

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

August 18, 2014

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in special session, open to the public, on the 18th day of August, at the Pecan Grove Baptist Church, 1727 FM 359, Richmond, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

Randy Vance	President
Kirk Boyd	Vice President
Buddy Kluppel	Secretary
Ryan Yokubaitis	Assistant Secretary
Chad Howard	Assistant Vice President

and all of the above were present.

Also present at the meeting were Bethany Miller, Scott Saenger and Grady Turner of Jones & Carter, Inc. ("J&C"); Mike Ammel, Clayton Galloway and Breah Campbell of Environmental Development Partners, L.L.C. ("EDP"); Mike Rozell; Fred Ross, John Minchew and Mr. and Mrs. C.K. Dickensen, District residents; Ryan Niles of Arenosa Development Pitts Road, Ltd. ("Arenosa"); and Lynne Humphries, Hannah Brook and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

ORDER ADDING LAND, AMENDMENT TO INFORMATION FORM, WAIVER OF SPECIAL APPRAISAL AND ACKNOWLEDGEMENT AND NOTICE OF INDEMNITY

Ms. Humphries presented an Order Adding Land for a total of 21.984 acres by newly owned Arenosa. She reported the City of Richmond adopted a resolution approving the annexation. After review and discussion, on a motion made by Director Kluppel, seconded by Director Boyd and unanimously passed, the Board adopted the Order Adding Land.

The Board next considered approving an Amendment to the District's Information Form, reflecting the addition of land. After review and discussion, Director Kluppel moved to approve the Amendment to Information Form and file it with the TCEQ and in the Fort Bend County Deed Records. Director Boyd seconded the motion, which passed unanimously.

The Board then considered accepting a Waiver of Special Appraisal from Arenosa for the benefit of the District and authorizing execution of an Acknowledgement of Notice and Indemnity for the benefit of Texas Capital Bank. After

discussion, Director Kluppel moved to accept the Waiver of Special Appraisal and authorize execution of an Acknowledgement of Notice and Indemnity for the benefit of Texas Capital Bank, the lender on the property. Director Boyd seconded the motion, which passed unanimously.

CITY OF RICHMOND ANNEXATION AND SERVICE MATTERS

Ms. Humphries updated the Board on pending annexation matters at the City of Richmond.

AMENDMENT TO BOOKKEEPER'S CONTRACT

The Board reviewed a proposed contract amendment increasing the monthly fee for bookkeeping services. Following review and discussion, upon a motion by Director Vance and a second by Director Boyd, the Board voted unanimously to approve the bookkeeper's proposed contract amendment.

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

Director Vance announced that the Board would convene in executive session at 6:08 p.m. to conduct a private consultation to deliberate the purchase, exchange, lease, or value of real property. Mr. Rozell, Mr. Saenger, Mr. Turner, Ms. B. Miller, Ms. Brook, Ms. Humphries and Ms. J. Miller were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORITY APPROPRIATE ACTION

The Board reconvened in open session at 6:25 p.m. Following discussion in executive session, Director Boyd moved to authorize Mr. Rozell to proceed, as discussed in executive session. Director Kluppel seconded the motion, which passed unanimously.

EXECUTIVE SESSION PURSUANT TO SECTION 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO (1) SEEK ADVICE ON PENDING OR CONTEMPLATED LITIGATION, INCLUDING CONDEMNATION PROCEEDINGS, AND (2) MATTERS IN WHICH THE DUTY OF THE ATTORNEY UNDER THE TEXAS DISCIPLINARY RULES OF PROFESSIONAL CONDUCT CONFLICT WITH CHAPTER 551 TEXAS GOVERNMENT CODE

Director Vance announced that the Board would convene in executive session at 6:26 p.m. to conduct a private consultation with the District's attorney to seek advice on pending litigation. Mr. Saenger, Mr. Turner, Ms. B. Miller, Ms. Brook, Ms. Humphries and Ms. J. Miller, were present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in open session at 6:29 p.m. Following discussion in executive session, Director Yokubaitis moved to accept the settlement discussed in executive session and authorize a check for same. Director Boyd seconded the motion, which passed unanimously.

BUDGET FOR FISCAL YEAR ENDING SEPTEMBER 30, 2015

The Board conducted a budget workshop in connection with the budget for the fiscal year ending September 30, 2015. Ms. Mihills reviewed each revenue and expense line item in the proposed budget, and the Board commented and adjusted projections and inclusion of special construction and parks projects, as discussed.

There being no additional business to consider, the meeting was adjourned at 8:27 p.m.


Secretary, Board of Directors

