

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

August 25, 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 25th day of August, 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; Sheldon Buck and Trent Slovak of Malcolm Pirnie, Inc.; Pat Naff of CDC Unlimited, L.L.C. ("CDC"); Scott Saenger of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel and Amanda Benzman of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Rick May and Matthew May of Best Trash, LLC; Curtis Lacy and Kevin Atkinson of WCA Waste Corporation of Texas, LP ("WCA"); 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 July 16, July 28, and August 4, 2009, meetings, which had been prepared and distributed in advance of the meeting. Following review and discussion, Director Crow moved to approve the minutes of the July 16, July 28, and August 4, 2009, meetings. Director Kluppel seconded the motion, which was approved by unanimous vote.

DITCH, LEVEE MAINTENANCE, REPAIRS

Mr. Naff reported on ditch and levee maintenance. He stated that the alligator weeds have been removed from the ditch. Mr. Naff discussed the maintenance of the new portion of the levee. Mr. Saenger stated that Paskey Incorporated is responsible for the establishment of grass on the new portion of the levee for one year from substantial completion of the construction contract. He added that he will discuss the establishment of grass on the new portion of the levee with Mr. Paskey at the meeting to review the punch list on the contract scheduled for August 28, 2009.

## 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 Crow moved to approve the tax assessor/collector's report and authorize payment of bills from the tax account. Director Stolleis seconded the motion, which passed by unanimous vote.

Mr. Ordeneaux stated that the District is now required to accept credit card payments for tax bills. After review and discussion, Director Crow moved to approve a Credit Card Payment Services Agreement for payment of tax bills contingent upon final approval by ABHR, and direct that the Agreement be filed appropriately and retained in the District's official records. Director Stolleis seconded the motion, which passed unanimously.

The Board conducted an annual review of the tax assessor/collector's contract. Mr. Ordeneaux stated that he did not have any changes to the contract between the District and Tax Tech, Inc. for tax assessor/collector services. The Board concurred no action was needed.

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

After review and discussion, Director Stolleis moved to adopt a Resolution Voting for Water District Nominee for the Election of the Board of Directors of the Fort Bend Central Appraisal District reflecting 19 votes in favor of Matthew Shepard and direct that the Resolution be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which passed unanimously.

## GARBAGE COLLECTION AND RECYCLING SERVICES AND CONTRACT FOR GARBAGE COLLECTION SERVICES

Ms. Humphries stated that the District's Garbage Collection Contract with WCA terminates on September 30, 2009. The Board received proposals from WCA and Best Trash, LLC in advance of the Board meeting. Mr. Matthew May and Mr. Rick May left the meeting. Mr. Lacy of WCA introduced himself and Mr. Atkinson to the Board. He reviewed the types of garbage collections services WCA will continue to provide to the District under a new garbage collection contract. He stated that there would be no changes to the trucks, drivers, or collection routes. In response to a question from the Board, Mr. Lacy stated that the number of trucks and amount of staff would remain the same under a new contract. Mr. Lacy stated that he and Mr. Atkinson would be working directly with the District. Mr. Atkinson discussed the services WCA can provide to the District. Discussion ensued regarding the value of WCA stock and the company's financial stability. Mr. Lacy and Mr. Atkinson then left the meeting.

Mr. Matthew May and Mr. Rick May re-entered the meeting. Mr. Matthew May stated that together they have formed a new garbage company called Best Trash, LLC. Mr. Matthew May discussed the types of services Best Trash, LLC can provide to the District under a new garbage collection contract. He stated that he will have the adequate number of garbage trucks to provide service to the District in the near future. Mr. Matthew May discussed the possibility of the District contracting with a debris removal company for post storm debris collection. Mr. Matthew May discussed the possibility of establishing an emergency preparedness plan for trash collection.

The Board requested that Mr. Lacy of WCA and Mr. Matthew May of Best Trash, LLC submit garbage collection contracts to the Board in care of ABHR, that include provisions for post storm debris collection. Mr. Matthew May and Mr. Rick May left the meeting.

