

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

October 30, 2012

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 30<sup>th</sup> day of October, 2012, 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; Andy Meyers Commissioner, Fort Bend County, Precinct 3 (the "County"); Brian Jordan and Bethany Miller of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel, Angelica Ross, Clayton Galloway, Ben Connelley and Doug Owen of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Deputy Aaron Tysinski and Deputy James Eleckel of the Fort Bend County Constable's Office, Precinct 3 ("Precinct 3"); Pat Naff of CDC Unlimited, LLC ("CDC"); Larry Laird, Jr. of LEM Construction ("LEM"); Steve Crow, District resident; Jonathan Howard of Arcadis U.S., Inc. ("Arcadis"); Ben Anders of T.W. Davis YMCA ("YMCA"); John Kelly of Terra Management Services ("Terra"); 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 and welcomed attendees.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

CONSENT AGENDA

Director Howard offered Board members the opportunity to remove items from the consent agenda for individual discussion. There being no response from any Board member, Director Kluppel moved to approve all items on the consent agenda, with the exception of the financial and bookkeeping report which was removed to the regular agenda at the request of the District bookkeeper. Director Boyd seconded the motion,

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

#### FINANCIAL AND BOOKKEEPING REPORT

Ms. McLennan discussed with the Board registration for the Association of Water Board Director's winter conference. She then distributed the monthly bookkeeper's report, a copy of which is attached, which was provided in advance of the meeting, including the investment report, budget comparison, and the District's bills. After review and discussion, Director Boyd moved to approve the bookkeeper's report, investment report, and payment of the District's bills, including handwritten check no. 6862 in the amount of \$9,703.20 as payment of 2013 CWQ assessment fee due the Texas Commission on Environmental Quality ("TCEQ"). Director Vance seconded the motion, which passed by unanimous vote. Director Minchew authorized the District bookkeeper to release check no. 6739 to Terra.

#### SECURITY MATTERS

Director Minchew, Deputy Eleckel and Deputy Tysinski reported regarding patrol activity and security issues within the District.

#### REQUEST FROM COMMISSIONER MEYERS REGARDING PARTICIPATION IN MASON ROAD MEDIAN LANDSCAPING

Commissioner Meyers updated the Board on the construction and opening of Mason Road, Phase 1 and plans for construction of Phase 2 and said the County is seeking participation for landscaping of medians along Mason Road from FM 359 to Skinner Road. Commissioner Meyers said the County estimates a cost of \$7,000 to install irrigation. The Board discussed possible cost sharing scenarios with the Pecan Grove Property Owners' Association (the "POA") and the County, including discussion regarding perpetual maintenance. Following discussion, Director Minchew moved to commit \$7,000 to the County for installation of irrigation in the median of Mason Road from FM 359 to Skinner Road. Director Kluppel seconded the motion which passed unanimously. Directors Howard and Minchew said that they would meet with the POA to develop a proposed landscaping and maintenance plan.

#### SIDEWALK IMPROVEMENTS

Director Minchew and Mr. Owen updated the Board on progress identifying and prioritizing sidewalk repairs needed and coordination with the POA, who has decided to contract with the District's contractor to do certain of its sidewalk repairs.

#### OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of October, 2012, a copy of which is attached, and which was provided in advance to the Board.

Mr. Ammel updated the Board on the installation of District manhole inflow protectors for treatment of West Nile mosquitoes.

The Board concurred to defer discussion regarding proposals for security and fire monitoring for the surface water treatment plant for executive session.

Mr. Ammel discussed water accountability in the District, overall water loss and historical use and loss, including surface water amounts pumped and water quality issues.

Mr. Ammel reported on repairs in the District, including cleaning of the wastewater treatment plant digester and removal of a large tree at the wastewater treatment plant. Following review and discussion, Director Kluppel moved to approve the District operator's report. The motion, which was seconded by Director Vance, 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 Vance seconded the motion, which passed unanimously.

#### DISTRICT NEWSLETTER AND WEBSITE

Mr. Ammel reported regarding the status of publication of the quarterly newsletter. Ms. J. Miller reported that the website was updated to incorporate revisions requested by the website committee concerning establishing and disconnecting service.

#### CONVERSION TO SURFACE WATER

Mr. Laird, Mr. Howard and Ms. B. Miller reported on progress of addressing all punch list items at the surface water treatment plant and schedules for testing. Mr. Laird discussed warranty and change order items within the punch list. Ms. B. Miller said that human machine interface ("HMI") testing should begin in the next 60 days.

Mr. Howard reported that substantial completion will be reached during the first week of November, 2012 and presented a Certificate of Substantial Completion, effective January 26, 2012. He also provided for Board review a final walk through deficiency list.

Director Kluppel discussed additional membrane testing that would qualify the District to run the plant at the highest level and also discussed tracking of water pumpage.

Following discussion, Director Boyd moved to accept a Certificate of Substantial Completion, effective January 26, 2012 for the surface water treatment plant. Director Kluppel seconded the motion, which passed unanimously.

