

MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
PECAN GROVE MUNICIPAL UTILITY DISTRICT

October 24, 2006

The Board of Directors of Pecan Grove Municipal Utility District met in regular session, open to the public, at 5:30 p.m., on Tuesday, October 24, 2006, inside the boundaries of the District at its regular meeting place, Pecan Grove Country Club, Highway 359 at Plantation Drive, Richmond, Texas 77469, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Joe Taylor	President
Stephen Crow	Vice President
G.E. Kluppel	Secretary
Charles Bertrand	Investment Officer
Holly Zarate	Assistant Vice President/ Assistant Secretary

and all of said directors were present, thus constituting a quorum.

Also present were the following: Nikki Wynn of Payne Communications; Larry Danna of Pecan Grove Volunteer Fire Department ("PGVFD"); Brian Haines of the YMCA; Adam Lambert and Bobby Jones of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Andrew Phelps and Michael Ammel of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Susan Harrison, Russell Harrison, and Mr. and Mrs. C.K. Dickenson, residents of the District; Trent Slovak and Sunil Kommineni of Malcolm Pirnie, Inc.; Chris Sansone of the Fort Bend Herald; and Lynne B. Humphries, Josh Hancock and Janet Eisenberg of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The first order of business was to consider approving the minutes of the September 26, October 3 and 19, 2006 meetings which have been prepared and distributed in advance of the meeting. Following review and discussion, Director Crow moved to approve the September 26, October 3 and 19, 2006, meeting minutes. Director Bertrand seconded the motion, which was approved by unanimous vote.

UPDATE ON GARBAGE AND RECYCLING SERVICES

There was no report on garbage collection services.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Haines of the YMCA presented the parks management report, a copy of which is attached. Director Zarate stated that all of the projects mentioned in the report can be paid for out of the current park budget and are recommended for approval by the parks committee. After review and discussion, Director Zarate moved that the Board approve (1) the additional irrigation system at Pecan Grove Park at a cost of \$4,138; (2) the proposal from Terra to prune the oak at Pecan Grove Park at a cost of \$550.00; and (3) the expenditure of \$1,200 for landscaping and signage at Plantation Park. Director Crow seconded the motion, which passed unanimously.

Mr. Haines stated that he will follow up on the homeowners association irrigation audit. Ms. Humphries stated that she contacted the County attorney about enforcement of the District's Parks Rules. She stated that the County attorney is meeting with the Sheriff's department to discuss enforcement of the rules.

The Board discussed authorizing payment to Pecan Lakes Community Association for maintenance of the ten acres in Pecan Lakes. After review and discussion, Director Zarate moved that the Board authorize the payment of \$2,500 to Pecan Lakes Community Association. Director Crow seconded the motion, which passed unanimously.

TAX ASSESSOR/COLLECTOR'S REPORT AND AUTHORIZE APPROPRIATE ACTION REGARDING TAX ACCOUNTS, PAYMENT OF BILLS, REPORT ON COLLECTION OF DELINQUENT TAXES AND AUTHORIZE FILING OF SUITS

Mr. Ordeneaux reviewed with the Board the monthly tax assessor/collector's report, a copy of which is attached. He updated the Board on the status of collection of delinquent taxes and 2006 tax payments and responded to questions from Board members. Following review and discussion, Director Crow moved that the Board approve the tax assessor/collector's report and authorize payment of bills from the tax account. Director Kluppel seconded the motion, which passed by unanimous vote.

OPERATOR'S REPORT

Mr. Ammel reviewed the EDP operations report for the month of September 2006, a copy of which is attached and which was provided previously to the Board, and reviewed general maintenance and repair items for the period. Mr. Ammel reported that there were no excursions at the wastewater treatment plant.

Mr. Ammel stated that repairs listed in the operator's report under nos. 6, 7, 8, 13, 15, and 16 are completed. Mr. Ammel discussed the status of the evaluation of the sludge press and related equipment. He stated that further recommendations for repairs may result from the evaluation.

Mr. Ammel stated that the Board received a letter from Ms. Ihekoronye requesting that the District waive the \$75.00 deposit placed on her water bill. He stated that her payment was late due to a banking error. After review and discussion, Director Crow moved that the Board authorize the operator to waive the \$75.00 deposit on Ms. Ihekoronye's water bill. Director Kluppel seconded the motion, which passed by unanimous vote.

