

MINUTES OF SPECIAL MEETING
BOARD OF DIRECTORS
PECAN GROVE MUNICIPAL UTILITY DISTRICT

September 20, 2007

The Board of Directors of Pecan Grove Municipal Utility District met in special session, open to the public, at 5:30 p.m. on Thursday, September 20, 2007, inside the boundaries of the District at the Pecan Grove MUD Customer Service Office, 2035 FM 359, Suite 13, Richmond, Texas 77469, and the roll was called of the duly constituted officers and members of the Board, to-wit:

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 said directors were present, except Director Minchew thus constituting a quorum.

Also present were the following: Greg Ordeneaux of Tax Tech, Inc.; Jason Kirby of Jones & Carter, Inc. ("J&C"); Mark McGrath of Null-Lairson, P.C.; Michael Ammel and Andrew Phelps of Environmental Development Partners, LLC; Wendy Hale-Erlich, a resident of the District; and Josh Hancock of Allen Boone Humphries Robinson LLP ("ABHR").

CONDUCT ANNUAL REVIEW OF AUDITOR'S CONTRACT AND AUTHORIZE
APPROPRIATE ACTION, INCLUDING ENGAGE AUDITOR TO CONDUCT AUDIT
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2007

The Board discussed the performance of Null-Lairson, P.C. as the District's auditor. The Board expressed its appreciation for the hard work and job well performed by Null-Lairson, P.C. Mr. McGrath reviewed a proposal to conduct the District's audit for the fiscal year ending September 30, 2007. After review and discussion, Director Kluppel moved that the Board engage Null-Lairson, P.C. to conduct the audit for the fiscal year ending September 30, 2007. Director Crow seconded the motion, which passed by unanimous vote.

CONDUCT ANNUAL REVIEW OF TAX ASSESSOR/COLLECTOR'S CONTRACT AND AUTHORIZE APPROPRIATE ACTION

The Board discussed the performance of Greg Ordeneaux as the District's tax assessor/collector. The Board expressed its appreciation for the hard work and job well performed by Greg Ordeneaux. After discussion, Director Kluppel moved that the Board continue to engage Greg Ordeneaux as the District's tax assessor/collector. Director Crow seconded the motion, which passed by unanimous vote.

DISCUSS AND APPROVE GROUNDWATER REDUCTION PLAN

Mr. Kirby reviewed the Groundwater Reduction Plan (the "GRP"). After review and discussion, Director Kluppel moved that the Board authorize J&C to send the GRP to the Fort Bend Subsidence District for its review and provide a copy of the GRP to the City of Rosenberg and the City of Richmond. Director Crow seconded the motion. Upon the question being called, Directors Taylor, Kluppel and Crow voted "Aye", Director Stolleis voted "No" and the motion passed.

DISCUSS BUDGET FOR FISCAL YEAR ENDING SEPTEMBER 30, 2008 AND AUTHORIZE APPROPRIATE ACTION

The Board discussed the budget for the fiscal year ending September 30, 2008. The Board tabled action on the adoption of the budget.

ADOPT AMENDED RATE ORDER

The Board discussed revising the water and sewer rates contained in the Rate Order. After review and discussion, Director Stolleis moved that the Board adopt the Amended Rate Order and Rules and Regulations Regarding District System, Parks and Connections containing new water and sewer rates that will be effective as of January 1, 2008. Director Kluppel seconded the motion, which passed unanimously.

HOLD PUBLIC HEARING TO DISCUSS POSSIBLE STRATEGIC PARTNERSHIP AGREEMENT WITH CITY OF RICHMOND AND AUTHORIZE APPROPRIATE ACTION

Director Taylor stated that after duly providing notice as required by law, the Board would convene the first hearing, open to the public, for the purpose of receiving public comments regarding the proposed adoption by the District of the Strategic Partnership Agreement (the "Agreement") with the City of Richmond. Director Stolleis disclosed to the Board that he is employed by Kelly R. Kaluza & Associates, Inc., an engineering firm, that prepared the field notes for the Agreement and provides engineering services to the City of Richmond.

Director Taylor opened the hearing, soliciting questions or comments from the public relating to the terms of the Agreement, a copy of which is available for public viewing. Ms. Hale-Erich stated that she was in favor of the District entering into the Agreement. There being no other members of the public present, Director Taylor adjourned the hearing.

RECEIVE REPORTS FROM BOARD MEMBERS AND AUTHORIZE APPROPRIATE ACTION

Director Kluppel reported on a meeting he attended with city managers, Glen Gilmore of the City of Richmond and Jack Hamlett of the City of Rosenberg. He added that he informed Mr. Gilmore and Mr. Hamlett that the District needs to know by the end of the year if either City desires to participate in the construction of the District's surface water plant. Director Kluppel stated that there was also discussion at the meeting on the District's proposed Strategic Partnership Agreement with the City of Richmond and the Groundwater Reduction Plan.

RECEIVE REPORTS FROM DISTRICT CONSULTANTS AND AUTHORIZE APPROPRIATE ACTION

Mr. Kirby stated that the District is currently a participant in the National Flood Insurance Program ("NFIP"). He added that the Texas Water Development Board will now coordinate the NFIP. Mr. Kirby stated that the District will be required to update its current Flood Damage Prevention Order in order to continue participating in the NFIP. He added that he will obtain additional information on the NFIP for discussion at the next Board meeting.

Director Taylor presented Task Order No. 4 under the Malcolm Pirnie, Inc. Master Agreement for Professional Services for surface water treatment plant design and construction to the Board for review. After review and discussion, Director Crow moved that the Board approve Task Order No. 4 under the Malcolm Pirnie, Inc. Master Agreement for Professional Services for surface water treatment plant design and construction. Director Kluppel seconded the motion, which passed unanimously.

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

None