

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

November 30, 2010

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 November, 2010, 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:

Joe Taylor	President
Richard Stolleis	Vice President
G. E. Kluppel	Secretary
John Minchew	Assistant Vice President/ Assistant Secretary
Kevin Krahn	Assistant Vice President/ Assistant Secretary

and all of the above were present except Directors Stolleis and Krahn, thus constituting a quorum.

Also present at the meeting were Jim Keller, Mr. and Mrs. C. K. Dickenson, Robert Barta, and Susan Denkowski, residents of the District; Martin Pate, President, and Keith Wilson, Vice President of the Board of Governors of the Pecan Grove Country Club ("PGCC"); John Winkler of AIN Specialties; Bryan Jordan, Jason Kirby, and Bethany Miller of Jones & Carter, Inc. ("J&C"); Pat Naff of CDC Unlimited, LLC ("CDC"); Kim Cruthirds of Tax Tech, Inc.; Doug Owen, Breah Campbell, and Mike Ammel of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Kevin Atkinson of WCA Waste Corporation of Texas, LP; Sheldon Buck of Malcolm Pirnie, Inc. ("Malcolm Pirnie"); Ben Anders of the YMCA of the Greater Houston Area ("YMCA"); and Lynne B. Humphries, Hannah Brook, and Janet Swartz of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the October 26, 2010, meeting, which had been prepared and distributed in advance of the meeting. Following review and discussion, Director Kluppel moved to approve the minutes of the October 26, 2010, meeting. Director Minchew seconded the motion, which carried unanimously.

GARBAGE COLLECTION AND RECYCLING SERVICES

Mr. Atkinson distributed and reviewed a report on garbage collection in the District during the past month, a copy of which is attached.

## TAX ASSESSMENT AND COLLECTIONS MATTERS

Ms. Cruthirds reviewed with the Board the monthly tax assessor/collector's report, a copy of which is attached. She updated the Board on the status of collection of delinquent taxes and 2009 tax payments and responded to questions from Board members. Following review and discussion, Director Kluppel moved to approve the tax assessor/collector's report and authorize payment of bills from the tax account. Director Minchew seconded the motion, which passed by unanimous vote.

## OPERATION OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of November, 2010, a copy of which is attached, and which was provided previously to the Board.

Mr. Ammel updated the Board on EDP's monitoring of the widening of FM 359. He stated that the Board previously awarded a contract to JTM Construction, LLC for the relocation and installation of the 6-inch force main, the 12-inch water line, and the 8-inch waterline casing. Mr. Ammel stated that JTM has arranged to have the work done through a third party contractor, Burnside Services, Inc., who is able to obtain the required bonds.

Mr. Ammel reviewed the message that will be placed on the next water bills. After review and discussion, Director Kluppel moved to approve the operator's report. Director Minchew seconded the motion, which carried unanimously.

Director Taylor stated that the District received a request from the PGCC Board of Governors for water and sewer service for a restroom facility to be located at Hole No. 6. Mr. Pate stated that he and Mr. Wilson serve on the Board of Governors. He stated that the Board of Governors has decided to construct a restroom facility at Hole No. 6 and is requesting water and sewer service from the District. Mr. Winkler stated that the plan includes the installation of a grinder pump that will be owned and operated by the PGCC. After discussion, Director Kluppel moved to approve the PGCC Board of Governors' request for water and sewer service for a restroom facility at Hole No. 6. Director Minchew seconded the motion, which passed unanimously. Director Taylor requested that Mr. Winkler submit additional information on the request for water and sewer service to EDP. Mr. Ammel stated that he will contact Mr. Pate regarding the inspections that will be required prior to the District providing service. The Board concurred that per the District's Rate Order, the tap fee is at the District's cost.

Mr. Pate noted that the Board of Governors plans to contact the Board at a later date to request water and sewer service for a restroom facility located at Hole No. 18. Director Taylor noted that the Board would consider the request separately from the request for service to Hole No. 6 when it is received.

## DITCH, LEVEE MAINTENANCE, REPAIRS

Mr. Naff updated the Board on ditch and levee maintenance in the District. He stated that mowing is proceeding according to the schedule. Mr. Naff stated that following the receipt of test results indicating satisfactory dissolved oxygen levels, CDC sprayed the surface of Bullhead Slough to eradicate vegetation. Mr. Naff stated that CDC will monitor growth of vegetation and spray again in the spring.

Mr. Dickenson requested that the Board commence a routine maintenance program for the cleanup of trash left in Bullhead Slough. Director Taylor noted that a resident request for cleanup of Bullhead Slough was received by the homeowners' association and forwarded to CDC. The Board requested that EDP perform routine maintenance of trash clean up at Bullhead Slough.

