

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

November 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 November, 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 except Director Stolleis, thus constituting a quorum.

Also present at the meeting were Shirley McLennan of McLennan & Associates, L.P.; Cliff Kavanaugh and Greg Lentz of First Southwest Company; and Lynne B. Humphries and Hannah Brook of Allen Boone Humphries Robinson LLP.

REVIEW AND APPROVE PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL NOTICE OF SALE FOR THE SURFACE WATER PLANT BONDS, SERVIEW 2009 AND DISCUSS TIMING OF SALE OF THE BONDS

Mr. Kavanaugh discussed the timing of the sale of the Series 2009 bond issue. He stated that the bond issue will be sized after bids are received to construct the surface water plant and after the District has finalized the Agreement with the Gulf Coast Water Authority for the transportation of water to the surface water plant. The Board discussed the status of necessary approvals for the surface water plant prior to acceptance of bids. The Board discussed the impact on the tax rate in the District of the sale of the surface water plant bonds. The Board further discussed the possible impact on the tax rate of the drainage and reclamation bonds and the related time frame. Mr. Kavanaugh discussed with the Board the need to schedule a presentation/meeting with Moody's related to ratings and Directors Taylor and Crow agreed to attend on behalf of the District. The Board concurred that following receipt of bids for the surface water plant, the Board may need to conduct a special meeting to discuss the size of the bond issue and the schedule for the bond sale.

Ms. Brook stated that the District has received a staff memorandum from the Texas Commission on Environmental Quality (the "TCEQ") approving the issuance of \$32,000,000 Unlimited Tax Bonds, Series 2009. Mr. Kavanaugh reviewed the

Preliminary Official Statement and Official Notice of Sale for the Series 2009 bond issue in the amount of \$32,000,000 with the Board.

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

Secretary, Board of Directors

(SEAL)