Mr. Ammel stated that in connection with the operator's inspections of private sanitary sewers he and Mr. Lambert will review plans for the business complex along Highway 359.

Mr. Ammel stated that he will send a letter to the customer on Timothy Lane stating that the District previously sent a notice on illegal disposal of grass clippings, the District has received two additional complaints and the customer is welcome to attend the next Board meeting.

Director Crow requested that the operator investigate the condition of concrete in the 2500 block of Morton League and report to the Board.

Mr. Ammel stated that he tried to contact the Fire Chief of the PGVFD the day of the meeting to discuss the collections of donations. He stated that he will contact him again and invite him to attend a Board meeting. Mr. Ammel stated that he will prepare a proposed District policy on procedures for collections of donations for the PGVFD. He stated that he will send a draft to the Board members.

Following review and discussion of the operations report, Director Crow moved to accept the operator's report. Director Kluppel seconded the motion, which passed unanimously.

CONDUCT 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 Crow 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.

DISCUSS AND AUTHORIZE APPROPRIATE ACTION REGARDING DISTRICT NEWSLETTER AND WEBSITE

Ms. Wynn reviewed a draft of the newsletter with the Board. The Board directed Ms. Wynn to place a note on the newsletter that the budget information can be found on the District's website. The Board directed Ms. Wynn to place the budget information in a future newsletter. The Board concurred to approve the draft of the newsletter.

REPORT ON DITCH, LEVEE MAINTENANCE, REPAIRS

There was no report on this agenda item.

ENGINEER'S REPORT

Mr. Lambert reviewed with the Board the engineer's report, a copy of which is attached, and which had been provided in advance.

Mr. Lambert stated that he will meet with the contractors, and Directors Taylor and Kluppel on a work schedule for construction of the modifications to the sewage treatment plant and RBC units.

Mr. Lambert stated that TXDOT is designing the FM 359 expansion.

Mr. Lambert discussed the design of the lift station no. 7 backup generator. After review and discussion, Director Kluppel moved that the Board approve the plans and specifications and authorize the engineer to advertise for bids for the lift station no. 7 backup generator. Director Crow seconded the motion, which passed unanimously.

Mr. Lambert discussed the design of the relief sanitary sewers. After review and discussion, Director Kluppel moved that the Board approve the plans and specifications and authorize the engineer to advertise for bids for the relief sanitary sewers. Director Crow seconded the motion, which passed unanimously.

Director Crow requested that the engineer evaluate damage to the jogging trail at the Golf Cart Barn and determine necessary repairs.

Director Zarate reported that Mr. Kahlenberg has indicated that 2303 Old South, LLC would grant the District an easement over the manhole area only. She added that Mr. Hancock sent an easement to Mr. Kahlenberg for execution. After review and discussion, Director Zarate moved that the Board authorize a payment of \$5,000 to 2303 Old South, LLC for the utility easement. Director Crow seconded the motion, which passed unanimously.

Director Zarate stated that the drainage channel located from the storm water pump station to Oyster Creek needs to be maintained. Mr. Dickenson stated that a tree

is in the channel. Mr. Ammel stated that he will meet with CDC to determine the necessary maintenance for the channel.

Following review and discussion of the engineer's report, Director Zarate moved to accept the engineer's report as presented. Director Crow seconded the motion, which passed unanimously.

SURFACE WATER AND SUBSIDENCE ISSUES AND BRAZOS RIVER AUTHORITY

Mr. Lambert stated that he is attending a meeting on October 25, 2006 to finalize the groundwater reduction plan for Fort Bend County Water Control and Improvement District No. 2.

Director Zarate stated that she attended a meeting of the North Fort Bend Water Authority (the "NFBWA") regarding its surface water plan. She added that either contracting with the NFBWA or being annexed into the NFBWA may provide the District with another alternative for surface water. Director Zarate stated that the NFBWA also discussed whether they would participate in the Brazos River Authority plan or build a surface water treatment plant and that their Board determined that they would not participate in the BRA plan. She added that the Brazos River Authority has not conducted another meeting since the NFBWA meeting. Director Kluppel stated that the District needs to have a groundwater reduction plan in place by January 2008.

