

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

August 27, 2013

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 27th 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:

Chad Howard	President
Randy Vance	Vice President
Buddy Kluppel	Secretary
Kirk Boyd	Assistant Vice President/ Assistant Secretary
John Minchew	Assistant Vice President/ Assistant Secretary

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, Bryan Jordan and Grady Turner of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel, Ben Connelly, Breah Campbell, Sarah Hume, and Doug Owen of Environmental Development Partners, L.L.C. ("EDP"); Mary Ann Mihills of McLennan & Associates, L.P.; Lt. Edward Gordon of the Fort Bend County Constable's Office, Precinct 3 ("Precinct 3"); Chief Joe Woolley of Pecan Grove Volunteer Fire Department ("PGVFD"); Jonathan Howard of Arcadis U.S., Inc. ("Arcadis"); Pat Naff of CDC Unlimited, LLC; Marcus Campbell of Time & Season; Kevin Atkinson of Texas Pride Disposal; Greg Lentz of First Southwest Company; Sylvia Avila of WCA Waste Corporation of Texas ("WCA"); and Lynne Humphries, Hannah Brook and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REMARKS FROM THE BOARD PRESIDENT

Director Howard opened the meeting at 5:00 p.m. and welcomed attendees.

COMMENTS FROM THE PUBLIC

Ms. Hale-Erlich commented regarding the proposed drainage improvement project, option 2 and requested an update, including a brief discussion of changes from the original proposal.

CONSENT AGENDA

Director Howard offered Board members the opportunity to remove items from the consent agenda for individual discussion. There being no additional response from

any Board member, Director Howard moved to approve all items on the consent agenda, except items c and k removed for additional discussion. Director Boyd seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

Mr. Ammel reported the PGVFD cleaned the elevated water storage tank, as previously authorized, and recommended that PGVFD wash and paint the fire hydrants for \$35 per hydrant. Chief Woolley reviewed a proposed services list pending approval by the Board of PGVFD. Following discussion, Director Kluppel moved to approve the list of services proposed by Chief Woolley, subject to final approval by the PGVFD Board, including washing and painting fire hydrants for \$35 per hydrant. Director Minchew seconded the motion which passed unanimously.

Ms. Avila reported customer calls and complaints regarding garbage collection and requested the Board consider a \$0.19 consumer pricing index increase. Director Vance noted complaints from residents regarding garbage left in the street by WCA employees. Following review, discussion and review of additional information provided by the District bookkeeper, Director Minchew moved to approve the requested increase. The motion, which was seconded by Director Kluppel, passed unanimously. Ms. Avila reported that Kevin Atkinson has resigned from WCA.

SECURITY AND PUBLIC SAFETY MATTERS

Lt. Gordon reported on security in the District, including school traffic, vacation watches and replacement personnel for Deputy Mark Williams. The Board concurred to defer discussion of a proposed Agreement for Additional Law Enforcement Services with Fort Bend County and an associated Agreement for Cost Sharing of Law Enforcement services with Pecan Grove Plantation Property Owners Association.

OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of August, 2013, a copy of which is attached, and which was provided in advance to the Board.

Mr. Ammel discussed water accountability in the District, overall water loss, attributable to 4 major main breaks this month, and historical use and loss, including surface water amounts pumped.

Mr. Owen updated the Board regarding repair of lift pump no. 2 at lift station no. 6 and said the repair is complete, but the contractor is coming tomorrow to address ongoing issues and make emergency repairs.

Mr. Owen next updated the Board regarding recoating and hydro-tank replacement at water plant no. 1 and confirmed the project includes fence replacement. He said the resident behind the water plant put in some landscaping gravel next to the fence and the gravel is falling into the water plant site. The resident has asked the

District to accelerate the fence replacement schedule so she can repair the landscaping. Following discussion, Director Boyd moved to authorize J&C to assume responsibility for the fence replacement as part of the recoating and hydro-tank replacement at water plant no. 1 and complete the fence repair portion in October. Director Minchew 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. Owen 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 Boyd 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 Minchew seconded the motion, which passed unanimously.

DISTRICT NEWSLETTER AND WEBSITE

Ms. Campbell reported regarding the summer 2013 District newsletter and said the final draft of the newsletter intended for distribution in August has not been completed. The Board took no action on this agenda item and requested the agenda item be moved under the consent portion of the agenda.

CONVERSION TO SURFACE WATER

The Board discussed with Ms. B. Miller and Mr. Howard the status of completion of the surface water treatment plant, including the status of outstanding laboratory results necessary for the final membrane acceptance report. Mr. Howard said he is working EDP to confirm that all alarms are functioning and that all warranty work has been addressed by the contractor. Mr. Howard also recommended the Board approve Change Order No. 7 for work related to the installation of the raw water pumps. Following discussion and review, Director Kluppel moved to approve Change Order No. 7. The motion, which was seconded by Director Vance, passed unanimously.

Mr. Ammel requested authorization to proceed with installation of the firewall and presented a proposal from GB Tech in the amount of \$2,500 and said he would bring a proposal for technical service to the September meeting. Following review and discussion, Director Boyd moved to approve a proposal from GB Tech in the amount of \$2,500 and a services agreement attaching the proposal as Exhibit A. Director Vance seconded the motion, which passed unanimously.

ENGINEERING MATTERS

Mr. B. Miller and Ms. Jordan reviewed with the Board an engineering report, a copy of which is attached to these minutes.

Ms. B. Miller first discussed the status of preparation of a Concentration-Time ("CT") Study needed to increase capacity at the surface water treatment to 2.3 million gallons per day.

Ms. B. Miller then updated the Board on a mock flood scenario tabletop exercise conducted by Fort Bend County Office of Emergency Management.

