

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

April 26, 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 April, 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
Vacant	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"); Kathy Cruthirds of Tax Tech, Inc.; Mike Ammel, Clayton Galloway, Jason Sainwald and Breah Campbell of Environmental Development Partners, LLC ("EDP"); Trevor Royal of WCA Waste Corporation of America ("WCA"); Shirley McLennan and Jorge Diaz of McLennan & Associates, L.P.; Jason Bailey and Randy Keye of WW Payton Corporation; 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"); Ryan Niles of Arenosa Development; Chris Hill of Imagination Monkey; Dave Ciarella of Enhanced Energy Services of America, LLC; Cliff Kavanaugh of First Southwest, a Division of Hilltop Securities; and Lynne Humphries, Hannah Brook, Anne Stanford 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. Director Howard thanked former Director Vance and retiring Director Kirk Boyd for their service to the District and presented plaques of appreciation for each.

COMMENTS FROM THE PUBLIC

Dave Ciarella, the District's energy consultant, discussed the rebate check received from TXU Energy and discussed new lower rates beginning in January, 2017.

Ms. Valeria Bryan discussed Fort Bend Independent School District's election and asked residents to vote for Dave Rosenthal.

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 item g. Director Boyd 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 stated WCA has completed delivery of 48 gallon recycling carts to all residents and Director Kluppel said WCA has withdrawn its request for an annual rate adjustment for future consideration in the fall of 2016, during the budget process.

SERIES 2016 UNLIMITED TAX BONDS

Mr. Kavanaugh reviewed bids received for the sale of the District's \$5,000,000 Unlimited Tax Bonds, Series 2016, and stated the low bidder was Raymond James & Associate, Inc., with a net effective interest rate of 2.888369%. Mr. Kavanaugh also discussed the District's Standard & Poors rating in connection with this bond issue. Following review and discussion, Director Kluppel moved that the Board award the sale of the District's \$5,000,000 Unlimited Tax Bonds, Series 2016 to Raymond James , & Associate, Inc. Director Boyd seconded the motion, which was passed unanimously.

Mr. Kavanaugh next reviewed the Official Statement for the District's \$5,000,000 Unlimited Tax Bonds, Series 2016. Mr. Kavanaugh stated the Preliminary Official Statement will be updated to reflect pricing information on the Bonds. Following discussion, Director Kluppel moved that the Board approve the Official Statement. Director Boyd seconded the motion, which was approved by unanimous vote.

Ms. Humphries reviewed: (1) the Resolution Authorizing the Issuance of the District's \$5,000,000 Unlimited Tax Bonds, Series 2016,

(2) the Agreement with The Bank of New York Mellon Trust Company, N.A. to be the Paying Agent/Registrar for the Series 2016 Bonds, (3) a Certificate Regarding Provision of Financial Advice confirming that the Board has relied solely upon the advice of First Southwest, a Division of Hilltop Securities concerning the issuance of the Bonds and investments of proceeds of the Bonds, (4) the various documents relating to the bond sale and asked the Board to authorize the attorney and the financial advisor to take all necessary steps to deliver the bonds to the purchaser, and (5) the Amendment to the District's Information Form, reflecting the District's additional bonds sold. After

review and discussion, Director Kluppel moved that the Board: (1) adopt the Resolution Authorizing the Issuance of the District's \$5,000,000 Unlimited Tax Bonds, Series 2016, (2) approve the Agreement with The Bank of New York Mellon Trust Company, N.A., (3) approve the Certificate Regarding Provision of Financial Advice; (4) execute the various documents relating to the bond sale and authorize the attorney and the financial advisor to take all necessary steps to deliver the bonds to the purchaser, and (5) execute the Amendment to the District's Information Form. Director Boyd seconded the motion, which was approved by unanimous vote.

ADDITIONAL BOOKKEEPING MATTERS

Ms. McLennan discussed an additional handwritten check to the Texas Attorney General in the amount of \$5,000 for review of the District's Series 2016 Unlimited Tax Bonds bond transcript.

As requested by the Board at the last Board meeting, Ms. McLennan reported on funds spent to date versus funds budgeted for District responses to Open Records Requests. Discussion ensued regarding the District's duty to respond to requests under the Texas Public Information Act and Ms. Humphries, at the request of Director Howard, explained how the District responds to requests from receipt of the request through response, including efforts taken when items requested are considered confidential and therefore require a letter and brief to be submitted to the Texas Attorney General, and discussed how the District responded to certain requests received during the last few years. SECURITY AND PUBLIC SAFETY MATTERS

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

Mr. Kavanaugh left the meeting.

Chief Woolley reported on PGVFD activity and upcoming community events. Mr. Bertrand discussed outreach to collect annual voluntary contributions to PGVFD to those served by the Department , but not in the District.

Sergeant Gobar left the meeting.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Campbell reviewed a parks report, a copy of which is attached, and updated the Board on park reservations, maintenance and repairs in District parks.

OPERATIONS OF DISTRICT FACILITIES

Mr. Ammel reviewed the EDP operations report, a copy of which is attached, and which was provided in advance to the Board. He discussed routine repairs underway and pending, including repair of lift station no. 1 and subsequent reimbursement from insurance for same, ongoing replacement of meter lids lost during the recent heavy rain/flooding event and testing and inspection of well no. 4 at water plant no. 3 and possible rebuild of the well motor estimated at \$10,000.

