

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

June 28, 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 28th day of June, 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.; Mike Ammel, Clayton Galloway 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. ("M&A"); Sergeant Jean Gobar of Fort Bend County Sheriff's Office ("FBSCO"); Chief Joe Woolley of Pecan Grove Volunteer Fire Department ("PGVFD"); Pat Naff of CDC Unlimited, LLC; Marcus Campbell of Time and Season Property Management ("Time & Season"); Blake Kridel of Storm Water Solutions, LP; Jose Dacasa of Salt Water Salvage; 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

Mr. Joe Taylor commended EDP for protection and service during the recent heavy rain/flood events, thanked the Board for constructing the District levees, thanked CDC for maintenance of the levee system and congratulated newly elected Board members. Mr. Taylor also inquired regarding the drainage impact on the District by The Terrace at Pecan Grove and the benefit of the development to the District.

Mr. Edwards commented regarding post construction condition at the end of Timothy Lane including rocks and debris in the right of way.

Ms. Danna requested the Board construct more walking trails in Pecan Grove Park to provide safe pedestrian routes during peak park usage times. She also reported heavy mosquitos and ants on and around the levee.

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 b 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.

ANNUAL PECAN GROVE VOLUNTEER FIRE DEPARTMENT ("PGVFD") BUDGET

Director Kluppel stated that the District's newly implemented Fire Protection Services Plan (the "Plan") with the PGVFD requires the PGVFD to annually submit to the District a proposed budget by June 30 each year to be implemented beginning November 1 each year. Chief Woolley presented a copy of the draft PGVFD budget for the Board's review.

Chief Wooley reported on PGVFD activity, commended EDP and J&C for emergency operational responses and reported new PGVFD Board members, Kirk Boyd and Howard Katz.

ITEMS REMOVED FROM CONSENT AGENDA

Mr. Kridel reported regarding the current condition and ongoing maintenance at Bullhead Bayou and said SWS had an issue with one of the aerators in the large part of the slough due to something chewing on the power cable and has a replacement power cable cord on backorder from the manufacturer.

Mr. Royal responded to resident and Board inquiries and complaints regarding automated garbage and recycling collection and repositioning of empty cans following collection. Mr. Royal said WCA will distribute a flyer to residents regarding placement of cans for cleanest and most efficient automated collection.

PROPOSALS FOR FISCAL YEAR END SEPTEMBER 30, 2016 AUDIT

The Board discussed fiscal year-end audit proposals from Roth & Eyring, PLLC, McCall Gibson Swedlund Barfoot PLLC, McGrath & Co., PLLC and BKD, Inc. Following review and discussion, Director Yokubaitis moved to approve a three year engagement with McGrath & Co., PLLC. Director Bertrand seconded the motion, which passed unanimously.

ADDITIONAL BOOKKEEPING MATTERS

Ms. McLennan also reviewed 2 additional handwritten checks written to Directors Howard and Yokubaitis reimbursing Association of Water Board Director's summer conference expense items, approved by M&A in accordance with the District's guidelines.

SECURITY AND PUBLIC SAFETY MATTERS

Sergeant Gobar reported on patrol, traffic and security since the Board's last regular 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, including flag pole replacement and stabilization at Memorial Park and updating existing flag lighting at Memorial Park and Pecan Grove Park. He also reported flood damage to several trees at Memorial Park and a vandalized, broken gate at Pecan Grove Park.

Director Crow requested Mr. Campbell address drainage on the east side of Memorial Park and get a proposal to concrete pave the jogging path behind the golf cart barn where the slope failed.

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 and requested authorization to make the following repairs/replacements:

1. Proposal to power wash the belt press building at the wastewater treatment plant for a cost of \$3,000; and
2. Proposal to rebuild well motor no. 4 at Water Plant No. 3 for a cost of \$19,875.

Ms. Campbell discussed a billing error for accounts in Pecan Lakes and said EDP did not assess penalties for those accounts and said quality control measures have been implemented to prevent future recurrence. Mr. Ammel said EDP is working to update software for alternate payment methods and to enhance utility billing services. The Board expressed its desire for a quick implementation of new, easy, user-friendly billing options.

