Director Kluppel moved to authorize all interested Directors to attend the National Association of Flood and Stormwater Management Agencies conference. Director Stolleis seconded the motion, which carried unanimously.

Director Taylor stated that he will meet with a representative from TXU, Jason Kirby, Shirley McLennan, and Mike Ammel to discuss the District's contract for electricity and energy related issues.

COMMENTS FROM THE PUBLIC WHO HAVE SIGNED UP TO SPEAK

There were no comments from the public.

DEVELOPMENT AND MAINTENANCE OF PARKS

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

REPORTS FROM DIRECTORS, CONTINUED

The Board discussed the appointment of Board members to various committees. The Board concurred to appoint Board members to committees, as follows:

Park Committee:	Kevin Krahn
Newsletter & Website Committee:	Richard Stolleis and Kevin Krahn
Drainage Committee:	Kevin Krahn
Emergency Preparation Committee:	Kevin Krahn

The Board concurred to appoint Board members as liasions as follows:

Newsletter & Website matters:	Richard Stolleis
Levee matters:	Richard Stolleis and G.E. Kluppel
Operations matters:	Joe Taylor

REPORT ON SECURITY MATTERS

Director Minchew stated that the Board will review the Agreement for Additional Law Enforcement Services with Fort Bend County and the services being provided by the Fort Bend County Sheriff's Department at the next meeting. The Board requested that ABHR ask the following to attend the next meeting: a representative of the Sheriff's office, a representative of the Constable's office, Jim Ashmore and representatives of the homeowner associations that currently contribute to the cost of security in Pecan Grove, and representatives of Pecan Lakes and Plantation Place Homeowner Associations.

ATTORNEY'S REPORT

After review and discussion, Director Stolleis moved to adopt a Resolution Commending Director Crow for Service to Pecan Grove Municipal Utility District and direct that the Resolution be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which carried unanimously. The Board authorize framing of the Resolution for presentation to Mr. Crow.

CONDUCT ANNUAL REVIEW OF ENGINEER, MOWING CONTRACT, OPERATOR, WEBSITE MANAGER

The Board conducted annual reviews of the J&C, CDC, EDP, and Barbara Payne contracts with the District. The Board discussed the Communications Consulting Program Agreement between the District and Payne Communications. The Board concurred to consider termination of the Communications Consulting Program Agreement with Payne Communications at the special board meeting in July and consider approval of an agreement with Holly Zarate.

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

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.

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Secretary, Board of Directors

(SEAL)



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