

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

December 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 Wednesday, December 20, 2006, outside the boundaries of the District at the Pecan Grove MUD Customer Service Office, 1421 FM 359, Suite D, 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, thus constituting a quorum.

Also present were the following: Chris Sansone of The Fort Bend Herald; Andy Phelps of Environmental Development Partners, L.L.C.; Trent Slovak, Sheldon Buck, and Sunil Kommineni of Malcolm Pirnie, Inc.; Tobin Synatschk and Adam Lambert of Jones & Carter, Inc.; and Richard Muller of Allen Boone Humphries Robinson LLP ("ABHR").

REVIEW MALCOLM PIRNIE REPORT ON SURFACE WATER PLANT AND
AUTHORIZE APPROPRIATE ACTION

Representatives of Malcolm Pirnie, Inc. presented a report to the Board regarding different options for surface water treatment plants and the estimated costs associated with the different options, a copy of which is attached. The Board concurred that option 4 (the highest level of treatment and closest to the District's well water) would be the option the Board would want to focus on and that option 1 (the most comparable to City of Houston and North Fort Bend Water Authority ("NFBWA") water quality) would need to be reviewed for comparison to the NFBWA cost. Representatives of Jones & Carter, Inc. then presented some financial comparisons to the NFBWA costs. The Board requested additional information from both Malcolm Pirnie, Inc. and Jones & Carter, Inc. to be presented at a January special Board of Directors' meeting.

DISCUSS AND AUTHORIZE APPROPRIATE ACTION REGARDING SURFACE WATER AND SUBSIDENCE ISSUES AND BRAZOS RIVER AUTHORITY

Director Zarate reported on the next phase of the Brazos River Authority surface water study.

Director Zarate reported that soil samples had been taken from the club lakes and the Plantation Lakes lake for the water re-use feasibility study.

CONDUCT ANNUAL REVIEW OF ENGINEERING SERVICES CONTRACT AND AUTHORIZE APPROPRIATE ACTION

The Board tabled this agenda item.

RECEIVE REPORTS FROM BOARD MEMBERS AND AUTHORIZE APPROPRIATE ACTION

The Board received a report from Director Bertrand regarding Sheriff patrol matters.

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 8:05 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 8:30 p.m. After discussion, Director Kluppel moved that the Board (1) authorize ABHR to revise the settlement agreement with the Brazos River Authority; and (2) authorize any officer of the Board to sign the Surface Water Supply Agreement for the Purchase of Raw Surface Water with the Brazos River Authority in the event the Brazos River Authority agrees to the settlement agreement. Director Crow seconded the motion, which passed unanimously.

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

(SEAL)

Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
report to the Board regarding different options for surface water treatment plants and the estimated costs associated with the different options.....	1