

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

July 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, July 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 except Directors Bertrand and Zarate, thus constituting a quorum.

Also present were the following: Brian Haines of the YMCA; Adam Lambert of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Pat Naff of CDC Maintenance, Inc. ("CDC"); Cathy Falke and Mike Thelen of ECO Resources, Inc. ("ECO"); Andrew Phelps and Michael Ammel of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Robert Barta, resident of the District; Clair Maciel of the Fort Bend Herald; Matthew May of Waste Corporation of America; and Lynne Humphries, Josh Hancock and Janet Eisenberg of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The first order of business was to consider approving the minutes of the June 27 and July 20, 2006 meetings meeting which have been prepared and distributed in advance of the meeting. Following review and discussion, Director Kluppel moved to approve the June 27 and July 20, 2006, meeting minutes. Director Crow seconded the motion, which was approved by unanimous vote.

UPDATE ON GARBAGE AND RECYCLING SERVICES

Mr. May discussed garbage collection services. He updated the Board on the cleanup of fluid that leaked from a truck and conversations with Chief Perry regarding the cleanup procedures. Mr. May updated the Board on steps being taken to prepare for the possibility of single stream recycling.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Haines of the YMCA presented the parks management report, a copy of which is attached. He discussed park maintenance and repairs and landscape management. The Board tabled discussion of the Park Rules and Regulations regarding large group events at the District's parks and new signage rules. There was no discussion on the irrigation audit.

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

AUTHORIZE DELINQUENT TAX ATTORNEY TO PROCEED WITH THE COLLECTION OF DELINQUENT TAXES

After discussion, Director Kluppel moved that the Board authorize the delinquent tax attorney to proceed with the collection of delinquent taxes. Director Crow seconded the motion, which passed unanimously.

OPERATOR'S REPORT

Ms. Falke reviewed the ECO operations report for the month of June 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. She also reviewed an insurance update on the status of pending claims. Director Taylor asked about the status of the review of chlorination equipment at the wastewater treatment plant. Mr. Phelps stated that he was meeting with the engineer at the plant tomorrow to review the equipment. Ms. Falke stated that a representative from ECO would also attend the meeting to identify equipment under warranty. In response to a question from Director Taylor, Mr. Ammel stated that he has three months of meter readings on the accounts receivable reports.

Mr. Ammel then reviewed the EDP operations report for the month of June 2006 with the Board, a copy of which is attached. He stated that he will recommend repairs to the sludge press at the next meeting. Mr. Ammel stated that a separated storm pipe under the street at 2315 Wren Meadow needs to be repaired. He reviewed an estimate for the repair from Tackle in the amount of \$13,025. Mr. Ammel stated that he is

working with Fort Bend County for the replacement of the pavement. Mr. Ammel stated that a driveway located at 2415 Cooling Breeze needs to be replaced due to damage caused by the location of a manhole. He stated that the repairs will total \$1,350. Mr. Ammel recommended that a backup chemical feed induction pump be installed at the wastewater treatment plant at a cost of \$3,500. He recommended that a portable video inspection unit be purchased for the District at a cost of \$9,650. Mr. Ammel recommended that booster pump no. 1 at water plant no. 1 be repaired at a cost of \$3,425. The Board deferred action on (1) replacement of a defective chlorine cylinder hoist and (2) replacement of broken chemical feed controllers, which were noted in the report. After review and discussion, Director Kluppel moved that the Board approve (1) repairs at 2315 Wren Meadow at a cost of \$13,025 and payment to Fort Bend County for replacement of the pavement; (2) repair of the driveway at 2415 Cooling Breeze at a cost of \$1,350; (3) installation of a pump at the wastewater treatment plant at a cost of \$3,500; (4) purchase of a video inspection unit at a cost of \$9,650; and (5) repair of the booster pump at a cost of \$3,425. Director Crow seconded the motion, which passed unanimously. After discussion, Mr. Ammel said all needed repairs will be referenced in the operator's report so detailed discussion does not need to be in the minutes.

Mr. Ammel stated that a customer requested that the District repair a driveway that has settled over a storm sewer line located at 510 William Morton. He stated that he will video the line and report to the Board.

Mr. Ammel reviewed a letter from Ms. Chierighino of 2439 Standing Oak Lane requesting a refund for plumbing expenses in the amount of \$253.11. He stated that receipts were provided to the District. Mr. Ammel stated that the District repaired the lateral line. After review and discussion, Director Kluppel moved that the Board approve a refund in the amount of \$253.11 to Ms. Chierighino. Director Crow seconded the motion, which passed unanimously.

Mr. Ammel reviewed a letter from Mr. Godinez requesting repair of the jogging trail from the Randalls Store to Pitts Road. Mr. Ammel stated that he has responded to Mr. Godinez that the District is working on repairs to the jogging trail.

Mr. Ammel stated that he and the District's bookkeeper are working on reconciling accounts receivable. Director Crow requested that the operator check the gate on the levee near Belin Field frequently and replace blue markers in the streets as needed.

Following review and discussion of the operations report, Director Kluppel moved to accept the report. Director Crow 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. Ammel 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 Crow seconded the motion, which passed unanimously.

DISCUSS AND AUTHORIZE APPROPRIATE ACTION REGARDING DISTRICT NEWSLETTER AND WEBSITE, AND ADVERTISEMENT SPACE IN PECAN GROVE VOLUNTEER FIRE DEPARTMENT 2007 CALENDAR

Mr. Ammel updated the Board on additions to the website. Director Crow asked that Mr. Ammel request that Ms. Payne send him a draft of the newsletter. The Board asked Mr. Ammel to obtain information from Mr. May on recycling changes for the newsletter.

