

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

April 25, 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, April 25, 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: Members of Boy Scout Troop 1880; Larry Danna of the Pecan Grove Volunteer Fire Department; 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"); Jim Brown, Mike Thelen and Clay Brandenburg of ECO Resources, Inc. ("ECO"); Shirley McLennan of McLennan & Associates, L.P.; Mr. and Mrs. C.K. Dickenson, residents of the District; Clyde King of the Fort Bend Herald; Irvin Berger and Harry Mellon of Ransom Partners, Ltd. ("Ransom Partners"); 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 March 28, 2006 meeting which had been prepared and distributed in advance of the meeting. Following review and discussion, Director Kluppel moved to approve the March 28, 2006, meeting minutes as presented. Director Bertrand seconded the motion, which was approved by unanimous vote.

RECEIVE REPORT AND AUTHORIZE APPROPRIATE ACTION REGARDING
EAGLE BOY SCOUT PROJECT

Director Zarate reported that she spoke with an Eagle Scout in regards to his proposed storm sewer inlet stenciling project.

UPDATE ON GARBAGE AND RECYCLING SERVICES

Mr. May discussed garbage and recycling services in the District.

DEVELOPMENT AND MAINTENANCE OF PARKS

In Mr. Haines' absence, Director Zarate reviewed with Board the YMCA parks management report, a copy of which is attached.

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. Following review and discussion, Director Crow moved that the Board approve the tax assessor/collector's report and authorize payment of bills from the tax account. Director Kluppel seconded the motion, which passed by unanimous vote.

OPERATOR'S REPORT

Mr. Thelen reviewed the operations report for the month of March 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. Thelen presented a message that will appear on the water bills regarding the water bills' new format, a copy of which is attached. Director Taylor suggested alerting the public on the next water bill that there will be no trash pick-up on Memorial Day.

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 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.

CONSUMER CONFIDENCE REPORT

Mr. Thelen reviewed a proposed Consumer Confidence Report with the Board. Following review and discussion, Director Kluppel moved that the Board approve the Consumer Confidence Report, authorize the operator to mail the Consumer Confidence Report to District customers, and to file the Consumer Confidence Report with the Texas Commission on Environmental Quality. Director Bertrand seconded the motion, which passed unanimously.

REPORT ON DITCH, LEVEE MAINTENANCE, REPAIRS

Mr. Naff reported on ditch and levee maintenance. The Board discussed the golf cart path repairs needed in Plantation Park. After discussion, Director Bertrand moved that the Board authorize CDC to improve the path in Plantation Park in an amount not to exceed \$2,000 including materials and labor. Director Crow seconded the motion, which passed unanimously.

UPDATE FROM PECAN GROVE VOLUNTEER FIRE DEPARTMENT REGARDING AGREED UPON PROCEDURES AUDIT

The Board concurred to leave this agenda item in place until the PGVFD provides the Board with a timetable for the audit.

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.

Mr. Lambert presented Progress Payment No. 4 and final for the Jones Creek outfall project. Following review of the report and discussion, Director Bertrand moved that, based upon Mr. Lambert's recommendation, the Board approve Pay Estimate No. 4 to NBG Constructors, Inc. in the amount of \$5,700.90 for the Jones Creek outfall project, accept the engineer's certificate of completion and accept the project for maintenance by the District. Director Crow seconded the motion, which passed by unanimous vote.

Mr. Lambert reported on repairs needed to the manholes on Old South. Mr. Lambert reviewed an estimate from CDC in the amount of \$8,925.00, a copy of which is

attached. After review and discussion, Director Bertrand moved that the Board authorize CDC to make the repairs to the manholes on Old South not to exceed \$8925.00.

Director Bertrand questioned why there had been no progress made on the drainage improvement plan by the engineers. Mr. Lambert apologized for the inactivity. After discussion, the Board concurred that it was not pleased with the pace of the project.

