

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

November 28, 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, November 28, 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: Brian Haines of the YMCA; Adam Lambert and Bobby Jones of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Breah Campbell, Andrew Phelps and Michael Ammel of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Debra and Robert Warley, Randall Nolty, and Mr. and Mrs. C.K. Dickenson, residents of the District; 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 October 23, October 24, and November 8, 2006 meetings which have been prepared and distributed in advance of the meeting. Following review and discussion, Director Bertrand moved to approve the October 23, October 24, and November 8, 2006, meeting minutes. Director Crow seconded the motion, which was approved by unanimous vote.

UPDATE ON GARBAGE AND RECYCLING SERVICES

Mr. May reported on garbage collection services in the District. He distributed and reviewed a proposal for Christmas tree recycling and extra curbside recycling services during the holidays, a copy of which is attached hereto. After discussion, Director Bertrand moved that the Board approve the following additional garbage

collection services: (1) Christmas tree recycling the Wednesday after New Years Day and (2) extra curbside recycling services on December 28, 2006 and January 4, 2007. Director Zarate seconded the motion. Upon the question being called, Directors Bertrand, Zarate, Crow and Taylor voted "aye", Director Kluppel voted "no", and the motion passed.

Ms. Warley stated that the boy scout troop may be interested in a tree collection recycling project. Director Zarate requested that the boy scout troop contact the Board in September, 2007 to discuss a possible project for next Christmas.

#### DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Haines of the YMCA presented the parks management report, a copy of which is attached. Mr. Haines stated that residents have complained about unleashed dogs in the park. After discussion, Director Crow moved that the Board authorize the Park Committee to work with the YMCA on arranging for a dog catcher to remove the dogs from the park. Director Kluppel seconded the motion, which passed unanimously. Director Zarate recommended that the park rules be posted on the District's website and in the next newsletter. Mr. Ammel stated that he will contract Ms. Wynn about adding the park rules to the newsletter. She added that the Parks Committee will review signs on the trail. Ms. Humphries reported that the County Attorney reported that the Sheriff's office will enforce the District's rules. She recommended that the Park Manager and the Parks Committee meet with the Sheriff to review the rules.

Mr. Haines stated that he will follow up on the homeowners association irrigation audit.

The Board considered renewal of contracts with the YMCA for Park Management and Terra Management for landscaping services. After review and discussion, Director Crow moved that the Board approve an Operation and Maintenance Agreement between the District and the YMCA and a Landscape and Maintenance Contract between the District and Terra Management Services. Director Zarate 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. Mr. Ordeneaux stated that he will add a notice to the water bill on how to obtain a tax statement. Following review and discussion, Director Kluppel moved that

the Board approve the tax assessor/collector's report and authorize payment of bills from the tax account. Director Crow seconded the motion, which passed by unanimous vote.

### OPERATOR'S REPORT

Mr. Ammel reviewed the EDP operations report for the month of October 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 discussed the status of the evaluation of the sludge press and related equipment and wastewater treatment plant chlorinator repairs. Mr. Naff discussed cleaning the excessive silt and vegetation in the main, north and east channels of the levee. He stated that removal of the silt and vegetation from the central ditch will take 10 days and cost \$24,370.00. After discussion, Director Zarate moved that the Board authorize CDC to perform the following work: (1) removal of silt and vegetation from central drainage ditch at a cost of \$24,370.00 and (2) removal of an outfall structure located at the Oyster Creek storm discharge by the elevated storage tank at a cost of \$1,200. Director Kluppel seconded the motion, which passed by unanimous vote. After review and discussion, Director Zarate moved that the Board approve the following: (1) replacement of a sludge press conveyor at a cost of \$6,195.00; and (2) installation of a concrete pad at the wastewater treatment plant at a cost of \$7,248.00. Director Kluppel seconded the motion, which passed by unanimous vote.

Mr. Naff discussed the failure of a slope on the south side of East Channel near the Main Channel. He stated that the site was previously repaired. Mr. Ammel stated that he will investigate the site and coordinate with Mr. Naff on a recommendation on necessary repairs.

Mr. Ammel stated that the Board received a letter from Ms. Marks requesting that the District waive the \$25.00 return check fee placed on her water bill. After review and discussion, the Board concurred to not waive the return check fee pursuant to the District's Rate Order.

Mr. Ammel stated that letters have been sent to the customer on Timothy Lane regarding illegal disposal of grass clippings. The Board concurred that no action was necessary. The Board concurred that the operator should send letters to residents on illegal disposal of grass clippings only if residents are putting the clippings directly in the storm drain.

Mr. Ammel stated that he is working on recommendations for revisions to the Rate Order. The Board tabled action on the Rate Order.

Following review and discussion of the operations report, Director Crow moved to accept the operator's report. Director Bertrand 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

Mr. Ammel discussed inquiries he received from the public requesting information on the District. Mr. Crow stated that the operator should remain the primary contact but he should be contacted on the coordination of responses to the public.

#### REPORT ON DITCH, LEVEE MAINTENANCE, REPAIRS

Mr. Naff reviewed ditch and levee maintenance with the Board.

#### 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 in connection with the levee certification he is obtaining a proposal for geotechnical services.

Mr. Lambert reviewed the tabulation of bids received by the District for the lift station no. 7 backup generator. He recommended that the contract be awarded to CF McDonald Electric, Inc. in the amount of \$82,469.00. The Board concurred that, in its judgment, McDonald Electric, Inc., was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. After review and discussion, Director Crow moved that, the Board award the contract for the lift station no. 7 backup generator to McDonald

Electric, Inc. in the amount of \$82,469.00. Director Kluppel seconded the motion, which passed by unanimous vote.

