

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

December 19, 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 Tuesday, December 19, 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 Zarate	Assistant Vice President/ Assistant Secretary

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

Also present were the following: Brian Haines of the YMCA; Adam Lambert of Jones & Carter, Inc. ("J&C"); Aimee Ordeneaux of Tax Tech, Inc.; Pat Naff of CDC Maintenance, Inc. ("CDC"); Andrew Phelps and Michael Ammel of Environmental Development Partners, L.L.C. ("EDP"); Shirley McLennan of McLennan & Associates, L.P.; Herald Combs and Mr. and Mrs. C.K. Dickenson, residents of the District; and Lynne B. Humphries, Josh Hancock and Rebecca Good of Allen Boone Humphries Robinson LLP ("ABHR").

APPROVE MINUTES

The first order of business was to consider approving the minutes of the November 28, 2006, meeting which had been prepared and distributed in advance of the meeting. Following review and discussion, Director Kluppel moved to approve the November 28, 2006, meeting minutes. Director Bertrand seconded the motion, which was approved by unanimous vote.

UPDATE ON GARBAGE AND RECYCLING SERVICES

Director Taylor reported on garbage collection services in the District. He stated they are ready for Christmas tree recycling and extra curbside recycling services during the holidays.

DEVELOPMENT AND MAINTENANCE OF PARKS

Mr. Haines of the YMCA presented the parks management report, a copy of which is attached. Mr. Haines stated that Fort Bend County will allow the District to borrow two dog traps and will pick them up the morning after use.

TAX ASSESSOR/COLLECTOR'S REPORT AND AUTHORIZE APPROPRIATE ACTION REGARDING TAX ACCOUNTS, PAYMENT OF BILLS, REPORT ON COLLECTION OF DELINQUENT TAXES AND AUTHORIZE FILING OF SUITS

Ms. Ordeneaux reviewed with the Board the monthly tax assessor/collector's report, a copy of which is attached. She updated the Board on the status of collection of delinquent taxes and 2006 tax payments and responded to questions from Board members. She asked if the Board would like to place a link to the District's website on Tax Tech's website and vice versa. The Board requested that links be placed on each website. Following review and discussion, Director Crow moved that the Board approve the tax assessor/collector's report and authorize payment of bills from the tax account. Director Kluppel seconded the motion, which passed by unanimous vote.

Mr. Combs introduced himself and asked that the Board consider a payment plan for his delinquent taxes. Discussion ensued regarding allowing a payment plan and Ms. Ordeneaux noted the Board has a policy to not allow payment plans. Following discussion, the Board concurred not to pursue a suit to collect the Combs delinquent tax account at this time.

OPERATOR'S REPORT

Mr. Ammel reviewed the EDP operations report for the month of November 2006, a copy of which is attached and which was provided previously to the Board, and reviewed maintenance and repair items for the period. Mr. Ammel reported that there were no excursions at the wastewater treatment plant.

Mr. Ammel discussed the water accountability and the Board requested the water accountability study become a part of the regular operator's report.

Following review and discussion of the operations report, Director Kluppel moved to accept the operator's report. Director Bertrand seconded the motion, which passed unanimously.

CONDUCT HEARING AND AUTHORIZE TERMINATION OF SERVICE

The Board next conducted a hearing on the termination of utility service to delinquent accounts. Mr. Ammel reported that the residents on the delinquent list included in the operator's report were mailed written notice prior to this meeting in

accordance with the Rate Order, notifying them of the opportunity to appear before the Board to explain, contest or correct the utility service bill, and to show reason why utility service should not be terminated for reason of nonpayment. Director Kluppel moved that because the customers on the termination list were not present at the meeting to address the Board, and did not submit a written statement on the matter, utility service for such customers should be terminated in accordance with the District's Rate Order. Director Bertrand seconded the motion, which passed unanimously.

DISCUSS AND AUTHORIZE APPROPRIATE ACTION REGARDING DISTRICT NEWSLETTER AND WEBSITE

Mr. Ammel stated he and Director Crow reviewed a timeline from the contractor who develops the District's newsletter and requested the newsletter be delivered by the end of January 2007.

REPORT ON DITCH, LEVEE MAINTENANCE, REPAIRS

Following discussion about the outfall channel near Oyster Creek, Director Kluppel made a motion to authorize the operator to remove the pipe and re-grade the channel as recommended. Director Crow seconded the motion, which carried unanimously.

ENGINEER'S REPORT

Mr. Lambert reviewed with the Board the engineer's report, a copy of which is attached, and which had been provided in advance.

Mr. Lambert stated that in connection with the levee certification he is obtaining a proposal for geotechnical services. The Board requested that Mr. Lambert consult other engineers in the area to see what type of proposals they have received.

Following review and discussion of the engineer's report, Director Kluppel moved to accept the engineer's report as presented. Director Bertrand seconded the motion, which passed unanimously.

SURFACE WATER AND SUBSIDENCE ISSUES AND BRAZOS RIVER AUTHORITY

No action necessary at this time.

BOOKKEEPER'S REPORT

Ms. McLennan distributed and reviewed the monthly bookkeeper's report, a copy of which is attached, including the investment report, budget comparison, and the District's bills. After review and discussion, Director Kluppel moved that the Board

approve the bookkeeper's report, investment report and payment of the District's bills. Director Crow seconded the motion, which passed unanimously.

RECEIVE REPORTS FROM BOARD MEMBERS, INCLUDING DISCLOSURE REPORTS

Director Taylor stated that he had lunch with Malcolm Pirnie and he received a Christmas card from EDP stating a phone card and magazine subscription for U.S. troops stationed abroad had been purchased on his behalf. The other directors in attendance stated they had received the same from the operator.

REPORTS FROM CONSULTANTS

Ms. Humphries distributed a copy of the recreational trail easement to the Board.

ACTION ITEM LIST

The Board reviewed and updated the action list.

RECEIVE COMMENTS FROM THE PUBLIC

There were no comments from the public.

CONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ITS ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION AND BRAZOS RIVER AUTHORITY PERMIT PROTEST

At 7:15 p.m., Director Taylor announced that the Board would convene in executive session.

RE-CONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION PENDING OR CONTEMPLATED LITIGATION AND THE BRAZOS RIVER AUTHORITY PERMIT PROTEST

Director Taylor announced the Board would reconvene in open session at 7:25 p.m. After review and discussion, Director Taylor moved that the Board authorize ABHR to make changes to the Settlement Agreement as discussed. Director Bertrand seconded the motion, which passed unanimously.

CONVENE IN EXECUTIVE SESSION PURSUANT TO THE CHAPTER 551.076, TEXAS GOVERNMENT CODE, TO DELIBERATE THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION OF SECURITY PERSONNEL OR DEVICES

The Board did not convene in executive session to discuss security matters.

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

Secretary, Board of Directors

(SEAL)

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