

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

July 29, 2014

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 July, 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:

Randy Vance	President
Kirk Boyd	Vice President
Buddy Kluppel	Secretary
Ryan Yokubaitis	Assistant Secretary
Chad Howard	Assistant Vice President

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

Also present at the meeting were residents of the District listed on Exhibit A attached hereto; Scott Saenger and Grady Turner of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel, Clayton Galloway and Breah Campbell of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Chief Joe Woolley of Pecan Grove Volunteer Fire Department ("VFD"); Marcus Campbell of Time and Season Property Management ("Time & Season"); Sergeant Jean Gobar and Deputy Jordan Kelly of Fort Bend County Sheriff's Department; Trevor Royal of WCA Waste Corporation of Texas ("WCA"); Mike Rozell; Pat Naff of CDC Unlimited; Ryan Niles of Arenosa Development; Blake Kridel of Storm Water Solutions; Jonathan Howard of Arcadis U.S., Inc.; Britton Harris of Harris, Hilburn & Sherer, LLP; and Hannah Brook and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REMARKS FROM THE BOARD PRESIDENT

Director Vance opened the meeting at 6:04 p.m., and welcomed attendees.

COMMENTS FROM THE PUBLIC

Ms. Wendy Hale-Erich requested the Board add information to the District website regarding the status and schedule of drainage improvements.

CONSENT AGENDA

Director Vance offered Board members the opportunity to remove items from the consent agenda for individual discussion. Director Kluppel moved to approve all items

on the consent agenda. Director Yokubaitis seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

SECURITY AND PUBLIC SAFETY MATTERS

Sergeant Gobar reported patrol and security issues occurring since the Board's last regular meeting, discussed ongoing monitoring of particular traffic situations and responded regarding newly identified traffic and patrol situations and introduced Deputy Jordan Kelly. Ms. Brook also discussed with the Board a budget proposal from Fort Bend County regarding patrol costs for October, 2014 through September, 2015 and concurred to defer action until the Board's budget workshop meeting on August 18, 2014.

Chief Woolley discussed VFD activity since the last meeting and VFD sponsored community events and updated the Board on the VFD's initiative to create an emergency services district to fund the VFD.

Sergeant Gobar and Deputy Kelly left the meeting.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Campbell reviewed a parks report, a copy of which is attached, and updated the Board on general maintenance and repairs in District parks.

BULLHEAD BAYOU

Mr. Kridel reported regarding maintenance of Bullhead Bayou, including ongoing chemical treatments for aquatic growth and presented three proposals for installation of aerators. Following review and discussion and upon a motion by Director Kluppel and a second by Director Yokubaitis, the Board voted unanimously to approve the proposal in the amount of \$33,274.64 for installation of an aerator at Colonel Court South Drive and Old South Drive and add the proposal as an exhibit to the District's Master Service Agreement with Storm Water Solutions, LLP. Director Kluppel said the Board will defer action on the additional proposals to see how the addition of an aerator affects the condition of the water.

OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of July, 2014, a copy of which is attached, and which was provided in advance to the Board.

Mr. Ammel reported the status of maintenance and repairs made during the month, including pending insurance claims and meter replacement and reported regarding ongoing leak surveillance.

Mr. Ammel then updated the Board regarding operation of water plant no. 1 and requested authorization to replace booster pump no. 4 for an estimated cost of \$5,200.

Mr. Ammel next discussed the south storm water pump station generator and requested authorization to repair same for an estimated cost of \$10,100.

Following review and discussion, Director Kluppel moved to (1) approve the operations report; (2) authorize EDP to replace booster pump no. 4 at water plant no. 1 for an estimated cost of \$5,200; and (3) authorize EDP to repair the south storm water pump station generator for an estimated cost of \$10,100. Director Yokubaitis 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 Boyd seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. Turner reviewed with the Board an engineering report, a copy of which is attached, and which had been distributed to the Directors in advance of the meeting.

Mr. Turner discussed the status of construction of the Pecan Lakes Flood Protection System, and recommended the Board approve Pay Estimate no. 13 in the amount of \$242,633.48, payable to LECON, Inc and Change Order No. 5 in the amount of \$49,280.51.

Mr. Turner discussed the status of inlet replacements and improvements and recommended the Board approve Pay Estimate No. 4 and Final in the amount of \$54,158.90, payable to CNS Construction.

