

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

June 25, 2018

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in special session, open to the public, on the 25th day of June, 2018 at the Pecan Grove Customer Service Office at 2035 FM 359, Suite K, Richmond, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

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| 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 Gobar, thus constituting a quorum.

Also present at the meeting were Brea Campbell of Environmental Development Partners, LLC ("EDP"); Justin Ring, Phillip Huseman and Megan Crutcher of Odyssey Engineering ("Odyssey"); and Lynne Humphries of Allen Boone Humphries Robinson LLP ("ABHR").

CAPITAL IMPROVEMENT PLAN

Ms. Crutcher updated the Board on the Capital Improvement and Maintenance Plan ("CIP"). The Board discussed with their consultants the needed projects and funding availability. Odyssey reported DCS will complete the surface water treatment plant evaluation within 45 days. The Board asked EDP to generate a list of needed capital projects at all water plant facilities, including the cost to retrofit all water meters to "smart" meters, which can be electronically tracked and read. Director Yokubaitis reported on a demonstration by Accurate Meters at the recent AWBD Conference, and suggested EDP set up a demonstration for the other Board members. The Board asked ABHR to post notice of a special Board meeting at 12:00 pm on July 16, 2018 at the MUD office to discuss smart meters and see the demonstration.

Ms. Phillips reported the District currently has an 8 month operating reserve. She also reviewed funds available from prior bond issues, and Odyssey and ABHR assisted to determine unallocated, surplus bond funds available for capital improvements. The Board asked ABHR to post notice of another special meeting to continue discussion on the CIP at 3:00 pm on July 24, 2018 at the MUD office and a 2019

fiscal year budget workshop at 5:00 pm on August 13, 2018 at the Pecan Grove Baptist Church.

AMEND BUDGET

The Board determined it was not necessary to amend the budget.

ADOPT AMENDED RATE ORDER

Ms. Campbell presented changes EDP would like make to the Rate Order to match categories with the new billing system. She asked the Board to establish a rate for commercial irrigation meters and fire lines. After discussion, Director Crow moved to adopt the Amended Rate Order to establish a commercial irrigation meter base fee of \$12.00, with commercial water rates, and a monthly fire line charge equal to the base fee of commercial users. Director Bertrand seconded the motion, which was unanimously approved.

The Board asked EDP to review the water and sewer rates and make recommendations for the budget workshop on July 24, 2018 and ABHR to add an item to amend the Rate Order to that agenda.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

Director Yokubaitis announced the Board would convene in executive session at 7:16 p.m. to conduct a private consultation with the District's attorney. ABHR was present during executive session, as was Ms. Crutcher for a portion of executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 7:40 p.m.

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

(SEAL)




Secretary, Board of Directors