

MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
PECAN GROVE MUNICIPAL UTILITY DISTRICT

March 28, 2006

The Board of Directors of Pecan Grove Municipal Utility District met in regular session, open to the public, at 5:30 p.m., on Tuesday, March 28, 2006, inside the boundaries of the District at its regular meeting place, Pecan Grove Country Club, Highway 359 at Plantation Drive, Richmond, Texas 77469, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Joe Taylor	President
Stephen Crow	Vice President
G.E. Kluppel	Secretary
Charles Bertrand	Investment Officer
Holly Zarate	Assistant Vice President/ Assistant Secretary

and all of said directors were present, thus constituting a quorum.

Also present were the following: Matthew May of Waste Corporation of America, Bobby Jones and Adam Lambert of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Pat Naff of CDC Maintenance, Inc. ("CDC"); Brian Haines of the YMCA ("YMCA"); Mike Thelen and Clay Brandenburg, of ECO Resources, Inc. ("ECO"); Shirley McLennan of McLennan & Associates, L.P.; Mr. and Mrs. C.K. Dickenson, and Kirk Boyd, residents of the District; Bob Haenel of the Fort Bend Herald; Charles Partin; Ed Kahlenberg of BCDI Custom Homes; and Lynne Humphries and Denise Garcia of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The first order of business was to consider approving the minutes of the February 28, 2006, March 8, 2006 and March 15, 2006 meetings which had been prepared and distributed in advance of the meeting. Following review and discussion, Director Kluppel moved to approve the February 28, 2006, March 8, 2006 and March 15, 2006 meeting minutes as presented. Director Crow seconded the motion, which was approved by unanimous vote.

UPDATE ON GARBAGE AND RECYCLING SERVICES

Mr. May discussed garbage and recycling services in the District. He updated the Board on the status of the Contingency Disaster Cleanup Plan for the District.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Haines of the YMCA presented the parks management report, a copy of which is attached. After review and discussion, Director Crow moved that the Board approve the report. Director Kluppel seconded the motion, which passed by unanimous vote.

TAX ASSESSOR/COLLECTOR'S REPORT AND AUTHORIZE APPROPRIATE ACTION REGARDING TAX ACCOUNTS, PAYMENT OF BILLS, REPORT ON COLLECTION OF DELINQUENT TAXES AND AUTHORIZE FILING OF SUITS

Mr. Ordeneaux reviewed with the Board the monthly tax assessor/collector's report, a copy of which is attached. He updated the Board on the status of collection of delinquent taxes and 2005 tax payments and responded to questions from Board members. Mr. Ordeneaux stated that Mr. and Mrs. Bowman, taxpayers in the District, have requested that the Board consider waiving penalties and interests on their tax bill because they were not aware the taxes were due. Following review and discussion, Director Kluppel moved that the Board not waive the penalty and interest on Mr. and Mrs. Bowman's tax bill, approve the tax assessor/collector's report and authorize payment of bills from the tax account. Director Bertrand seconded the motion, which passed by unanimous vote.

ADOPT RESOLUTION CONCERNING TAX COLLECTION PROCEDURES

The Board considered adopting a Resolution Concerning Tax Collection Procedures. Ms. Humphries reviewed the procedures outlined in the Resolution. After review and discussion, Director Kluppel moved that the Board adopt a Resolution Concerning Tax Collection Procedures reflecting that the Board of Directors rejects all of the optional procedures. Director Crow seconded the motion, which passed by unanimous vote. A copy of the Resolution is attached.

ADOPT RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

Ms. Humphries reviewed the Resolution Concerning Exemptions from Taxation. After review and discussion, Director Kluppel moved that the Board adopt a Resolution Concerning Exemptions from Taxation, reflecting that the Board of Directors rejects a general residential homestead exemption, rejects any exemption of charitable organizations from ad valorem taxation, rejects any exemption of travel trailers from ad valorem taxation and grants a \$25,000 exemption for disabled persons and persons over 65 years of age. Director Crow seconded the motion, which passed by unanimous vote. A copy of the Resolution is attached.

CONTRACT WITH DELINQUENT TAX ATTORNEY AND ADOPT RESOLUTION PROVIDING FOR ADDITIONAL PENALTY FOR TAX COLLECTION COSTS

After discussion, Director Crow moved that the Board approve continuation of a Contract with Perdue, Brandon, Fielder, Collins & Mott, L.L.P. for the Collection of Delinquent Taxes. Director Kluppel seconded the motion, which passed by unanimous vote.