#### ENGINEERING MATTERS

Ms. B. Miller reviewed the engineer's report, a copy of which is attached, and which was provided to the directors in advance of the meeting.

Ms. B. Miller first discussed projects included in bond application no. 13 and the schedule for submitting the bond application to the TCEQ.

Mr. Jordan next reported regarding the design status of a reclaimed water system and the status of negotiations for right of way with WSG Pecan Grove IV, LP. He said that the system will follow the levee behind Randall's, cross over Plantation Drive, travel west parallel below the sidewalk along Plantation Drive, and wrap around the pond.

He also reported on land surveying and modeling in connection with drainage improvement projects approved by the Board.

Mr. Jordan then requested authorization to begin design of water plant no. 1 hydro-tank replacement and recoating and authorization to prepare plans and specifications for sanitary sewer cleaning and televising. Following discussion, Director Vance moved to authorize the District engineer to begin design of water plant no. 1 hydro-tank replacement and recoating and prepare plans and specifications for sanitary sewer cleaning and televising. The motion, which was seconded by Director Boyd, passed unanimously.

Mr. Jordan reported on the status of 2012 Channel Slope Paving and recommended that the Board approve Pay Estimate No. 1 in the amount of \$239,683.12, payable to Gonzalez Construction Enterprise, Inc.

Ms. B. Miller then presented the Board a copy of the Year 5 report for the District's stormwater management plan and recommended that the board approve the report and authorize submittal to TCEQ.

Ms. B. Miller next reported that the Texas Department of Transportation ("TXDOT") requested that the District accept for maintenance the sluice gate and related improvements installed as part of the FM 359 project.

Ms. Brook provided a written report from Blake Kridel of Storm Water Solutions, LP regarding the status of clean out of Bullhead Bayou.

Following review and discussion, upon a motion by Director Kluppel and a second by Director Vance, the Board voted unanimously to (1) approve the engineer's report; (2) approve Pay Estimate No. 1 in the amount of \$239,683.12, payable to Gonzalez Construction Enterprise, Inc. for 2012 Channel Slope Paving; (3) approve the Year 5 report for the District's stormwater management plan and authorize submittal to TCEQ; and (4) accept the sluice gate and related improvements installed as part of the FM 359 project for maintenance.

#### REPORTS FROM DIRECTORS, COMMITTEES, AND DISTRICT CONSULTANTS

There was no additional discussion on this agenda item.

#### ATTORNEY'S REPORT

There was no additional discussion on this agenda item.

#### RENEWAL OF CONTRACTS WITH YMCA AND TERRA MANAGEMENT SERVICES, AND PROPOSALS FOR MAINTENANCE OF PLANTATION PARK

The Board discussed with Mr. Kelly and Mr. Anders general dissatisfaction with overall park maintenance in the District, including specific discussion regarding problems at Pitts Park such as cleanliness of the park bathrooms, safety hazards that require immediate repair, broken picnic tables, lack of adequate playground mulch, ant control and irrigation inspections. Following discussion, Director Minchew said that he would meet with Mr. Kelly and Mr. Anders to walk through the parks and establish a checklist of items to be addressed during park inspections the Board asked the YMCA and Terra to make note of items that may require revised frequencies and renew their contract obligations to discuss with the Board at the November meeting.

#### 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

At 6:45 p.m., Director Howard announced that the Board would convene in executive session to deliberate the deployment or specific occasions for implementation of security personnel or devices. Mr. Ammel, Mr. Owen, Ms. J. Miller, Ms. B. Miller, Ms. Humphries and Ms. Brook were also present during executive session.

#### RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING THE DEPLOYMENT OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES

At 7:20 p.m. the Board reconvened in open session. Following discussion in executive session, Director Howard moved to accept the security proposal submitted by DSC, subject to further clarification requested by the Board in

executive session. Director Boyd seconded the motion, which passed unanimously.

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

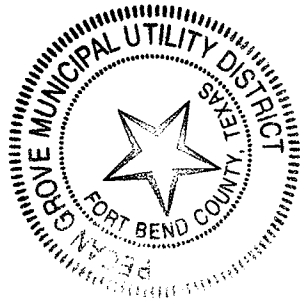
The Board did not convene in executive session to conduct a private consultation with its attorney to discuss pending or contemplated litigation including condemnation proceedings.

CONTINUATION OF DISCUSSION REGARDING RENEWAL OF CONTRACTS WITH YMCA AND TERRA MANAGEMENT SERVICES, AND PROPOSALS FOR MAINTENANCE OF PLANTATION PARK

Discussion continued regarding Board dissatisfaction with overall park maintenance. Following discussion, the Board concurred to hold a special parks meeting on November 6, 2012 at 10 a.m. at the District administrative office on FM 359 to discuss renewal of the District's contracts with the YMCA and Terra Management Services and to consider other options for District park maintenance.

The Board discussed meeting schedules for November and December, 2012 and concurred to meeting at the regular date and time on November 28, 2012 and on December 17, 2012 at 11 a.m. There being no further business to consider, the meeting was adjourned.

(SEAL)



  
Secretary, Board of Directors

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