

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

July 25, 2017

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 25th day of July, 2017 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, except Director Yokubaitis, thus constituting a quorum.

Also present at the meeting were residents of the District listed on Exhibit A attached hereto; Scott Saenger, Kaci Schlachter and Grady Turner of Jones & Carter, Inc. ("J&C"); Kathy Golden of the Pecan Grove Volunteer Fire Department ("PGVFD"); Sgt. Bennett of the Fort Bend County Sherriff's Department; Kathy Cruthirds of Tax Tech, Inc.; Mike Ammel, Breah Campbell, Tracy Butcher and Clayton Galloway of Environmental Development Partners, LLC ("EDP"); Melvin Moore of WCA Waste Corporation of Texas ("WCA"); Jorge Diaz of McLennan & Associates, L.P. ("M&A"); Pat Naff of CDC Unlimited, LLC; Marcus Campbell of Time and Season Property Management ("Time & Season"); Greg Lentz of FirstSouthwest, a Division of Hilltop Securities; Larry Schwing of Yellowstone Landscape; 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 5:30 p.m. and welcomed attendees.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

SERIES 2017 UNLIMITED TAX DRAINAGE BONDS

Mr. Lentz discussed the status of the District's application to the Texas Commission on Environmental Quality ("TCEQ") for approval of projects and bonds. Mr. Lentz commented regarding current bond markets and a proposed schedule for

sale and closing of the District's Series 2017 bonds (the "Bonds"). In response to a question from Director Howard, Mr. Lentz confirmed the bonds would be issued with no increase in taxes.

Mr. Lentz then reviewed the Preliminary Official Statement and Notice of Sale ("POS"), a copy of which is attached.

Mr. Lentz presented and reviewed a G-42 Compliance Disclosure letter with the Board and noted a copy will be sent to the Board president for acknowledgement. He also requested authorization to engage Standard & Poor's Ratings to perform a credit rating analysis for the Bonds.

Mr. Lentz recommended that the Board appoint Bank of New York Mellon, N.A. as the Paying Agent/Registrar for the Bonds.

After review and discussion, Director Kluppel moved that the Board (1) approve the POS, subject to final review; (2) authorize advertisement for sale of the Bonds; and (3) schedule the sale of the Bonds on August 15, 2017 at 4:30 p.m.; (3) authorize the District's financial advisor to engage Standard & Poor's Ratings to perform a credit rating analysis for the Bonds; and (4) appoint Bank of New York Mellon, N.A. as the Paying Agent/Registrar for the Series 2017 Bonds. Director Crow seconded the motion, which carried unanimously.

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.

THIRD AMENDMENT TO RESIDENTIAL SOLID WASTE COLLECTION CONTRACT

Mr. Moore discussed a proposed garbage collection contract amendment effective October 1, 2017, for a term of 36 months at \$12.43 per home for the first year and then will be adjusted annually (Consumer Pricing Index ("CPI") pursuant to Section 2, Paragraph B of the original contract) beginning October 1st, 2018.

Following review and discussion, upon a motion by Director Kluppel and a second by Director Crow, the Board voted unanimously to (1) approve the contract

amendment; and (2) authorize an agenda item on the August 15, 2017 meeting agenda to amend the District Rate Order to include the increase amount in the District's sanitary sewer base fee, to be effective on October 1, 2017. It was noted glass will no longer be accepted with recycling.

ADDITIONAL BOOKKEEPING MATTERS

Mr. Diaz presented a first draft of the District's budget for the fiscal year ending September 30, 2018, for review.

SECURITY AND PUBLIC SAFETY MATTERS

Sgt. Bennett reviewed patrol statistics for the month of July, 2017 and responded to security and patrol questions from District residents. Director Howard updated the Board regarding ongoing discussions with the Pecan Grove Property Owner's Association ("POA") regarding cost sharing patrol expense for 2018. He stated that the POA has not yet committed to continue participating.

Ms. Golden reported on Pecan Grove Volunteer Fire Department ("PGVFD") staffing and equipment purchased during the PGVFD's current fiscal year and presented a copy of the draft PGVFD budget for the fiscal year ending October 31, 2018, for the Board's review. It was noted there is no increase in the PGVFD monthly fee.

