

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

July 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 July, 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
Richard Stolleis	Vice President
G. E. Kluppel	Secretary
John Minchew	Assistant Vice President/ Assistant Secretary
Kevin Krahn	Assistant Vice President/ Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present at the meeting were Jason Kirby and Tobin Synatschk of Jones & Carter, Inc. ("J&C"); Doug Owen and Mike Ammel of Environmental Development Partners, L.L.C. ("EDP"); Trent Slovak, Sunil Kommineni, and Sheldon Buck of Malcolm Pirnie, Inc. ("Malcolm Pirnie").

REPORT ON CONSTRUCTION OF SURFACE WATER PLANT

The Board discussed the construction of the surface water plant including the SCADA system, water quality issues, and the status and timing of construction. After discussion, Director Stolleis moved to authorize Malcolm Pirnie to modify the existing plans and specifications to include the design of the Gulf Coast Water Authority required SCADA system, subject to final approval of Malcolm Pirnie related design fees. Director Kluppel seconded the motion, which passed by unanimous vote. The Board concurred that the SCADA system being required by the Gulf Coast Water Authority should be constructed under the current contract for the surface water plant. The Board concurred to proceed with the design of the SCADA system as a separate project if a change order is not permissible. A copy of the presentation from Malcolm Pirnie on Surface Water Integration and a memorandum on Water Quality Assurance from Jones & Carter is attached.

DISTRICT NEWSLETTER AND WEBSITE

The Board discussed termination of the Communications Consulting Program Agreement with Payne Communications. Director Taylor stated that the District needs to give Payne Communications 60 days notice of termination of the Agreement. The

Board discussed meeting with Holly Zarate regarding an Agreement for newsletter and website related services. The Board took no action.

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 5:31 p.m., Director Taylor announced that the Board would convene in executive session to deliberate the purchase, exchange, lease, or value 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 5:43 p.m. After review and discussion, Director Kluppel moved to authorize Joyce, McFarland + McFarland LLP to (1) decline the settlement offer submitted by the attorney for Old South Plantation with respect to the pending condemnation action; and (2) proceed to a contested trial on the matter. Director Krahn seconded the motion. Upon the question being called, Directors Taylor, Kluppel, Minchew, and Krahn voted "Aye," Director Stolleis abstained, and the motion passed.

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

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Secretary, Board of Directors

(SEAL)

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
Malcolm Pirnie presentation on Surface Water Integration .....	1
Jones & Carter Recommendations on Water Quality Assurance.....	1