Mr. Lambert reviewed the tabulation of bids received by the District for the relief sanitary sewers. He recommended that the contract be awarded to CDC Maintenance Inc. in the amount of \$85,942.50. The Board concurred that, in its judgment, CDC Maintenance Inc., was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. After review and discussion, Director Crow moved that, the Board award the contract for the relief sanitary sewers to CDC Maintenance, Inc. in the amount of \$85,942.50. Director Kluppel seconded the motion, which passed by unanimous vote.

Director Taylor requested that the engineer send plans for the lift station no. 7 backup generator and the relief sanitary sewers to the operator.

Mr. Hancock stated that Mr. Kahlenberg is in the process of having an easement executed by 2303 Old South, LLC.

Director Bertrand stated that he is working on the Disaster Preparation Recovery Plan.

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

#### SURFACE WATER AND SUBSIDENCE ISSUES AND BRAZOS RIVER AUTHORITY

Director Zarate updated the Board on water reuse matters. She stated that testing of lakes for the water reuse study will commence this week.

Mr. Hancock stated that the District previously entered into an Interlocal Agreement with the Subsidence District for the sponsorship of students at Frost Elementary in the Water Wise Program. He added that Fort Bend County Water Control and Improvement District No. 3 has requested to share in the sponsorship and sponsor 61 of the students. After discussion, Director Taylor moved that the Board approve the shared sponsorship of students for this year only in the Water Wise Program at Frost Elementary with the District sponsoring 84 students and Fort Bend County Water Control and Improvement District No. 3 sponsoring 61 students. Director Zarate seconded the motion, which passed by unanimous vote. The Board asked ABHR to notify the Subsidence District the District was only agreeing to share this year.

## 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 Crow moved that the Board approve the bookkeeper's report, investment report and payment of the District's bills. Director Bertrand seconded the motion, which passed unanimously.

## DISCUSS AND AUTHORIZE APPROPRIATE ACTION REGARDING SCHEDULING CONSULTANT REVIEWS

The Board concurred to conduct a special meeting on December 20 at 5:30 p.m. at the customer service office to review the proposal from Malcolm Pirnie, Inc. on a surface water treatment plant feasibility study and review the engineer. Director Zarate requested that the Malcolm Pirnie, Inc. proposal be sent to the Board by December 15. The Board concurred to review the financial advisor and delinquent tax attorney in the first quarter of 2007.

## RECEIVE REPORTS FROM BOARD MEMBERS, INCLUDING DISCLOSURE REPORTS

Director Kluppel stated that he attended a water reuse conference conducted by the Brazos River Authority and lunch was included.

Director Zarate stated that the Boy Scout Troop cleaned the levee behind the Randalls store and the District supplied the trash bags. She added that she will speak to the Boy Scouts on surface water conversion.

Director Bertrand stated that he attended the J&C 30th anniversary party.

## REPORTS FROM CONSULTANTS

Ms. Humphries stated that Fort Bend County Municipal Utility District No. 143 passed a fire plan election and is contracting with the City of Richmond for fire services. She added that those District residents are required to pay a \$9.62 mandatory fee on the water bill and a station will be constructed in front of the Texana water plant. Ms. Humphries stated that ABHR has been engaged to create a TIRZ in the City of Richmond on property behind the Richmond Animal Hospital for Lennar Homes. Mr. Ammel stated that the customer office will be closed December 25 and 26, 2006 and January 1, 2007.

## ACTION ITEM LIST

The Board reviewed and updated the action list.

## RECEIVE COMMENTS FROM THE PUBLIC

There were no comments from the public.

## 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 AND BRAZOS RIVER AUTHORITY PERMIT PROTEST

At 8:10 p.m., Director Taylor announced that the Board would convene in executive session.

## RE-CONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION PENDING OR CONTEMPLATED LITIGATION AND THE BRAZOS RIVER AUTHORITY PERMIT PROTEST

Director Taylor announced the Board would reconvene in open session at 8:40 p.m. After review and discussion, Director Zarate moved that the Board approve the following actions: (1) authorize Mr. Lambert to send a letter to the City of Sugar Land regarding participation in the groundwater reduction plan; (2) authorize ABHR to send a letter to the City of Richmond acknowledging the District's legal authority to contract independently for surface water; (3) authorize Director Zarate and Director Taylor to work with the Brazos River Authority to be placed on the Brazos River Authority January agenda and attend the January meeting and (4) authorize acceptance of an Utility Easement from 2303 Old South, LLC and authorize a payment of \$5,000 to 2303 Old South, LLC for the utility easement. Director Crow seconded the motion, which passed unanimously.

## CONVENE IN EXECUTIVE SESSION PURSUANT TO THE 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 to discuss security matters.

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

The Board discussed making a contribution to the Pecan Grove Plantation Property Owners Association ("PGPPOA") for a share of security costs. After review

and discussion, Director Crow moved that the Board authorize a contribution of 10% of the security costs contained in the contract between the PGPPOA and the Sheriff's office and authorize the president to execute an agreement for the sharing of the security costs with the PGPPOA. Director Kluppel seconded the motion, which passed by unanimous vote. The Board requested that the bookkeeper make a payment next month to PGPPOA for the months of October, November and December.

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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