

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

January 29, 2008

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in regular session, open to the public, on the 29th day of January, 2008, at the Pecan Grove Country Club, Highway 359 at Plantation Drive, Richmond, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

Joe Taylor	President
Stephen Crow	Vice President
G.E. Kluppel	Secretary
Richard Stolleis	Assistant Vice President/ Assistant Secretary
John Minchew	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, as indicated on the list attached hereto; Bobby Jones and Jason Kirby of Jones & Carter, Inc. ("J&C"); Greg Ordeneaux of Tax Tech, Inc.; Breah Campbell, Andrew Phelps, and Michael Ammel of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Chief Paul LeDoux of the Pecan Grove Volunteer Fire Department ("PGVFD"); Marquita Griffin of the Fort Bend Herald; Mark McGrath of Null-Lairson, P.C.; Dan McDonald of McDonald Waterworks Insurance Services, L.L.C.; and Lynne Humphries and Janet Eisenberg of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of December 18, 2007, and January 9, 2008 meetings, which had been prepared and distributed in advance of the meeting. Following review and discussion, Director Kluppel moved to approve the December 18, 2007, and January 9, 2008 minutes as submitted. Director Crow seconded the motion, which was approved by unanimous vote.

PRESENTATION FROM PECAN GROVE VOLUNTEER FIRE DEPARTMENT CHIEF PAUL LEDOUX AND RECEIVE COMMENTS FROM THE PUBLIC WHO HAVE SIGNED UP TO SPEAK

Chief Paul LeDoux of the PGVFD stated he had a formal proposal for PGVFD's plan for a Pecan Grove Community Safety Center. Director Taylor announced that the Board would receive comments from the public who had signed up to speak after the presentation. Mr. LeDoux made his Power Point presentation. The Board then received comments from several District residents. Director Taylor stated that the District

currently collects voluntary donations for the PGVFD on the monthly water bill free of charge to the PGVFD. A majority of the residents then left the meeting.

PECAN GROVE ATHLETIC ASSOCIATION

The Board discussed the mowing of Belin Park by the Pecan Grove Athletic Association (the "PGAA"). After review and discussion, Director Kluppel moved to approve the annual payment to the PGAA in the amount of \$8,000. Director Minchew seconded the motion, which passed unanimously.

AUDIT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2007

Mr. McGrath reviewed the District's audit for the 2007 fiscal year. Following review and discussion, Director Stolleis moved to approve the audit, authorize the President's execution of a representation letter and the Texas Commission on Environmental Quality Annual Filing Affidavit, authorize the filing of the audit with the Texas Commission on Environmental Quality, and direct that the audit be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which was unanimously approved.

DISCUSS FIRE AND SECURITY MATTERS

Director Minchew stated that the District is in receipt of the executed Agreement for Additional Law Enforcement Services between the District and Fort Bend County. Director Taylor reported that he received a response from the City of Richmond on his questions about the City's new fire station on Farmer Road. In response to a question from the Board regarding the progress of the audits for PGVFD 2006 and 2007, Mr. Danna stated that he will ask Chief LeDoux to update Director Minchew on the status of the audits.

REPORT ON DITCH, LEVEE MAINTENANCE, REPAIRS

There was no report on this agenda item.

TAX ASSESSOR/COLLECTOR'S REPORT AND CONTRACT FOR THE ASSESSMENT AND COLLECTION OF TAXES

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 2007 tax payments and responded to questions from Board members. Mr. Ordeneaux presented and reviewed a Contract between the District and Esther Flores, RTA. Following review and discussion, Director Crow moved to (1) approve the tax assessor/collector's report and authorize payment of bills from the tax account; and (2) approve the Contract with Esther Flores, RTA and direct that the Contract be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which passed by unanimous vote.

RESOLUTION DESIGNATING AGENT FOR ISSUANCE OF NOTICE TO PURCHASERS

Ms. Humphries reviewed a Resolution Designating Agent for Issuance of Notice to Purchasers with the Board. She stated that the Resolution reflects that the District's agent will be Esther Flores of Tax Tech, Inc., 873 Dulles Avenue, Suite A, Stafford, Texas 77477. Ms. Humphries added that the Resolution will be filed with the Texas Commission on Environmental Quality. After review and discussion, Director Stolleis moved to adopt the Resolution Designating Agent for Issuance of Notice to Purchasers and direct that the Resolution be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which passed unanimously.

INSURANCE POLICIES

Mr. McDonald discussed with the Board a proposal for a peace officer bond that would cover three peace officers. After discussion, the Board concurred to decline the proposal for the peace officer bond.

DISTRICT REGISTRATION FORM

The Board next considered authorizing execution of a District Registration Form reflecting Esther Flores as the tax assessor/collector. After review and discussion, Director Minchew moved to authorize the execution of the District Registration Form and direct that the Form be filed appropriately and retained in the district's official records. Director Crow seconded the motion, which passed unanimously.

UPDATE ON GARBAGE AND RECYCLING SERVICES

There was no report on garbage collection.

DEVELOPMENT AND MAINTENANCE OF PARKS

The Board reviewed a parks management report, a copy of which is attached.

