



Town Hall Meeting • June 19, 2024

Frequently Asked Questions

Regarding Proposed Acquisition and Lease of Pecan Grove Plantation Country Club

1. What is being proposed for the Pecan Grove Plantation Country Club?

- Pecan Grove Municipal Utility District (the “District”) has entered into a purchase agreement with Pecan Grove Golf, LLC (the current owner of Pecan Grove Plantation Country Club) to purchase the Pecan Grove Plantation Country Club real property (the swimming pools, tennis courts, recreational workout facilities, golf course, country club building (which includes the event spaces and restaurant facilities contained therein), driving ranges, cart storage facilities, cart paths, and parking areas).
- The District is currently negotiating an agreement with the Club at Pecan Grove, Inc. to lease, for operation and maintenance, a portion of the Pecan Grove Plantation Country Club real property (the golf course, country club building and associated parking facilities, driving ranges, cart storage facilities, cart paths, and maintenance barn). The lease agreement is currently being negotiated and is not finalized.
- The District plans to enter into one or more service agreement(s) with third-party contractors to maintain and operate the portion of the Pecan Grove Plantation Country Club that will not be leased to the Club at Pecan Grove, Inc. (The swimming pools, tennis courts, recreational workout facilities, and associated walkways and parking facilities.) The terms of these service agreements are not finalized.

2. What source of money(ies) is/are planned to be used to pay for the purchase of the Pecan Grove Plantation Country Club?

The District plans to finance the purchase of the Pecan Grove Plantation Country Club through a combination of surplus maintenance and operation tax revenues, surplus water and sewer revenues, and surplus sales tax revenues received pursuant to its strategic partnership agreement with the City of Richmond, Texas.

3. Will the District be responsible for operating and maintaining the golf course and country club building?

No. Under the proposed lease agreement with the Club at Pecan Grove, Inc., the Club at Pecan Grove Inc. will be responsible for the maintenance, operation, and repair of the golf course, country club building, restaurant, and associated parking facilities, driving ranges, cart storage facilities, cart paths, and maintenance barn, and all associated costs for those facilities. Under the proposed lease agreement, the Club at Pecan Grove, Inc. will be required to perform capital improvements to the golf courses and country club building.

4. Will the District be responsible for operating and maintaining the swimming pools, tennis courts, recreational workout facilities, and associated walkways and parking facilities?

Yes. The District plans to own and operate the swimming pools, tennis courts, recreational workout facilities, and associated walkways and parking facilities. These facilities are currently contemplated to be open to the public, subject to an access fee paid by each user. The District is currently developing budgets for the ongoing and regular expenses for these facilities.

5. What will be the use guidelines and reservation options for the facilities operated by the District?

The District is working on rules and rental policies for the facilities that it plans to own and operate (the swimming pools, tennis courts, recreational workout facilities, and associated walkways and parking facilities). The District is also currently looking into companies to hire to coordinate ongoing maintenance and operation of these facilities just as they do for other park and recreational facilities. While not finalized, the District does anticipate charging a fee to users to gain access to the swimming pools, tennis courts, and recreational workout facilities. The District anticipates that the swimming pools, tennis courts, and recreational facilities will be available to members of the public and residents of the District.

6. Who will have access to the facilities proposed to be leased to the Club at Pecan Grove, Inc. (the golf course, country club building and associated parking facilities, driving range, cart storage facilities, cart paths, and maintenance barn)?

It is the intention of the District for both members of the public and residents of the District to have access to the golf course and driving range, subject to an applicable green fee or driving range fee. Additionally, the District anticipates allowing members of the public and residents of the District to reserve tee times and driving range access in advance of a round or session.

The District anticipates that the country club building and restaurant will be open and available to the public for use and enjoyment, with the exception of when the facilities are reserved for private events.

7. How will acquiring the Pecan Grove Plantation Country Club impact the District’s tax rate?

The District’s financial advisor has prepared information about the District’s existing tax rate along with a comparison to nearby MUDs:

2023 Tax Rates							
	Pecan Grove	Waterside Estates	Long Meadow Farms	Summerfield, Park Pointe, Stratford Park, Orchard Lakes Estates	River's Edge	Harvest Green	Fieldstone
	Pecan Grove MUD	Fort Bend County MUD No. 118	Fort Bend County MUD No. 146	Fort Bend County MUD No. 25	Fort Bend County MUD No. 140	Fort Bend County MUD No. 134D	Fort Bend County MUD No. 165
Debt Service	\$ 0.305	\$ 0.400	\$ 0.480	\$ 0.635	\$ 0.600	\$ 0.550	\$ 0.470
Maintenance & Operations	0.305	0.205	0.240	0.219	0.320	0.410	0.490
Total	\$ 0.610	\$ 0.605	\$ 0.720	\$ 0.854	\$ 0.920	\$ 0.960	\$ 0.960

The District’s tax rate is discussed and levied each fall once certified values are released by the Fort Bend Central Appraisal District. The District will determine the necessary tax rate at that time to ensure District expenses are covered, upon recommendation from the District’s financial advisor.

8. What is happening to the memberships currently held in the Pecan Grove Plantation Country Club?

The District is currently not planning to buy from the Pecan Grove Golf, LLC: (i) certain personal property located in the Pecan Grove Plantation Country Club; and (ii) the membership contracts held in the Pecan Grove Plantation Country Club. It is expected that these items will be part of a separate transaction between Pecan Grove Golf, LLC and the Club at Pecan Grove, Inc.

9. What is the timeframe for the closing of the sale of the Pecan Grove Plantation Country Club?

The District and Pecan Grove Golf, LLC have signed a purchase and sale agreement for the Pecan Grove Plantation Country Club. The parties are currently in an inspection period, whereby the District may perform due diligence related to the purchase. Assuming the purchase and sale agreement has not been terminated

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during the inspection period, closing may occur on or before the fifteenth day following the expiration of the inspection period, which expires on August 5, 2024.

10. Who is working on the closing of the Purchase and Sale Agreement and the Lease Agreement for those facilities?

The District is using ABHR, including real estate counsel, and has engaged the law firm of Henslee, Huguely & Klontz, LLP to serve as special counsel in connection with drafting and negotiating the lease agreement and to assist with due diligence and closing of the purchase and sale agreement.