Ms. Humphries then reviewed a Resolution Providing for Additional Penalty for Tax Collection Costs with the Board. She stated that the Resolution reflects that an additional 15% penalty will be imposed on delinquent taxes that are not paid prior to July 1, 2006 for the current year and each succeeding year. After review and discussion, Director Crow moved that the Board adopt a Resolution Providing for Additional Penalty for Tax Collection Costs. Director Kluppel seconded the motion, which passed unanimously. A copy of the Resolution is attached.

OPERATOR'S REPORT

Mr. Thelen reviewed the operations report for the month of February 2006, a copy of which is attached, and which was provided previously to the Board, and reviewed general maintenance and repair items for the period. He also reviewed an insurance update on the status of pending claims.

Mr. Kahlenberg of BCDI Custom Homes informed the Board that there is a strong odor coming from the lift station located at 2400 Old South Drive. The Board discussed possible alternatives to controlling odor at the lift station. After discussion, the Board requested that Mr. Thelen investigate the lift station odor and report back to the Board.

Mr. Thelen then reported that the infrared surveys at water plants are not included in Basic Services nor are they covered under the District's insurance.

Following review and discussion of the operations report, Director Crow moved to accept the report and authorize the expenditures and action items as discussed. Director Bertrand seconded the motion, which passed unanimously.

CONDUCT HEARING AND AUTHORIZE TERMINATION OF SERVICE

The Board next conducted a hearing on the termination of utility service to delinquent accounts. Mr. Thelen reported that the residents on the delinquent list included in the operator's report 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 Bertrand seconded the motion, which passed unanimously.

REPORT ON DITCH, LEVEE MAINTENANCE, REPAIRS AND AUTHORIZE APPROPRIATE ACTION REGARDING GOLF CART PATH THROUGH PLANTATION PARK

Mr. Naff reported on ditch and levee maintenance. He also reported that the damage to the levee has been repaired. The Board discussed that the golf cart path repairs needed in Plantation Park. After discussion, Director Bertrand moved that the Board authorize CDC to repair and level the path at a cost not to exceed \$700.00. Director Crow seconded the motion, which passed unanimously.

UPDATE FROM PECAN GROVE VOLUNTEER FIRE DEPARTMENT REGARDING AGREED UPON PROCEDURES

Director Bertrand reported that he received a letter from the PGVFD informing the Board that they approved the request to perform the Proposed Agreed Upon Procedures, however, they are unable to set a date for completion.

ENGINEER'S REPORT

Mr. Lambert reviewed with the Board the engineer's report, a copy of which is attached, and which had been provided in advance.

Following review of the report and discussion, Director Kluppel moved that, based upon Mr. Lambert's recommendation, the Board approve (1) Pay Estimate No. 3 to NBG Constructors, Inc. in the amount of \$74,297.10 for the Jones Creek outfall project; (2) authorize CDC to install 5' X 5' triangular concrete wings near Golf Hole No. 1 at a cost not to exceed \$900.00; and (3) Pay Estimate No.4 to Four Seasons Development Co. in the amount of \$11,852.50 for Phase II of the Levee Jogging Trail. Director Crow seconded the motion, which passed by unanimous vote.

Mr. Lambert then reviewed the tabulation of bids received by the District for the Sanitary Sewer Rehabilitation. He recommended that the Board award the contract to Texas ReExcavation, LC in the amount of \$49,820.00. The Board concurred that, in its judgment, Texas ReExcavation, LC, was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. After review and discussion, Director Kluppel moved that, based on Mr. Lambert, the Board award the contract for Sanitary Sewer Rehabilitation

to Texas ReExcavation, LC in the amount of \$49,820.00. Director Crow seconded the motion, which passed by unanimous vote.

Following review and discussion of the engineer's report, Director Kluppel moved to accept the engineer's report as presented. Director Crow seconded the motion, which passed unanimously.

BOOKKEEPER'S REPORT

Ms. McLennan distributed and reviewed the monthly bookkeeper's report, a copy of which is attached, including the investment report, budget comparison, and the District's bills. After review and discussion, Director Bertrand moved that the Board approve the bookkeeper's report, investment report and payment of the District's bills. Director Crow seconded the motion, which passed unanimously.

