

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

January 21, 2019

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in special session, open to the public, on the 21st day of January, 2019 at the Pecan Grove MUD Customer Service Office, 2035 FM 359, Suite K, 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 Justin Ring of Odyssey Engineering Group ("Odyssey"); Simon Vandyk and Michael Willett of Touchstone District Services ("Touchstone"); Greg Lentz of Masterson Advisors, LLC; and Lynne Humphries and Hannah Brook of Allen Boone Humphries Robinson LLP ("ABHR").

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE

Director Yokubaitis announced the Board would convene in executive session at 4:06 p.m. to conduct a private consultation with the District's attorney regarding litigation. ABHR and Britton Harris were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 4:55 p.m. No action was taken by the Board.

REFUNDING BOND ISSUE AND DESIGNATE UNDERWRITER

Mr. Lentz reviewed a potential, future refunding bond issue to partially refund the District's Series 2010 Unlimited Tax Bonds on September 1, 2019. Discussion ensued regarding the process of refunding outstanding bonds. After review and discussion of costs and potential savings, Director Crow moved to authorize the District's financial advisor to prepare a Preliminary Official Statement and to defer

other action until the March, 2019 Board meeting. Director Bertrand seconded the motion, which passed unanimously.

Mr. Lentz then recommended that the Board designate an underwriter for the proposed refunding bond issue. He reviewed data and information regarding previous and potential underwriters. Following review and discussion, Director Crow moved to designate Bank of America Merrill Lynch as the underwriter. Director Gobar seconded the motion, which passed unanimously.

CAPITAL IMPROVEMENT PROJECTS

Mr. Ring next reviewed a list of proposed Capital Improvement Projects. Discussion ensued regarding prioritizing projects and funding for each necessary improvement. Following review and discussion, Director Crow moved to (1) authorize Odyssey to prepare a Bond Feasibility and Engineering Report for proposed improvements totaling \$33,600,000; and (2) schedule a special meeting on February 12, 2019 at 9:00 a.m. to call a bond authorization election. The motion was seconded by Director Gobar and passed unanimously.

The Board next discussed requesting voter authorization to increase the District's maintenance tax from \$0.25 to \$0.75 as an alternative source of funding the proposed Capital Improvements. Following review and discussion, Director Kluppel moved to authorize ABHR to include a separate proposition in the Order Calling Bond Election to request authorization from the voters in the District to increase the current maintenance tax of \$0.25 to \$0.75. The motion was seconded by Director Gobar and passed unanimously.

SERVICES AGREEMENT WITH TOUCHSTONE DISTRICT SERVICES

The Board discussed a proposed scope of work from Touchstone District Services ("Touchstone") to assist with dissemination of public information regarding District financing needs. The Board reviewed a proposed Services Agreement with Touchstone District Services. Following review and discussion, Director Crow moved to approve a Services Agreement with Touchstone District Services to assist with education and awareness regarding a possible bond authorization election, subject to final review of the proposed contract by ABHR. The motion was seconded by Director Gobar and passed unanimously.

Director Bertrand and Director Crow said they would serve as the committee to oversee and assist Touchstone with collection and preparation of information for the Board and the public.

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


Secretary, Board of Directors

(SEAL)