Mr. Slovak reviewed a proposal for engineering consultation from Malcolm Pirnie, Inc. for a surface water treatment plant feasibility study. He added that the services would be performed as a subcontractor. The Board concurred that J&C should obtain additional information from the NFBWA on the cost of water for the District on a contract basis and the possibility of annexation into the NFBWA. The Board concurred that prior to authorization of a surface water plant feasibility study, additional information is needed on possible alternative sources of surface water. After review and discussion, Director Zarate moved that the Board authorize Jones & Carter, Inc. to pursue obtaining additional information from the NFBWA on the cost of surface water to the District under a contract and the possibility of annexation into the NFBWA. Director Kluppel seconded the motion, which passed unanimously. After review and discussion, Director Kluppel moved that the Board authorize the President to execute a letter to the NFBWA stating that the District is interested in participating with the NFBWA in its groundwater reduction plan and desires to discuss the option of contracting with the NFBWA or being annexed into the NFBWA. Director Bertrand seconded the motion, which passed by unanimous vote. Directors Zarate and Kluppel stated that they want to attend all meetings regarding this matter.

Director Zarate updated the Board on water reuse matters. She stated that approval was received from the Golf Club and Pecan Lakes to conduct testing of lakes for the water reuse study. She added that Kimley-Horn will schedule the tests.

DISCUSS AND AUTHORIZE EXECUTION OF REVISED CONTRACT WITH SRNK, LLC FOR RENEWABLE ENERGY PROJECT AND SLUDGE HAULING

The Board discussed entering into a revised contract with SRNK, LLC for a renewable energy project and sludge hauling with a disposal fee of \$12.27 per cubic yard of sludge. After review and discussion, Director Kluppel moved that the Board authorize execution of a revised agreement with SRNK, LLC for a renewable energy project and sludge hauling. Director Zarate seconded the motion, which passed by unanimous vote.

BOOKKEEPER'S REPORT

Ms. McLennan distributed and reviewed the monthly bookkeeper's report, a copy of which is attached, including the investment report, budget comparison, and the District's bills. After review and discussion, Director Kluppel moved that the Board approve the bookkeeper's report, investment report and payment of the District's bills. Director Crow seconded the motion, which passed unanimously.

DISCUSS AND AUTHORIZE APPROPRIATE ACTION REGARDING ATTENDANCE AT REGIONAL PARKS PLANNING COMMITTEE MEETING

Ms. Humphries stated that there will be a regional parks planning committee meeting on November 3, 2006 at noon at ABHR. After discussion, Director Kluppel moved that the Board authorize Director Crow, Director Zarate, and Mr. Haines to attend the meeting. Director Crow seconded the motion, which passed unanimously.

RECEIVE REPORTS FROM BOARD MEMBERS, INCLUDING DISCLOSURE REPORTS

Director Zarate stated that the Brazos River Authority bought lunch for her and Director Taylor when they met to discuss potential settlement of the District's protest of the BRA's System Operations permit request.

Director Bertrand reported on communications with the South Grand Apartments on making a voluntary donation to the PGVFD. He stated that the apartments are willing to donate \$300 a month to the PGVFD. Mr. Danna stated that the PGVFD could send a bill quarterly to the apartments for the donation and he will meet with representatives of the apartment complex.

Director Taylor reported on the meeting of the City of Sugar Land regarding a groundwater reduction plan on October 23, 2006. He also discussed the possibility of Tom Michael of the Fort Bend Subsidence District conducting a workshop on subsidence for the Board.

REPORTS FROM CONSULTANTS

Ms. Humphries asked the Board to consider changing the December meeting date because December 26, 2006 is an ABHR holiday.

ACTION ITEM LIST

The Board reviewed and updated the action list.

RECEIVE COMMENTS FROM THE PUBLIC

Mr. Danna thanked the Board for the notice on the water bill regarding the PGVFD calendar.

CONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ITS ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION

The Board did not convene in executive session.

CONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 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.

DISCUSS CONTRIBUTION TO PROPERTY OWNERS ASSOCIATION FOR SHARE OF SECURITY COSTS IN THE DISTRICT

The Board tabled discussion on this matter.

CONDUCT ANNUAL REVIEW OF PARKS MANAGER CONTRACT AND AUTHORIZE APPROPRIATE ACTION

The Board discussed the contract with the YMCA for park management with Mr. Haines. Mr. Haines requested that the Board considered an increase of \$50.00 a month in the contract to be considered in November. After review and discussion, Director Zarate moved that the Board approve the proposed increase of \$50.00 a month in the contract to be submitted for renewal to the Board in November. Director Kluppel seconded the motion, which passed unanimously.

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

Secretary, Board of Directors

(SEAL)

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