The Board tabled discussion on an advertisement in the Pecan Grove Volunteer Fire Department 2007 Calendar.

DISCUSS AND AUTHORIZE APPROPRIATE ACTION REGARDING THE DISTRICT'S REQUEST TO THE PECAN GROVE VOLUNTEER FIRE DEPARTMENT FOR AN AGREED UPON PROCEDURES AUDIT

It was noted that the VFD's auditor was working on the audit.

REPORT ON DITCH, LEVEE MAINTENANCE, REPAIRS

Mr. Naff reported on ditch and levee maintenance. Director Taylor asked Mr. Naff to review the growth in the bottom of the east ditch between Pitts Road and Mayweather Road. Director Crow asked that Mr. Naff review the damage near the ditch on Farmer Road near Texana Plantation.

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 reviewed the design of the wastewater treatment plant conversion project. He stated that he is meeting with Directors Taylor and Kluppel to review the plans prior to advertisement of the project. After review and discussion, Director Kluppel moved that the Board approve the plans and specifications and authorize the engineer to advertise for bids for modifications to the wastewater treatment plant and RBC units, contingent upon final approval by Directors Taylor and Kluppel. Director Crow seconded the motion, which passed unanimously.

Mr. Lambert updated the Board on the construction of Phase II (A) of the levee jogging trail. He stated that he is working with the contractor to ensure the establishment of grass adjacent to the trail.

Mr. Lambert updated the Board on sanitary sewer rehabilitation. He reviewed and recommended payment of Final Pay Estimate No. 2 in the amount of \$4,976.55 to Texas ReExcavation, L.C. After review and discussion, Director Kluppel moved, that based upon the engineer's recommendation, the Board approve payment of Final Pay Estimate No. 2 in the amount of \$4,976.55 to Texas ReExcavation, L.C. Director Crow seconded the motion, which passed unanimously.

Mr. Lambert stated that he met with representatives of the Golf Club to review the plan for drainage improvements. He added that he is preparing a memo on the recommended improvements.

Mr. Lambert reviewed the Project Cost Tracker, a copy of which is attached.

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.

DISCUSS AND AUTHORIZE APPROPRIATE ACTION REGARDING DEVELOPMENT OF A DETAILED DISASTER PREPARATION AND RECOVERY PLAN FOR THE DISTRICT

Director Kluppel updated the Board on preparation of a Disaster Preparation and Recovery Plan for the District.

DISCUSS ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

The Board discussed the Association of Water Board Directors ("AWBD") summer conference. Ms. Humphries stated that, at the request of several other districts, ABHR is preparing a model media kit that the District can use to respond to the media. The Board concurred that preparation of a media kit is not necessary at this time. After discussion, Director Crow moved that the Board authorize all directors to attend the winter AWBD conference. Director Kluppel seconded the motion, which carried 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 Crow seconded the motion, which passed unanimously.

The Board discussed the budget for the fiscal year ending September 30, 2007. Mr. Lambert stated that he and Director Taylor will determine a number to add to the budget for rehabilitation of sewer lines. He requested that Ms. McLennan add \$25,000 to the budget for televising of the sewer lines.

SURFACE WATER AND SUBSIDENCE ISSUES AND BRAZOS RIVER AUTHORITY

Director Kluppel stated that the Board will conduct a workshop meeting on September 7, 2006 for a presentation of the Kimley-Horn & Associates, Inc. Engineering Water Reuse Feasibility Study.

RECEIVE REPORTS FROM BOARD MEMBERS, INCLUDING DISCLOSURE REPORTS

There was no discussion on this agenda item.

REPORTS FROM CONSULTANTS

Ms. Humphries reviewed a letter from SRNK, LLC, a copy of which is attached, inviting the District to participate in a sludge disposal program. The Board concurred to add this item to the agenda for the next meeting.

ACTION ITEM LIST

The Board reviewed and updated the action list.

RECEIVE COMMENTS FROM THE PUBLIC

There were no comments from the public.

DISCUSS POSSIBLE AGREEMENT WITH FORT BEND COUNTY SHERIFF'S DEPARTMENT AND/OR HOMEOWNERS ASSOCIATIONS FOR SECURITY IN THE DISTRICT

Director Taylor stated that Director Bertrand is meeting with the homeowners associations in August about jointly contracting with the Fort Bend County Sheriff's Department for security.

REVIEW TRAVEL REIMBURSEMENT GUIDELINES AND AUTHORIZE APPROPRIATE ACTION

The Board tabled action on this agenda item.

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

At 7:20 p.m., Director Taylor announced that the Board would convene in executive session.

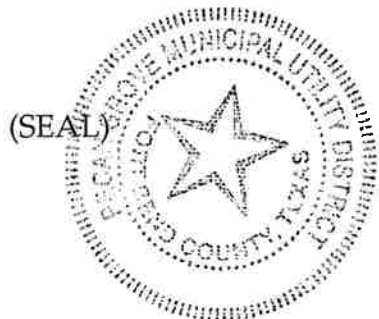
RE-CONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION PENDING OR CONTEMPLATED LITIGATION

Director Taylor announced the Board would reconvene in open session at 7:30 p.m. The Board took no action.

CONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551.076, TEXAS GOVERNMENT CODE, TO DELIBERATE THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES

The Board did not convene in executive session.

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



Assistant Secretary, Board of Directors

Abby E. Zerk

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