

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

August 26, 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 26<sup>th</sup> day of August, 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.

Also present at the meeting were residents of the District listed on Exhibit A attached hereto; Bethany Miller, Scott Saenger and Grady Turner of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; 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 of Fort Bend County Sheriff's Department; Jerry Martin of Royal of WCA Waste Corporation of Texas ("WCA"); Mike Rozell; Pat Naff of CDC Unlimited; Greg Lentz of First Southwest Company; Howard Katz of Coveler & Katz, PC; and Lynne Humphries, Hannah Brook and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REMARKS FROM THE BOARD PRESIDENT

Director Vance opened the meeting at 6:00 p.m., and welcomed attendees.

COMMENTS FROM THE PUBLIC

Mr. David Ciarella commended WCA for good customer service, including returning garbage and recycling cans to an upright position after emptied during route collection.

Mr. Wayne Watts reported a washout between his home and an adjacent lot. Ms. Campbell said EDP repaired the washout with backfill initially, but plans to return and backfill to grade. Ms. Campbell said EDP would coordinate with Mr. Watts.

Mr. Paul Metcalf and Ms. Wendy Erlich-Hale thanked the Board and J&C for updated project information on the District website.

Mr. Howard Katz updated the Board on PGVFD's intent to create an emergency services district ("ESD") that would encompass territory within the District and elsewhere and said PGVFD plans to call an election in May, 2015 for a tax.

### 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, with the exception of item f. Director Howard seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

Ms. Humphries stated that the Public Funds Investment Act and the District's Investment Policy require that the District annually review its investment policy. Director Boyd reported he met with the District bookkeeper and recommended no changes to the current investment policy. Ms. Humphries then reviewed a Resolution Regarding Annual Review of Investment Policy, reflecting no changes to the current policy. Following discussion and review, Director Boyd made a motion to adopt the Resolution Regarding Annual Review of Investment Policy. The motion was seconded by Director Kluppel and carried unanimously.

### 2014 TAX RATE

Mr. Lentz reviewed 2014 certified property values and recommended a proposed tax rate of \$0.655 per \$100 of assessed valuation, \$0.24 for maintenance and operations and \$0.415 for debt service. After review and discussion, Director Kluppel moved to approve a proposed 2014 tax rate of \$0.655 per \$100 of assessed valuation, to authorize the tax assessor/collector to publish notice in the Fort Bend Herald of the 2014 tax rate hearing on September 23, 2014, where the Board will adopt the proposed tax rate and to authorize the District's website administrator to post notice of the 2014 tax rate hearing on the District's website. Director Yokubaitis seconded the motion, which passed unanimously.

Mr. Ordeneaux left the meeting.

## SECURITY AND PUBLIC SAFETY MATTERS

Sergeant Gobar reported on patrol and security since the Board's last regular meeting, including change of patrol schedules to cover school zones during peak school traffic hours. Director Boyd requested increased patrol of Plantation Drive.

The Board next reviewed an Interlocal Agreement with Fort Bend County Sheriff's Department for patrol during the District's 2015 fiscal year. Upon a motion by Director Boyd and a second by Director Vance, the Board unanimously approved the Interlocal Agreement with Fort Bend County Sheriff's Department.

The Board next reviewed an Agreement with the Pecan Grove Property Owner's Association for the District's current share of law enforcement services is 20%. Upon a motion by Director Boyd and a second by Director Vance, which the Board unanimously approved the Agreement with the Pecan Grove Property Owner's Association for the District's current share of law enforcement services.

Sergeant Gobar 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, including completed electrical work at the pavilion, flagpoles and restrooms.

## BULLHEAD BAYOU

Director Yokubaitis updated the Board regarding installation of an aerator at Colonel Court South Drive and Old South Drive. He said the pumps are still on order and Storm Water Solutions LLP is working to obtain a permit from CenterPoint Energy.

Mr. Geoffrey Greenwood addressed the Board regarding notice received from the District requiring removal of landscaping encroachments at 2202 Old Dixie Drive into the District's right of way at Bullhead Bayou and requested clarification on which items need to be removed. Discussion ensued regarding encroachments by other property owners. Following discussion, the Board concurred to authorize EDP to inspect the Bullhead Bayou right of way for other encroachments and provide addresses to ABHR to prepare notice to those property owners. The Board also concurred to authorize the parks committee to inspect encroachments, and make a recommendation to the Board regarding removal.

## OPERATION OF DISTRICT FACILITIES

Ms. Campbell reviewed the EDP operations report for the month of August, 2014, a copy of which is attached, and which was provided in advance to the Board.

Ms. Campbell reported the status of maintenance and repairs made during the month, including pending insurance claims, meter replacement and ongoing leak surveillance. Ms. Campbell said EDP will meet with J&C to discuss ongoing water loss issues and possible solutions.

Ms. Campbell requested authorization to repair the flash mix pump at the surface water treatment plant for an estimated cost of \$2,800.

Ms. Campbell next requested authorization to repair lift pump no. 1 at the wastewater treatment plant for an estimated cost of \$22,000. Discussion ensued regarding pump sizing and cost of replacement parts. Following review and discussion, Director Kluppel moved to authorize the repair for an amount not to exceed \$22,000, subject to approval by Director Yokubaitis. Director Vance seconded the motion, which passed unanimously.