DISCUSS CONFLICT OF INTEREST DISCLOSURE AND ADOPT AMENDED CODE OF ETHICS, TRAVEL, DISTRICT INVESTMENT, PROFESSIONAL SERVICES AND MANAGEMENT POLICY

Director Zarate presented two versions of the Code of Ethics, Travel, District Investment, Professional Services and Management Policy and discussed her recommendations with the Board. After review and discussion, Director Kluppel moved that the Board adopt the Amended Code of Ethics, Travel, District Investment, Professional Services and Management Policy as originally presented by ABHR. Director Crow seconded the motion. Upon the question being called, Directors Taylor, Kluppel, Crow and Bertrand voted "Aye", Director Zarate voted "No" and the motion passed. The Board concurred that each Director had the discretion to voluntarily disclose their acceptance of gifts or entertainment as part of the standing agenda item "to receive reports for Directors."

SURFACE WATER AND SUBSIDENCE ISSUES AND BRAZOS RIVER AUTHORITY

Director Zarate stated that letters were sent to Kimley-Horn & Associates, Inc. and Jones & Carter, Inc. requesting a statement of qualifications for performance of a water reuse feasibility study. She added that a response was requested by April 19, 2006.

DISCUSS OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING REQUIREMENTS

Ms. Humphries reviewed a memorandum from ABHR regarding training requirements related to the Texas Open Meetings Act and the Texas Public Information Act. A copy of the memorandum regarding the Open Meetings Act and Public Information Act training requirements is attached.

ACCEPT CERTIFICATE DECLARING UNOPPOSED STATUS OF CANDIDATES FOR ELECTION TO BOARD OF DIRECTORS

Ms. Humphries presented the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors executed by the Secretary of the Board stating that the District received only two candidate applications for the two director positions for the May 13, 2006, directors election. After review and discussion, Director Crow moved to accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors. Director, Bertrand seconded the motion which passed unanimously. A copy of the Certificate is attached.

ADOPT ORDER DECLARING UNOPPOSED CANDIDATES ELECTED TO OFFICE

Ms. Humphries presented an Order Declaring Unopposed Candidates Elected to Office stating that Directors Kluppel and Zarate are declared elected to office to serve from the May 13, 2006, election until the May, 2010, directors election. Director Crow moved that the Board adopt the Order Declaring Unopposed Candidates Elected to Office. Director Bertrand seconded the motion which passed unanimously. A copy of the Order is attached.

ADOPT ORDER OF CANCELLATION

The Board next reviewed an Order of Cancellation to cancel the election scheduled to be held on May 13, 2006. Following review and discussion, Director Crow moved that the Board adopt the Order of Cancellation and authorize posting of the Order on Election Day at each polling place that would have been used in the election. Director Bertrand seconded the motion, which passed unanimously. A copy of the Order of Cancellation is attached.

REPORTS FROM BOARD MEMBERS

Director Bertrand reported that in regards to the signage project for the new trail, the signs will be ordered and installed.

Directors Kluppel and Bertrand will investigate sources of emergency fuel.

Directors Zarate and Kluppel reported that even though the Amended Code of Ethics allows directors to accept gifts and entertainment under certain circumstances that they had not received any gifts or entertainment during the month.

REPORTS FROM DISTRICT CONSULTANTS

There were no reports from the consultants.

ACTION ITEM LIST

The Board reviewed and updated the action list.

RECEIVE COMMENTS FROM THE PUBLIC

Mr. Boyd made a comment in regards to the VFD contributions.

CONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ITS ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION INCLUDING PERMIT PROTESTS

At 7:45 p.m., Director Taylor announced that the Board would convene in executive session.

RE-CONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION PENDING OR CONTEMPLATED LITIGATION INCLUDING PERMIT PROTESTS

Director Taylor announced the Board would reconvene in open session at 8:10 p.m. The Board took no action.

RESPONSE TO REQUEST FOR QUALIFICATIONS FOR OPERATOR PROPOSALS

The Board reviewed the format of the Requests for Operator Proposals. After review and discussion, Director Crow moved to authorize Director Taylor and Director Zarate to finalize and distribute the RFP and then schedule meetings with the three operators regarding the RFPs to answer any questions regarding the proposals. Director Bertrand seconded the motion, which passed unanimously.

There being no further business to come before the Board, the meeting was adjourned.




Secretary, Board of Directors

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