

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

July 16, 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 16th day of July, 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:

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| 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; Mr. Keith Dickerson, resident of the District; Jason Kirby, Bobby Jones, Craig Kalkomey, and Scott Saenger of Jones & Carter, Inc. ("J&C"); and Lynne B. Humphries and Hannah Brook of Allen Boone Humphries Robinson LLP.

CONDUCT LEVEE PLANNING WORKSHOP, INCLUDING OPTIONS FOR LEVEE SYSTEMS FOR PECAN LAKES AND STATUS OF DISCUSSIONS WITH OTHER AGENCIES

Mr. Kirby, Mr. Saenger, Mr. Jones, and Mr. Kalkomey presented a workshop on the existing Levee System, Fort Bend County Floodplain Mapping update, Fort Bend County Floodplain/Floodway meeting, and the Pecan Lakes Flood Protection System. Mr. Kirby distributed a J&C Discussion Items List and Preliminary Cost Comparisons/Pecan Lakes Levee Options, copies of which are attached. The Board discussed the options presented by J&C for the Pecan Lakes Levee System. The Board discussed a draft letter of understanding between the District and TxDOT for Highway 359 improvements. Mr. Saenger discussed J&C's recent visit with representatives of the Federal Emergency Management Agency ("FEMA") in Dallas to discuss options for the Pecan Lakes Levee System. The Board discussed the road closure equipment that would be needed for the Pecan Grove Levee road closings. Mr. Kirby discussed the preparation of an Conditional Letter of Map Revision for the Pecan Lakes Levee. Mr. Saenger recommended that two representatives of J&C be sent to the FEMA national headquarters to obtain approval of the proposed options for the Pecan Lakes Levee. The Board discussed inviting affected property owners to meet with representatives of J&C to discuss plans for the levee. After discussion, Director Crow moved to (1)

authorize J&C to prepare a letter from the District to Fort Bend County regarding proposed floodplain elevation matters; (2) authorize Mr. Jones to meet with Fort Bend County representatives regarding the floodplain elevation matters, and the stub street in Pecan Lakes; (3) authorize J&C to contact affected property owners to discuss the Pecan Lakes Levee System and options and send invitations for a meeting; (4) authorize J&C to prepare a Conditional Letter of Map Revision to FEMA for the Pecan Lakes Levee; and (5) authorize one director and two representatives from J&C to travel to FEMA national headquarters to discuss plans for the Pecan Lakes Levee. Director Minchew seconded the motion, which passed unanimously.

Mr. Kavanaugh discussed financing options for the District's levee projects.

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

At 6:50 p.m., Director Taylor announced that the Board would convene in executive session to discuss the purchase of real property.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING THE PURCHASE, EXCHANGE, LEASE, OR VALUE OF REAL PROPERTY

Director Taylor announced the Board would reconvene in open session at 7:30 p.m. After discussion, Director Crow moved to authorize J&C to prepare a metes and bounds description for appraisal purposes, if necessary, for property owned by Mr. Pochyla located to the north of the proposed Pecan Lakes Levee. Director Kluppel seconded the motion, which passed by unanimous vote.

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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