

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

April 22, 2010

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in special session, open to the public, on the 22nd day of April, 2010, 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 Keith Dickenson, resident of the District; Doug Owen and Andy Phelps of Environmental Development Partners, L.L.C. ("EDP"); Bobby Jones, Jason Kirby, and Scott Saenger of Jones & Carter, Inc. ("J&C"); and Hannah Brook of Allen Boone Humphries Robinson LLP.

MINUTES

The Board considered approving the minutes of the February 16, 2010, meeting, which had been prepared and distributed in advance of the meeting. Following review and discussion, Director Kluppel moved to approve the minutes of the February 16, 2010, meeting. Director Stolleis seconded the motion, which was approved by unanimous vote.

OPERATION OF DISTRICT FACILITIES

Mr. Phelps reviewed the District's annual report for submittal to the Texas Water Development Board on the District's Water Conservation Plan. After review and discussion, Director Crow moved to approve the annual report on the District's Water Conservation Plan, subject to final review and comment from the Board and consultants, authorize EDP to submit the report to the Texas Water Development Board, and direct that the report be filed appropriately and retained in the District's official records. Director Stolleis seconded the motion, which passed by unanimous vote.

Mr. Phelps then discussed water accountability, leak detection, repairs, maintenance, and updated the Board on the status of performance or completion of action items from the action list.

ENGINEER'S REPORT

The Board conducted a workshop on the Pecan Lakes flood plain protection system. Mr. Kirby discussed plans for the Pecan Lakes flood plain protection system. The Board discussed options for working with nearby landowners and the Pecan Lakes Homeowners Association ("PLHA") regarding the various options for the detention area. Mr. Kirby then discussed the design of the Pecan Lakes Levee Detention and Storm Water Facilities. Mr. Kirby and Mr. Saenger presented options for a storage and detention area to be included in the construction of the Pecan Lakes Levee Detention and Storm Water Facilities. Mr. Kirby and Mr. Saenger discussed options for the design of Pecan Lakes Levee Detention and Storm Water Facilities. After discussion, the Board authorized J&C to proceed with design of the Pecan Lakes Levee Detention and Storm Water Facilities.

Mr. Kirby and Mr. Saenger discussed that it will be necessary for the District to contact several adjacent landowners regarding the proposed Pecan Lakes flood plain protection system. The Board discussed options for the proposed system along FM 359 and along the northern portion of the system, including the area located behind the Pecan Grove Country Club. The Board concurred that every effort will be made to obtain all necessary property needed for the Pecan Lakes flood plain protection system in fee simple ownership. The Board discussed the adjacent property owners who J&C will contact to discuss options regarding the proposed system. The Board discussed the homes located along Jones Creek and the portion of the land along Jones Creek which is owned by the PLHA. After discussion, the Board authorized J&C to contact adjacent landowners regarding property acquisition. The Board discussed the possibility of flood proofing for the commercial portions not included in the existing District flood plain protection system.

Mr. Kirby updated the Board on the AT&T driveway. Mr. Saenger updated the Board on the response from FEMA regarding the Pecan Lakes and Expanded Commercial Flood Protection System Request for Conditional Letter of Map Revision.

Mr. Kirby then discussed the geotechnical investigation of the additional levee alignment. After review and discussion, Director Crow moved to authorize the geotechnical investigation of the additional levee alignment by Aviles Engineering Corporation at a cost of \$31,672.00. Director Minchew seconded the motion, which passed by unanimous vote.

Mr. Kirby then discussed the design of the chloramine conversion and surface water transmission lines. He noted that the project would be divided into two

construction contracts that will be named the Water Plant Nos. 1, 2 & 3 Chloramine Conversions and the Surface Water Treatment Plant Offsite Utility Extensions. Mr. Kirby discussed options for the control systems that will be a part of the chloramines conversion system. The Board discussed options including hard wire controls, radio frequency, and SCADA system controls. The Board concurred to discuss options with the District's Operator and directed J&C to further investigate options.

Mr. Kirby discussed with the Board options for the surface water transmission lines to connect to the District's water plants. The Board directed J&C to investigate additional options for the location of the transmission lines, the possible use of right-of-way and methods to complete this project with the least impact to residents.

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

At 7:50 p.m., Director Taylor announced that the Board would convene in executive session to discuss the condemnation proceeding.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING PENDING OR CONTEMPLATED LITIGATION

Director Taylor announced the Board would reconvene in open session at 8:00 p.m. After review and discussion, Director Crow moved to (1) authorize Joyce, McFarland + McFarland LLP to deposit the condemnation award into the registry of the Court; (2) authorize the engagement of Integra Realty Resources to perform an appraisal of the subject property at an amount not to exceed \$5,500 per parcel; and (3) authorize Joyce, McFarland + McFarland LLP to amend the petition to include that the temporary construction easement time shall commence at the start of construction. Director Kluppel seconded the motion. Upon the question being called, Directors Taylor, Kluppel, Minchew, and Crow voted "Aye," Director Stolleis abstained, and the motion passed.

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

Secretary, Board of Directors

(SEAL)

LIST OF ATTACHMENTS TO MINUTES

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None.