OPERATOR'S REPORT

Mr. Ammel reviewed the EDP operations report for the month of December, 2007, a copy of which is attached, and which was provided previously to the Board. Mr. Phelps recommended and the Board concurred to consider amending the Rate Order at the next regular Board meeting. In response to a question from Director Stolleis, Mr. Phelps stated that he is obtaining estimates for replacement of the elevated storage tank riser pipe. Director Crow requested that the operator replace blue reflector dots in the streets where necessary.

After review and discussion, Director Crow moved to approve (1) the operator's report; (2) replacement of the lab building air conditioner at a cost of \$3,720.00; (3) replacement of the motor on blower no. 5 at a cost of \$3,148.00; and (4) pressure

washing of the storage tanks at water plant no. 3. Director Kluppel seconded the motion, which passed by unanimous vote.

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 Crow 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 Kluppel seconded the motion, which passed unanimously.

DISCUSS DISTRICT NEWSLETTER AND WEBSITE

Mr. Phelps discussed possible articles for the next newsletter. Director Crow stated that the District's next newsletter should be ready for distribution by the next regular Board meeting.

ENGINEER'S REPORT

Mr. Kirby reviewed with the Board the engineer's report, a copy of which is attached, and which had been provided in advance of the meeting.

The Board discussed the recertification of the levee by the Federal Emergency Management Association ("FEMA") and Fort Bend County. Mr. Kirby stated that once the final base flood plain elevations are established, the District can submit its documentation for levee recertification. He added that J&C will obtain a current proposal for the geotechnical and structural portions of the certification process. The Board requested that J&C arrange for an update meeting on the District's recertification process to the Fort Bend County Judge at the appropriate time.

Mr. Kirby distributed the final Storm Water Management Program ("SWMP") and a Notice of Intent for the Board's review.

Mr. Kirby distributed a draft of the preliminary engineering report for bond application no. 11. The Board concurred to approve the bond application and review a preliminary engineering report for construction costs at a special meeting.

Following review and discussion of the engineer's report, Director Kluppel moved to (1) accept the engineer's report as presented, and (2) approve the Stormwater Management Plan and Notice of Intent. Director Crow seconded the motion, which passed unanimously.

CONVERSION TO SURFACE WATER AND AGREEMENTS FOR SALE OF CONVERSION CREDITS

The Board concurred to conduct a special meeting on February 5, 2008 at 5:30 p.m., at the Pecan Grove MUD Customer Service Office, 2035 FM 359, Suite 13, Richmond, Texas, to discuss surface water, future construction costs, and the bond application.

BOOKKEEPER'S REPORT

Ms. McLennan distributed and reviewed the monthly bookkeeper's report, a copy of which is attached and which was provided in advance, including the investment report, budget comparison, and the District's bills. After review and discussion, Director Stolleis moved to approve the bookkeeper's report, investment report and payment of the District's bills. Director Kluppel seconded the motion, which passed unanimously.

ANNUAL DISCLOSURE STATEMENTS

Ms. McLennan presented to the Board the Public Funds Investment Act Disclosure Statements for the bookkeepers and investment officer. Ms. Humphries noted that the Disclosure Statements will be filed with the Texas Ethics Commission. After review and discussion, Director Kluppel moved to accept the Disclosure Statements under the Public Funds Investment Act and direct that the Statements be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which carried unanimously.

REPORTS FROM BOARD MEMBERS AND DISTRICT CONSULTANTS

Director Stolleis updated the Board on the time frame in which the District can expect to receive sales tax revenue pursuant to the Strategic Partnership Agreement between the District and the City of Richmond. He stated that funds may be received by September, 2008.

ATTORNEY'S REPORT

Ms. Humphries stated that, over the years, the District has received several requests for information on its customers. After discussion, Director Kluppel moved to authorize Ms. Humphries to send a letter to one of the District's state representatives requesting an Attorney General opinion on which requests for information on the District's customers are subject to the Public Information Act. Director Crow seconded the motion, which passed by unanimous vote.

Ms. Humphries informed the Board about a National Flood Risk Management Levee Safety Summit. The Board concurred to discuss possible attendance at the Summit at the special meeting.

The Board next considered approving the September 26, 2006, minutes as amended. Ms. Humphries stated that, as requested by the Board, the minutes were amended to reflect that the Board expressed its intention to reimburse its operating fund from future bond proceeds by resolving to make such reimbursement for \$1,877,212 for modifications to the sewage treatment plant and RBC units. Following review and discussion, Director Kluppel moved to approve the September 26, 2006, meeting minutes, as amended. Director Crow seconded the motion, which passed by unanimous vote.

CONVENE IN EXECUTIVE SESSION PURSUANT TO THE 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 to discuss security.

CONVENE IN EXECUTIVE SESSION PURSUANT TO THE CHAPTER 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ITS ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION

The Board did not convene in executive session to discuss contemplated litigation.

CONVENE IN EXECUTIVE SESSION PURSUANT TO THE CHAPTER 551.072, TEXAS GOVERNMENT CODE TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

The Board did not convene in executive session to discuss the purchase of real property.

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

Secretary, Board of Directors

(SEAL)

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