

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

October 29, 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 29th day of October, 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
John Minchew	Assistant Secretary
Chad Howard	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 and Grady Turner of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel, Ben Connelly, Breah Campbell, Sarah Hume and Clayton Galloway of Environmental Development Partners, L.L.C. ("EDP"); Mary Ann Mihills of McLennan & Associates, L.P.; Jonathan Schumann and Lila Smith of Fort Bend County Commissioner Andy Meyers' office; Chief Joe Woolley of Pecan Grove Volunteer Fire Department ("PGVFD"); Jonathan Howard of Arcadis U.S., Inc. ("Arcadis"); Pat Naff of CDC Unlimited, LLC; Sylvia Avila and Trevor Royal of WCA Waste Corporation of Texas ("WCA"); Sergeant Jean Gobar of the Fort Bend County Sheriff's Department; 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 6:06 p.m. and welcomed attendees.

COMMENTS FROM THE PUBLIC WHO HAVE SIGNED UP TO SPEAK

Mr. Chuck Bertrand requested on behalf of PGVFD that the District release contact information for new District customers so that PGVFD may send informational material regarding PGVFD to new District residents/customers. Mr. Jim Ashmore said a list of new POA residents was delivered to the PGVFD last week.

Mr. Paul Metcalf requested the District post on the District website progress reports for all major District projects. He also reported visibility issues on FM 1464 and Plantation Drive. The Board directed him to contact Fort Bend County Commission Andy Meyers regarding roads.

Jonathan Schumann with Fort Bend County Commissioner Andy Meyers' office made himself available to respond to resident questions regarding the upcoming Fort Bend County mobility bond proposition, including road projects included in Fort Bend County, Precinct 3 and provided a mobility informational handout, a copy of which is attached to these minutes.

Ms. Lila Smith with Commissioner Meyers' office updated the Board on the status of Texas Department of Housing and Community Affairs funding of the proposed Campanile at Jones Creek. Ms. Smith added the developer indicated the City of Richmond will provide water and sewer, but the City of Richmond has not made a decision regarding utility service to the project. Director Vance requested representatives of Commissioner Meyers' office address all further resident inquiries regarding the pending Fort Bend County mobility bond proposition and the Campanile at Jones Creek outside the meeting since the District has already protested the Campanile project, but has not power to stop the project.

CONSENT AGENDA

Director Vance offered Board members the opportunity to remove items from the consent agenda for individual discussion. There being no request from any Board member, 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.

REPORT ON GARBAGE COLLECTION AND RECYCLING SERVICES

Director Vance discussed customer complaints he received regarding garbage collection crews. Ms. Avila reviewed a customer issue report in response and introduced Mr. Royal as the WCA operations representative for the District. Mr. Royal said crews have been instructed to replace garbage cans to their original location following collection. He also discussed future special collection events, like Christmas tree recycling.

SECURITY AND PUBLIC SAFETY MATTERS

Ms. J. Miller reported ABHR forwarded executed security contracts to Fort Bend County for signature on September 20, 2013 and said Lila Smith said Commissioner Meyers put the contract on the Commissioners' Court agenda for approval, but Sheriff Nehls pulled the contract from the Commissioners' Court agenda and rescheduled consideration of the contract for November 5, 2013. Sgt. Gobar updated the Board on processing existing patrol deputies through the Sherriff's Department qualification program and said two deputies chose to drop from the process. She said additional officers were hired on Saturday and that the Sherriff's Department has committed resources sufficient to patrol the District in the interim. Director Minchew commented regarding gaps in coverage and Fort Bend County Constable Precinct 3's contractual obligations to the District. Director Minchew instructed Ms. Mihills to void October and November payments to Fort Bend County Constable Precinct 3. Sgt. Gobar said

she would work with the Fort Bend County auditor to reconcile hours worked and issue an appropriate invoice for services actually rendered.

Chief Woolley said PGVFD is preparing to paint the District's fire hydrants per the existing Services Contract.

FORT BEND DRAINAGE DISTRICT CORRESPONDENCE REGARDING MATERIALS AND SUPPLIES FOR FLOOD FIGHTING AND FORT BEND COUNTY DEBRIS MANAGEMENT PLAN

Mr. Ammel reported EDP responded to correspondence from Fort Bend Drainage District requesting the District provide an inventory of flood fighting materials/supplies the District plans to keep on hand for immediate response to flood.

Ms. Humphries reported Fort Bend County requested the District participate in the Fort Bend County Debris Management Plan and reviewed a proposed resolution and addendum committing the District's participation in the Fort Bend County Debris Management plan. Following review and discussion, Director Boyd moved to approve participation in a Fort Bend County Debris Management Plan and a resolution and addendum committing the District's participation in same. Director Kluppel seconded the motion, which was unanimously approved.

OPERATION OF DISTRICT FACILITIES

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

The Board reviewed correspondence from the Brazos River Authority regarding water contract diversion, notification, reporting and calibration and concurred that Director Kluppel respond on behalf of the District.

Mr. Ammel updated the Board regarding repair of lift pump no. 2 at lift station no. 2 and provided a quote for a chemical feed repair at the wastewater treatment plant.

The Board next considered amending the District's Rate Order to increase the surface water fee to \$1.00 per 1,000 gallons and increase the monthly sewer fee to \$27.84 for the single family customers.

Following review and discussion, Director Kluppel moved (1) approve the operations report; and (2) to amend the Rate Order, as discussed. 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. 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.

