

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

February 23, 2016

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 26th day of January, 2016 at the Pecan Grove Country Club, Richmond, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

Chad Howard	President
Ryan Yokubaitis	Vice President
Buddy Kluppel	Secretary
Randy Vance	Assistant Vice President/ Assistant Secretary
Kirk Boyd	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; Grady Turner and Scott Saenger of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Mike Ammel, Jaison Sanwald, Clayton Galloway and Breah Campbell of Environmental Development Partners, LLC ("EDP"); Pat Naff of CDC Unlimited, LLC ("CDC"); Trevor Royal of WCA Waste Corporation of America ("WCA"); Shirley McLennan and Jorge Diaz of McLennan & Associates, L.P.; Marsha Jan of McCall Gibson Swedlund Barfoot PLLC; Mark Eyring of Roth & Eyring, PLLC; Mark McGrath of McGrath & Associates, PLLC; Sergeant Jean Gobar of Fort Bend County Sheriff's Office ("FBSCO"); Marcus Campbell of Time and Season Property Management ("Time & Season"); Chief Joe Woolley of the Pecan Grove Volunteer Fire Department ("PGVFD"); 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 at 6:00 p.m. and welcomed attendees.

COMMENTS FROM THE PUBLIC

There were no public comments.

SERIES 2016 UNLIMITED TAX BONDS

The Board concurred to defer action pending receipt of an Order approving the District's application to the Texas Commission on Environmental Quality ("TCEQ") for approval of projects and bonds.

The Board also considered engaging an auditor to prepare a developer reimbursement report for funds to be reimbursed to Arenosa Development, LLC for certain facilities constructed to serve The Terrace at Pecan Grove. The Board received proposals and presentations from McGrath & Associates, PLLC, McCall Gibson Swedlund Barfoot PLLC and Roth & Eyring, PLLC. Ms. Jan, Mr. McGrath and Mr. Eyring left the meeting. Following review and discussion, Director Kluppel moved to engage Roth & Eyring, PLLC. Director Vance seconded the motion, which passed by a vote of 4 to 0, with Director Boyd abstaining from voting.

CONSENT AGENDA

Director Howard offered Board members the opportunity to remove items from the consent agenda for individual discussion. Director Kluppel moved to approve all items on the consent agenda, with the exception of consent agenda item f. Director Vance seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached.

ITEMS REMOVED FROM CONSENT AGENDA

Mr. Royal offered 48 gallon recycling wheeled containers to the Board at no additional cost. He stated the carts are collected with automated service. Following review and discussion, Director Kluppel moved to accept the offer of wheeled recycling containers from WCA, at no additional charge to the District. Director Yokubaitis seconded the motion, which passed unanimously.

ADDITIONAL BOOKKEEPING MATTERS

There was no discussion for this agenda item.

SECURITY AND PUBLIC SAFETY MATTERS

Sergeant Gobar reported on patrol, traffic and security since the Board's last regular meeting.

Chief Woolley reported PGVFD activity for the month of January, 2016 and updated the Board regarding Fort Bend County Municipal Utility District No. 118's application to the TCEQ for approval of a fire plan.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Campbell reviewed a parks report, a copy of which is attached, and updated the Board on maintenance and repairs in District parks and stated he and the Parks committee will meet with representatives of Lamar Little League to discuss a request to lease fields during baseball season.

OPERATIONS OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report for the month of January, 2016, a copy of which is attached, and which was provided in advance to the Board. Discussion ensued regarding water usage during irrigation cycles and previous complaints regarding high water usage and markets for over conversion credits.

Mr. Ammel and Mr. Turner updated the Board regarding design and installation of Fort Bend County Municipal Utility District No. 134D's water meter, after City of Houston plan approval, and the status of reporting under the District's Lease Agreement for Water Supply Capacity with No. 134D.

Mr. Ammel reported on the status of maintenance and repairs made during the month, requested authorization to repair the streaming current monitor at the surface water treatment plant for an estimated cost of \$3,500.

Following review and discussion, Director Kluppel moved to (1) approve the operations report; and (2) approve repair of the streaming current monitor at the surface water treatment plant for an estimated cost of \$3,500. Director Yokubaitis seconded the motion, which passed by a vote of 4 to 0, with Director Boyd being absent from the vote.

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 Yokubaitis seconded the motion, which passed by a vote of 4 to 0, with Director Boyd being absent from the vote.

ENGINEERING MATTERS

Mr. Turner reviewed the engineering report, a copy of which is attached, and which had been distributed to the Directors in advance of the meeting.

Mr. Turner reported that pressure washing of the elevated storage tank is complete and recommended the Board approve an invoice in the amount of \$10,950, payable to CFG Industries.

