

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

February 19, 2008

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in special session, open to the public, on the 19th day of February, 2008, at the Pecan Grove MUD Customer Service Office, 2035 FM 359, Suite 13, 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 Jason Kirby of Jones & Carter, Inc. ("J&C"); Andrew Phelps of Environmental Development Partners, LLC; Cliff Kavanaugh of First Southwest Company; and Lynne Humphries and Hannah Brook of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE PRELIMINARY ENGINEERING REPORT AND FINANCIAL ANALYSIS  
RELATED TO FUTURE CONSTRUCTION COSTS

Mr. Kirby reviewed a preliminary engineering report related to future construction costs. He discussed three alternative cost estimates, two of which included water supply and distribution projects, one of which included levee improvement and flood prevention projects. Director Taylor recommended that the Board approve the cost estimate containing alternative no. 2 for water supply and distribution projects that includes a surface water distribution transmission line. Mr. Kavanaugh discussed the financing aspects of the three alternative cost estimates. Ms. Humphries recommended that the Board consider the inclusion of water, sewer, and drainage projects in a final cost estimate in order to allow for future flexibility as to financing needs. Discussion ensued regarding the three alternative cost estimates. The Board requested that Mr. Kirby and Ms. Humphries prepare the required documents and reports to be adopted and approved at the regular meeting on February 26, 2008. After review and discussion, Director Kluppel moved to approve the preliminary engineering report containing the cost estimate with alternative no. 2. Director Crow seconded the motion. Upon the question being called, Directors Taylor, Kluppel, Crow and Minchew voted "Aye", Director Stolleis voted "No" and the motion passed.

Ms. Humphries then recommended the District include authorization for refunding bonds in a future bond election. Mr. Kavanaugh concurred that refunding bond authorization would be in the District's best interests.

#### REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

Mr. Kirby presented a proposed article for the upcoming District newsletter on storm water discharges. The Board requested that Mr. Kirby provide the Storm Water Management Plan (the "Plan") in pdf format for the District's website. The Board requested that Mr. Kirby conduct a Board workshop in March or April on the Plan.

Mr. Kirby reported that the bond application was filed with the Texas Commission on Environmental Quality (the "TCEQ"). Director Kluppel reported that the next meeting of the TCEQ on the surface water pilot program is February 26, 2008, in Austin.

Director Minchew presented an article for the newsletter on recent criminal mischief in the District and a reward offered by the Fort Bend County Crime Stoppers.

Director Kluppel stated he attended the Rosenberg/Richmond Chamber of Commerce lunch as a guest of J&C.

Ms. Humphries stated she would not attend the regular Board meeting next week as she would be attending the national levee conference in St. Louis.

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

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Secretary, Board of Directors

(SEAL)