## HEARING AND AUTHORIZE TERMINATION OF SERVICE

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 Minchew seconded the motion, which passed unanimously.

## DISTRICT NEWSLETTER AND WEBSITE

Director Taylor reported that the District's newsletter was distributed and the website has been updated.

## CONVERSION TO SURFACE WATER

Mr. Buck reviewed an Activity Report from Malcolm Pirnie on the surface water treatment plant, a copy of which is attached. In response to a question from Director Taylor, he stated that the contractor's effort-based schedule indicates a completion date within the contract limits. Mr. Buck then reviewed and recommended approval of Pay Estimate No. 7 from LEM Construction Co., Inc. ("LEM Construction") in the amount of \$357,805.21. Mr. Buck recommended payment of Invoices No. 6 and 7 from Terracon in the total amount of \$15,531.50. After review and discussion, Director Kluppel moved, based upon Mr. Buck's recommendations, to approve payment of Pay Estimate No. 7 in the amount of \$357,805.21 to LEM Construction and payment to Terracon in the amount of \$15,531.50. Director Minchew seconded the motion, which passed unanimously.

Mr. Buck stated that Malcolm Pirnie is working on the Change Order for the SCADA system, which he will submit to the TCEQ for approval.

## ENGINEERING MATTERS

Mr. Kirby reviewed with the Board the engineer's report, a copy of which is attached, and which was provided in advance of the meeting.

Mr. Kirby discussed the design of the Pecan Lakes Floodplain Protection System. Mr. Kirby stated that J&C has been unable to schedule a meeting with FEMA to discuss the WIPP System in the District's Pecan Lakes and Expanded Commercial Flood Protection System Request for Conditional Letter of Map Revision. Ms. Humphries stated that she sent a letter to Congressman Pete Olson requesting assistance in arranging a meeting with FEMA representatives regarding the Pecan Lakes Flood Protection System. She added that Congressman Olson's office has indicated they are working to schedule a meeting with FEMA. Ms. Humphries recommended that Mr. Kirby contact Congressman Olson's office to update them on the District's plans for the Pecan Lakes Flood Protection System.

Mr. Kirby updated the Board on the contract for the repair of the crack at the base of the elevated storage tank fill line. He stated that the project should be completed next week and the tank should be ready for service next week. Director Kluppel requested an update on J&C's communications with the contractor's bonding company regarding the repairs. Mr. Kirby stated that the bonding company's engineer is conducting an evaluation of the repair work. The Board requested that ABHR contact the contractor's bonding company for a status report.

Following review and discussion, Director Kluppel moved to approve the engineer's report. Director Minchew seconded the motion, which passed by unanimous vote.

## OUT-OF-DISTRICT SERVICE TO FBISD

Ms. Brook stated that in connection with the Amendment to the Out-of-District Service Agreement between the District and Fort Bend Independent School District ("FBISD"), the District has not received the Water Line Easement to be placed on the north side of Plantation Drive. Ms. Humphries stated that the State Government Land Office ("SGLO") needs to grant the Water Line Easement to the District. Ms. Brook stated that according to Mr. Lueckenhoff, the SGLO has requested that the District provide a Memorandum of Understanding regarding future service to its property on the north side of Plantation Drive prior to the Easement being granted. Mr. Jordan noted that J&C will not approve the FBISD plans until the Water Line Easement has been granted to the District. After review and discussion, Director Kluppel moved to approve a Memorandum of Understanding to the SGLO reflecting that the District will provide water and sewer service to its property on the north side of Plantation Drive contingent upon the following terms: (1) the District has adequate water and sewer capacity to serve the property; (2) the property is used for development acceptable to the District; (3) the SGLO pays all costs to receive water and sewer service; and (4) the SGLO pays all costs for annexation of the property into the District or the SGLO enters

into an Out-of-District Service Agreement with the District, at the District's choice. Director Minchew seconded the motion, which carried unanimously.

#### FINANCIAL AND BOOKKEEPING MATTERS

Ms. McLennan distributed and reviewed the monthly bookkeeper's report, a copy of which is attached, and which was provided in advance of the meeting, including the investment report, budget comparison, and the District's bills. She noted that Directors planning to attend the Association of Water Board Directors ("AWBD") winter conference need to register for the conference. After review and discussion, Director Kluppel moved to approve the bookkeeper's report, investment report, and payment of the District's bills. Director Minchew seconded the motion, which passed by unanimous vote.

#### REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS REGARDING EVENTS AND ACTIVITIES ATTENDED DURING THE MONTH, INCLUDING FORT BEND FLOOD MANAGEMENT ASSOCIATION MEETINGS

Director Kluppel reported on his attendance at the Fort Bend Flood Management Association meetings. He stated that he will attend the annual meeting on December 10, 2010, where the Board will elect 2011 officers.

Director Taylor reported that CenterPoint contacted him about removal of trees in Pecan Grove Park growing near power lines. He added that Terra Management Services is preparing an estimate for the cost. Director Taylor stated that CenterPoint has a program to replace trees removed by the District. He added that he will continue to communicate with CenterPoint on the tree replacement program.

#### COMMENTS FROM THE PUBLIC WHO HAVE SIGNED UP TO SPEAK

There were no comments from the public.

#### DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Anders reviewed a report on parks for November, a copy of which is attached.

Director Minchew recommended that the Board authorize J&C to commence design of the drainage and grading site plan for Plantation Park. After review and discussion, Director Minchew moved to authorize J&C to commence with the design of the drainage and grading site plan for Plantation Park at a cost not to exceed \$10,000. Director Kluppel seconded the motion, which carried unanimously.

#### REPORT ON SECURITY MATTERS

Director Minchew reported on security matters in the District. Discussion ensued regarding the Agreement for Additional Law Enforcement Services with Fort

Bend County for 2010 to 2011. Ms. Humphries updated the Board on her negotiations of a new Agreement on behalf of the District.

#### ATTORNEY'S REPORT

The Board noted Mr. Orin Covell's recent death and noted his service and dedication to the District from 1990 to 1998. Ms. Humphries stated that Director Stolleis communicated to her that if he were in attendance at the meeting, he would vote in favor of a Resolution Commending Mr. Covell. Following review and discussion, Director Kluppel moved to adopt a Resolution Commending Mr. Orin Covell for his service to the District and direct that the Resolution be filed appropriately and retained in the District's official records. Director Minchew seconded the motion, which carried unanimously.

Ms. Brook stated that Mr. King has resigned from the Board of the Fort Bend Central Appraisal District and the Board can nominate a candidate. After review and discussion, Director Kluppel moved to adopt a Resolution Nominating Candidate for Board of Directors of Fort Bend Central Appraisal District reflecting the nomination of Jim Keller and direct that the Resolution be filed appropriately and retained in the District's official records. Director Minchew seconded the motion, which passed unanimously.

Ms. Brook updated the Board on her communications with WSG Pecan Grove IV, LP for a Deed and Easement for the Pecan Lakes Floodplain Protection System and a Water Line Easement for the surface water transmission lines. She stated that WSG Pecan Grove IV, LP has requested an Addendum Agreement to the Water Line Easement for the surface water transmission lines. After review and discussion, Director Kluppel moved to accept the Water Line Easement and Addendum Agreement for the for the surface water transmission lines from WSG Pecan Grove IV, LP and direct that the Water Line Easement and Addendum Agreement be filed appropriately and retained in the District's official records. Director Minchew seconded the motion, which passed unanimously.

#### CONDUCT ANNUAL REVIEW OF ELECTRICITY PROVIDER AND PARKS MANAGER; PARKS REPORT (CONTINUED)

The Board conducted an annual review of the parks manager.

The Board discussed the replacement of trees inside the fence along Pitts Road at Pecan Grove Park. The Board requested that Mr. Anders investigate whether the District can obtain free trees from either Fort Bend County, from the APACHE grant, Trees for Houston, or the tree farm located behind Dr. Boshart's property on Highway 359. Mr. Anders asked the Board to consider replacement of the water fountain at the restroom at Pecan Grove Park. The Board requested that Mr. Anders obtain an estimate for replacement of the water fountain.

The Board tabled the annual review of the electricity provider.

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 7:25 p.m., Director Taylor announced that the Board would convene in executive session to deliberate the deployment, or specific occasions for implementation of security personnel or devices.

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

Director Taylor announced the Board would reconvene in open session at 7:40 p.m. After discussion, the Board concurred to continue negotiations with Fort Bend County for a new Agreement for Additional Law Enforcement Services provided by the Sheriff's Department, and continue the current Agreement for Additional Law Enforcement Services with Fort Bend County.

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 regarding the purchase, exchange, lease, or value of real property.

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

The Board did not convene in executive session regarding pending or contemplated litigation.

There being no further business to come before the Board, the meeting was adjourned.

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Secretary, Board of Directors

(SEAL)

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