The Board requested that ABHR send WCA a letter reflecting that the District desires to continue operating under the current garbage collection contract on a month-to-month basis at the same rates until a new garbage collection contract is finalized.

#### COMMENTS FROM THE PUBLIC WHO HAVE SIGNED UP TO SPEAK

Mr. Ryberg of 2114 South Pecan Trail Drive stated that he had an unusually high water bill. He stated that he had a plumber conduct tests in his home and no leaks were found. Mr. Ryberg stated that EDP tested the meter and found it was working accurately. He added that he has reviewed his water usage and is unable to account for the high usage on his water bill. Mr. Ammel stated that he will review the work order for the account and contact Mr. Ryberg.

#### OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of August, 2009, a copy of which is attached, and which was provided previously to the Board.

Mr. Ammel stated that the clarifier pump has been pulled at the wastewater treatment plant due to a tripping breaker. He added that he will obtain a proposal for the repair or replacement of the pump.

Mr. Ammel stated that adding a commercial opener to the automatic gate at Belin Park would cost \$4,275.88. The Board instructed the operator to continue to operate the gate manually.

Mr. Ammel stated that Director Minchew has contacted the Sheriff's Office regarding authorization to program the frequencies into the emergency radio units.

The Board requested that the operator add a notice to the water bill regarding voluntary restrictions for watering in order to conserve water during the dry weather conditions.

Mr. Ammel reported on test results for the water wells. He stated that EDP will continue to monitor the pump submergence on well no. 5.

The Board requested that Mr. Saenger ask Paskey Incorporated to add fill dirt to the area where the water line was repaired on Plantation Drive at the jogging trail.

In response to a question from Director Taylor, Mr. Ammel responded that the portable generator is sufficient for the District's lift stations.

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

#### ADOPT AMENDED RATE ORDER

Ms. Brook discussed amendments to the Rate Order and the addition of a section on discharges into the District's storm drainage system in accordance with the District's storm water management plan. The Board requested that Ms. Brook send the proposed amendments to the Board for review before the next meeting. The Board tabled action on the Rate Order.

#### DISTRICT NEWSLETTER AND WEBSITE

Director Crow stated that Ms. Wynn will be working on a new newsletter for release in October.

#### 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. Buck reviewed Activity Report No. 12 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. The Board discussed the plans

for detention at the plant site. Director Stolleis stated that Mr. Saenger is evaluating the plans for detention.

Mr. Buck requested that the Board approve Task Order No. 7 in the amount of \$5,300 for geotechnical borings to the contract with Malcolm Pirnie, Inc. After review and discussion, Director Stolleis moved to approve Task Order No. 7 to the contract with Malcolm Pirnie, Inc. and direct that the Task Order be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which carried unanimously.

Director Kluppel updated the Board on meetings with Mr. Istre of the Gulf Coast Water Authority (the "GCWA") regarding an Interlocal Agreement. He stated that he, Director Taylor, Ms. Humphries, and Ms. Brook will attend a meeting with Board members of the GCWA and Mr. Istre this week regarding an Interlocal Agreement.

Director Taylor stated that he will attend a surface water conversion workshop on September 2, 2009.

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

Mr. Saenger stated that the District is in receipt of a Letter of Understanding (the "Letter") from TxDOT relating to the expansion of FM 359. After review and discussion, Director Crow moved to authorize Director Taylor to execute the Letter of Understanding from TxDOT and direct that the Letter be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which passed unanimously. Mr. Saenger stated that J&C will submit the Letter to TxDOT.

#### ENGINEERING MATTERS

Mr. Saenger reviewed with the Board the engineer's report, a copy of which is attached, and which was provided in advance of the meeting.

Mr. Saenger updated the Board on construction of levee improvements to the existing levee. He stated that a final inspection is scheduled for August 28, 2009. He added that the retainage on the contract with Paskey Incorporated will be held until turf is sufficiently established and punch list items are completed.