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

RECEIVE UPDATE ON ANNEXATION REQUESTS, INCLUDING PRESENTATION ON POSSIBLE ANNEXATION OF TRACTS ON PITTS ROAD, DISCUSS FEASIBILITY AND AUTHORIZE APPROPRIATE ACTION, INCLUDING AUTHORIZE EXECUTION OF ANNEXATION AGREEMENT, IF APPROPRIATE

Mr. Berger and Mr. Mellon proposed an annexation of 22 acres into the District. Mr. Berger stated that he projects that the tract will be developed into approximately 80 single family detached homes on 6,000 square foot lots and valued at \$190,000 to \$250,000. Mr. Berger stated his preference to use Ransom Partners' engineer to design the facilities. After review and discussion, the Board concurred that in order for the land to be annexed, Ransom Partners must use the District's engineer as the engineer for the design of facilities to be maintained by the District. Mr. Berger then presented a check in the amount of \$1,000 for J&C to conduct the initial annexation feasibility study. Director Zarate advised the developers that the District has a policy of not providing potable water for use in filling amenity lakes. Director Crow moved that the Board accept the check for \$1,000 from Ransom Partners and authorize J&C to proceed with the study, not to exceed \$1,000. Director Bertrand 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 Kluppel moved that the Board approve the bookkeeper's report, investment report and payment of the District's bills. Director Bertrand seconded the motion, which passed unanimously.

SURFACE WATER AND SUBSIDENCE ISSUES AND BRAZOS RIVER AUTHORITY

Director Zarate briefly discussed the response letter from the City of Richmond regarding the City participating in the Groundwater Reduction Plan and advised that it

was in response to a December 2005 letter from the District formally asking the City of Richmond of their interest in participating in a GRP with the District.

Director Zarate stated that letters were sent to Kimley-Horn & Associates, Inc. and J&C requesting a statement of qualifications for performance of a water reuse feasibility study. She added that a response was requested by April 19, 2006 and noted that J&C submitted their proposal after the response date. After review and discussion, Director Zarate moved that the Board accept the proposal from Kimley-Horn & Associates, Inc. Director Kluppel seconded the motion. Upon the question being called, Directors Taylor, Kluppel, Crow and Zarate voted "Aye", Director Bertrand voted "No" and the motion passed.

The Board then discussed whether to participate in the Fort Bend County Water Control and Improvement District No. 2, Preliminary Engineering Study for Feasibility of Groundwater Reduction Plan Participation (the "Study Agreement") and submit a check in the amount of \$5,000 for the participation fee. After review and discussion, Director Crow moved that the Board sign the Study Agreement and submit a check for \$5,000 to participate. Director Zarate seconded the motion, which passed unanimously.

DISCUSS AND AUTHORIZE APPROPRIATE ACTION REGARDING MATTERS BEFORE THE TEXAS LEGISLATURE

Director Zarate had nothing to report.

REPORTS FROM BOARD MEMBERS

Director Zarate reported that she had not received any gifts or entertainment during the month from persons or entities doing business within the District; however, the District had purchased lunch for a meeting to discuss the water reuse study.

Director Bertrand stated he enjoyed attending the ABHR/ECO/LJA MUD Masters Golf Tournament.

REPORTS FROM CONSULTANTS

Ms. Humphries discussed and reviewed a letter from AWBD regarding the alleged inappropriate expenditures by a municipal utility district board in Harris County. Ms. Humphries further stated that ABHR may draft a proposed AWBD expenditure guidelines to submit to all districts to adopt, in response to that investigation.

ACTION ITEM LIST

The Board reviewed and updated the action list.

RECEIVE COMMENTS FROM THE PUBLIC

Larry Danna of the PGVFD commented on the annual 5 Miles My Way fundraiser on July 4, 2006. He stated that applications are available at the Fire Department.

RESPONSE TO REQUEST FOR QUALIFICATIONS FOR OPERATOR PROPOSALS

The Board concurred to meet on Thursday, May 4, 2006 at the Pecan Grove Country Club to further discuss this issue.

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 8:25 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 8:35 p.m. The Board took no action.

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


Secretary, Board of Directors



LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
parks management report.....	2
tax assessor/collector's report	2
operations report.....	2
message that will be on water bills regarding the water bills' new format	2
engineer's report	3
estimate from CDC in the amount of \$8,925.00	3
bookkeeper's report.....	4