

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

September 25, 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 25th day of September, 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, 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; Breah Campbell, Russell Piper and Mike Ammel 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"); Kathy Cruthirds of Tax Tech, Inc.; Joe Woolley of Pecan Grove Volunteer Fire Department ("PGVFD"); Joel Cleveland of The Law Offices of Jeanne H. McDonald, PC, attorney for Fort Bend County Municipal Utility District No. 140 ("FBMUD140"); Ron Dechert of Costello, Inc., engineer for FBMUD140; Trevor Royal of WCA Waste Corporation of Texas; Dave Ciarrella, resident and of Enhanced Energy Services of America, LLC; Jim Ashmore and Cheryl Minchew, residents and members of the Pecan Grove Property Owner's Association (the "POA"); and Lynne Humphries, 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., welcomed attendees and commented regarding National Voter Registration Day.

COMMENTS FROM THE PUBLIC

Ms. Bergalia reminded meeting attendees of an upcoming POA election on October 16, 2018 and encouraged everyone to vote.

Mr. Cleveland and Mr. Dechert discussed a proposed installation of a flap gate on the outfall pipe of the District's storm water pump station wall outside the south side of

the levee on FM 359 near the Chevron station. Mr. Cleveland said FB MUD 140 is constructing an earthen berm for additional flood protection after Hurricane Harvey, investigated all possible storm sewer openings on FM 359 and wants to include a flap gate to close off a storm sewer draining a portion of FM 359. Mr. Cleveland said FB MUD 140 will finance and maintain the flap gate.

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. 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.

PUBLIC HEARING REGARDING DISTRICT'S TAX RATE, ORDER LEVYING TAXES, AND AMENDMENT TO INFORMATION FORM

Ms. Cruthirds stated Tax Tech, Inc. published a Notice of Public Hearing in the Fort Bend Herald notifying that the District anticipates levying a \$0.615 tax rate at this meeting. Director Yokubaitis then opened the public hearing for public comments.

No members of the public came forward to make comments. Director Yokubaitis then closed the public hearing.

Ms. Humphries presented to the Board an Order Levying Taxes for 2018 reflecting a total \$0.615 tax rate, comprised of \$0.365 for debt service and \$0.25 for operations and maintenance. She then presented to the Board an Amendment to Information Form reflecting the 2018 tax rate. The Board confirmed its intention that the 2018 tax levy includes a debt service component for the calendar year ending December 31, 2019 and a maintenance tax component for the fiscal year ending September 30, 2019. Following review and discussion, Director Kluppel moved to adopt the Order Levying Taxes as presented, approve and authorize execution of the Amendment to the Information Form, and direct that the Order and Amendment be filed appropriately and retained in the District's official records. Director Bertrand seconded the motion, which passed unanimously.

GARBAGE COLLECTION AND RECYCLING MATTERS

Mr. Royal discussed a notice previously 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 said WCA acquired a material recyclable center on the northeast side of Houston with the September 1, 2018 acquisition of Global Waste Services which will enable WCA to control recycling costs and continue service at current rates. He said WCA will send a letter retracting the price increase tomorrow.

ADDITIONAL BOOKKEEPING ITEMS

Ms. Phillips reviewed a proposed investment diversification schedule. Following review and discussion, Director Bertrand moved to authorize the District bookkeeper to invest funds, as proposed. Director Crow 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 in the PGVFD service area and Fort Bend County Municipal Utility District No. 134E's fire plan election scheduled for November, 2018.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Campbell reviewed a written parks report, a copy of which is attached.

Mr. Campbell submitted a request from the POA for extended park hours for "Christmas in the Park" on December 8, 2018. The Board concurred to authorize the extended parks hours, as requested.

Mr. Campbell also submitted a request from Sugar Land Preparatory Academy to use the District recreational fields for a kickball tournament and for the Board to waive the park use fee. Following discussion, the Board concurred to authorize use of the fields, as discussed, and to waive the park use fee.

