

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

December 27, 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 27<sup>th</sup> day of December, 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, thus constituting a quorum.

Also present at the meeting were residents of the District listed on Exhibit A attached hereto; Chris Jousan, Grady Turner 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"); Jorge Diaz of McLennan & Associates, L.P. ("M&A"); David Ciarella of Enhanced Energy Services of America, LLC; John Frank of NRG Curtailment Solutions, Inc. ("NRG"); 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 5:00 p.m. and welcomed attendees.

COMMENTS FROM THE PUBLIC

Mr. Kahlenberg requested relocation of electric and sanitary sewer easements across his lot on Old South Drive.

Mr. Keller commented regarding, and presented photos of, repairs made by Union Pacific Railroad ("UPR") at UPR's Brazos River crossing in Richmond. He alleged that the UPR repairs were not permitted by the United States Army Corps of Engineers and requested that the District further investigate the repairs.

Mr. Metcalf requested that the District send an email notification to website subscribers when the District's regular meeting start time is changed.

Mr. Barta stated his opposition to the proposed development of a dog park in the District.

Mr. Burch commented regarding construction of drainage improvements on Plantation golf course and said he did not receive notice of upcoming construction in his area and said his privacy is compromised because of the removal of trees. He also requested project schedule information.

### 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. Director Crow seconded the motion, which passed by unanimous vote. Copies of all documents approved as part of the consent agenda are attached, including the bookkeeper's report and the tax assessor collector's report.

### ITEMS REMOVED FROM CONSENT AGENDA

There was no discussion for this agenda item.

### ADDITIONAL BOOKKEEPING MATTERS

Mr. Diaz noted additional checks written since the bookkeeping report was distributed to Directors.

### SECURITY AND PUBLIC SAFETY MATTERS

Director Howard said that Sergeant Bennett reported there was no notable activity in the District during the holidays.

### 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 and requested authorization to install mulch around trees at Pecan Grove Park and Memorial Park for \$2,897.07.

The Board next considered an amendment to the District's Services Agreement with Time & Season by exhibit to include mowing and general maintenance oversight.

Director Crow reported that the parks committee met with Mr. Metcalf to review his proposal for development, and said that the parks committee is not recommending development of a dog park at this time.

Following review and discussion, upon a motion by Director Yokubaitis and a second by Director Crow, the Board voted unanimously to (1) authorize installation of mulch around trees at Pecan Grove Park and Memorial Park for an amount not to exceed \$2,897.07; and (2) approve an amendment to the District's Services Agreement with Time & Season by exhibit.

#### 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. Mr. Ammel discussed routine repairs completed, and requested the Board approve the following:

1. Replacement of booster pump no. 1 at Water Treatment Plant No. 1 for an estimated cost of \$5,028, plus an estimated cost of \$1,800 for EDP time and materials to install the new pump; and
2. Replacement of booster pump no. 4 at the at Water Treatment Plant No. 1 for an estimated cost of \$5,028, plus an estimated cost of \$1,800 for EDP time and materials to install the new pump.

Mr. Ammel reported that lift pump no. 1 at the wastewater treatment plant failed due to current overload and said that the contractor will be backcharged for the repair.

Mr. Ammel said EDP will meet with an electrician to get an estimate/proposal to add lighting under the cover of the wastewater treatment plant building as a separate cost outside the wastewater treatment building rehabilitation contract. The Board also discussed adding a gravel drive.

Following review and discussion, upon a motion by Director Kluppel and a second by Director Bertrand, the Board voted unanimously to (1) approve the operator's report; and (2) approve the proposals listed above.

#### COMMITTEE EVALUATION OF SURFACE WATER TREATMENT PLANT RELIABILITY

Mr. Ammel said EDP has hired a process control specialist to work with Clayton Galloway at the Surface Water Treatment Plant on day to day basis reviewing lists of failures and checking for redundancy in the plant. He said EDP would report findings to J&C and work with J&C to prepare an analysis for Board review in February or March of 2017. Director Kluppel requested that EDP also contact area surface water treatment plant operators for input.

## 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 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 Bertrand seconded the motion, which passed unanimously.

## AMEND DISTRICT RATE ORDER

The Board considered amending the District Rate Order to increase the sewer base rate by \$0.23 per residence to pass through a recent garbage collection increase. Following review and discussion, upon a motion by Director Kluppel and a second by Director Yokubaitis, the Board voted unanimously to amend the District Rate Order.

The Board discussed amending the District's Rate Order further in January, 2017 to add alternate payment options for accounts scheduled for termination.

## ENGINEERING MATTERS

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

Mr. Turner addressed Mr. Kahlenberg's comments regarding easements across his lot on Old South Drive and said that the sanitary sewer line belongs to the golf course and that he would follow up with CenterPoint Energy to locate a record of the electric easement before further discussion regarding possible rerouting of the electric line.