Ms. B. Miller also discussed the status of preparation of an application for renewal of Permit No. WQ0011655-001 for the wastewater treatment plant.

Ms. B. Miller discussed the status of design of proposed drainage improvements and said J&C will bring plans to the September regular meeting for Board review. She said J&C is working on right of way acquisition and thinks the project will be ready to bid in the spring. Following discussion and in response to earlier comment from Ms. Hale-Erich, the Board concurred to authorize the District engineer to post on the District website a construction schedule for the proposed drainage improvements.

Ms. B. Miller reported the status of plans and specifications for Phase 1 of Sanitary Sewer Cleaning and Televising and said a recommendation of award will be made at the September regular meeting.

Ms. B. Miller reported the status of clearing and grubbing and relocation of the temporary construction access road for construction of the Pecan Lakes Flood Protection System. She said the contractor is currently sheet piling on the north side of Pecan Lakes. She recommended the Board approve Pay Estimate No. 2 in the amount of \$483,345, payable to LECON, Inc. Following review and discussion, Director Boyd moved to approve Pay Estimate No. 2 in the amount of \$483,345, payable to LECON, Inc. Director Kluppel seconded the motion, which passed unanimously.

Ms. B. Miller she received the color chart for the pump station finish for the Pecan Lakes Pump Station and will coordinate a meeting with the Pecan Lakes Homeowner's Association.

Ms. B. Miller said well No. 3 is online, the ground storage tank has been removed from service and blasting began today. She recommended the Board approve Pay Estimate No. 2 in the amount of \$80,496, payable to Layne Christensen. Following review and discussion, Director Kluppel moved to approve Pay Estimate No. 2 in the amount of \$80,496, payable to Layne Christensen. Director Boyd seconded the motion, which passed unanimously. She said the final water quality test sample is pending.

Ms. B. Miller reported the status of the District's application for renewal of TPDES Permit No. TXR040225 for District storm water system and said she anticipates the new permit will be issued by the end of the year.

Ms. B. Miller also said Fort Bend County has requested to move crepe myrtle trees from District levee property because they pose a line of sight issue along Mason Road. The Board concurred that Fort Bend County may remove the crepe myrtle trees.

REPORTS FROM DIRECTORS, COMMITTEES, AND DISTRICT CONSULTANTS

Director Kluppel reported regarding surface water issues and meetings with the Fort Bend Flood Management Association, Gulf Coast Water Authority Mainland Municipal Advisory Committee and Brazos River Authority and recent state wide drought contingency issues.

ATTORNEY'S REPORT

Ms. Humphries discussed Governor Perry's Proclamation Extending Drought Emergency and the District's Drought Contingency Plan. The Board discussed statewide drought conditions.

PARK MATTERS

Mr. Campbell reported a lock was installed on the fence around the children's play area at Pitts Park. Mr. Ammel discussed irrigation taps in the park that need back flow prevention.

EXECUTIVE SESSION PURSUANT TO SECTION 551.076, TEXAS GOVERNMENT CODE, TO DELIBERATE THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION, OF SECURITY PERSONNEL OR DEVICES

The Board determined no executive session was necessary.

EXECUTIVE SESSION PURSUANT TO SECTION 551.072, TEXAS GOVERNMENT CODE TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY AND SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION, INCLUDING CONDEMNATION PROCEEDING AND ACTIONS RELATED TO FACILITY CONSTRUCTION

At 6:10 p.m., Director Howard announced that the Board would convene in executive session to conduct a private consultation with its attorney to discuss pending or contemplated litigation.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING PENDING OR CONTEMPLATED LITIGATION, INCLUDING CONDEMNATION PROCEEDING AND ACTIONS RELATED TO FACILITY CONSTRUCTION

Director Howard announced the Board would reconvene in open session at 6:21 p.m. Following discussion in executive session, Director Vance moved to authorize an offer of settlement, as discussed. Director Boyd seconded the motion, which passed unanimously.

BUDGET WORKSHOP AND ADOPT FISCAL YEAR END SEPTEMBER 30, 2014

The Board next reviewed a proposed budget for the District's fiscal year ending September 30, 2014 and reviewed with J&C a proposed special projects list for fiscal year 2014, including deferral of out of pocket expenses for some drainage and sanitary sewer rehabilitation items. The Board discussed unallocated balances, available reserves, available bonds for the proposed drainage improvement project, future rehabilitation projects, higher security patrol costs, planned park maintenance and improvement and higher costs to produce water, including payments to the Brazos River and Gulf Coast Water Authorities. Mr. Jordan said J&C would prepare an area water rate comparison for discussion regarding possible amendment to the District's water rate.

The Board also discussed with Ms. B. Miller completing some of the inlet replacements in the proposed drainage project in the current fiscal year if agency approvals are received in September.

The Board then discussed security patrol options and requested budget information for different options discussed.

The Board took no action on the proposed budget, instructed the District bookkeeper to revise the budget, as discussed, and concurred to defer adoption of the budget until the District's regular September meeting.

2012 TAX RATE, PUBLIC HEARING DATE, AND NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Mr. Lentz reviewed 2013 certified property values and recommended a proposed 2013 debt service tax rate of 0.655 per \$100 of assessed valuation. The Board discussed a proposed tax rate of 0.655 per \$100 of assessed valuation, \$0.25 for maintenance and operations and \$0.405 for debt service. After review and discussion, Director Boyd moved to approve a proposed 2013 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 2013 tax rate hearing on September 24, 2013, where the Board will adopt the proposed tax rate and to authorize the District's website administrator to post notice of the 2013

tax rate hearing on the District's website. Director Vance seconded the motion, which passed unanimously.

There being no additional business to consider, the Board agreed to adjourn.


Secretary, Board of Directors

(SEAL)



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