Mr. Saenger stated that WIPP inflatable road closure baffles for three levee road crossings were delivered to the District. He added that J&C has submitted levee certification documents to the Federal Emergency Management Agency ("FEMA").

Mr. Saenger updated the Board on J&C's communications with FEMA to discuss the submittal of two Conditional Letters of Map Revisions for the Pecan Lakes Levee System. Ms. Humphries stated that J&C can contact Congressman Olson's office to request assistance in contacting FEMA for answers prior to submittal of the Conditional

Letters of Map Revisions. Director Taylor requested that J&C provide information to Mr. Damoiseaux, a resident of the District, on the plans for the Pecan Lakes Levee System.

Mr. Saenger stated that the Texas Commission on Environmental Quality ("TCEQ") issued the wastewater treatment plant renewal permit. Mr. Ammel stated that he had received the new permit.

Mr. Saenger updated the Board on the Storm Water Management Plan. He stated that the requirements for year two are complete. He added that J&C is preparing the annual report for submittal to the TCEQ by November 12, 2009.

Mr. Saenger reported on the contract for the elevated storage tank recoating and repairs. He reviewed and recommended approval of Pay Estimate No. 4 in the amount of \$59,468.40 to the contract with Williams Painting & Sandblasting, LLC. After review and discussion, Director Crow moved that, based upon the engineer's recommendation, the Board approve payment of Pay Estimate No. 4 in the amount of \$59,468.40 to the contract with Williams Painting & Sandblasting, LLC. Director Kluppel seconded the motion, which carried unanimously.

Mr. Saenger reviewed a cost estimate for the water plant no. 2 generator replacement. Ms. Humphries stated that costs related to generators has been added to the bond application. Mr. Saenger stated that he will research the possibility of purchasing generators from the Houston-Galveston Area Council or the Local Government Cooperative. After review and discussion, Director Kluppel moved to authorize J&C to prepare plans and specifications and advertise for bids for natural gas generators at water plants nos. 2 and 3 with alternate plans for diesel fuel. Director Minchew seconded the motion, which passed by unanimous vote.

The Board discussed construction of an access road to the surface water plant. After discussion, Director Stolleis moved to authorize J&C to design an all weather gravel access road to the surface water plant. Director Crow seconded the motion, which passed unanimously.

Following review and discussion of the engineer's report, Director Crow moved to approve the engineer's report. Director Kluppel 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. Ms. McLennan presented a draft of the budget for the fiscal year ending September 30, 2010, and stated that changes were made following the Board's budget workshop. After discussion, Director Stolleis moved to authorize payment to the Brazos River Authority for the total annual fees due under the System Water Availability Agreement in order to receive a discount by September 15, 2009. Director Kluppel seconded the motion, which passed by unanimous vote. After review and discussion, Director Crow then moved to approve the bookkeeper's report, investment report, and payment of the District's bills. Director Kluppel seconded the motion, which passed unanimously.

## RESOLUTION EXPRESSING INTENT TO REIMBURSE OPERATING ACCOUNT

Ms. Brook reviewed a Resolution Expressing Intent to Reimburse with the Board. She stated that the Resolution reflects that the District will reimburse the District's operating account for the Pecan Grove levee road crossing closures and storage and related handling facilities for the closure equipment. After review and discussion, Director Crow moved to adopt a Resolution Expressing Intent to Reimburse, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Stolleis seconded the motion, which passed unanimously.

Ms. Brook then reviewed with the Board a Resolution Expressing Intent to Reimburse for the purchase and installation of emergency generators at water plants nos. 2 and 3. After review and discussion, Director Crow moved to adopt a Resolution Expressing Intent to Reimburse, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Stolleis seconded the motion, which passed unanimously.

## REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

There were no reports from Directors or consultants.