Mr. Ammel next discussed emergency operations during the recent heavy rain/flooding event, including the assistance of Mr. Dacasa to dive and plug missing

valves at the bridge gate on Highway 359. Discussion ensued regarding Texas Department of Transportation ("TXDOT") construction of expanded Highway 359 and the bridge. Mr. Ammel said EDP has already submitted for reimbursement of expenses through the Federal Emergency Management Association ("FEMA"), but said the District's insurance carrier also recommended that the District submit the total flooding event as an insurance claim. The Board concurred to submit the total flooding event as an insurance claim. Director Kluppel also requested that EDP or J&C schedule a meeting with TXDOT to further discuss procedures for closing flood gates on Highway 359 and to discuss the missing valves discovered during the recent flooding event.

Mr. Ammel next updated the Board regarding repair of 3 high service motors at the Surface Water Treatment Plant ("SWTP").

Following review and discussion, Director Yokubaitis moved to approve the operations report and the proposals recommended by EDP. Director Crow 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 Crow 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 discussed Brazos River levels during and after the recent heavy rain/flooding event and the status of Jones Creek Slope Repairs to address issues with erosion, sand seams and boils and to stabilize the slope without working in the flow line. He said the repair project has been submitted for funding through the Federal Emergency Management Agency ("FEMA").

Mr. Turner reported regarding wastewater treatment plant phase 1 improvements and recommended the Board approve Pay Application No. 7 in the amount of \$93,452.40.

Mr. Turner updated the Board regarding Water Plant No. 1 MCC Replacement and said he anticipates the plant will be offline 30 to 45 days total and that J&C is working with EDP to avoid service disruption during peak usage months.

Mr. Turner next discussed a revised project scope for the proposed reclaimed water system and discussed the possibility of constructing additional facilities to capture 100% of the purchased surface water from Oyster Creek.

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. 8 in the amount of \$122,625.63, payable to LECON, Inc. Mr. Turner noted that the contract is scheduled to complete in November, 2016, but said the contractor will probably request weather days, moving the completion date out to December, 2016. Discussion ensued regarding meetings with Fort Bend County to establish an Interlocal agreement for reimbursement of road repairs included in the construction contracts and Mr. Turner said Fort Bend County will not agree to reimburse the District for these repairs/expenses.

Mr. Turner discussed bids received for drainage improvements planned for Plantation, Section 7, and recommended that the Board reject the one bid received and authorize J&C to re-advertise for bids for construction.

Director Yokubaitis requested that J&C and EDP follow up with PGVFD regarding water and sewer service at fire station no. 2.

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. Director Crow requested J&C follow up with developers of Harvest Green regarding cleanup of the debris at the end of Timothy Lane reported by Mr. Edwards.

Following review and discussion, upon a motion by Director Kluppel and a second by Director Crow, the Board voted unanimously to (1) approve the engineer's report; (2) approve the pay estimates presented and recommended by J&C; and (3) upon the recommendation of J&C, reject the bid received for drainage improvements for Plantation, Section and authorize the District engineer to re-advertise for bids.

DISTRICT WEBSITE AND NEWSLETTER

Director Yokubaitis updated the Board regarding the next District newsletter and requested the Board consider revising the District Emergency Action Plan to include an action plan for District communication.

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

Director Yokubaitis reported regarding an AWBD summer conference seminar regarding a reclaimed water project.

The Board concurred to hold a special meeting on July 19, 2016 to discuss emergency operations and a special meeting on August 23, 2016 to hold a budget workshop.

The Board requested the parks committee consider requests for additional sidewalks in Pecan Grove Park, plants to screen the Pitts Road Water Plant and plantings along the west side of Pitts Road fences. The Board also requested Director Bertrand, as the HOA liaison, discuss future maintenance of any proposed plantings along Pitts Road with the appropriate homeowner's associations.

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 8:01 p.m. to conduct a private consultation with the District's attorney to discuss acquisition of land for drainage improvements for Plantation 7, including proceeding with condemnation. ABHR and J&C were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 8:48 p.m. Following discussion in executive session, Director Kluppel moved to approve a Resolution Declaring Acquisition of An Additional Temporary Construction Easement Area as a Public Necessity. The motion was seconded by Director Crow and passed unanimously.

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.

Stephen D. Crow
Asst. Secretary, Board of Directors



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