

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

August 30, 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 30th day of August, 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, Sarah Hume and Breah Campbell of Environmental Development Partners, LLC ("EDP"); 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; Greg Lentz of First Southwest, a Division of Hilltop Securities; Marcus Campbell of Time and Season Property Management ("Time & Season"); and 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

Fort Bend County Constable Elect for Precinct 3, Wayne Thompson, thanked residents for their support in the recent election and said he looked forward to serving them as Constable of Precinct 3.

Mr. Bill Burch, District resident in Plantation Section 9, complained of the condition of the detention pond in Plantation, Section 9, including heavy mosquito infestation and asked when the District is planning to rehabilitate that pond.

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 agenda item 3(b). Director Yokubaitis 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. Naff updated the Board regarding jogging trail improvements and said concrete is scheduled to pour Thursday of next week. Following discussion, Director Crow moved to approve the report. The motion was seconded by Director Bertrand and passed unanimously.

ADDITIONAL BOOKKEEPING MATTERS

No additional bookkeeping matters were discussed.

2016 TAX RATE

Mr. Lentz recommended a 2016 tax rate of \$0.625 per \$100 of assessed valuation, \$0.25 for maintenance and operations and \$0.375 for debt service. After review and discussion, Director Kluppel moved to approve a proposed 2016 tax rate of \$0.625 per \$100 of assessed valuation, to authorize the tax assessor/collector to publish notice in the Fort Bend Herald of the 2016 tax rate hearing on September 27, 2016, where the Board will adopt the tax rate and to authorize the District's website administrator to post notice of the 2016 tax rate hearing on the District's website. Director Crow seconded the motion, which passed unanimously.

SECURITY AND PUBLIC SAFETY MATTERS

Sergeant Gobar reported on patrol and security since the Board's last regular meeting and announced her retirement in October, 2016. Discussion ensued regarding issues with and improving traffic control on Plantation Drive during school arrival and dismissal peak hours. Sergeant Gobar said she would follow up with Fort Bend Independent School District ("FBISD") regarding options for additional patrol during those hours.

The Board next discussed an Interlocal Agreement with Fort Bend County Sheriff's Department for patrol during the District's 2016-2017 fiscal year and an Agreement with the Pecan Grove Property Owner's Association to share the cost of law enforcement services. Upon a motion by Director Yokubaitis and a second by Director Bertrand, the Board unanimously (1) to approve the Interlocal Agreement with Fort

Bend County Sheriff's Department; (2) approve the Agreement with the Pecan Grove Property Owner's Association for the District's share of law enforcement services; and (3) authorize signature upon the documents when the patrol contracts are received from Fort Bend County.

Chief Woolley updated the Board regarding reported on PGVFD activity since the last meeting.

The Board next reviewed correspondence received from the City of Richmond regarding assessment of the connection at 1818 ½ Misty Falls Lane for fire protection purposes and conclusion that the connection should be categorized as a residential connection for fire protection service purposes. Following review and discussion, upon a motion by Director Kluppel and a second by Director Bertrand, the Board voted unanimously to authorize Director Howard to execute the letter confirming the connection as a residential connection and direct the District operator to adjust the District's billing for 1818 ½ Misty Falls Lane.

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 repair of sprinkler heads in both parks. He also updated the Board regarding replacement of stolen flags at Memorial Park.

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 completed, including repair of main breaks, repairs underway and pending, investigation of water loss, and requested authorization to repair booster pump no. 3 at Water Plant No. 1 for an estimated cost of \$5,510, plus a time and materials cost in the amount of \$750. Following review and discussion, upon a motion by Director Yokubaitis and a second by Director Bertrand, the Board voted unanimously to authorize repair of booster pump no. 3 at Water Plant No. 1 for an estimated cost of \$5,510, plus a time and materials cost in the amount of \$750.

The Board next discussed amending the District's contract with EDP and adopting an Agreement for Operating Services. Following review and discussion, Director Kluppel moved to approve the Agreement for Operating Services. The motion was seconded by Director Crow and passed unanimously.

Mr. Ammel next discussed a sanitary sewer back up at 3214 Colonel Court and said the customer is requesting reimbursement of 2 plumbing bills. Mr. Ammel

confirmed that EDP investigated the back up and determined that the backup was caused by a sag in the line causing reverse grade from a builder installed tap into the manhole. Mr. Ammel said EDP rebuilt the line to prevent future back up. Following review and discussion, upon a motion by Director Kluppel and a second by Director Yokubaitis, the Board voted unanimously to authorize EDP to offer reimbursement of half of the total repair bill.

