

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

May 24, 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 24th day of May, 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
G.E. "Buddy" Kluppel	Secretary
Stephen D. Crow	Assistant Secretary/ Assistant Vice President
Charles D. Bertrand	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.; Ryan Niles of Niles Development Company; Mike Ammel, Clayton Galloway and Breah Campbell of Environmental Development Partners, LLC ("EDP"); Trevor Royal and Jerry Martin of WCA Waste Corporation of America ("WCA"); Shirley McLennan and Jorge Diaz of McLennan & Associates, L.P.; Sergeant Jean Gobar of Fort Bend County Sheriff's Office ("FBSCO"); Marcus Campbell of Time and Season Property Management ("Time & Season"); Dave Ciarella of Enhanced Energy Services of America, LLC; Elly Vecchio of McFarland PLLC; Mark Eyring of Roth & Eyring, PLLC; 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., welcomed attendees and introduced new Board members, Directors Crow and Bertrand.

COMMENTS FROM THE PUBLIC

Mr. Stilen said the Pecan Lakes Homeowner's Association ("Pecan Lakes HOA") was going to appeal to the City of Richmond regarding the classification of the Pecan Lakes HOA facilities as non-residential in the District's Fire Services Agreement with the City of Richmond.

Ms. Hale-Erich commented regarding WCA distribution of new recycling bins and complained regarding bins left in the street and collection by crew instead of mechanized arm trucks.

Ms. Annis updated the Board regarding restoration of her yard and inquired regarding mosquito spraying and street sweeping.

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 items c and g. Director Crow 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

Director Bertrand discussed renewal of the District's insurance policies and reviewed 3 additional property coverage options for flood. Following review and discussion, Director Bertrand moved to approve the renewal proposal with property coverage option no. 2. Director Crow seconded the motion, which passed unanimously.

Mr. Royal said he would review collection reports and address earlier comments regarding sloppy garbage collection and manual collection instead of use of mechanized arm trucks.

ADDITIONAL BOOKKEEPING MATTERS

Discussion ensued regarding funds to be wired following closing of the District's Series 2016 Unlimited Tax Bonds.

Ms. McLennan also reviewed 2 additional handwritten checks: (1) Check No. 9324 to Pecan Grove Baptist Church for facility rental; and (2) Check No. 9325 for replacement flags at Pecan Grove Memorial Park.

The Board discussed fees of office and expenses in connection with the Association of Water Board Directors summer conference.

After review and discussion, Director Yokubaitis moved to (1) approve the additional handwritten checks; and (2) authorize up to four per diems for attendance at the conference, a maximum of two meals a day, and three nights at a hotel at the conference rate. Director Bertrand seconded the motion, which passed by unanimous vote.

SECURITY AND PUBLIC SAFETY MATTERS

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

Directors Bertrand and Kluppel commented that fire protection fees in the District's Rate Order for Pecan Lakes residents were stipulated as part of the District's Fire Protection Services Agreement with the City of Richmond for residents in the City of Richmond service area within the District. Director Kluppel recommended that the Pecan Lakes HOA make an appeal to the City of Richmond regarding reclassification of the Pecan Lakes HOA clubhouse, pool and other greenspace and provide a letter to the District recommending reclassification.

Directors Kluppel updated the Board regarding submission of the Pecan Grove Volunteer Fire Department ("PGVFD") budget to the District and reported that Director Bertrand resigned from the PGVFD Board of Directors prior to becoming a Director.

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.

Mr. Campbell reported a request from PGVFD to use Pecan Grove Park for organized annual testing of PGVFD radio units. Following review and discussion, Director Crow moved to approve use of Pecan Grove Park for the purpose discussed. The motion was seconded by Director Bertrand and passed unanimously.

Mr. Campbell next reported a request from Lonestar Contractors to use Pecan Grove Park for a hurricane storm readiness and awareness event open to the community. Following review and discussion, upon a motion by Director Crow and a second by Director Yokubaitis, the Board voted unanimously to deny the request for a for profit use since it was a promotional event for a commercial user.

Mr. Campbell discussed trees lost during the recent heavy rain/flood and reported a lost flag at Memorial Park and damaged flag poles at both District parks. He presented a proposal to replace flag poles at Memorial Park, including base stabilization, from Lone Star Flags in the amount of \$4,350. Following review and discussion, upon a motion by Director Crow and a second by Director Kluppel, the Board voted unanimously to approve the proposal.

Mr. Campbell also discussed updating existing flag lighting at Memorial Park and Pecan Grove Park for an estimate of \$1,600. Following review and discussion, Director Yokubaitis moved to approve replacement of flag lighting, as discussed, for an

amount not to exceed \$1,600. The motion was seconded by Director Crow and passed unanimously.

