

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

November 28, 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 28th day of November, 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, thus constituting a quorum.

Also present at the meeting were residents of the District, some of which are listed on Exhibit A attached hereto; Tobin Synatschk, Bob Aylward and Grady Turner of Jones & Carter, Inc. ("J&C"); Britton Harris of Harris Hilburn, LLP; Marcus Campbell of Time & Season Property Management; Breah Campbell, Mike Ammel and Tracy Butcher of Environmental Development Partners, LLC ("EDP"); Melvin Moore of WCA Waste Corporation of Texas ("WCA"); Sergeant William Bennett of the Fort Bend County Sheriff's Department; Kathy Cruthirds of Tax Tech, Inc.; Jorge Diaz of McLennan & Associates, L.P. ("M&A"); Chief Joe Woolley of the Pecan Grove Volunteer Fire Department ("PGVFD"); Dave Ciarella of Enhanced Energy Services of America, LLC; 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 5:32 p.m. and welcomed attendees.

UPDATE FROM JONES & CARTER

Mr. Aylward addressed residents regarding J&C's previous commitment to residents of the District impacted by floodwater during the Hurricane Harvey event to send out letters with information regarding a J&C funded claim submittal process for residents who sustained damage as a result of flooding from the Plantation, Sections 4 and 5 detention pond. He said that J&C had not yet sent the letters, as previously promised, because J&C had been negotiating a settlement agreement with the District

for the District's potential claims against J&C. He stated a settlement was not reached with the District. Mr. Aylward then responded to questions from the audience.

ENGINEERING MATTERS

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

Mr. Turner first discussed the subsidence at the surface water treatment plant intake pump. Mr. Turner recommended the Board approve a proposal from Concrete Raising Company in the amount of \$5,100 to raise the pump station slab to an elevation approximately 2 to 5 inches higher to prevent additional electrical damage of stress or torque on the valves at the pump station.

Mr. Turner next reported J&C estimates the cost to dredge and remove about 2 inches of silt in that portion of Bullhead Bayou internal to the District's levee to be approximately \$470,000. He said \$360,000 of the estimated cost is for removal, drying and disposal of silt. In response to a question, he said no permits or approvals were needed for this project.

Mr. Turner updated the Board regarding installation of the north floodgate on FM 359 and presented Pay Estimate No. 2 in the amount of \$27,820.16, payable to Black Castle General Contract and Change Order No. 2 to add 130 days to the contract completion date. Following discussion, the Board determined that Change Order No. 2 is beneficial to the District.

Mr. Turner updated the Board regarding Jones Creek Slope Repairs and said J&C never issued a Notice to Proceed for the awarded contract due to Hurricane Harvey. He said J&C has verbally notified the contractor of the District's intent to terminate the contract, but needs authorization to issue a letter of termination to the contractor. He said J&C has requested that the contractor submit his cost incurred for payment and performance bonds which cannot be refunded.

Mr. Turner discussed a revised site layout for the Jones Creek Business Park. Mr. Turner confirmed that the landowner has revised the layout without the previously noted encroachments and recommended that the Board approve the new site layout.

Following review and discussion, and based upon J&C's recommendation, upon a motion by Director Kluppel and a second by Director Bertrand, the Board voted unanimously to (1) approve the engineer's report; (2) approve a proposal from Concrete Raising Company in the amount of \$5,100, subject to correction of the signature block; (3) approve pay estimate listed above; (4) approve the Change Order listed and as discussed above, based upon the Board's finding that the Change Order is beneficial to

the District; (5) authorize J&C to issue a letter of termination to the contractor for Jones Creek Slope Repairs; and (6) approve the new site layout for the Jones Creek Business Park, as presented.

COMMENTS FROM THE PUBLIC

Ms. Hale-Erlich commented that she was disappointed and appalled by J&C's attitude towards the District and its residents.

Mr. Menning requested that the Board sever ties with J&C because residents no longer have confidence in J&C's engineering capability and are angry that J&C does not intend to honor a previously commitment to residents to compensate residents affected by flooding for their individual losses.

