

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

August 28, 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 28th day of August, 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:

Ryan Yokubaitis	President
Stephen D. Crow	Vice President
G.E. "Buddy" Kluppel	Secretary
Jean Gobar	Assistant Secretary
Charles D. Bertrand	Assistant Vice President

and all of the above were present, except Director Bertrand 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; Sergeant Michael Patterson of Fort Bend County Sheriff's Department; Breah Campbell, Russell Piper and Cheryl Shafer of Environmental Development Partners, LLC ("EDP"); Justin Ring, Phillip Huseman and Megan Crutcher of Odyssey Engineering ("Odyssey"); Pat Naff of CDC Unlimited, LLC; Autumn Phillips of Municipal Accounts & Consulting, LP ("MAC"); Greg Lentz of Masterson Advisors LLC; Kathy Cruthirds of Tax Tech, Inc.; Joe Woolley of Pecan Grove Volunteer Fire Department ("PGVFD"); Trevor Royal of WCA Waste Corporation of Texas; and Hannah Brook and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

REMARKS FROM THE BOARD PRESIDENT

Director Yokubaitis opened the meeting at 5:30 p.m. and welcomed attendees.

COMMENTS FROM THE PUBLIC

Mr. Metcalf commented regarding recently adopted water rates and requested that the Board implement a graduated water rate and revise utility billing to show customers charges under each graduated rate.

CONSENT AGENDA

Director Yokubaitis 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, with the exception of agenda items 3(f) and 3(g). 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. The Board concurred to defer discussion of agenda items 3(f) and 3(g) until the security report.

GARBAGE COLLECTION AND RECYCLING MATTERS

Mr. Royal discussed a notice sent by WCA to the District on August 15, 2018 notifying the District that WCA intends to assess a recycling processing fee in the amount of \$0.92 each month for each home in the District beginning October 1, 2018. Mr. Royal discussed current and future recycling markets and requested authorization to implement the increase on October 1, 2018. Following review and discussion, the Board concurred to table discussion, and Mr. Royal agreed, for 60 to 90 days.

ADDITIONAL BOOKKEEPING ITEMS

There was no discussion for this agenda item.

SECURITY AND PUBLIC SAFETY MATTERS

Chief Woolley provided an update regarding PGVFD activity and events since the last Board meeting in the PGVFD service area and presented correspondence from the Texas Department of Insurance congratulating the PGVFD on an Insurance Service Office ("ISO"), Class 2 rating. Following review and discussion, the Board concurred to post the letter on the District website.

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

Mr. Minchew said that the Pecan Grove Property Owner's Association ("POA") has decided to continue sharing the cost of patrol services with the District as part of the District's Interlocal Agreement for Law Enforcement Services with the Fort Bend County Sherriff's Department ("ILA"). Mr. Minchew said the POA intends to request revisions to the contract and/or adjustments to patrol and requested a copy of the ILA and cost sharing agreement for review and comment. Following review and discussion, Director Kluppel moved to approve the ILA and Cost Sharing Agreements, subject to receipt of an executed Cost Sharing Agreement from the POA, and clarification of contract language regarding patrol areas. Director Crow seconded the motion, which passed unanimously.

2018 TAX RATE

Mr. Lentz recommended a 2018 tax rate of \$0.615 per \$100 of assessed valuation, \$0.25 for maintenance and operations and \$0.365 for debt service, which is the same rate levied in 2017. After review and discussion, Director Kluppel moved to approve a proposed 2018 tax rate of \$0.615 per \$100 of assessed valuation, to authorize the tax assessor/collector to publish notice in the Fort Bend Herald of the 2018 tax rate hearing on September 25, 2018, where the Board will adopt the tax rate and to authorize the District's website administrator to post notice of the 2018 tax rate hearing on the District's website. Director Crow seconded the motion, which passed unanimously. A copy of the tax rate analysis is attached.

Mr. Lentz also discussed current refunding bond markets and possible future refunding opportunities to reduce the amount of outstanding debt service.

DEVELOPMENT AND MAINTENANCE OF PARKS

The Board received a written parks report, a copy of which is attached. There was no discussion for this agenda item.

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 July, 2018 and reported a violation on August 15, 2018 that was submitted to the Texas Commission on Environmental Quality ("TCEQ") along with photos. Mr. Piper said he anticipates that the TCEQ will convert the violation notice into an advisory warning only.

Ms. Campbell discussed repair items at District facilities and requested authorization to replace 2 power cables at the north storm water pump station for an estimated amount of \$7,450 per pump.

In response to Mr. Metcalf's earlier comment, Ms. Campbell said the new billing rates will not go into effect until November 28, 2018 and said EDP is working with the Board liaison on the billing display when the new rates are implemented.

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) repair items at District facilities and requested authorization to replace 2 power cables at the north storm water pump station for an estimated amount of \$7,450 per pump.

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

Ms. Crutcher reviewed the Odyssey engineering report, a copy of which is attached and was distributed to the Directors in advance of the meeting. Mr. Ring, Ms. Crutcher and Mr. Huseman provided an update regarding ongoing engineering and construction projects.

Ms. Crutcher said that contracts for installation of the South Pump Station flap gates have been routed to the contractor, Lonnie Lischka Company, LP ("Lischka"), for signature and the flap gates have been delivered, but said that the contractor has agreed to delay the project start until the end of hurricane season since their installation is not required to operate the drainage system during this hurricane season.

Mr. Ring updated the Board regarding follow up with the Pecan Lakes Homeowner's Association regarding the Pecan Lakes make up well at the Pecan Lakes detention pond.

Mr. Ring next reported regarding the status of installation of the north, south and west flood gates on FM 359 and, upon the recommendation of Jones & Carter, who has been completing this contract, recommended the Board accept the facilities.

Following review and discussion, and based upon Odyssey's recommendation, upon a motion by Director Yokubaitis and a second by Director Crow, the Board voted unanimously to (1) approve the engineer's report; and (2) upon the recommendation of Jones & Carter, accept the north, south and west flood gates on FM 359.

DISTRICT WEBSITE AND NEWSLETTER

There was no additional discussion under this agenda item.

REPORTS FROM DIRECTORS, COMMITTEES AND DISTRICT CONSULTANTS

Director Kluppel updated the Board regarding the surface water committee's meeting with DCS Engineering regarding the ongoing reliability assessment at the surface water treatment plant.

Director Kluppel also discussed possible lease of a portion of the District's surplus capacity in the Brazos River Water Authority water system.

ATTORNEY'S REPORT

Ms. Brook updated the Board regarding revisions to the joint maintenance agreement between the District and Fort Bend County Municipal Utility District No. 134D (Harvest Green) received from Harvest Green.

Director Yokubaitis announced at 6:24 p.m. that the Board would take a brief break before convening in executive session.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

Director Yokubaitis announced the Board would convene in executive session at 6:31 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

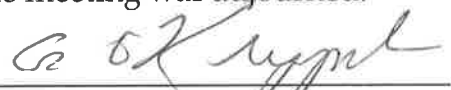
The Board reconvened in regular session at 6:58 p.m. Following review and discussion in executive session, Director Crow moved to proceed, as discussed. Director Kluppel seconded the motion which passed unanimously.

EXECUTIVE SESSION PURSUANT TO SECTION 551.076, TEXAS GOVERNMENT CODE

The Board determined it was not necessary to convene in this executive session.

There being no additional business to consider, the meeting was adjourned.




Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
list of meeting attendees.....	1
bookkeeper's report.....	2
tax assessor collector's report	2
tax rate analysis	3
parks report.....	3
operations report.....	3
engineering report.....	4