

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

April 24, 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 24th day of April, 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; Breah Campbell, Mike Ammel and Tracy Butcher of Environmental Development Partners, LLC ("EDP"); Justin Ring, Philip Huseman and Megan Crutcher of Odyssey Engineering ("Odyssey"); Chief Joe Woolley of Pecan Grove Volunteer Fire Department ("PGVFD"); Pat Naff of CDC Unlimited, LLC; Mary Ann Mihills and Autumn Phillips of Municipal Accounts & Consulting, LP ("MAC"); Kathy Cruthirds of Tax Tech, Inc.; Greg Lentz of Masterson Advisors, LLC ("MA"); and Lynne Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REMARKS FROM THE BOARD PRESIDENT

Director Howard opened the meeting at 5:33 p.m. and welcomed attendees.

COMMENTS FROM THE PUBLIC

Mr. Busby said the Pecan Grove Country Club is taking applications for temporary summer employment.

FINANCIAL ADVISORY SERVICES

Mr. Lentz discussed his recent move from Hilltop Securities, Inc. to MA and requested that the Board consider engaging MA as the District's financial advisor. Following review and discussion, Director Crow moved to (1) authorize ABHR to send a letter terminating the District's contract with Hilltop Securities and providing notice

required by the contract; and (2) approve a financial advisory services contract with MA. Director Bertrand seconded the motion, which passed unanimously.

SECURITY AND PUBLIC SAFETY MATTERS

Chief Woolley provided an update regarding PGVFD activity and events since the last Board meeting, and reported an upgrade of the District's Insurance Service Office ("ISO") level 2 rating effective as of September 1, 2018.

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

No items were removed from the consent agenda and there was no additional discussion for this agenda item.

ADDITIONAL BOOKKEEPING ITEMS

There were no additional bookkeeping items discussed.

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 and requested authorization to pressure wash around the perimeter fence of Pecan Grove Park for an estimated amount of \$4,000. Following review and discussion, Director Crow moved to (1) approve the parks management report; and (2) authorize Time & Season to pressure wash around the perimeter fence of Pecan Grove Park for an amount not to exceed \$4,000. Director Yokubaitis seconded the motion, which passed unanimously.

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 water accountability for the month of March, 2018. Discussion ensued regarding recent water quality issues and investigation of same.

Ms. Campbell discussed routine repairs completed and requested authorization to replace lift pump no. 2 at lift station no. 9 for an estimated cost of \$21,010.

Ms. Campbell distributed and reviewed an annual report on the District's Identity Theft Prevention Program ("Program") reflecting the effectiveness of the Program in addressing identity theft risk. She noted that EDP is required to prepare an annual report as Program Administrator. Ms. Campbell stated the annual report indicates no significant incidents of Identity Theft detection and she does not recommend any changes to the Program at this time.

Following review and discussion, upon a motion by Director Kluppel and a second by Director Crow, the Board voted unanimously to (1) approve the operator's report; and (2) approve replacement of lift pump no. 2 at lift station no. 9 for an estimated cost of \$21,010.

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 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.

ODYSSEY ENGINEERING MATTERS

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

Mr. Ring first discussed a proposed scope of rehabilitation for lift station nos. 4 and 7 and requested authorization to begin design.

Mr. Ring next discussed ongoing reliability assessment of the surface water treatment plant and reviewed a proposal from DCS Engineering ("DCS") in the amount of \$33,500 to perform a facility study. Mr. Ring reviewed the qualifications of DCS said DCS will subcontract the recommended work through Odyssey. Mr. Ring

recommended scheduling a Board workshop meeting following completion of the reliability assessment to review recommendations.

Mr. Ring reviewed proposals for replacement of the fuel tanks at the south pump station and recommended the Board award contracts to the lowest qualified bidders, Thompson Industrial in the amount of \$20,179.54 and Phoenix Coating Specialist, LLC in the amount of \$28,500. Based on the engineer's recommendation, the Board concurred that in its judgment, Thompson Industrial and Phoenix Coating Specialist, LLC were both responsible bidders who would be most advantageous to the District and would result in the best and most economical completion of the project.

Ms. Crutcher next reported the status of the District's application to the National Resources Conservation Service ("NRCS") for Jones Creek slope repairs.

Mr. Ring discussed the levee expansion project in Plantation, Sections 4 and 5 and recommended the Board approve Pay Estimate No. 1 in the amount of 77,558.63, payable to R&T Ellis Excavating, Inc. Mr. Ring said slope paving is complete and grass installation is scheduled for Friday this week. Discussion ensued regarding reports of vehicles driving on the east side of the expansion construction. Mr. Ring said Odyssey will survey when the project is complete to confirm that the height of new segment matches the height of the existing levee at this location and complies with applicable Federal Emergency Management Agency ("FEMA") and United States Army Corps of Engineers ("USACE") regulations. Ms. Campbell said EDP will install a pipe gate similar to gates on the District's other levees to limit vehicular access. Mr. Ring said Odyssey will address recertification with FEMA after the project is complete, but noted that sluice gates are not required in the detention pond because it will now be wholly within the levee protection.

Discussion ensued regarding joining the Gulf Coast Water Authority ("GCWA") in protest of a proposed wastewater discharge permit into Jones Creek near the intersection of FM359 and FM 723. Following discussion, the Board concurred to authorize Director Kluppel to follow up with the GCWA to determine if there are any costs associated with joining GCWA's protest of the proposed permit.

Ms. Crutcher updated the Board regarding the status of installation of sluice and flap gates on FM 359 and recommended the Board approve Pay Estimate No. 6 in the amount of \$74,876.13, payable to Black Castle General Contractors.

Following review and discussion, and based upon Odyssey's recommendation, upon a motion by Director Crow and a second by Director Yokubaitis, the Board voted unanimously to (1) approve the engineer's report; (2) authorize design of rehabilitation for lift station nos. 4 and 7; (3) approve a proposal in the amount of \$33,500 from DCS Engineering for a reliability assessment at the surface water treatment plant; (4) award

contracts to Thompson Industrial, LLC in the amount of \$20,179.54 and Phoenix Coating Specialist, LLC in the amount of \$28,500 for replacement of the fuel tanks at the south pump station; and (5) approve pay estimates, as presented and discussed above.

DISTRICT WEBSITE AND NEWSLETTER

The Board concurred to post to the website tax and water rates comparative reports prepared by Municipal Financial Services.

REPORTS FROM DIRECTORS, COMMITTEES AND DISTRICT CONSULTANTS

The Board concurred to meet on May 8, 2018 at 9:00 a.m. to canvass the 2018 Directors Election and reschedule the Board's May, 2018 Board meeting to June 5, 2018 at 5:30 p.m. due to the Memorial Day weekend.

ATTORNEY'S REPORT

There was no discussion for this agenda item.

Director Howard announced that the Board would take a brief break at 6:31 p.m. before convening in executive session.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

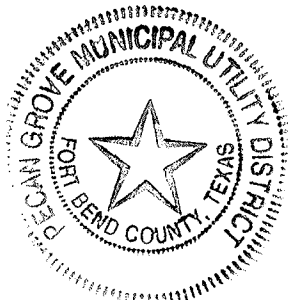
Director Howard announced the Board would convene in executive session at 6:40 p.m. to conduct a private consultation with the District's attorney. ABHR and Odyssey were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 7:36 p.m.

There being no additional business to consider, the meeting was adjourned at 7:37 p.m.

(SEAL)




Secretary, Board of Directors

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