Mr. Ammel reported on the status of maintenance and repairs made during the month and requested authorization to make the following repairs:

1. Proposal from Pall Corporation in the amount of \$15,291 to modify the design of the membrane skids at the surface water treatment plant; and
2. Proposal from Texas Fence in the amount of \$3,500 to replace the wood fence and gates at lift station #1, which EDP will subcontract under their operating agreement with the District.

Mr. Ammel updated the Board regarding testing of customer Denise Rodrigues' meter in response to her appeal made at the April 2016 Board meeting and said the meter tested at 100% indicating that meter was and is registering correctly.

Mr. Ammel next discussed a customer request for a variance at 1919 Greens Boulevard to make a second sewer connection to the manhole. Discussion ensued regarding customer options for connecting a new service line to the sanitary sewer manhole. Following review and discussion, Director Kluppel moved to authorize Director Yokubaitis to assess the customer's options and remedies available to both the customer and the District in the District's Rate Order and grant a variance to the customer on behalf of the Board, if feasible. Director Boyd seconded the motion, which passed unanimously.

Mr. Ammel updated the Board on recent flood fighting and emergency operations, including post event drainage operations.

Following review and discussion, Director Boyd moved to (1) approve the operations report; and (2) approve the proposals listed above. Director Kluppel 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 Boyd 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.

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 regarding wastewater treatment plant phase 1 improvements and recommended the Board approve Pay Application No. 5 in the amount of \$173,322. Mr. Turner reported the contractor will be delayed due to an electrical panel delivery error and said any bypass pumping necessary will be coordinated through EDP.

Mr. Turner then updated the Board regarding improvements to lift station no. 8 and recommended the Board approve Pay Estimate No. 4 in the amount of \$11,115, payable to T&C.

Mr. Turner next updated the Board regarding sanitary sewer cleaning and televising, overall construction/repair costs assessed and cost estimates in the amount of \$215,000 to address repair of major issues identified.

Mr. Turner next reviewed bids for installation of an outfall trash rack at the Pecan Lakes storm water outfall and recommended that the Board award the contract to the lowest qualified bidder, Lecon, Inc., in the amount of \$4,750, based on the engineers' recommendations, and because it would result in the best and most economical completion of the project. Based on the engineer's recommendation, Director Yokubaitis moved to approve the award of the contract to the lowest qualified bidder, Lecon, Inc., subject to review and approval of payment and performance bonds and insurance. Director Boyd seconded the motion, which passed unanimously.

The Board next discussed designing the proposed reclaimed water project and said the updated design will filter 100% of the District's permitted effluent and allow all possible overconversion credits available to the District. The Board concurred to appoint Directors Kluppel and Yokubaitis to a committee to coordinate with the Engineer on the design and make reports and recommendations to the Board, as necessary.

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. 6 in the amount of \$209,871.90, payable to LECON, Inc.

Discussion ensued regarding drainage improvements planned for Plantation, Section 7, and the Engineer stated the District still does not have the required easements needed from the Pecan Grove Plantation Country Club.

The Board then discussed with Mr. Keye and Mr. Bailey the concrete fence at water plant no. 2 which was not constructed according to approved plans. Mr. Keye offered \$15,000 to offset the future fence maintenance costs. Following discussion, Director Yokubaitis moved to approve release of the final payment less \$25,000 for future maintenance, or request that the fence be replaced entirely and reconstructed according to the construction plans. Director Boyd seconded the motion, which passed unanimously.

Following review and discussion, upon a motion by Director Yokubaitis and a second by Director Boyd, the Board voted unanimously to (1) approve the engineer's report; (2) approve the pay estimates presented and discussed above; and (3) authorize sanitary sewer repairs, as recommended by J&C, in an amount not to exceed \$215,000.

DISTRICT WEBSITE AND NEWSLETTER

Director Yokubaitis updated the Board regarding upgrade of the District website and the preparation of the next District newsletter.

The Board next received a presentation from Chris Hill of Imagination Monkey and considered a proposal for consulting, overseeing and implementing a communication program for the District. Following review and discussion, upon a motion by Director Kluppel and a second by Director Yokubaitis, the Board voted unanimously to approve the proposal. Mr. Hill said he would review information about the District to be provided by the Directors and provide recommendations at the Board's May Board meeting.

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 AND 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 7:35 p.m. to conduct a private consultation with the District's attorney to discuss contemplated litigation regarding construction of the water, sanitary sewer and drainage facilities to serve The Terrace at Pecan Grove and to discuss acquisition of land for drainage improvements for Plantation 7, including proceeding with condemnation. ABHR and J&C were present during executive session and Mr. Niles entered executive session at 8:02 p.m. and exited at 8:13 p.m.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 8:16 p.m. Upon a motion by Director Yokubaitis and a second by Director Kluppel, the Board voted unanimously to (1) engage Allison Snyder of Porter & Hedges, LLP, as special counsel to assist with the litigation related to The Terrace at Pecan Grove and appoint Director Kluppel as Board liaison; and (2) approve a Resolution Declaring Acquisition of Drainage Easement a Public Necessity in order for Charles McFarland to proceed with condemnation to acquire the necessary easements for the Plantation Section 7 drainage improvements.

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

There was no executive session for this agenda item.

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

There was no discussion for this agenda item.

ATTORNEY'S REPORT

There was no discussion for this agenda item.

2016 DIRECTORS ELECTION

The Board confirmed a meeting to canvass election returns on May 16, 2016 at 8:30 a.m. at EDP's office in the District.

MAY BOARD MEETING

The Board confirmed a May 24, 2016 regular Board meeting at 6:00 p.m. at the Pecan Grove Baptist Church on FM 359.

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


Secretary, Board of Directors



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