Mr. Campbell next presented a request from a Girl Scout troop to install a purple martin house in the park. The Board requested additional information regarding maintenance following installation.

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 August, 2018. Ms. Campbell said EDP is closely monitoring the temporary use interconnect between the District and Fort Bend County Municipal Utility District Nos. 134D and 134E ("Harvest Green"). Ms. Campbell also reviewed utility billing insert language regarding upcoming increases to the sanitary sewer base rate due to garbage collection/recycling increases.

Discussion ensued regarding the formula for production at the surface water treatment plant.

Following review and discussion, upon a motion by Director Kluppel and a second by Director Crow, the Board voted unanimously to approve the operator's report.

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 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. Humphries reviewed notice letters to the Texas Commission on Environmental Quality ("TCEQ") of the District's intent to use surplus proceeds from the District's Series 2015 and Series 2016 bonds to fund installation of the South Pump Station flap gates and repainting of the gate and fuel tanks.

Mr. Ring next discussed design of the levee along Mason Road between the Pecan Grove Golf Club cart barn and Skinner Road and requested authorization to perform a detailed topographic survey for an estimated amount of \$15,700.

Mr. Ring next discussed application to the TCEQ for renewal of the District's waste discharge permit and requested authorization to make application and execution of the application.

The Board continued discussion regarding FB MUD 140's request earlier in the meeting. Mr. Ring said that Odyssey needs additional information regarding the type of flap gate proposed for installation and regarding hydrology. Mr. Dechert said that FB MUD 140's goal is to plug as many openings along FM 359 as possible to keep water levels down during heavy rain/flooding events and confirmed that the flap gate would be installed outside the District's levee. Discussion ensued regarding potential impact on District facilities and risk to the District. Mr. Ring requested that the Board defer any decision until Odyssey has time to more fully assess and gather additional information. Mr. Dechert requested access to the outfall structure to survey.

Following review and discussion, and based upon Odyssey's recommendation, upon a motion by Director Kluppel and a second by Director Crow, the Board voted unanimously to (1) approve the engineer's report; (2) authorize execution of notice letters to the TCEQ of the District's intent to use surplus proceeds from the District's Series 2015 and Series 2016 bonds to fund installation of the South Pump Station flap gates and repainting of the gate and fuel tanks; (3) authorize a topographic survey of the levee along Mason Road between the Pecan Grove Plantation Country Club cart barn and Skinner Road for an not to exceed \$15,700; (4) authorize application to the TCEQ for renewal of the District's waste discharge permit; and (5) authorize Costello to coordinate with Odyssey and/or EDP for access to District's outfall on FM 359 for surveying purposes.

Mr. Ring responded to Mr. Metcalf and Ms. Hale-Erich regarding the integrity of the new levee around Plantation, Sections 4 and 5 detention pond and plans to recertify the levee to redefine the new levee.

DISTRICT WEBSITE AND NEWSLETTER

Upon a motion by Director Crow and a second by Director Bertrand, the Board voted unanimously to authorize website posting of updating energy consumption information and information regarding new water rates.

REPORTS FROM DIRECTORS, COMMITTEES AND DISTRICT CONSULTANTS

There was no additional discussion under this agenda item.

ATTORNEY'S REPORT

Ms. Humphries discussed an initiative of the Fort Bend County Commissioner Precinct 3 to make matching funds available to homeowner associations and municipal

utility districts in Precinct 3 for the installation of new landscaping projects on esplanades or along public right-of-way. She added Commissioner Meyer was particularly interested in FM 359 and Mason Road beautification. Following discussion, the Board concurred to authorize ABHR to send a letter of interest to Commissioner Meyers requesting additional information regarding tree planting and landscaping along FM 359 and Mason Road.

Director Yokubaitis announced at 6:42 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 6:48 p.m. to conduct a private consultation with the District's attorney regarding litigation. ABHR and Odyssey were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 7:37 p.m.

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


Secretary, Board of Directors

(SEAL)



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