

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

August 4, 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 4th day of August, 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 Shirley McLennan of McLennan & Associates, L.P.; Greg Ordeneaux of Tax Tech, Inc.; Andy Phelps of Environmental Development Partners; Cliff Kavanaugh of First Southwest Company; Keith Dickerson, Christopher Uhlig and Dave Uhlig, residents of the District; Jason Kirby and Bobby Jones of Jones & Carter, Inc. ("J&C"); and Lynne B. Humphries and Hannah Brook of Allen Boone Humphries Robinson LLP.

CONDUCT BUDGET WORKSHOP FOR FISCAL YEAR END SEPTEMBER 30, 2010/  
UPDATE ON LEVEE IMPROVEMENTS AND PECAN LAKES LEVEE

The Board conducted a budget workshop in connection with the budget for the fiscal year ending September 30, 2010. The Board then received an update from Mr. Kirby on his meeting with Mr. Jim Hunt at the Texas Department of Transportation ("TxDOT") regarding improvements to FM 359 to accommodate levee improvements and temporary construction easements needed. He reported that TxDOT will work with the District on these issues. He requested that the Board authorize J&C to assist with the acquisition of an easement from (1) AT&T, (2) from the property owner on the west side of FM 359 south of the church, and (3) from the Plantation Place Homeowners Association, Inc., and to authorize the District to grant TxDOT two temporary construction easements from the District (1) north of the AT&T building and (2) at the sewage treatment plant access road. Director Kluppel then moved to authorize J&C to coordinate easement acquisition as discussed. Director Crow seconded the motion, which passed unanimously. Mr. Kirby said that J&C is still working on scheduling a meeting with the Federal Emergency Management Agency headquarters for the Pecan

Lakes Levee options. The Board continued to discuss the budget. Ms. McLennan said she would make the adjustments as discussed to present at the Board's next meeting.

FINANCING NEEDS UNTIL BONDS ARE ISSUED, INCLUDING STATUS AND TIMELINE FOR CONSTRUCTION OF SURFACE WATER PLANT AND PECAN LAKES LEVEE

Mr. Kavanaugh updated the Board on the bond application and potential sale dates. After discussion, Director Crow moved to approve adjustment of the bond application cost summary to include emergency generators. Director Kluppel seconded the motion, which carried unanimously.

AUTHORIZE PREPARATION OF PLANS AND SPECIFICATIONS FOR REPAIRS AND RECOATING WORK FOR WATER PLANT NO. 3

Director Taylor stated it was his preference to hire Dunham Engineering to inspect the repairs and recoating work at water plant no. 3. Discussion ensued. Mr. Kirby stated that J&C has adequate staff and personnel to perform this work. Discussion ensued regarding choice of coating to be used. After review and discussion, Director Crow moved to authorize Dunham Engineering (as subcontractor to J&C) to assess work needed for repairs and recoating work and provide the plans and specifications with Tenemic as the specified coating, with a deduction to the bid for a contractor-suggested coating, for repairs and recoating work for water plant no. 3. Director Stolleis seconded the motion, which passed unanimously.

OPERATION OF DISTRICT FACILITIES, INCLUDING REPAIRS AND MAINTENANCE AND UPDATE ON STATUS OF PERFORMANCE OR COMPLETION OF ACTION ITEMS FROM ACTION LIST

There was no discussion on this agenda item.

CONVERSION TO SURFACE WATER, PROGRESS UPDATE ON SURFACE WATER PLANT AND RELATED MATTERS

There was no discussion on this agenda item.

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

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None.