The Board then considered approving the PGVFD budget for the fiscal year ending October 31, 2018. Following review and discussion, upon a motion by Director Kluppel and a second by Director Bertrand, the Board voted unanimously to approve the PGVFD budget. The Board also reviewed a letter from the City of Richmond increasing the fire fee for residents served by the City of Richmond to \$11.52 per connection beginning October 1, 2017. Director Kluppel requested an agenda item on the August 15, 2017, special budget workshop meeting agenda to amend the District Rate Order to revise the fire fee to Pecan Lakes in the District's Rate Order.

The Board next considered an Interlocal Project Agreement with Fort Bend County (the "County") to construct and cost share a new sidewalk and crosswalk to Bowie Middle School ("Bowie"). Ms. Humphries said the agreement provides that the County will fund 50% of a \$30,000 proposal to install the proposed sidewalk/crosswalk to Bowie and, of the remaining 50%, the POA has agreed to pay \$7,500. Ms. Humphries also presented a letter agreement with the POA to fund 50% of the District's share of the sidewalk and crosswalk. Following review and discussion, upon a motion by Director Crow and a second by Director Bertrand, the Board approved the Interlocal Project Agreement and letter agreement by a vote of 3 to 1, with Director Kluppel voting against the motion.

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 updated the Board regarding previously approved repair of park bathroom urinals and said the urinals were in such poor condition that they had to be replaced. He said there is evidence of a substantial water leak inside the wall between the men's and women's bathrooms and EDP is removing cinder blocks tomorrow to make the repair. Mr. Campbell said the blocks will be replaced following the repair and he will post notice of the park bathroom closing on the District website for the duration of the repair.

Mr. Campbell reported regarding the schedule for parking lot paving in Pecan Grove Park and the Board concurred to leave the parking lot unstriped for now.

Mr. Campbell updated the Board regarding repair of the aerators in Bullhead Bayou Slough and modification of the aerator sleeve to discourage animal chewing on the sleeves. Mr. Turner said he would follow up with Storm Water Solutions to discuss possible concrete sleeve options.

Mr. Campbell next discussed estimates between \$29,000 and \$30,000 to replace the park pavilion roof and a separate quote in the amount of \$3,445 to replace rotten flashing and boards. Discussion ensued regarding repainting the pavilion. Following review and discussion, Director Kluppel moved to approve repairs in the amount of \$3,445, as discussed, and additional painting of the pavilion, subject to review and approval by Director Crow or Director Yokubaitis. Director Crow seconded the motion which passed unanimously.

Director Bertrand updated the Board regarding proposed community cost sharing for additional mowings of the esplanades on FM 359 through an Interlocal Agreement to be administered by the West Fort Bend Management District. Following discussion, Director Bertand moved to approve participation, subject to participation by Fort Bend County Municipal Utility District Nos. 140 and 145 and attorney review. Director Crow seconded the motion, which passed unanimously.

Director Bertrand next discussed partnering with the Grove Community Improvement Association (the "Grove") to plant ligustrum bushes on the west side of Pitts Road from Winston Homestead to Landsdowne Drive and said the Grove is willing to maintain the bushes after they are planted and fund and install an irrigation system, which they will also maintain. Mr. Schwing discussed an estimate of \$14,000 for the proposed planting and a scope of work. Director Howard requested a proposal to remove the hackberry trees also. The Board noted this was a proposal for inclusion in the 2018 fiscal year budget.

OPERATIONS OF DISTRICT FACILITIES

Mr. Ammel introduced Mr. Butcher and requested the Board's consent to replace Ms. Campbell with Mr. Butcher as the operational manager required by the District's Operating Services Agreement with EDP.

Mr. Ammel then reviewed the EDP operations report, a copy of which is attached, and which was provided in advance to the Board. Ms. Campbell discussed routine repairs completed and requested authorization to make the following repairs:

1. Repair booster pump no. 3 at water plant no. 3 for an estimated amount of \$4,365; and
2. Replace expired water inflated property protectors ("WIPPS") for \$30,910 in place of the previously approved proposal at the June, 2017 Board meeting.

