

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

August 11, 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 11th day of August, 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 except Director Minchew, thus constituting a quorum.

Also present at the meeting were Shirley McLennan of McLennan & Associates, L.P.; Greg Ordeneaux of Tax Tech, Inc.; Breah Campbell and Doug Owen of Environmental Development Partners; Cliff Kavanaugh of First Southwest Company; Mr. Dickenson, a District resident; Jason Kirby and Bethany Miller of Jones & Carter, Inc.; and Lynne B. Humphries of Allen Boone Humphries Robinson LLP.

CONDUCT BUDGET WORKSHOP FOR FISCAL YEAR END SEPTEMBER 30, 2011

The Board conducted a budget workshop in connection with the budget for the fiscal year ending September 30, 2011. The Board reviewed the proposed budget line by line. The Board also reviewed estimated annual operating costs for the surface water plant, once operational. Copies of the costs and the initial budget submitted for review are attached. Discussion ensued regarding maintenance and debt service tax rates, the amount of the surface water conversion fees and Pecan Grove Country Club pumpage groundwater reduction plan fees. The Board made revisions to the budget. A copy of the new, revised budget is also attached.

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

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Secretary, Board of Directors

(SEAL)

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