Mr. Turner next reported regarding hydro-pneumatic tank replacement and recoating at water plant no. 1 and recommended the Board approve Pay Estimate No. 11 and Final in the amount of \$24,668.33, payable to Nunn Constructors.

Following review and discussion, Director Kluppel moved to (1) approve the engineering report; and (2) approve all pay estimates and change orders. The motion, which was seconded by Director Yokubaitis, passed unanimously.

DISTRICT WEBSITE AND NEWSLETTER

Director Yokubaitis discussed updating the newsletter on the District website and presented a proposal from L. Schott Artistry for preparation of a newsletter. Following review and discussion, Director Kluppel moved to approve the proposal from L. Schott Artistry and preparation of a Services Agreement for same. Director Boyd seconded the motion, which passed unanimously.

REPORTS FROM DIRECTORS, COMMITTEES, AND DISTRICT CONSULTANTS REGARDING CORRESPONDENCE AND/OR REPORTS RECEIVED DURING THE MONTH AND EVENTS AND ACTIVITIES ATTENDED DURING THE MONTH

Director Kluppel updated the Board regarding recent meetings of and correspondence with the Brazos River Authority.

Director Yokubaitis discussed correspondence received from a homeowner on Decker Park Court regarding barrier plantings or fencing along Mason Road. Mr. Turner reported to the Board that Fort Bend County earlier cleared the trees because of line of sight driving issues along Mason Road. The Board concurred to defer further discussion to the special August 18, 2014 budget workshop meeting.

ATTORNEY'S REPORT

Ms. Brook updated the Board on the status of a proposed Agreement with Johnson Development, LLC ("Johnson") for interim water supply and detention land acquisition, including Johnson conveyance of a 15.1 acre tract for District drainage as partial consideration. Following review and discussion, Director Boyd moved to approve the agreement with Johnson for interim water supply and detention land acquisition, subject to final approval by Johnson and final review by ABHR. Director Vance seconded the motion, which passed unanimously.

Mr. Brook next discussed with the Board a request from the Fort Bend County Drainage District ("FBFCD") that the District consider claiming its pro rata share of emergency use sand bags and provide a stockpile site in the District. The Board requested J&C and EDP to look into storage options and coordinate with FBFCD, as necessary. Following review and discussion, Director Boyd moved to authorize ABHR

to negotiate an Interlocal agreement with Fort Bend County for participation. The motion, which was seconded by Director Vance, passed unanimously.

Mr. Howard discussed the Water Research Foundation study and requested Board support for same. Following discussion and confirmation from Mr. Ammel that the study will not affect District operation of facilities, Director Kluppel moved to approve participation in the Water Research Foundation Study. Director Boyd seconded the motion, which passed unanimously.

Ms. Brooks discussed the status of City of Richmond consent to annexation of an approximately 22 acre tract into the District.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO (1) SEEK ADVICE ON PENDING OR CONTEMPLATED LITIGATION, INCLUDING CONDEMNATION PROCEEDINGS, AND (2) MATTERS IN WHICH THE DUTY OF THE ATTORNEY UNDER THE TEXAS DISCIPLINARY RULES OF PROFESSIONAL CONDUCT CONFLICT WITH CHAPTER 551 TEXAS GOVERNMENT CODE

Director Vance announced that the Board would convene in executive session at 7:18 p.m. To conduct a private consultation with the District's attorney to seek advice on pending litigation. Ms. Brook, Ms. J. Miller and Mr. Harris were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 9:13 p.m. No action was taken following discussion in executive session.

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

Director Vance announced that the Board would convene in executive session at 9:14 p.m. To conduct a private consultation to deliberate the purchase, exchange, lease, or value of real property. Ms. Brook, Ms. J. Miller, Mike Rozell, Mr. Saenger and Mr. Turner were present during executive session.

RECONVENE IN OPEN SESSION AND AUHTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 9:43 p.m. Following discussion in executive session, Director Kluppel moved to (1) authorize Mr. Rozell to proceed, as discussed in executive session; and (2) authorize settlement, as discussed in executive

session, or, in the alternative, authorize Charles McFarland to take additional action discussed in executive session. Director Vance seconded the motion, which passed unanimously.

There being no additional business to consider, the meeting was adjourned at 9:48 p.m.


Secretary, Board of Directors

(SEAL)



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