Following review and discussion, Director Kluppel moved to (1) approve the operations report; and (2) approve repair the flash mix pump at the surface water treatment plant for an estimated cost of \$2,800. Director Boyd 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. Ms. Campbell 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 first reported regarding emergency repair at water well no. 3, including tubing, lines, shafts, bearings and couplings in the inner column assemblies, for an estimate of \$39,020 from Layne Christiansen (the "contractor"). Discussion ensued regarding contractor responsibility regarding some of the ongoing issues and the Board concurred to request J&C discuss with the contractor paying half of the estimated cost to make the repair.

Mr. Turner next requested authorization to design wastewater treatment plant phase 1 improvements and water plant no. 2 improvements. Following review and discussion, Director Kluppel moved to authorize J&C to design wastewater treatment plant phase 1 improvements and water plant no. 2 improvements. The motion, which was seconded by Director Boyd, passed unanimously.

Mr. Turner discussed the status of construction of the Pecan Lakes Flood Protection System, and recommended the Board approve Pay Estimate no. 14 in the amount of \$264,285.95, payable to LECON, Inc.

Mr. Turner next reported on the status of construction of the Pecan Lakes pump station and recommended the Board approve Pay Estimate No. 10 in the amount of \$20,832.91, payable to JTR Constructors. Mr. Turner also requested a change order to be signed after the meeting for an autodialer and to switch lighting at the pump station for an amount not to exceed \$4,619. Discussion ensued regarding construction delays and issues with subcontractors. Mr. Turner reported the gas line is installed and scheduled for inspection by the City of Richmond. Additional discussion ensued regarding providers for structural concrete and offering additional incentive for quicker delivery.

The Board next discussed water rates charged by surrounding utility districts. Following review and discussion, Director Kluppel moved to revise the surface water rate to \$1.50 per 1,000 gallons, effective October 1, 2014. Director Vance seconded the motion, which passed unanimously.

The Board next discussed drainage improvements and 3 donated drainage easements. Upon a motion by Director Kluppel and a second by Director Vance, the Board voted unanimously to accept the donated easements.

Mr. Turner discussed with the Board making application to the TCEQ for use of surplus funds for non-potable water use at the wastewater treatment plant and a reclaimed water system and requested approval of a resolution making application for use of surplus funds.

Following review and discussion, Director Kluppel moved to (1) approve the engineering report; (2) approve all pay estimates and change orders; and (3) approve a Resolution Authorizing Application to the Texas Commission on Environmental

Quality for Use of Surplus Funds. The motion, which was seconded by Director Yokubaitis, passed unanimously.

#### SECURITY AND PUBLIC SAFETY MATTERS CONTINUED

Chief Woolley discussed VFD activity since the last meeting and VFD sponsored community events and requested, along with Mr. John Minchew, the Board reduce the administrative fee for collections on behalf of the PGVFD from \$500 per month to \$200. Chief Woolley also requested rewording of collection language on water bills. Following review and discussion, Director Kluppel requested that District consultants determine the total amount of expenses incurred to administer the PGVFD collections contract. The Board also concurred to include an agenda item on the September meeting agenda for a report on PGVFD's creation of an ESD.

The Board also discussed with Chief Woolley the draft list of services to be attached to the District's Master Services Agreement with PGVFD and concurred to request that the list be finalized by the PGVFD, and approved by EDP, prior to the September Board meeting.

Chief Woolley left the meeting

#### DISTRICT WEBSITE AND NEWSLETTER

Director Yokubaitis updated the Board on preparation of a fall newsletter.

#### 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 Kluppel also reported regarding possible increase of Fort Bend Flood Management Association annual membership fees to \$8,000. Following discussion, the Board concurred to agree to an increase to \$5,000 when requested.

Director Vance next reported meetings of State Representative Rick Miller's water task force.

#### 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's conveyance of a 15.1 acre tract for District drainage as partial consideration.

Ms. Humphries next updated the Board regarding a request from the Fort Bend County Drainage District ("FBCDD") that the District consider claiming its pro rata share of emergency use sand bags and provide a stockpile site in the District. Mr. Turner and Ms. Campbell said the sand and bags could be stored at the sewer plant and said J&C will coordinate with EDP regarding the space available and coordinate with EDP to respond to the FBCDD.

Ms. Humphries next presented an Interlocal Agreement between the District and the Brazos River Authority memorializing the District's commitment of \$7,500 to partially fund a study. Following review and discussion, Director Kluppel moved to approve the Interlocal Agreement. The motion was seconded by Director Vance and passed unanimously.

The Board also concurred to move their September regular meeting to September 23, 2014 at 6:00 p.m.

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 7:47 p.m. to conduct a private consultation to deliberate the purchase, exchange, lease, or value of real property. Ms. Humphries, Ms. Brook, Ms. J. Miller, Mike Rozell, Mr. Saenger, Ms. B. Miller and Mr. Turner were present during executive session.

RECONVENE IN OPEN SESSION AND AUHTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 8:27 p.m.

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 8:29 p.m. to conduct a private consultation with the District's attorney to seek advice on pending litigation. Ms. Humphries, Ms. Brook and Ms. J. Miller were present during executive session. At 8:42 p.m., Mr. Turner, Mr. Saenger and Ms. B. Miller entered

executive session. Ms. Brook then left executive session at 8:40 p.m. followed by Mr. Turner, Mr. Saenger and Ms. B. Miller at 9:14 p.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 9:35 p.m. Following discussion in executive session, Director Kluppel moved to authorize J&C to proceed as discussed. Director Howard seconded the motion, which passed unanimously.

There being no additional business to consider, the meeting was adjourned at 9:37 p.m.

(SEAL)



  
Secretary, Board of Directors

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