## ATTORNEY'S REPORT

Ms. Brook reviewed an Interlocal Agreement between the District and the Fort Bend County Drainage District. After review and discussion, Director Crow moved to approve the Interlocal Agreement with the Fort Bend County Drainage District and direct that the Agreement be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which passed unanimously.

The Board conducted an annual review of the District's current Investment Policy. Following review and discussion, Director Crow moved to adopt a Resolution Regarding Annual Review of Investment Policy reflecting that no changes have been

made to the Policy and direct that the Resolution be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which was approved by unanimous vote. Ms. Brook stated that there are no updates to the list of qualified broker/dealers with whom the District may engage in investment transactions.

FORT BEND COUNTYWIDE LEVEE MEETING, PARTICIPATION IN  
SUBCOMMITTEE MEETINGS, STATUS OF FEDERAL FLOOD INSURANCE  
LEGISLATION, FORMATION OF FORT BEND FLOOD MANAGEMENT DISTRICT

Ms. Humphries reviewed a response letter from Judge Hebert regarding the District's request 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.

COMMENTS FROM THE PUBLIC

Mr. Metcalf commented on the timely restoration of water service during the water line replacement on Plantation Drive. He asked about the possibility of the District establishing an Email Blast System. The Board discussed the possible establishment of an Email Blast System for the District to use to notify the various homeowners associations, who can then notify their residents. The Board requested that Mr. Ammel determine the cost for Texas Network to provide an Email Blast System and inform the Board of his findings. Mr. Metcalf requested that an article regarding the improvements to the levee be posted on the District's website. Mr. Ammel stated that he will obtain a progress report on the levee from J&C to add to the website.

The Board responded to questions from Ms. Denkowski regarding the improvements to the levee.

DEVELOPMENT AND MAINTENANCE OF PARKS

The Board reviewed the parks management report, a copy of which is attached. Director Crow stated that he has asked the YMCA parks manager to report to the Board on why the park was not closed on time last Saturday.

REPORT ON SECURITY MATTERS, SHERIFF CONTRACT, AGREEMENT FOR  
ADDITIONAL LAW ENFORCEMENT SERVICES WITH FORT BEND COUNTY, AND  
APPROVE AGREEMENT FOR COST SHARING OF LAW ENFORCEMENT SERVICES  
WITH PECAN GROVE PLANTATION PROPERTY OWNERS ASSOCIATION

Director Minchew stated that he is working with the Sheriff and the County Auditor on the costs contained in the Contract for Additional Law Enforcement Services with Fort Bend County. After review and discussion, Director Kluppel moved to approve an Agreement for Cost Sharing of Law Enforcement Services with Pecan Grove Plantation Property Owners Association and direct that the Agreement be filed

appropriately and retained in the District's official records. Director Crow seconded the motion, which passed unanimously.

After review and discussion, Director Minchew moved to approve the estimated cost of \$242,283.70 that will be contained in the Contract for Additional Law Enforcement Services with Fort Bend County. Director Kluppel seconded the motion, which passed unanimously.

#### CONDUCT ANNUAL REVIEW OF BOOKKEEPING CONTRACT

Ms. McLennan reviewed an Amendment to the Agreement for Services for Bookkeeper between McLennan & Associates, Inc. and the District. She stated that the Agreement includes a \$150.00 increase in the monthly fee and a \$25.00 increase in the hourly fee. After review and discussion, Director Crow moved to approve the amendment to the Agreement for Services for Bookkeeper between the District and McLennan & Associates, Inc. and direct that the amendment be filed appropriately and retained in the District's official records. Director Stolleis seconded the motion, which passed unanimously.

The Board requested that ABHR obtain proposals from Sandersen Knox & Co, LLP, McGrath & Co., PLLC, Null-Lairson, PC, and McCall Gibson Swedlund Barfoot PLLC to conduct the audit for the fiscal year ending September 30, 2009.

#### 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 8:53 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 9:08 p.m. The Board did not take any action.

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.

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Secretary, Board of Directors

(SEAL)

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