

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

January 30, 2018

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 January, 2018 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 signed in and are listed on Exhibit A attached hereto; Marcus Campbell of Time & Season Property Management; Mike Ammel, Breah Campbell and Tracy Butcher of Environmental Development Partners, LLC ("EDP"); Justin Ring and Megan Crutcher of Odyssey Engineering ("Odyssey"); Pat Naff of CDC Unlimited, LLC; Mark McGrath and Greg McGrath of McGrath & Co, PLLC; Lisa Rickert of FSG Information Systems LP; Kathryn Foss and Mark Burton of Municipal Accounts & Consulting, LP ("MAC"); Chief Joe Woolley of Pecan Grove Volunteer Fire Department ("PGVFD"); Sergeant Bennett of Fort Bend County Sherriff's Department; Kathy Cruthirds of Tax Tech, Inc.; Jorge Diaz of McLennan & Associates, L.P. ("McLennan"); Dave Ciarella of Enhanced Energy Services of America, LLC, also a resident of the District; 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 5:26 p.m., welcomed attendees.

COMMENTS FROM THE PUBLIC

Mr. Metcalf requested an update on major storm event preparation and progress on drainage related engineering projects, including assessment of the District's storm water pump system.

SECURITY AND PUBLIC SAFETY MATTERS

Chief Woolley provided an update regarding PGVFD activity and events since the last Board meeting, including the pending application for an upgrade of the Insurance Service Office ("ISO") rating.

Sergeant Bennett reported regarding District patrol and security since the last Board meeting.

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.

ITEMS REMOVED FROM CONSENT AGENDA

There was no discussion for this agenda item.

AUDIT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017

Mr. Mark McGrath reviewed a draft audit for the fiscal year ending September 30, 2017. Upon a motion made by Director Kluppel, seconded by Director Yokubaitis, the Board voted unanimously to approve the audit and management letter, subject to final review and comments.

ADDITIONAL BOOKKEEPING MATTERS AND CONTRACT FOR BOOKKEEPING SERVICES

Director Howard discussed the Board's decision to change bookkeepers, introduced MAC as the new District bookkeeping firm and thanked Mr. Diaz for McLennan's many years of service to the District. Director Bertrand moved to (1) terminate the District's contract with McLennan & Associates, effective February 28, 2018; and (2) authorize execution of a letter terminating the District's contract with McLennan & Associates and requesting transfer of records to a new bookkeeper. The motion was seconded by Director Kluppel and pass unanimously.

The Board then reviewed a proposal for bookkeeping services from Municipal Accounts & Consulting ("MAC"). Following review and discussion, upon a motion by Director Kluppel and a second by Director Bertrand, the Board voted unanimously to engage MAC to serve as the District's new bookkeeper.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Campbell reviewed the parks report, a copy of which is attached, discussed ongoing maintenance and enforcement of park rules and regulations.

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 replacement/maintenance and service agreement renewals:

1. Replacement of the water control valve at the surface water treatment plant for an estimated cost of \$4,078;
2. Replacement of the actuators on the floc-sed basin sludge removal tubes at the surface water treatment plant for an estimated cost of \$16,500, subject to receipt of a 1295 certificate; and
3. Upgrade of area lights at the south storm water pump station for an estimated cost of \$5,925.

Ms. Campbell asked that the Board table the proposed renewal of the Services Agreement with Hach Services for an annual cost in 2018 of \$28,314.

Ms. Campbell also requested that the Board authorize EDP to work with Director Howard to finalize service agreements with Comcast associated with installation of security equipment at District facilities.

Ms. Campbell reported that water bills due were delivered late due to an EDP error and recommended that the Board waive any penalties for delinquent payment. Ms. Campbell said the internal issue causing the error has been corrected and will not reoccur in the future. She also discussed a customer report of an unauthorized payment site.

Discussion ensued regarding temporary water service provided to South Grand Apartments during repair of an inline valve.

Ms. Campbell reviewed a list of delinquent accounts and back charges recommended for write off for the period from April 2017 through September 2017.

The Board also discussed amending the District Rate Order to increase the security deposit for temporary water meters and increase the temporary water rate and requested the item be added to the February 8, 2018 special meeting agenda.

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 the replacement/repair/maintenance/service renewals requested by EDP, as discussed above, based on the recommendations of EDP; (3) authorize EDP to coordinate with Director Howard to finalize service agreements with Comcast associated with installation of security equipment at District facilities; (4) waive any penalty assessed for late payments of utility bills for bills due January 28, 2018 due to late delivery of invoices; and (5) authorize EDP to write off delinquent accounts presented with the exception of HV Electric & Excavation in the amount of \$1,908.22, which will remain logged as a delinquent and collectable account.

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.

ODYSSEY ENGINEERING MATTERS

Mr. Ring and Ms. Crutcher next reviewed the Odyssey engineering report, a copy of which is attached and distributed to the Directors in advance of the meeting.

Ms. Crutcher discussed the recent inspection of the levee system, including storm pump systems, and coordination with EDP. Ms. Crutcher discussed variations in height along the levee system, but said that the levee height meets Federal Emergency Management Agency ("FEMA") levee requirements. Ms. Crutcher also reported that previously reported erosion on the Pecan Lakes levee appears to have stopped. She said Odyssey is working with a geotechnical engineer to identify a scope of work to further investigate the cause of the erosion.

