

MINUTES OF SPECIAL MEETING  
BOARD OF DIRECTORS  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

March 29, 2007

The Board of Directors of Pecan Grove Municipal Utility District met in special session, open to the public, at 5:30 p.m. on Thursday, March 29, 2007, outside the boundaries of the District at the Pecan Grove MUD Customer Service Office, 1421 FM 359, Suite D, Richmond, Texas 77469, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Joe Taylor	President
Stephen Crow	Vice President
G.E. Kluppel	Secretary
Charles Bertrand	Investment Officer
Holly E. Zarate	Assistant Vice President/ Assistant Secretary

and all of said directors were present, thus constituting a quorum.

Also present were the following: Bobby Jones and Adam Lambert of Jones & Carter, Inc. ("J&C"); Shirley McLennan of McLennan & Associates; and Lynne B. Humphries of Allen Boone Humphries Robinson LLP ("ABHR").

CONDUCT ANNUAL REVIEW OF BOOKKEEPER'S CONTRACT AND AUTHORIZE APPROPRIATE ACTION

The Board discussed the performance of McLennan & Associates, L.P. as the District's bookkeeper. The Board expressed its appreciation for the hard work and job well performed by Ms. McLennan, Ms. Mihills and the staff of McLennan & Associates, L.P. Ms. McLennan proposed that the new monthly fee should be \$2,750.00. After review and discussion, Director Kluppel moved that the Board approve an amendment to the bookkeeper's contract to reflect a monthly fee of \$2,750.00. Director Crow seconded the motion, which passed unanimously. Ms. McLennan requested a copy of the approved Malcolm Pirnie, Inc. contract, in order to verify the future invoices. The Board requested that Ms. McLennan provide an updated fiscal budget each month with actual budget results replacing the estimated budget figures.

CONDUCT ANNUAL REVIEW OF LEGAL SERVICES CONTRACT AND AUTHORIZE APPROPRIATE ACTION

The Board discussed the performance of ABHR as the District's attorney. The Board expressed its appreciation for the hard work and job well performed by ABHR.

The Board requested that Ms. Humphries continue to look for ways to reduce the legal costs to the District. Ms. Humphries recommended reducing the Board meeting time by appointing a director to review each consultant's bills and monthly reports prior to the meeting. She also suggested that all of the consultants submit their report not later than the Friday before the Board meetings.

The Board discussed concerns regarding the number of clients that ABHR represents in Fort Bend County (the "County") and potential conflicts that may arise for such representation. The Board discussed the possibility of hiring outside counsel when those types of conflicts arise. The Board also discussed concerns over the confidentiality of Executive Session discussions.

#### CONDUCT ANNUAL REVIEW OF ENGINEERING SERVICES AND AUTHORIZE APPROPRIATE ACTION

The Board discussed the performance of J&C as the District's engineer. The Board congratulated Mr. Lambert for attaining the professional engineering certification and recognized Mr. Lambert for the work he had done for the District.

The Board discussed concerns regarding the levee re-certification and lack of involvement from the District's engineer. Mr. Jones responded that J&C personnel had attended the last meeting of Fort Bend County Levee Improvement District No. 11. He reported that J&C had been in contact with the County regarding the base flood elevation study that is currently underway. He also stated that J&C has become a member of the committee of engineers reviewing the study on behalf of the District. The Board discussed the impact to the District if the base flood elevation changed 1-2 feet and the impact of any additional levees being constructed down stream. The Board also discussed its concern with the effectiveness of the project oversight by J&C in the past and how it might affect the engineering projects that the District has in process currently and in the near future.

#### RECEIVE REPORTS FROM BOARD MEMBERS AND AUTHORIZE APPROPRIATE ACTION

Director Zarate reported on the Fort Bend Subsidence District (the "FBSD") Board meeting she attended on behalf of the District. She stated that the FBSD Board discussed the cities of Richmond and Rosenberg obtaining a 2-year extension to the Groundwater Reduction Plan submittal date. The Board concurred to comment at the public hearing in April, 2007.

ACCEPT RESIGNATION OF DIRECTOR ZARATE AND DISCUSS APPOINTMENT  
OF NEW DIRECTOR

The Board requested that Director Zarate delay submitting her resignation until the April 24, 2007 meeting in order to give the Board time to fill the position.

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

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Secretary, Board of Directors

(SEAL)

LIST OF ATTACHMENTS TO MINUTES

Minutes  
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None