

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

July 12, 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, July 12, 2007, outside the boundaries of the District at the Pecan Grove MUD Customer Service Office, 2035 FM 359, Suite 13, 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
Richard Stolleis	Assistant Vice President/Assistant Secretary
John Minchew	Assistant Vice President/Assistant Secretary

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

Also present were the following: Jason Kirby and Tobin Syntschk of Jones & Carter, Inc. ("J&C"); Gary Rabilais; Sunil Kommineni; Trent Slovak and Jay Mishra of Malcolm Pirnie, Inc.; Michael Ammel and Andrew Phelps of Environmental Development Partners, LLC; and Keith Dickenson, a resident of the District.

CONDUCT WORKSHOP MEETING WITH MALCOLM PIRNIE, INC. ON SURFACE WATER TREATMENT PLANT

The Board conducted a workshop on the surface water treatment plant. The Board received a report from representatives of Malcolm Pirnie, Inc. on lab testing and pilot testing. The Board requested that J&C finalize the model for treated surface water distribution from water plant no. 2 and prepare an estimate on any infrastructure costs.

DISCUSS REVERSE OSMOSIS PILOT STUDY AND CLASS 4 COST ESTIMATE WITH MALCOLM PIRNIE, INC. AND AUTHORIZE APPROPRIATE ACTION

The Board discussed the proposal for a Reverse Osmosis Pilot Study. After discussion, Director Kluppel moved that the Board approve the proposal for a Reverse Osmosis Pilot Study. Director Stolleis seconded the motion. Upon the question being called, Directors Kluppel, Stolleis, and Taylor voted "Aye", Director Crow voted "No" and the motion passed. The Board discussed the Class 4 cost estimate. The Board concurred to place the Class 4 estimate on the agenda for the July 31, 2007 meeting.

Director Stolleis distributed information to the Board on surface water conversion, a copy of which is attached. Director Stolleis requested that the Board consider several cost saving strategies related to surface water conversion. The Board discussed the information and the financial impact of surface water conversion and early conversion. The Board asked Director Stolleis to distribute a financial feasibility study to District consultants and Board members for further consideration.

RECEIVE REPORTS FROM BOARD MEMBERS AND AUTHORIZE APPROPRIATE ACTION

Director Taylor reported on contacting the homeowner associations regarding the levee recertification. The Board concurred to meet with the homeowner associations in September.

RECEIVE REPORTS FROM DISTRICT CONSULTANTS AND AUTHORIZE APPROPRIATE ACTION

Mr. Kirby discussed the status of the Gulf Coast Water Authority contract. Mr. Kommineni discussed scheduling a field trip to the San Patricio Surface Water Treatment Plant.

CONVENE IN EXECUTIVE SESSION PURSUANT TO THE CHAPTER 551.072, TEXAS GOVERNMENT CODE TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

The Board did not convene in executive session to discuss the purchase of real property.

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

The Board did not convene in executive session.

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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