Mr. Ring and Ms. Crutcher updated the Board on the District's pending applications with FEMA and the Natural Resources Conservation Service ("NRCS") for reimbursement of costs and repairs associated with damage from Hurricane Harvey.

Ms. Crutcher discussed the proposed construction of a levee along the east and north perimeter of the existing detention basin in Plantation, Section 4 and 5 to tie into the existing levee and plans to expedite construction in order to complete the closure prior to 2018 the hurricane season. Mr. Ring said bids will be opened on February 6, 2018 and ready for Board review and award at the special meeting on February 8, 2018. Director Howard requested that Odyssey contact the Harvest Green developer requesting removal of the gate on the levee that is being used as a construction entrance. Ms. Crutcher said no easements are needed from Harvest Green, as previously discussed, for construction of the project.

Ms. Crutcher discussed installing three (3) replacement gates on the south side of FM 359 and making application to the Texas Commission on Environmental Quality ("TCEQ") for use of surplus from the District's Series 2015 and 2017 drainage bonds Unlimited Tax Drainage Bonds. She also presented Jones & Carter's request and recommendation for payment of Pay Application No. 4 in the amount of \$44,276.35 for installation of north, south and west flood gates on FM 359. She said that Odyssey is working with Hartwell Environmental to fabricate replacement flap gates at the south storm water pump station using drawings for the original gates installed in 1994. She said no concrete modifications will be necessary to install these proposed replacement gates.

Director Crow requested that the capital improvements project list be updated with more definition on projects that should be categorized as priority to complete before 2018 hurricane season.

Following review and discussion, and based upon Odyssey's recommendation, upon a motion by Director Kluppel and a second by Director Crow, the Board voted unanimously to (1) approve the engineer's report; (2) authorize execution of a purchase order for fabrication of south outfall flap gates; and (3) approve Pay Application No. 4 in the amount of \$44,276.35 for installation of north, south and west flood gates on FM 359, payable to Black Castle Construction, subject to confirmation of payments made to subcontractors.

DISTRICT WEBSITE AND NEWSLETTER

There was no discussion for this agenda item.

REPORTS FROM DIRECTORS, COMMITTEES AND DISTRICT CONSULTANTS

There was no discussion for this agenda item.

ATTORNEY'S REPORT

The Board next considered adopting a Resolution Regarding Intent to Reimburse the District's Operating Account with proceeds from future bonds for construction of a levee extension around Plantation Sections 4 & 5 detention pond. Following review and discussion, upon a motion by Director Crow and a second by Director Yokubaitis, the Board unanimously approved the Resolution Regarding Intent to Reimburse.

2018 DIRECTORS ELECTION

Ms. Humphries discussed matters related to the 2018 Directors Election. She reviewed a Resolution Designating an Agent of the Secretary of the Board of Directors during the 2018 Directors Election Period. Following review and discussion, Director Yokubaitis moved to adopt a Resolution Designating an Agent of the Secretary of the Board During the 2018 Directors Election Period appointing Jane H. Miller as the agent of the Secretary of the Board of Directors to perform the duties of the District's Directors Election, authorize the agent to post the related notice as required, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which was approved by unanimous vote.

Ms. Humphries reported on requirements to post a Notice of Deadline to File Applications for Place on the Ballot for the 2018 Directors Election. Following discussion, Director Yokubaitis moved to authorize the Secretary's agent to post the notice as required. Director Crow seconded the motion, which was approved by unanimous vote.

Ms. Humphries stated that the District may contract with Fort Bend County (the "County") to conduct the District's 2018 Directors Election. After discussion, Director Yokubaitis moved to contract with the County to administer the District's election. Director Crow seconded the motion, which was approved by unanimous vote.

Ms. Humphries discussed an Order Calling Directors Election. Following review and discussion, Director Yokubaitis moved to adopt the Order Calling Directors Election and direct that the Order be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which passed unanimously.

Ms. Humphries said a Notice of Election will need to be posted or published and provided to the County Clerk and Voter Registrar of Fort Bend County. Following discussion, Director Yokubaitis moved to authorize the Secretary's agent to post or publish and provide to the County Clerk and Voter Registrar Notice of Election, if required. Director Crow seconded the motion, which passed unanimously.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

Director Howard announced the Board would convene in executive session at 6:45 p.m. to conduct a private consultation with the District's attorney. Ms. Humphries, Ms. Brook and Ms. Miller were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 7:00 p.m.

ODYSSEY ENGINEERING MATTERS (CONT'D)

Discussion ensued regarding engineering fees associated with construction contracts.

There being no additional business to consider, the meeting was adjourned at 7:28 p.m.


Secretary, Board of Directors

(SEAL)



LIST OF ATTACHMENTS TO MINUTES

	<u>Minutes</u>
	<u>Page</u>
list of meeting attendees.....	1
tax assessor collector's report	2
bookkeeper's report	2
draft audit for fiscal year ending August 31, 2017.....	2
parks report.....	3
operations report	3
engineering report.....	4