

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

September 23, 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 23rd day of September, 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.; 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"); Fort Bend County Sheriff Troy Nehls; Marcus Campbell of Time and Season Property Management ("Time & Season"); Blake Kridel of Storm Water Solutions, LLP; Trevor Royal of Royal of WCA Waste Corporation of Texas ("WCA"); Mike Rozell; Pat Naff of CDC Unlimited; Howard Katz of Coveler & Katz, PC; Britt Harris of Harris, Hilburn & Sherer, LLP; 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 6:02 p.m., and welcomed attendees.

REPORT FROM PECAN GROVE VOLUNTEER FIRE DEPARTMENT ON CREATION OF AN EMERGENCY SERVICES DISTRICT

Mr. Howard Katz updated the Board on PGVFD's intent and progress 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. Chief Woolley distributed a proposed service area map.

COMMENTS FROM THE PUBLIC

Ms. Wendy Erlich-Hale thanked the Board for progress made on posting information about the status of drainage improvements in the District on the website.

Mr. Jim Ashmore and Mr. John Minchew requested the Board submit a fire plan to the Texas Commission on Environmental Quality ("TCEQ") in lieu of the proposed ESD.

Mr. Paul Metcalf requested the Board consider a leash free dog area within District parks.

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

PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ORDER LEVYING TAXES, AND AMENDMENT TO INFORMATION FORM

Mr. Ordeneaux stated Tax Tech, Inc. published a Notice of Public Hearing in the Fort Bend Herald stating the District anticipates levying a \$0.655 tax rate at this meeting. Director Vance then opened the public hearing. No members of the public came forward to make comments. Director Vance then closed the public hearing.

Ms. Humphries presented to the Board an Order Levying Taxes for 2014 reflecting a total \$0.655 tax rate comprised of \$0.415 for debt service and \$0.24 for operations and maintenance. She then presented to the Board an Amendment to Information Form reflecting the 2014 tax rate. Following review and discussion, Director Boyd moved to adopt the Order Levying Taxes as presented, approve and authorize execution of the Amendment to the Information Form, and direct that the Order and Amendment be filed appropriately and retained in the District's official records. Director Howard seconded the motion, which passed unanimously.

SECURITY AND PUBLIC SAFETY MATTERS

Sheriff Nehls reported on patrol and security since the Board's last regular meeting. He also reported a reduction in burglaries in Fort Bend County and National Night Out participation.

Chief Woolley discussed VFD activity since the last meeting and VFD sponsored community events.

The Board next discussed finalizing a list of approved additional services to be added to the District Master Services Agreement with PGVFD.

The Board then discussed PGVFD's previous request to reduce the administrative fee charged by the District for collection of PGVFD donations by agreement.

Following review and discussion, Director Boyd moved to place an item on the October agenda to amend the District's collections agreement with PGVFD to reduce the administrative fee charged by the District for collection of PGVFD donations to be effective immediately. Director Kluppel seconded the motion, which passed unanimously. The Board also asked the operator and Chief Wooley to prepare an exhibit to the Services Agreement with the District to expand and price services to be performed by the VFD for the District.

Sherriff Nehls 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. Discussion ensued regarding enforcement of park rules.

Mr. Katz left the meeting.

BULLHEAD BAYOU

Mr. Kridel reported the aerator and service panel at Colonel Court South Drive and Old South Drive are installed, but installation of the meter by CenterPoint Energy is pending. The Board concurred to defer action on the two additional aerators/panels.

Discussion ensued regarding tree branches fallen into and along Bullhead Bayou. Following review and discussion, Director Yokubaitis moved to authorize CDC to clean the branches and trim trees along Bullhead Bayou. Director Howard seconded the motion, which passed unanimously.

The Board discussed possible removal of landscaping encroachments in the District's right of way at Bullhead Bayou. Following review and discussion, Director Kluppel moved to authorize notice of removal of all landscaping and other encroachments along Bullhead Bayou, on the District's property. The motion was seconded by Director Vance. Additional discussion ensued regarding types of encroachments within the District's right of way along Bullhead Bayou and encroachments within District levee right of way. The motion failed by a vote of 3 to 2 with Directors Boyd, Howard and Yokubaitis voting against the motion. Additional discussion ensued regarding adopting a set of standards for encroachments along Bullhead Bayou and the Board agreed no encroachments should be in the District's levee property. Following discussion, Director Howard moved to authorize ABHR to send notice to property owners encroaching on District rights of way along Bullhead Bayou and the District levee notifying the property owner of the encroachment and requesting removal of same. The motion, which was seconded by Director Boyd, passed by a vote of 3 to 2, with Directors Vance and Kluppel voting against the motion.

OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of September, 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. He also reported regarding recent heavy rain events and monitoring of high water areas, continued efforts to improve overall water accountability, including discussion regarding installing a sanitary sewer meter at the surface water treatment plant, and the status of compiling records and a response to the TCEQ for a notice of violation dated March 19, 2014.

Following review and discussion, Director Kluppel moved to approve the operations report. Director Yokubaitis seconded the motion, which passed unanimously.

Mr. Naff and Mr. Blake left the meeting.

The Board next discussed amending the District Rate Order to increase inspection fees to 3 times the District's actual costs, as allowed by State law. Following review and discussion, upon a motion by Director Kluppel and a second by Director Vance, the Board voted unanimously to amend the Rate Order, as discussed.

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 Vance 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.

ENGINEERING MATTERS

Mr. Turner reviewed the 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 proposed drainage improvements in the Grove, Sections 4 and 5 and Plantation, Sections 4, 5 and 7 and requested authorization to advertise for bids for construction. He said plans will be submitted to Fort Bend County for signature by the end of the month.

Mr. Turner then reported regarding proposed improvements to lift station no. 3 and requested authorization to advertise for bids. Discussion ensued regarding upgrading the lift station nearest the proposed Arenosa project.

Following review and discussion, Director Vance moved to authorize J&C to advertise for bids for construction of (1) drainage improvements in The Grove, Sections 4 and 5 and Plantation, Place, Sections 4, 5 and 7; and (2) improvements to lift station no. 3. Director Boyd seconded the motion, which passed unanimously.

Mr. Turner next discussed the status of 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.

Mr. Turner discussed the status of construction of the Pecan Lakes Flood Protection System, and recommended the Board approve Pay Estimate no. 15 in the amount of \$219,094.02, 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. 11 in the amount of \$74,959.90, payable to JTR Constructors.

Following review and discussion, upon a motion by Director Vance and a second by Director Yokubaitis, the Board voted unanimously to approve the pay estimates.

Mr. Rozell and Mr. Harris entered the meeting.

Following review and discussion, Director Kluppel moved to approve the engineering report. The motion, which was seconded by Director Yokubaitis, passed unanimously.

DISTRICT WEBSITE AND NEWSLETTER

Director Yokubaitis updated the Board on preparation of a fall newsletter. Following review and discussion, upon a motion by Director Yokubaitis and a second by Director Boyd, the Board authorized posting of annual energy usage information to the District's website.

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 Vance next reported there had not been a meeting of State Representative Rick Miller's water task force.

ATTORNEY'S REPORT

The Board considered adopting a Resolution Regarding Intent to Reimburse for land acquisition and design costs associated with drainage improvements in Plantation Place, Sections 4 and 5 and The Grove, Sections 4 and 5.

Ms. Humphries also reviewed with the Board a Resolution Authorizing Application to the TCEQ for Approval of Project and Bonds.

Following review and discussion, Director Kluppel moved to approve (1) a Resolution Regarding Intent to Reimburse for land acquisition and design costs associated with drainage improvements in Plantation Place, Sections 4 and 5 and The Grove, Sections 4 and 5; and (2) a Resolution Authorizing Application to the TCEQ for Approval of Project and Bonds. The motion, which was seconded by Director Boyd, passed unanimously.

Discussion ensued regarding drought language on water bills and general notice regarding statewide drought conditions received from the TCEQ. Following discussion, the Board concurred to leave drought language on water bills.

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 7:25 p.m. to conduct a private consultation with the District's attorney to seek advice on pending litigation. Ms. Humphries, Ms. Brook, Mr. Harris and Ms. J. Miller were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 7:35 p.m. Following discussion in executive session, Director Kluppel moved to instruct Mr. Harris to proceed, as discussed in executive session. Director Vance seconded the motion, which passed unanimously.

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 7:36 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 8:06 p.m. Following discussion in executive session, Director Yokubaitis moved to (1) accept the easements presented during executive session; (2) approve payment for easements, as discussed during executive session; and (3) authorize appraisal of the easement needed on the Smith Estate, as discussed in executive session. Director Kluppel seconded the motion, which passed unanimously.

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 8:07 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.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 8:14 p.m. No action was taken.

There being no additional business to consider, the meeting was adjourned at 8:15 p.m.

(SEAL)




Secretary, Board of Directors

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