

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

July 28, 2009

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 28th day of July, 2009, 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 residents of the District listed on Exhibit A attached; Trent Slovak of Malcolm Pirnie, Inc.; Pat Naff of CDC Unlimited, L.L.C. ("CDC"); Joe Ruhnke, Scott Saenger, and Jason Kirby of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel, Andy Phelps, and Amanda Benzman of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; 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 June 30, 2009, meeting, which had been prepared and distributed in advance of the meeting. Following review and discussion, Director Crow moved to approve the minutes of the June 30, 2009, meeting. Director Kluppel seconded the motion, which was approved by unanimous vote.

DITCH, LEVEE MAINTENANCE, REPAIRS

Mr. Naff reported on ditch and levee maintenance. He recommended that the Board authorize CDC to spray cracks in concrete in the slope paving at the outfall structure at a cost of \$4,500. After discussion, Director Crow moved to authorize CDC to spray cracks in concrete in the slope paving at the outfall structure at a cost of \$4,500. Director Kluppel seconded the motion, which carried unanimously. Mr. Naff recommended that the Board authorize CDC to treat alligator weeds at a cost of \$5,000. After discussion, Director Kluppel moved to authorize CDC to treat alligator weeds at a cost of \$5,000. Director Crow seconded the motion, which carried unanimously.

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 2008 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 Crow 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 delinquent taxes. Director Crow seconded the motion, which passed unanimously.

GARBAGE COLLECTION AND RECYCLING SERVICES AND CONTRACT FOR GARBAGE COLLECTION SERVICES

The Board discussed renewal of the Garbage Collection Contract with WCA Waste Corporation ("WCA"), which terminates September 30, 2009. The Board concurred to meet with Mr. May to discuss renewal terms for a Garbage Collection Contract, which would begin October 1, 2009. The Board requested that ABHR send Mr. May a letter reflecting a request to meet to discuss terms of a Contract, including clarification on post-storm debris collection procedures and changes to the force majeure clause contained in the Contract.

Ms. Benzman stated that she received a call regarding garbage and recycling not being picked up and Mr. May responded to the call.

OPERATION OF DISTRICT FACILITIES

Mr. Phelps reviewed the EDP operations report for the month of July, 2009, a copy of which is attached, and which was provided previously to the Board. Mr. Phelps stated that the District had a high volume of water used recently due to dry weather conditions.

Mr. Phelps reported on the repair of the radiator and components on the generator at water plant no. 2. He added that EMS has commenced the repairs which total \$7,992.00. Mr. Phelps stated that certain parts are no longer available and therefore, bearings are being replaced on the fan, and coolant lines are being fabricated. Mr. Ammel recommended that the Board discuss replacement of the generator at the budget workshop. Mr. Kirby stated that he will bring information on replacement costs to the budget workshop.

Mr. Phelps updated the Board on the arrangements for emergency radios which will allow access to the Harris County Emergency Radio Network. He added that the District will not be required to enter into an Interlocal Agreement with Harris County for use of the emergency radio network. Mr. Phelps stated that the District will need authorization from appropriate agencies to program the frequencies into the units. He added that the radios will be set up with the Sheriff's Department, the Pecan Grove Volunteer Fire Department, and the Richmond Fire Department.

Mr. Phelps stated that an 8-inch water line under the levee at Plantation Drive is scheduled to be replaced on August 3, 2009.

Mr. Phelps presented a proposal from NTS for repair of the no. 8 blower at the wastewater treatment plant for \$4,735.00.

Mr. Phelps reviewed three proposals for replacement of the fence at lift station no. 7. He stated that the lowest cost estimate was submitted by National Fence in the amount of \$12,120.00.

Mr. Phelps stated that representatives of EDP met with representatives of J&C and NTS to test the generator at water plant no. 3. He stated that NTS will submit a proposal for control modifications and he will bring it to the budget workshop meeting.

The Board requested that the operator remove the notice on levees and add a notice on recycling to the water bill.

After review and discussion, Director Crow moved to approve (1) the operator's report; (2) the repairs to the no. 8 blower motor at the wastewater treatment plant in the amount of \$4,735.00; and (3) replacement of the fence at lift station no. 7 in the amount of \$12,120.00. 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. Phelps 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 Crow 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

Director Crow stated that Ms. Wynn will be working on a new newsletter. He asked that suggestions for articles be sent to Ms. Wynn.

CONVERSION TO SURFACE WATER, PROGRESS UPDATE ON SURFACE WATER PLANT DESIGN, AGREEMENTS FOR SALE OF CONVERSION CREDITS, CONTRACT WITH GULF COAST WATER AUTHORITY, COST ESTIMATE FOR INTAKE STRUCTURE ON BRAZOS RIVER

Mr. Slovak reviewed Activity Report No. 11 from Malcolm Pirnie, Inc. on the surface water treatment plant, a copy of which is attached. He updated the Board on the plans and specifications for the surface water plant and requested that comments be submitted to Malcolm Pirnie, Inc.