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 review of the final membrane acceptance report by J&C and upload of all supervisory control and data acquisition ("SCADA"). Mr. Howard also reviewed a letter from LEM regarding closeout of the Surface Water Treatment Plant project. Mr. Howard said he met with the surface water committee and, along with LEM, reached an agreement reflected in Change Order No. 8, a copy of which is attached to these minutes. Following review and discussion, Director Kluppel moved to approve Change Order No. 8, subject to final review and revision by ABHR and J&C and approval by the Texas Commission on Environmental Quality ("TCEQ"), if necessary. Director Boyd seconded the motion, which passed unanimously.

ENGINEERING MATTERS

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

Ms. B. Miller reported receipt of the District's Over-Conversion Credit Certificate from the Fort Bend Subsidence District for the 2012 permit year and the Board concurred to notify the cities of Richmond and Rosenberg of credits available for purchase.

Ms. B. Miller 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 and said the study is pending with the TCEQ.

The Board reviewed a draft MS-4 report and, upon a motion by Director Kluppel and a second by Director Boyd, the Board voted unanimously to authorize J&C to submit the report to the TCEQ.

Ms. B. Miller next discussed revising the District's Monitoring and Operations Plan ("MOP") outlining sampling locations and frequency for water quality monitoring and requested authorization to update the MOP for a fee not to exceed \$9,000. Following discussion, Director Kluppel moved to authorize J&C to update the MOP for a fee not to exceed \$9,000. The motion, which was seconded by Director Boyd, passed unanimously.

Ms. B. Miller next discussed the status of construction of the Pecan Lakes Flood Protection System, and recommended the Board approve Pay Estimate no. 4 in the amount of \$1,291,179.90, payable to LECON, Inc. She also presented a Consent to Encroachment allowing the District to work in CenterPoint's easement. Following

review and discussion, Director Kluppel moved to approve Pay Estimate no. 4 in the amount of \$1,291,179.90, payable to LECON, Inc. and Consent to Encroachment subject to ABHR finalization allowing the District to work in CenterPoint's easement. Director Boyd seconded the motion, which passed unanimously.

The Board next discussed holding a workshop meeting on November 18, 2013 at 5:00 p.m. at the Pecan Grove Baptist Church to discuss pending drainage improvement projects.

Ms. B. Miller next reported the status of construction of the Pecan Lakes Pump Station and recommended the Board approve Pay Estimate No. 2 in the amount of \$75,281.40, payable to JTR Constructors, Inc. Following review and discussion, Director Kluppel moved to approve Pay Estimate No. 2 in the amount of \$75,281.40, payable to JTR Constructors, Inc. Director Howard seconded the motion, which passed unanimously.

Ms. B. Miller reported rework at Water Well No. 3 rework is complete, but additional vibration tests and a recommendation from the manufacturer are pending.

Ms. B. Miller next discussed ongoing site work with regard to Water Plant No. 1 Hydro-Tank Replacement and Recoating and recommended the Board approve Pay Estimate No. 3 in the amount of \$58,780.35, payable to Nunn Constructors, Ltd. She also reviewed Change Order No. 1 in the amount of \$46,555.20 for additional repair work identified following blasting. Following review and discussion, Director Kluppel moved to approve Pay Estimate No. 3 in the amount of \$58,780.35, payable to Nunn Constructors, Ltd. and Change Order No. 1 in the amount of \$46,555.20 for additional repair work identified following blasting, subject to complying with TCEQ rules for change orders. Director Vance seconded the motion, which passed unanimously.

With regard to the District's current Drought Contingency Plan, the Board concurred that Directors Kluppel and Boyd meet and work with J&C to make recommendations for revisions to be discussed at the District's November 18, 2013 special meeting.

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 reported regarding meetings with the Fort Bend Subsidence District regarding groundwater reduction plans for the cities of Richmond and Rosenberg. He also discussed the current status of pending flood plain maps.

ATTORNEY'S REPORT

There was no discussion for this agenda item.

PARK MATTERS

Ms. Campbell reported Time & Season is waiting on 2 additional bids for fencing. Following review and discussion, Director Howard moved to an award for fencing to the lowest bidder for a cost not to exceed \$9,000. Director Minchew seconded the motion, which passed unanimously.

CONVENE IN EXECUTIVE SESSION PURSUANT TO THE SECTION 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 to deliberate the deployment or specific occasions for implementation of security personnel or devices.

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

The Board did not convene in executive session to deliberate the purchase, exchange, lease, or value of real property.

CONVENE IN EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION INCLUDING CONDEMNATION PROCEEDINGS

At 7:50 p.m., Director Vance announced that the Board would convene in executive session to conduct a private consultation with its attorney to discuss pending or contemplated litigation including condemnation proceedings.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING PENDING OR CONTEMPLATED LITIGATION INCLUDING CONDEMNATION PROCEEDINGS

At 8:20 p.m. the Board reconvened in open session. Following discussion in executive session, Director Kluppel moved to authorize the District engineer to determine options to exclude property not in the district from the Pecan Lakes levee project. Director Boyd seconded the motion, which passed unanimously.

The Board agreed to re-schedule its regular November meeting to November 19, 2013 at 6:00 p.m. and regular December meeting to December 17, 2013 at 11:00 a.m., both at the Pecan Grove Country Club. There being no further business to consider, Director Vance moved to adjourn the meeting. The motion was seconded by Director Kluppel and passed unanimously.

G. E. Kuppel

Secretary, Board of Directors

(SEAL)



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