Discussion ensued regarding use of Pecan Grove Park by organized sports groups and developing a fee schedule and policy for use to allow the District to recover maintenance costs incurred by the District. Mr. Campbell said he would work with the parks committee and ABHR to incorporate language into the pending and proposed revisions to the park rules.

Discussed ensued regarding pending proposals to repair the pavilion and Mr. Campbell said he is working with the parks committee to determine what repairs are needed.

OPERATIONS OF DISTRICT FACILITIES

Discussion ensued regarding District's efforts to get Fort Bend County to do more mosquito control.

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 also discussed issues with water accountability, most likely attributable to master meter delay issues with the installation of the Fort Bend County Municipal Utility District No. 134C ("No. 134C") master meter.

Mr. Ammel next reported 3 high service motors out at the Surface Water Treatment Plant ("SWTP"). He added the plant has been offline since May 14, 2016 and said he is working with the engineer to fully assess the damage before making any recommendations, but said he estimates repair at \$8,500. Mr. Ammel confirmed an insurance claim was filed. Discussion ensued regarding the condition of the surge protectors and Mr. Turner reported that there are multiple layers of surge protection built into the SWTP.

Ms. Campbell next discussed previous reimbursement of sanitary sewer repairs at 1523 Plantation at the March, 2016 Board meeting and said the customer, following subsequent inspection by a plumber, is now requesting additional reimbursement. Discussion ensued regarding initial inspection and the Board concurred to take no further action.

Following review and discussion, Director Yokubaitis moved to approve the operations report. Director Bertrand 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 provided to the Directors 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 Yokubaitis 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 Bertrand 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. Niles updated the Board regarding settlement of liquidated damages claims regarding The Terrace at Pecan Grove, and submitted a Settlement Agreement and Release for the Board's approval, signature and share of the settlement in the amount of \$3,915.38. Following review and discussion, Director Crow moved to approve the Settlement Agreement and Release. The motion was seconded by Director Kluppel and passed unanimously.

Mr. Turner reported regarding wastewater treatment plant phase 1 improvements and recommended the Board approve Pay Application No. 6 in the amount of \$70,419.60.

Mr. Turner next discussed the schedule for delivery and installation of the electronic panels at the wastewater treatment plant, but said he did not anticipate that delayed panel delivery would push the contractor beyond the original contract completion date. He confirmed that the on-site lift station is currently on a bypass system.

Mr. Turner reported material delivery delays with the Water Plant No. 1 MCC Replacement and said he anticipates the contractor will be late completing this project.

Mr. Turner next discussed revised construction estimates for a reclaimed water system and said he is working with the reclaimed water committee to narrow down the scope of work, if necessary. Discussion ensued regarding storage options and user commitments.

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 Change Order No. 1 in the amount of \$9,147.50 and Pay Estimate No. 7 in the amount of \$118,903.50, payable to LECON, Inc. Discussion ensued regarding construction site maintenance and the Board noted that tagging of trees for preservation may be interpreted as tagged for removal by the contractor and requested that J&C confirm with the contractor that trees tagged are to be preserved.

Discussion ensued regarding drainage improvements planned for Plantation, Section 7, and the Engineer requested authorization to advertise for bids for construction.

The Board then discussed the concrete fence at water plant no. 2 and J&C recommended the Board approve Pay Estimate No. 9 and Final in the amount of \$36,777.79, which includes a deduction of \$25,000, and issue a Certificate of Final Acceptance.

The Board next discussed Jones Creek Slope Repairs and ongoing erosion issues and Mr. Turner requested authorization to prepare a repair pricing package. Discussion ensued regarding proximity of erosion to the District's levee, delays in assessing total erosion due to high river levels, issues with sand seams and boils and designing to stabilize the slope without working in the flow line.

Mr. Turner reported the status of development of Harvest Green, including the installation of a master meter on the water interconnect line between the District and No. 134C just outside the District on Timothy Lane.

Following review and discussion, upon a motion by Director Yokubaitis and a second by Director Crow, the Board voted unanimously to (1) approve the engineer's report; (2) approve the pay estimates and change orders presented and discussed above; and (3) authorize the District engineer to advertise for bids or prepare pricing packages, as discussed above.

DISTRICT WEBSITE AND NEWSLETTER

Director Yokubaitis updated the Board regarding upgrade of the District website, preparation of the next District newsletter and meetings with Chris Hill to prepare recommendations for implementation of a communication program in the District.

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

Director Bertrand requested an agenda item on the June agenda to consider auditing proposals and said he has requested several proposals for the Board's review.

ATTORNEY'S REPORT

There was no discussion for this agenda item.

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 7:49 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. Ms. Vecchio, ABHR and J&C were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 8:27 p.m. No action was taken as a result of discussion in Executive Session.

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.

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


Secretary, Board of Directors

(SEAL)



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