Ms. Campbell next discussed with the Board a request from the customer at 3631 Timothy Lane for an adjustment following unexplained and disputed high water readings at the customer's address. Following review of the information provided by the customer through EDP and by EDP, Director Yokubaitis moved to authorize EDP to adjust the customer's bill to the seasonal average bill from the prior year based on billing history. The motion was seconded by Director Kluppel and passed unanimously.

Following review and discussion, Director Yokubaitis moved to approve the operations report. 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 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 first reported the status of the District's General Permit for Stormwater Discharges and requested authorization to update the District's Stormwater Pollution Prevention Plan ("SWP3") and submit a Notice of Intent to the Environmental Protection Agency ("EPA").

Mr. Turner reported regarding wastewater treatment plant phase 1 improvements and recommended the Board approve Pay Application No. 9 in the

amount of \$225,762.48. He said there are some additional items outside the original scope of work that J&C is discussing with the project committee. Mr. Schmick discussed control panel issues with the Board and said he plans to put the lift station back online following the holiday weekend and said staff will be on call over the holiday weekend to respond to any issues that may arise. Mr. Schmick said the remainder of the issues with the lift station are electrical.

Mr. Turner next discussed the status of construction of Lift Station No. 8 and recommended the Board approval Pay Application No. 5 and Final in the amount of \$16,620, which includes \$4,000 in liquidated damages. Mr. Schmick requested relief from the imposition of liquidated damages and said he properly notified everyone when he realized the control panel would be delivered late and mobilized quickly when the control panel was delivered. Mr. Schmick said when work began, they found that the safety grate would not latch and paid for a retrofit and also found that the transducer required for panel start up did not work. He said he paid \$10,000 to replace the transducer which included a Hydorranger. Director Yokubaitis also noted that Mr. Schmick loaned the District a pump during recent flood/heavy rain events. Following discussion, Director Yokubaitis moved to retract the liquidated damages and revise payment, subject to receipt of a revised pay estimate. Director Kluppel seconded the motion, which passed unanimously.

Mr. Turner next discussed installation of a trash rack on the outfall structure at Pecan Lakes and recommended the Board approve payment of an invoice for the work in the amount of \$4,750.

Discussion ensued regarding recent discussions with the Texas Department of Transportation ("TXDOT") and Fort Bend County regarding resolving regional drainage issues.

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. 10 in the amount of \$314,225.67, payable to LECON, Inc. Director Yokubaitis requested J&C expedite restoration/repair of affected driveways and the Board concurred to authorize weekend work, if necessary. Director Yokubaitis also reiterated the Board's earlier instruction that the contractor not park equipment on the roadways. Mr. Ross reported a traffic line of site issue at Bittersweet and Plantation Drive. Additional discussion ensued regarding relocation of a waterline on Windswept and status of restoration of affected resident yards. Director Yokubaitis requested that a representative of the contractor attend the October Board meeting and requested J&C let CDC know that the pond side was hydro mulched with a mix of Bermuda grass, Rye grass and Millett.

Mr. Turner next discussed bids received for drainage improvements in Plantation 7 and the Board requested Directors Kluppel and Howard to meet with and interview the contractors submitting bids. Ms. Brook updated the Board regarding the rescheduling of the District's condemnation proceeding against Pecan Grove Golf, LLC.

Mr. Turner reported the status of installation of a master meter on the water interconnect line between the District and Fort Bend County Municipal Utility District No. 134C ("No. 134C") just outside the District on Timothy Lane and said No. 134C has received bids to install the meter, but is waiting on approval from the North Fort Bend Water Authority.

Following review and discussion, upon a motion by Director Crow and a second by Director Yokubaitis, the Board voted unanimously to (1) approve the engineer's report; (2) approve the pay estimates and invoices presented and recommended by J&C; and (3) authorize update of the District's SWP3 and submittal of a Notice of Intent to the EPA.

DISTRICT WEBSITE AND NEWSLETTER

Director Yokubaitis updated the Board regarding the District newsletter. Discussion ensued regarding the District's Service Agreement with Imagination Monkey. Following review and discussion, the Board concurred to terminate the District's agreement with Imagination Monkey and authorize ABHR to send a notice of intent to terminate to Imagination Monkey. Director Yokubaitis said that he and Director Crow would review and follow up regarding pending invoices and report back to the Board.

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.

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 7:56 p.m. to conduct a private consultation with the District's attorney to discuss acquisition of land for drainage improvements for Plantation 7. ABHR and J&C, the District's expert witnesses, were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 8:23 p.m.

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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