

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

December 17, 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 17<sup>th</sup> day of December, 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, Bryan Jordan and Grady Turner of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel 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 ("PGVFD"); Jonathan Howard of Arcadis U.S., Inc. ("Arcadis"); Marcus Campbell of Time & Season; Kevin Atkinson of Texas Pride Disposal; 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 and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REMARKS FROM THE BOARD PRESIDENT

Director Vance opened the meeting at 11:10 a.m., and welcomed attendees.

COMMENTS FROM THE PUBLIC

Mr. Metcalf complained of a recent increase in the surface water fees in the District Rate Order. Director Kluppel noted the District did not raise the fee until the District fully accounted for all operating fees incurred to produce surface water. He noted it was less than the surface water fee charged by the North Fort Bend Regional Water Authority. Mr. Metcalf requested that the fee be added into the base rate for water. He also asked if the Board was again considering implementation of a fire plan.

## 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

Ms. Avila discussed route issues last month, including placement of garbage cans following disposal of garbage. Ms. Avila said she and Mr. Royal investigated complaints regarding placement of garbage cans following disposal of garbage, determined that the complaints were valid and have disciplined or terminated the drivers/helpers involved.

## SECURITY AND PUBLIC SAFETY MATTERS

Sgt. Gobar reported on updating of patrol vehicles for District patrol use and District patrol, including traffic initiatives. Director Vance noted heavy trucks are travelling through Plantation Drive and Morton League from Pitts Road. Sgt. Gobar said she would contact the Commissioner Andy Myers regarding signage prohibiting through trucks.

Director Minchew discussed why he placed the fire plan item on the agenda, discussed the financial situation of the Pecan Grove Volunteer Fire Department ("PGVFD") and recommended placing the fire plan on a ballot for the voters to decide. Director Minchew moved to authorize ABHR and Jones & Carter to move forward to place a fire plan on the May ballot and submit the fire plan to the Texas Commission on Environmental Quality for approval. Ms. Humphries discussed probable approval schedules and noted that placing the initiative on the May ballot may not be feasible and suggested that the plan may have to be placed on the November ballot. Director Vance seconded the motion, which failed by a vote of 2 to 3, with Directors Kluppel, Boyd and Howard voting against the motion.

Director Boyd said he was working with the PGVFD to review financials and make a recommendation to both the PGVFD and the Board. Director Howard requested that the fire plan be referred to a special meeting to obtain enough information to determine whether to move forward. Upon resident inquiry, Director Vance noted that more resident participation in the voluntary fee is needed. Discussion ensued regarding the history of the fire plan and the Board's consideration and study of same. Mr. Fred Ross suggested the Board meet with the PGVFD to more fully discuss the financial situation of the PGVFD and develop a plan to assist PGVFD, if possible, to properly structure fees for both commercial and residential properties. The Board

discussed scheduling a special meeting with PGVFD and concurred to tentatively schedule a special meeting on February 11, 2014 at 6:00 p.m. The Board requested Ms. Campbell distribute the February 11, 2013 special meeting agenda to homeowners' associations in the District. Mr. Ammel noted that no commercial connections are paying the voluntary fee. It was noted that some residents contribute directly to PGVFD under an annual billing by PGVFD.

#### OPERATION OF DISTRICT FACILITIES

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

Mr. Ammel reported the surface water treatment plant was inspected by the Texas Commission on Environmental Quality ("TCEQ") for compliance and no issues were noted. He said EDP is expecting a clean inspection letter. Mr. Ammel also reported notice received from the TCEQ regarding a missed sampling of total organic carbon issue during October 2013. He said a notice will be included with water bills next month notifying residents as required by the TCEQ.

Mr. Ammel reported the status of ongoing leak detection surveys, including repairs made to date and projected costs and ongoing calibration of flow meters at the surface water treatment plant.

Following review and discussion, Director Kluppel moved to approve the operations report. Director Vance 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 Vance 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 contract closeout materials, review of Change Order No. 8 and final record drawings and certificate of substantial completion.

Ms. Humphries discussed ABHR attempts to finalize a Services Agreement with Pall Technology Services ("Pall") to provide technical maintenance, system inspection, cleaning and technical support for the microfiltration system at the surface water treatment plant and said EDP has agreed to subcontract the service under its contract.

#### ENGINEERING MATTERS

Mr. Jordan reviewed with the Board an engineering report, a copy of which is attached.

Mr. Jordan next reviewed 4 bids for inlet replacements and improvements and recommended that the Board award the contract to the lowest bidder, CNS Construction, LLC, in the amount of \$235,904, based on the engineers' recommendations, and because it would result in the best and most economical completion of the project. Director Boyd moved to approve the award of the contract to the lowest bidder, CNS Construction, LLC, based upon the recommendation of J&C and subject to review and approval of payment and performance bonds and insurance. Director Kluppel seconded the motion, which passed unanimously.

Mr. Jordan next discussed the status of construction of the Pecan Lakes Flood Protection System, and recommended the Board approve Pay Estimate no. 6 in the amount of \$94,601.16, payable to LECON, Inc. Mr. Jordan also discussed an easement requested from CenterPoint Energy.

Ms. B. Miller next reported the status of construction of the Pecan Lakes Pump Station and recommended the Board approve Pay Estimate No. 4 in the amount of \$289,494.86, payable to JTR Constructors, Inc.

Ms. B. Miller reported rework at Water Well No. 3 is complete and recommended the Board approve Pay Estimate No. 3 and Final in the amount of \$11,994, payable to Layne Christiansen and a Certificate of Acceptance.

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. 5 in the amount of \$22,716, payable to Nunn Constructors, Ltd.

Following review and discussion, Director Boyd moved to (1) approve the engineering report; (2) approve all pay estimates discussed above; and (3) approve an easement requested from CenterPoint Energy. The motion, which was seconded by Director Kluppel, passed unanimously.

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 discussed correspondence received from Fort Bend County Flood Management Association providing insurance updates. He also presented a request from the Brazos River Authority for District participation in funding a study of the lower basin of the Brazos River. Following review and discussion, Director Boyd moved to participate in the study up to \$7,500. Director Howard seconded the motion, which passed unanimously.

ATTORNEY'S REPORT

There was no discussion under this agenda item.

PARK MATTERS

Mr. Campbell reported the gate at the Pitts Road Park is installed. He reported reservations are running smoothly.

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 (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

At 12:07 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 12:13 p.m. the Board reconvened in open session.

There being no additional business to consider, the meeting was adjourned.

  
Secretary, Board of Directors

(SEAL)



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