

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

May 14, 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 14th day of May, 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 except Director Minchew, thus constituting a quorum.

Also present at the meeting were Mr. C. K. Dickenson, a resident of the District; Andrew Phelps of Environmental Development Partners, LLC ("EDP"); and Lynne Humphries of Allen Boone Humphries Robinson LLP ("ABHR").

ADOPT ORDER CANVASSING RETURNS AND DECLARING RESULTS OF BOND ELECTIONS

Director Taylor reviewed the election returns and stated that the election resulted in a majority vote in favor of Proposition I and Proposition II and the District has been authorized to issue bonds in the maximum amount of \$32,000,000 and levy taxes in payment of the bonds, and to issue refunding bonds in the maximum amount of \$5,000,000 and levy taxes in payment of the refunding bonds. Ms. Humphries reviewed the Order Canvassing Returns and Declaring Results of Bond Elections. After review and discussion, Director Crow moved to adopt the Order Canvassing Returns and Declaring Results of Bond Elections, and direct that the Order be filed appropriately and retained in the District's official records. Director Stolleis seconded the motion, which passed unanimously.

Ms. Humphries stated that the District has received the Texas Commission on Environmental Quality staff memorandum on the \$4,140,000 Series 2008 bond issue. Ms. Humphries stated that Mr. Kavanaugh has asked if the Board wanted First Southwest Company to proceed with the preparation of the Preliminary Official Statement and Official Notice of Sale for the Series 2008 bond sale. The Board requested that Ms. Humphries add the following items to the May 27, 2008 agenda: (1) approval of the Preliminary Official Statement and Official Notice of Sale; (2) presentation by Malcolm Pirnie, Inc. on a plan for the surface water plant; and (3) authorize engineer to prepare bond application for surface water plant.

ORDER CANVASSING RETURNS OF DIRECTORS ELECTION

Director Taylor reviewed the returns of the May 10, 2008 directors election and stated the following votes were cast in the election: Susan Denkowski - 189 votes, "Big" Steve Richard - 177 votes, Stephen D. Crow - 542 votes, Joe Taylor - 537 votes, Holly Cravens - 227 votes, Richard Stolleis - 487 votes, and Jalene Palmer (write-in) - 60 votes. Ms. Humphries reviewed an Order Canvassing Returns and Declaring Results of Directors Election. After review and discussion, Director Kluppel moved to adopt the Order Canvassing Returns and Declaring Results of Directors Election, reflecting that Joe Taylor, Stephen D. Crow, and Richard Stolleis have been elected to the Board of Directors to serve a four year term, and direct that the Order be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which passed by unanimous vote.

Director Taylor asked Mr. Phelps to write thank you letters to Pecan Grove Baptist Church and the Fort Bend County election administrator to express the Board's appreciation for using the Church as a polling place, as it was very convenient.

CERTIFICATE OF ELECTION

Ms. Humphries reviewed a Certificate of Election reflecting that Joe Taylor, Stephen D. Crow, and Richard Stolleis have been elected to the Board of Directors for a four-year term. After review and discussion, Director Kluppel moved to approve the Certificate of Election and direct that the Certificate be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which passed by unanimous vote.

SWORN STATEMENTS AND OATHS OF OFFICE

Director Kluppel moved to accept the Sworn Statements and Oaths of Office for Directors Taylor, Crow, and Stolleis, authorize the attorney to file the Oaths of Office with the Secretary of State, and direct that the Statements and Oaths be filed appropriately and retained in the District's official records. Director Stolleis seconded the motion, which passed by unanimous vote.

REORGANIZE THE BOARD AND ELECT OFFICERS

The Board discussed reorganization. Director Kluppel moved to retain the current positions on the Board, which are as follows:

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

Director Crow seconded the motion, which passed by unanimous vote.

DISTRICT REGISTRATION FORM

The Board next considered authorizing execution of a District Registration Form reflecting the new Board of Directors and terms of office. After review and discussion, Director Crow moved to authorize the President to execute the District Registration Form and direct that the Form be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which passed unanimously.

AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM

Ms. Humphries reviewed the Amendment to the Information Form with the Board. She stated that the Amendment adds the new principal amount of bonds and refunding bonds which have been authorized. Ms. Humphries stated that the Amendment to the Information Form will be recorded in the Official Property Records of Fort Bend County and be filed with the Texas Commission on Environmental Quality ("TCEQ"). After review and discussion, Director Stolleis moved to authorize execution of the Amendment to the Information Form and direct that the Amendment be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which passed unanimously.

TEXAS OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING REQUIREMENTS

Ms. Humphries stated Directors Taylor, Crow, and Stolleis have taken the Texas Open Meetings Act required course of training.

DISCUSS CONFLICT OF INTEREST DISCLOSURE REQUIRED UNDER CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE

Ms. Humphries presented an updated memorandum from ABHR regarding Chapter 176 of the Texas Local Government Code, which requires directors and consultants to disclose certain conflicts of interest, a copy of which is attached. She encouraged the Board to contact ABHR if assistance is needed in determining whether a conflict requires disclosure or in making a required disclosure.

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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updated memorandum from ABHR regarding legislation enacting
Chapter 176 of the Texas Local Government Code.....3