

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

July 20, 2006

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, July 20, 2006, inside the boundaries of the District at its regular meeting place, Pecan Grove Country Club, Highway 359 at Plantation Drive, 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
Charles Bertrand	Investment Officer
Holly E. Zarate	Assistant Vice President/ Assistant Secretary

and all of said directors were present except Director Bertrand, thus constituting a quorum.

Also present were the following: Andy Phelps of Environmental Development Partners ("EDP"); Adam Lambert and Bobby Jones of Jones and Carter, Inc.; Cliff Kavanaugh of First Southwest Company; Shirley McLennan of McLennan & Associates; and Mr. C.K. Dickenson, a resident of the District.

CONDUCT BUDGET WORKSHOP MEETING AND AUTHORIZE APPROPRIATE ACTION

Ms. McLennan reviewed a budget for the fiscal year ending September 30, 2007 with the Board. The Board conducted a review of the budget. The Board concurred to consider adoption of the budget once additional information is received.

DISCUSS AND AUTHORIZE APPROPRIATE ACTION REGARDING TRANSITION OF OPERATIONS IN THE DISTRICT

The Board discussed the transition of operations in the District. After discussion, Director Zarate moved that the Board approve the use of courier services for Texas State Bank. Director Crow seconded the motion, which passed unanimously.

DISCUSS AND AUTHORIZE APPROPRIATE ACTION REGARDING SURFACE WATER CONVERSION MATTERS

The Board discussed surface water conversion matters. After discussion, Director Kluppel moved that the Board authorize Jones & Carter, Inc. to prepare an estimate for a surface water plant and an estimate for the District's purchase of raw surface water. Director Crow seconded the motion, which passed unanimously. Director Zarate stated that the Brazos River Authority proposes to conduct a second study on surface water conversion. After discussion, Director Zarate moved that the Board authorize the President to execute an agreement with the Brazos River Authority for participation in the second study and approve payment for the District's pro-rata share of its cost. Director Crow seconded the motion, which passed unanimously. Director Zarate reported on the Brazos River Authority meeting held on July 20, 2006, and the District's water reuse study.

DISCUSS AND AUTHORIZE APPROPRIATE ACTION REGARDING PARK MATTERS, INCLUDING APPROVE SIGNAGE AND LANDSCAPING AT PECAN GROVE PARK AND PROPOSED CHANGES TO PARK RULES

The Board discussed park matters, signage, and landscaping. After discussion, Director Crow moved that the Board authorize Director Zarate to purchase park signage at a cost not to exceed \$500.00. Director Kluppel seconded the motion, which passed unanimously.

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

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Secretary, Board of Directors

(SEAL)

LIST OF ATTACHMENTS TO MINUTES

Minutes  
Page

None