Mr. Mills inquired regarding certification and approval of plans for drainage improvements in Plantation Sections 4 and 5. He asked for clarification regarding multiple plan sets and dates for drainage improvements in Plantation Sections 4 and 5. He also asked if the Board removed gates from the project and if the District had closures devices onsite to isolate the pipes from the inside the levee in the event of flooding. Director Yokubaitis confirmed that the District has closure devices onsite which are ready for use.

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 Yokubaitis 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.

TERMINATION OF DISTRICT ENGINEER

Directors Howard and Kluppel commented that they attempted, in earnest, to negotiate a settlement with J&C, but think that it is in the best interest of the residents of the District to terminate the District's relationship with J&C due to lack of confidence and trust. Following discussion, Director Yokubaitis moved to terminate the District's contract with J&C and authorize ABHR to request presentations of qualifications from engineering firms for review at a special meeting on November 30, 2017. The motion was seconded by Director Yokubaitis and passed unanimously.

ENGAGEMENT OF HARRIS HILBURN, LLP

Mr. Harris discussed his services and presented an engagement letter to represent the District for claims associated with flooding during Hurricane Harvey. Following review and discussion, Director Kluppel moved to engage Harris Hillburn LP. The motion was seconded by Director Crow and passed unanimously.

ELECTION FOR BOARD OF DIRECTORS FORT BEND COUNTY APPRAISAL DISTRICT

The Board next considered casting its votes for the election for the Board of Directors of the Fort Bend County Appraisal District. Following review and discussion, Director Kluppel moved to cast the District's 19 votes in favor of Heather Zayas. Director Yokubaitis seconded the motion, which passed unanimously.

SECURITY AND PUBLIC SAFETY MATTERS

Sgt. Bennett discussed District patrol and Chief Woolley discussed PGVFD operations since the last Board meeting.

ADDITIONAL BOOKKEEPING MATTERS

Mr. Diaz reported an additional handwritten check no. 10392 in the amount of \$14,200, payable to Watt Landscaping, that will be included in the bookkeeping report next month.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Campbell reviewed the parks report, a copy of which is attached, and updated the Board on park reservations, maintenance and repairs in District parks. The Board concurred to request that installation of new park equipment be deferred until January, 2018. Director Yokubaitis requested pricing to replace fall surface under park equipment.

OPERATIONS OF DISTRICT FACILITIES

Ms. Campbell 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 replacements/repairs:

1. Replacement of the polymer feed system at the wastewater treatment plant for an estimated cost of \$4,190; and
2. Repair of blower no. 6 at the wastewater treatment plant for an estimated cost of \$6,860.

Director Crow requested that EDP include the age of facilities in the operations report. Discussion ensued regarding parts replacement schedules for District facilities.

Mr. Ammel reported that EDP will postpone work requiring excavations from Thanksgiving break until after January 1, 2018, except as necessary for emergency repairs.

Discussion ensued regarding recent operational equipment rentals and surplus available from the District's water bonds to purchase similar equipment for District use.

Following review and discussion, upon a motion by Director Crow and a second by Director Yokubaitis, the Board voted unanimously to (1) approve the operator's report; and (2) approve the repairs/replacements, as discussed above, based on the recommendations of EDP.

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 Yokubaitis seconded the motion, which passed unanimously.

DISTRICT WEBSITE AND NEWSLETTER

Director Yokubaitis and Ms. Campbell updated the Board regarding the next newsletter.

ATTORNEY'S REPORT

Ms. Humphries updated the Board regarding an offer from JB Land Co, Inc. and Belcross, Inc. to convey approximately 11.83 acres along the south side of Oyster Creek

to the District without charge. The board concurred to defer action until the District has received a Phase 1 environmental survey of the property.

Director Howard said the Board would take a break at 6:27 p.m. and then move into executive session.

REPORTS FROM DIRECTORS, COMMITTEES AND DISTRICT CONSULTANTS

There was no discussion for this agenda item.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

Director Howard announced the Board would convene in executive session at 6:40 p.m. to conduct a private consultation with the District's attorney. ABHR and Mr. Harris were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 7:15 p.m. Following discussion in executive session, Director Crow moved to authorize correspondence to J&C, as discussed in executive session. Director Bertrand seconded the motion, which passed unanimously.

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


Secretary, Board of Directors

(SEAL)



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