Director Kluppel updated the Board on contacts with Mr. Istre of the Gulf Coast Water Authority (the "GCWA") regarding an Interlocal Agreement.

Mr. Kirby discussed the preparation of the cost estimate for the intake structure and stated that he will send it to the Board.

LETTER OF UNDERSTANDING WITH THE TEXAS DEPARTMENT OF TRANSPORTATION ("TXDOT") RELATING TO EXPANSION OF FM 359

Mr. Kirby stated that the District is in receipt of a Letter of Understanding (the "Letter") from TxDOT relating to the expansion of FM 359. He stated that he has scheduled a meeting with Mr. Jim Hunt of TxDOT to discuss the Letter and TxDOT's request that the District provide certain easements.

Ms. Humphries stated that the District has received a proposal from Property Acquisition Services on behalf of TxDOT for the acquisition of property for the FM 359 project. After discussion, Ms. Humphries stated that ABHR will send a letter to Property Acquisition Services to inform them that the District did not receive prior correspondence due to an incorrect mailing address for the District, that the District currently uses the property for a levee, is evaluating the request, and is willing to discuss alternatives.

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 reviewed a letter from the Board to Judge Hebert regarding the Fort Bend County Floodplain Management Policy and development in the 100-year floodplain. He stated that the letter requests that Fort Bend County adopt a floodplain management policy based on No Adverse Impact methodology that would protect existing Fort Bend County

residents from flood losses. The Board authorized the President to sign the letter and Mr. Kirby to send the letter to Judge Hebert.

Mr. Kirby updated the Board on construction of levee improvements to the existing levee. He reviewed and recommended payment of Pay Estimate No. 6 in the amount of \$38,289.03 to Paskey, Incorporated. After review and discussion, and a determination there was sufficient retainage withheld to complete the project, Director Stolleis moved that, based upon the engineer's recommendation, the Board approve Pay Estimate No. 6 in the amount of \$38,289.03 to Paskey, Incorporated. Director Crow seconded the motion, which passed by unanimous vote. Mr. Kirby stated that the retainage will be held until turf is sufficiently established.

Mr. Kirby reviewed a proposal from Hydrological Solutions, Inc. for WIPP inflatable road closure baffles for three levee road crossings in the amount of \$22,175.00. After discussion, Director Stolleis moved to approve the purchase of the baffles in the amount of \$22,175.00 from Hydrological Solutions, Inc., contingent upon approval of the purchase agreement by ABHR. Director Crow seconded the motion, which passed unanimously. The Board discussed the necessity of a storage facility for the road closure equipment. The Board requested that J&C design a storage building for the equipment.

Mr. Saenger stated that J&C has a conference call scheduled with FEMA to discuss the Pecan Lakes Levee System and the Conditional Letter of Map Revision.

Mr. Kirby stated that the public comment period on the Texas Commission on Environmental Quality wastewater treatment plant renewal permit ended July 26, 2009. Mr. Kirby stated that the new permit should be issued in August.

Mr. Kirby reported on the contract for the elevated storage tank recoating and repairs. He reviewed and recommended approval of Pay Estimate No. 3 in the amount of \$53,019 to the contract with Williams Painting & Sandblasting, LLC. After review and discussion, Director Stolleis moved that, based upon the engineer's recommendation, the Board approve payment of Pay Estimate No. 3 in the amount of \$53,019 to the contract with Williams Painting & Sandblasting, LLC. Director Crow seconded the motion, which carried unanimously.

Mr. Kirby stated that all of the ground storage tanks need to be recoated. He recommended that the ground storage tank at water plant no. 3 be recoated this winter. The Board concurred to discuss authorizing the engineer to prepare plans and specifications for recoating of the ground storage tank at water plant no. 3 at the budget workshop meeting.

Ms. Brook stated that Fort Bend Independent School District ("FBISD") desires to obtain out-of-district water service from the District for a Middle School to be located on Plantation Drive east of the District. She added that representatives of FBISD are reviewing a draft of an Agreement for Out-of-District Water Service.

Following review and discussion of the engineer's report, Director Stolleis moved to approve the engineer's report. Director Crow seconded the motion, which passed unanimously.

UPDATE ON PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL NOTICE OF SALE FOR FIRST INSTALLMENT OF SURFACE WATER PLANT BONDS, SERIES 2009

There was no discussion on this agenda item.

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 Crow seconded the motion, which passed unanimously.

RESOLUTION EXPRESSING INTENT TO REIMBURSE OPERATING ACCOUNT

No action was necessary on this agenda item.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

Director Stolleis updated the Board on a presentation he made to the Rotary Club on surface water.

COMMENTS FROM THE PUBLIC WHO HAVE SIGNED UP TO SPEAK

Ms. Gray stated that representatives of EDP inspected the slope behind her home. She recommended that Bald Cypress trees be planted on the slope to discourage sloughing. The Board concurred to consider Ms. Gray's request.