Mr. Turner said he is not aware of any claims regarding unpermitted repairs made by UPR on the Brazos River crossing and said J&C would further investigate the repair/claim. The Board discussed placing an item on the January 2017 agenda to formally state the Board's position regarding UPR repairs on the Brazos River crossing and request attention from any agency having jurisdiction over repairs made on or in the Brazos River.

Mr. Turner reported the contractor will mobilize the last week in January, 2017 to repair/recoat joints at locations along the Pecan Lakes Flood Wall Levee where there is water seepage.

Mr. Turner reported on a sinkhole at the wastewater treatment plant outfall line and said effluent is flowing to the creek, but escaping the pipe through a dislodged joint and causing some erosion. He recommended a concrete collar to keep the joint in place and requested authorization to schedule the repair through CDC for an amount not to exceed \$25,000, subject to further analysis and inspection of completed work.

Mr. Turner next reported on the status of debris removal along Jones Creek and pending reimbursement from the Federal Emergency Management Agency ("FEMA") for emergency repairs/operation during the most recent flooding event in the District. Mr. Turner requested signature upon a direct deposit form related to the deposit of funds received from FEMA for reimbursement of the emergency expenses, as discussed.

Discussion ensued regarding establishing an emergency water interconnect associated with the water line to serve Pecan Grove Volunteer Fire Department Station No. 2 and requested that J&C contact neighboring districts and the City of Richmond (the "City") to see if the City has any interest in cost sharing in the construction of an interconnect previously designed and approved by both the City and the District.

Mr. Turner next discussed the status of Water Plant No. 1 MCC Replacement and recommended the Board approve Pay Estimate No. 3 in the amount of \$18,000.

Mr. Turner 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. 13 in the amount of \$355,352.62, authorize Change Order No. 2 in the amount of \$9,056 to add 2 more sections of pipe to tie into the same manhole specified in the Plantation, Section 7 drainage improvement project to keep from tearing up that section of Plantation Drive again and Change Order No. 3 in the amount of \$72,369 for project well pointing throughout areas of excavation. Discussion ensued regarding ponding issues identified following concrete pouring on Plantation Drive and schedules to remove and replace those sections of pavement after January 1, 2017. Mr. Turner also reported the contractor has agreed to address installation of the wrong pipe material and bring the constructed material to a level of performance that meets the specified material.

Mr. Turner next discussed construction of drainage improvements in Plantation, Section 7, provided information regarding notice provided to residents prior to the start of construction, discussed contractual schedules for the completion of the District's portion of the work on the golf course and recommended the Board approve Change Order No. 1 in the amount of \$5,400 for stabilized construction access mats. Mr. Turner said that the construction is generally trenchless, but said the contractor will have to demolish the south side of Plantation Drive which will affect traffic traveling east from the lift station to Quarter Path. Director Yokubaitis requested a simpler exhibit showing the project scope and plans for the District website.

Mr. Jousan updated the Board regarding the status of installation of the water interconnect meter between the District and Harvest Green, and said the final inspection is scheduled for Thursday this week.

Mr. Turner then reported the status of design of a proposed reclaimed water project and meetings with Johnson Development and representatives of the North Fort Bend Regional Water Authority and said J&C is still compiling data. He said Johnson Development has requested permanent service and is interested in purchasing reclaimed water when and if available.

The Board discussed scheduling a special engineering project workshop in January, 2017.

Following review and discussion, upon a motion by Director Kluppel and a second by Director Yokubaitis, the Board voted unanimously to (1) approve the engineer's report; (2) authorize repair of a sinkhole at the wastewater treatment plant outfall line by CDC for an amount not to exceed \$25,000; (3) authorize signature upon a direct deposit form related to the deposit of funds received from FEMA for reimbursement of the emergency expenses; (4) approve Pay Estimate No. 3 in the amount of \$18,000 for the Water Plant No. 1 MCC Replacement; (5) approve Pay Estimate No. 13 in the amount of \$355,352.62, Change Order No. 2 in the amount of \$9,056 and Change Order No. 3 in the amount of \$72,369 for drainage improvements in The Grove, Sections 4 and 5 and Plantation, Sections 4 and 5; and (6) approve Change Order No. 1 in the amount of \$5,400 for drainage improvements in Plantation, Section 7.

#### DISTRICT WEBSITE AND NEWSLETTER

There was no additional discussion for this agenda item.

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

Director Crow discussed planting of trees on Mason Road and Director Bertrand discussed beautification of FM 359.

#### ATTORNEY'S REPORT

Mr. Frank discussed a proposed load shedding program offered through NRG Energy and Ms. Brook updated the Board regarding further analysis required regarding the District's generators to determine if they meet the emissions requirements needed to participate in the NRG ERS Program, and current federal tax law provisions that may

prohibit the District's participation. The Board requested that discussion be deferred to the District's special workshop meeting in January, 2017.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, OR PURSUANT TO THE SECTION 551.072, TEXAS GOVERNMENT CODE, TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

The Board determined it was not necessary to convene in executive session.

There being no additional business to consider, the meeting was adjourned at 6:48 p.m.

  
Secretary, Board of Directors

(SEAL)



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