

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

August 5, 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 5th day of August, 2008, at the Pecan Grove Country Club, Highway 359 at Plantation Drive, 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 John Haskew and Lee Petros of Fort Bend Independent School District; Jason Hull of PBK Engineers; Cliff Kavanaugh of First Southwest Company; Claudia Wright of R&W Real Estate; Mr. Dickenson, a resident of the District; Bobby Jones and Jason Kirby of Jones & Carter, Inc. ("J&C"); Mike Ammel and Andrew Phelps of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; and Lynne Humphries of Allen Boone Humphries Robinson LLP ("ABHR").

REPORT ON GARBAGE COLLECTION AND RECYCLING SERVICES AND
RENEWAL OF CONTRACT FOR GARBAGE COLLECTION SERVICES

The Board discussed renewal of the Garbage Collection Contract with WCA Waste Corporation containing a new collection cost of \$14.25 per unit. Director Stolleis recommended that the current provision for a CPI increase remain in the contract. After discussion, Director Stolleis moved to approve the Fifth Amendment to the Garbage Collection Contract with WCA Waste Corporation reflecting a cost of \$14.25 per unit for collection and a term commencing on October 1, 2008 and expiring on September 30, 2009, and direct that the Amendment be filed appropriately and retained in the District's official records. Director Crow seconded the motion, which carried unanimously.

REQUEST FOR SERVICE FROM FORT BEND INDEPENDENT SCHOOL DISTRICT AND TEXAS GENERAL LAND OFFICE AND ADJACENT PROPERTIES

Mr. Kirby reviewed a request from the Fort Bend Independent School District (the "FBISD") and the Texas General Land Office (the "TGLO") for out-of-District service. He stated that after review of the service request, there was about a 200,000 gpd "surplus" capacity at the moment in the wastewater treatment plant. He reviewed the requested capacity needs of FBISD and the TGLO. Mr. Jones stated that J&C needs to study the design for transporting the waste to the District's plant. Mr. Kirby said the water system and pressure need to be studied further as well. Director Kluppel said he recalled that when previous requests were studied, it was prohibitively expensive to transport waste. The Board then discussed with Ms. Humphries the consequences and possibilities of out-of-district service to FBISD. The Board also discussed the inclusion of the TGLO property and possibly the commercial property on the south side of John Sharp (Plantation Drive) into Richmond's extraterritorial jurisdiction so the property can be annexed into the District. The Board concurred it was not interested in serving property annexed into the District unless it is in the extraterritorial jurisdiction of the City of Richmond.

Director Crow moved to authorize the engineer to prepare a study on (1) temporary service to the FBISD property for a school on an out-of-district basis; and (2) permanent service to the FBISD school once the GLO property is annexed into the District. Director Kluppel seconded the motion. Director Crow moved to amend the motion to authorize the engineering study and include that the Board authorize Ms. Humphries to call Mr. Fincher and advise him that he can be a part of the engineering study if he notifies the District and deposits \$5,000.00 by August 8, 2008, at 5:00 p.m. Director Kluppel seconded the motion, which passed unanimously.

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 6:05 p.m., Director Taylor announced that the Board would convene in executive session to discuss the purchase of real property.

RE-CONVENE 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 6:15 p.m. After review and discussion, Director Stolleis moved to authorize the President to sign a contract for the purchase of land for a surface water plant site, subject to final

review by ABHR, Ms. Wright and the Board. Director Kluppel seconded the motion, which carried unanimously.

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

The Board did not convene in executive session.

BOND APPLICATION FOR SURFACE WATER PLANT AND ADOPT RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND BONDS

Mr. Kavanaugh reviewed the analysis for submittal of a Bond Application for the surface water plant. He recommended the application be filed for the entire \$32,000,000 in bonds. In response to a question from Director Kluppel, Mr. Kavanaugh said refunding authorization is only needed if the Board decides to refinance the bonds in the future. Discussion ensued regarding submittal of a bond application for the entire bond authorization amount.

Ms. Humphries then reviewed a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds. After review and discussion, Director Crow moved to approve the Bond Application and adopt a Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds and direct that the Application and Resolution be filed appropriately and retained in the District's official records. Director Kluppel seconded the motion, which passed unanimously. Mr. Kirby stated he will file the application before the regular August Board meeting.

The Board then determined to include a Bond Anticipation Note in the Bond Application for the surface water plant to finance the engineering fees for design of the plant and the land acquisition costs.

RE-CERTIFICATION OF LEVEE, FEMA FLOOD PLAIN RE-MAPPING, FLOW STUDIES, PECAN LAKES LEVEE, AND ANALYSIS OF FUTURE CONSTRUCTION COSTS FOR LEVEE IMPROVEMENTS

Mr. Kirby and Mr. Jones reviewed and discussed with the Board the costs for levee improvements, including a new Pecan Lakes Levee. A copy of the cost estimate is attached.

BOND ELECTION

The Board discussed the bond authorization requirements. The Board asked J&C to define bond issue requirements for approval at the Board of Directors meeting in August.

REPORTS FROM DIRECTORS AND DISTRICT CONSULTANTS

Director Taylor reviewed his revisions to the letter previously authorized to be sent to the Pecan Grove Volunteer Fire Department ("PGVFD") for the water line. The Board asked Ms. Humphries to contact Mr. Belin to determine if he owns the line serving the PGVFD station.

CONDUCT BUDGET WORKSHOP FOR FISCAL YEAR END SEPTEMBER 30, 2009

The Board conducted a budget workshop. Ms. McLennan distributed and the Board and various consultants reviewed a proposed budget for the fiscal year ending September 30, 2009. Ms. McLennan stated she will submit the revised budget for review and adoption at the August regular Board meeting.

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

Secretary, Board of Directors

(SEAL)

LIST OF ATTACHMENTS TO MINUTES

Minutes
Page

cost estimate for levee improvements..... 3