

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

May 6, 2009

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in special session, open to the public, on the 6th day of May, 2009, 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 Cliff Kavanaugh of First Southwest Company; Keith Dickerson, a resident of the District; Jason Kirby of Jones & Carter, Inc. ("J&C"); and Hannah Brook of Allen Boone Humphries Robinson LLP ("ABHR").

WATER PLANT FINANCING, TIMELINE, PENDING BOND APPLICATION AND RELATED MATTERS

Mr. Kavanaugh discussed financing of the surface water plant and a timeline for the issuance of bonds. He reviewed the status of the bond application pending at the Texas Commission on Environmental Quality. Mr. Kavanaugh discussed the possibility of issuing the bonds in two phases to fund the surface water plant. He then reviewed the District's projected cash flow analysis. Mr. Kavanaugh discussed current market conditions and the process for obtaining a rating on the bonds. The Board discussed timing of the construction of the surface water treatment plant along with other upcoming planned District projects. The Board took no action.

Mr. Kirby distributed information related to the Pecan Lakes Levee and options for road crossings for the Pecan Grove Levee to the Board for review. The Board requested ABHR to add these items to the next agenda.

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.