MS4 STORMWATER MANAGEMENT PRESENTATION AND PUBLIC WORKSHOP

Mr. Saenger presented an MS4 Stormwater Management Plan public workshop and discussed storm water quality issues. A copy of the presentation is attached. He notified the residents that the Plan is available in the District's office. The Board discussed customized inlet markers. Mr. Kirby stated that the District currently has standard inlet markers that will be installed. Mr. Saenger stated he can design customized inlet markers for future use by the District.

ATTORNEY'S REPORT

The Board next considered authorizing execution of a District Registration Form reflecting updated information on Directors and consultants. After review and

discussion, Director Stolleis moved to authorize the President to execute the District Registration Form and direct that the Form be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which passed unanimously.

RESOLUTION VOTING FOR WATER DISTRICT NOMINEE FOR THE ELECTION OF THE BOARD OF DIRECTORS OF THE FORT BEND CENTRAL APPRAISAL DISTRICT

Ms. Humphries stated that the Board will receive a ballot from the Fort Bend Central Appraisal District to vote on the water district nominee by August 19, 2009. The Board tabled adoption of a Resolution Voting for Water District Nominee for the Election of the Board of Directors of the Fort Bend Central Appraisal District.

FORT BEND COUNTYWIDE LEVEE MEETING, INCLUDING AUTHORIZE EXPENDITURES RELATING TO HOSTING OF OCTOBER 2009 QUARTERLY COUNTYWIDE LEVEE MEETING, PARTICIPATION IN SUBCOMMITTEE MEETINGS, STATUS OF FEDERAL FLOOD INSURANCE LEGISLATION, FORMATION OF FORT BEND COUNTY LEVEE ASSOCIATION OR SIMILAR COALITION

Director Stolleis reported on his attendance at the July Fort Bend Countywide Levee Meeting and the legislative subcommittee meeting of the Fort Bend Countywide Levee Committee.

Director Crow recommended that the District sponsor the Fort Bend Countywide Levee Meeting on October 30, 2009, and authorize an expenditure of \$629.00 for the meeting. After discussion, Director Stolleis moved to authorize funding of \$629.00 for the Fort Bend Countywide Levee Meeting on October 30, 2009. Director Crow seconded the motion, which carried unanimously.

DEVELOPMENT AND MAINTENANCE OF PARKS

The Board reviewed the parks management report, a copy of which is attached. The Board asked the operator to contact Terra Landscape on the possible adjustment of the number of mowings due to dry weather. Director Minchew discussed the requirements for groups holding unannounced events at the District's parks. The Board reviewed a proposal from Anco-McDonald Waterworks Insurance Services, L.L.C. for event insurance for individual events. The Board discussed the possibility of purchasing the insurance on an as-needed basis for events sponsored by the District. The Board asked the Parks Committee to review the requirements for groups that hold events at the parks and report to the Board.

DISCUSS EXPIRATION OF CONTRACT WITH CDC UNLIMITED LLC ON SEPTEMBER 30, 2009 AND AUTHORIZE APPROPRIATE ACTION, INCLUDING RENEWAL

Ms. Brook reviewed the Mowing Contract with the Board. After discussion, Director Kluppel moved to approve the Mowing Contract between CDC Unlimited LLC and the District and direct that the Contract be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which carried unanimously.

SECURITY MATTERS AND SHERIFF CONTRACT AND APPROVE CONTRACT FOR ADDITIONAL LAW ENFORCEMENT SERVICES WITH FORT BEND COUNTY

Ms. Humphries stated that she reviewed the new Contract for Additional Law Enforcement Services with Fort Bend County. Director Minchew stated he is working with the Sheriff and the County Auditor on the Contract. After review and discussion, Director Kluppel moved to approve the Contract for Additional Law Enforcement Services with Fort Bend County contingent upon final approval by ABHR and Director Minchew and direct that the Agreement be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which passed unanimously.

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

At 7:50 p.m., Director Taylor announced that the Board would convene in executive session to discuss the purchase 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 8:15 p.m. After review and discussion, Director Kluppel moved to (1) authorize the President to execute necessary documents sent by Property Acquisition Services related to the FM 359 expansion contingent upon approval by the District's consultants and (2) engage Fox & Bubela, Inc. to perform an appraisal on a fee strip of property located at the northern portion of the Pecan Lakes Levee, at a cost not to exceed \$2,200. Director Stolleis seconded the motion, which carried unanimously.

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

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)

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Exhibit A - List of residents in attendance	1
tax assessor/ collector's report	2
EDP operations report for July, 2009.....	2
Activity Report No. 11 regarding surface water treatment plant	4
engineer's report	4
bookkeeper's report	6
presentation from MS4 Stormwater Management Plan public workshop.....	6
parks management report.....	7