Mr. Turner reported regarding wastewater treatment plant phase 1 improvements and recommended the Board approve Pay Application No. 3 in the amount of \$143,717.88.

Mr. Turner then updated the Board regarding improvements to lift station no. 8 and recommended the Board approve Pay Estimate No. 2 in the amount of \$31,680, payable to T&C.

Mr. Turner next reported regarding sanitary sewer cleaning and televising near 2014 Woodland Drive and obstructions identified, repaired and cleaned, also noting required point repairs outside the initial budget performed by EDP. He recommended the Board approve Pay Estimate No. 3 in the amount of \$2,862.73, payable to Sewer Services of Texas.

Mr. Turner next updated the Board regarding drainage improvements for the Grove, Sections 4 and 5 and Plantation, Sections 4 and 5 and recommended the Board approve Pay Estimate No. 4 in the amount of \$193,802.40, payable to LECON, Inc. Discussion ensued regarding schedules for borings and associated notification of any residents who may be affected during boring procedures.

Discussion ensued regarding drainage improvements planned for Plantation, Section 7, including easements pending and ongoing negotiation with the owners of the golf club and course.

Mr. Turner updated the Board regarding repair of an additional sinkhole downstream of the drainage channel and presented an invoice in the amount of \$48,500, payable to CDC.

Mr. Turner then reported regarding water plant no. 2 improvements and recommended approval of Pay Estimate No. 7 in the amount of \$43,538.76, payable to WW Payton and Change Order No. 2 in the amount of \$8,650. Mr. Turner confirmed that the necessary disclosure for compliance with House Bill 1295 was submitted along with the change order. Discussion ensued regarding J&C's coordination with the contractor to correct the color of the concrete fence and the Board concurred that J&C direct the contractor to replace the fence rather than paint or coat it. Director Kluppel then moved to direct J&C to send correspondence to require the contractor to replace the fence. Director Boyd seconded the motion, which passed unanimously. Additional discussion ensued regarding schedules to mobilize the contractor and construct the fence.

Mr. Turner updated the Board regarding Fort Bend County's request for a temporary right of entry at Jones Creek and the Board's request for removal of trees along Jones Creek in exchange for the temporary right of entry. Mr. Turner said Fort Bend County does not have equipment available for the removal until the end of the year. Discussion ensued regarding removal of trees and the Board concurred that J&C look at options to remove the trees. Mr. Turner updated the Board regarding J&C monitoring erosion along Jones Creek and confirmed that J&C does not recommend repair or any above ground reinforcement at this time. Mr. Turner also said J&C will address the chain link fence on the outfall pipe coming loose and provide options.

Mr. Turner updated the Board regarding the request from Ventana Development McCrary, Ltd. and Fort Bend County Municipal Utility District No. 143 ("No. 143") wastewater treatment capacity, which study is being funded by No. 143. He repeated there is no additional capacity available without making fairly expensive modifications.

Following review and discussion, upon a motion by Director Boyd and a second by Director Kluppel, the Board voted unanimously to (1) approve the engineer's report; and (2) approve the pay estimates and change order presented and discussed above.

DISTRICT WEBSITE AND NEWSLETTER

Director Yokubaitis updated the Board regarding upgrade of the District website, including a mobile application use and preparation of the next District newsletter.

REPORTS FROM DIRECTORS, COMMITTEES, AND DISTRICT CONSULTANTS REGARDING CORRESPONDENCE AND/OR REPORTS RECEIVED DURING THE MONTH

Director Kluppel updated the Board regarding negotiation of an amendment to the District's contract with EDP.

ATTORNEY'S REPORT

Ms. Brook presented an amendment to the District's Interlocal Agreement with the Brazos River Authority for the District's participation in Phase 2 of the Floodplain Study. Following review and discussion, Director Kluppel moved to approve the amendment. Director Vance seconded the motion, which passed by a vote of 4 to 0, with Director Boyd being absent from the vote.

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 AND 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

The Board determined no executive session was necessary.

EXECUTIVE SESSION PURSUANT TO THE SECTION 551.072, TEXAS GOVERNMENT CODE, TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

Director Howard announced the Board would convene in executive session at 7:06 p.m. to conduct a private consultation with the District's attorney to seek advice on litigation matters. ABHR and J&C were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 7:37 p.m. No action was taken.

EXECUTIVE SESSION PURSUANT TO SECTION 551.076, TEXAS GOVERNMENT CODE TO DELIBERATE THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION, OF SECURITY PERSONNEL OR DEVICES

The Board determined no executive session was necessary.

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




Secretary, Board of Directors

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