

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

December 2, 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 2nd day of December, 2008, 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 Kluppel, thus constituting a quorum.

Also present at the meeting were Jason Kirby of Jones & Carter, Inc. ("J&C"); Claudia Wright of R&W Real Estate; Eddie and Carol Wariner, residents of the District; and Hannah Brook of Allen Boone Humphries Robinson LLP ("ABHR").

UPDATE ON FEMA RE-MODELING OF THE FLOOD PLAIN AND PECAN LAKES LEVEE DESIGN

Mr. Kirby discussed the FEMA re-modeling of the flood plain and the design of the levee improvements for Pecan Lakes. The Board responded to questions from residents of Pecan Lakes about the levee design.

REVIEW BIDS, AWARD CONTRACT AND AUTHORIZE EXECUTION OF CONTRACT FOR PECAN GROVE LEVEE IMPROVEMENTS TO MEET NEW FEMA STANDARDS

Mr. Kirby stated that bids were received for levee improvements to meet new FEMA standards and he met on site to discuss the construction. He recommended that the Board award the contract to Paskey Incorporated in the amount of \$614,319.35. The Board concurred that in its judgment, Paskey Incorporated was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project. After review and discussion, Director Stolleis moved that based upon the engineer's recommendation, the Board award the contract to Paskey Incorporated in the amount of \$614,319.35 for the levee improvements. Director Crow 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 6:08 p.m., Director Taylor announced that the Board would convene in executive session to discuss the purchase of real property.

RECONVENE 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 6:32 p.m. After discussion, Director Crow moved to (1) authorize Ms. Wright to proceed with negotiations of the terms of a contract for the purchase of a site for a surface water plant, including access easement and plat requirements, and (2) authorize Director Taylor to sign the contract subject to final review by ABHR. Director Stolleis 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.