The board discussed repairing storm water pump no. 2 for an estimated cost of \$21,716.46, but tabled further discussion and requested additional proposals. Mr. Ammel confirmed redundancy in the system. Mr. Galloway said the pumps are bumped weekly and run, if the water level is high enough.

The Board took no action regarding a proposed change of the communication between the Surface Water Treatment Plant ("SWTP") and ground water plants from radio to virtual private network ("VPN") for an estimated amount of \$15,500.

Mr. Ammel and Mr. Turner updated the Board regarding an ongoing reliability assessment at the SWTP and said J&C will submit proposed projects, upgrades and budgets at the August 15, 2017, budget workshop meeting.

Ms. Campbell also presented a list of accounts recommended to be written off as uncollectable.

Mr. Ammel also requested authorization to respond to a questionnaire received from the Region H Water Planning Group.

Following review and discussion, upon a motion by Director Crow and a second by Director Kluppel, the Board voted unanimously to (1) approve the operator's report; (2) approve designation of Tracy Butcher as the operational manager, as discussed; (3) approve repair of booster pump no. 3 at water plant no. 3 for an estimated amount of \$4,365; (4) approve replacement of expired water inflated property protectors ("WIPPS") for \$30,910 in place of the previously approved proposal at the June, 2017 Board meeting; (5) authorize the District operator to write off uncollectable accounts, as recommended; and (5) authorize EDP to respond to a questionnaire received from the Region H Water Planning Group.

Director Howard requested that EDP remove "Water Smart" signs and replace the "Superior Water Rating" signs in the District.

Director Crow requested that the message in utility billing include information regarding removal of glass as a recyclable material instead of including information regarding revised holiday garbage collection service in September.

TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

The Board next conducted a hearing on the termination of utility service to delinquent accounts. Ms. Campbell 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 Crow 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 distributed to the Directors in advance of the meeting.

Discussion ensued regarding a proposed reclaimed water system, potential reclaimed water system water customers and an inquiry regarding purchase of the District's overconversion credits. Mr. Turner said North Fort Bend Regional Water Authority has responded that they are not interested in purchasing reclaimed water from the District at this time. The Board asked J&C to meet with the Golf Club owners about interest in purchasing reclaimed water.

Mr. Turner said J&C will issue a Notice to Proceed to the contractor for installation of a floodgate on FM 359. He said J&C has approved traffic control plans, but schedules need to be updated before J&C can post project traffic control information on the District website.

Mr. Turner reported on the status of construction of drainage improvements in Plantation, Section 7 and recommended the Board approve Pay Estimate No. 7 in the amount of \$41,918.07. He requested that Board defer action on Change Order No. 6 reducing the contract amount by \$56,461.99 pending receipt of a 1295 certificate from the contractor. Discussion ensued regarding contract completion dates and the Board concurred to request that J&C send the contractor a letter notifying the contractor of the

Board's intent to seek liquidated damages if the project is not complete per the contract terms.

Mr. Turner discussed bids received for Jones Creek Slope Repairs and recommended deferring award of the contract to the low bidder, Harper Brothers Construction in the amount of \$1,877,830, pending approval of the District's application for reimbursement pending with the Federal Emergency Management Agency Natural Resources Conservation Service ("NRCS").

Mr. Turner responded to resident comments and concerns regarding pond work included in the Pecan Grove Golf Club's scope of work in Plantation Section 7, including pond conditions, such as low water and mosquitos. He noted the pond is the responsibility of the Golf Club.

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; and (2) approve the pay estimate presented and discussed above, as recommended by J&C.

DISTRICT WEBSITE AND NEWSLETTER

There was no discussion 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.

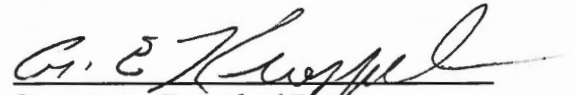
ATTORNEY'S REPORT

The Board next considered a Resolution Voting for Water District Nominee for the Election of the Board of Directors of the Fort Bend Central Appraisal District. After discussing the nominations, Director Kluppel moved to cast all of the District's votes for William F. Schwer. The motion, which was seconded by Director Bertrand, passed unanimously.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

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

There being no additional business to consider, the meeting was adjourned at 7:25 p.m.


Secretary, Board of Directors

(SEAL)



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