

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

August 15, 2017

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in special session, open to the public, on the 15rd day of August, 2017 at the Pecan Grove Baptist Church, 1727 FM 259, Richmond, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

Chad Howard	President
Ryan Yokubaitis	Vice President
G.E. "Buddy" Kluppel	Secretary
Stephen D. Crow	Assistant Secretary/ Assistant Vice President
Charles D. Bertrand	Assistant Vice President/ Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also present at the meeting were residents of the District listed on Exhibit A attached hereto; Grady Turner and Scott Saenger of Jones & Carter, Inc. ("J&C"); Clayton Galloway, Tracy Butcher, Russell Piper and Breah Campbell of Environmental Development Partners, LLC ("EDP"); Greg Lentz of FirstSouthwest, a Division of Hilltop Securities; Jorge Diaz of McLennan & Associates, L.P. ("M&A"); Marcus Campbell of Time and Season Property Management ("Time & Season"); Pat Naff and Lynne Humphries, Anne Stanford, Hannah Brook and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

BUDGET WORKSHOP

The Board next considered amending the District's Rate Order to (1) increase the charge per connection for City of Richmond (the "City") fire protection services to Pecan Lakes residents from \$11.33 to \$11.52 due to the City's fee increase; and (2) increase the sanitary sewer base to include an additional \$0.74 for garbage rate increases from \$11.69 to \$12.43 per connection. Following review and discussion, Director Kluppel moved to amend the District's Rate Order, as discussed. The motion was seconded by Director Yokubaitis and passed unanimously.

The Board next considered amending the District's Groundwater Reduction Plan to adjust the surface water conversion fee for water pumped by the Pecan Grove Golf Club (the "Club") as fee increases are made within the District's Rate Order. Following review and discussion, Director Kluppel moved to amend the District's Groundwater Reduction Plan, as discussed. The motion was seconded by Director Yokubaitis and passed unanimously.

The Board then discussed amending the District's Parks General Rules, Uses and Guidelines and updating the District's recreational facility signage and concurred to defer discussion until the August, 2017 regular Board meeting.

The Board discussed damage to District trees in Pecan Grove Park by a resident on Melody Lane backing up to the park. Following discussion, Director Kluppel directed ABHR to send correspondence to a property owner on Melody Lane requesting that the property owner obtain the permission of the Board before trimming or removing trees on District property.

The Board reviewed an FM 359 Right-of-Way Beautification Agreement between West Fort Bend Management District, the District, Fort Bend County Municipal Utility District No. 140 and Fort Bend County Municipal Utility District No. 145. Following review and discussion, upon the motion of Director Crow and a second by Director Bertrand, the Board voted unanimously to approve the agreement.

The Board next discussed the Parks Committee's recommendations for repair, maintenance and rehabilitation of existing recreational facilities and new park projects in 2017, new playground equipment for Pecan Grove Park. Mr. Campbell presented and discussed estimates/proposals for new playground equipment in Pecan Grove Park and requested that the Board budget \$75,000 for new playground equipment for the fiscal year ending September 30, 2018. A copy of the proposal is attached. Following review and discussion, upon a motion by Director Yokubaitis and a second by Director Crow, the Board voted unanimously to approve a budgeted amount of \$75,000 for the fiscal year ending September 30, 2018.

SERIES 2017 UNLIMITED TAX BONDS

Mr. Lentz reviewed bids received for the sale of the District's \$1,790,000 Unlimited Tax Bonds, Series 2017, and stated the low bidder was SAMCO Capital Markets, with a net effective interest rate of 3.072840%. Mr. Lentz also discussed the District's A- credit rating with Standard & Poors Financial Services and insurance commitment from Build America Mutual in connection with this bond issue.

Mr. Lentz next reviewed the Official Statement for the District's \$1,790,000 Unlimited Tax Bonds, Series 2017. Mr. Lentz stated the Preliminary Official Statement will be updated to reflect pricing information on the Bonds.

Ms. Humphries reviewed: (1) the Resolution Authorizing the Issuance of the District's \$1,790,000 Unlimited Tax Bonds, Series 2017; (2) the Agreement with The Bank of New York Mellon Trust Company, N.A. to be the Paying Agent/Registrar for the Series 2017 Bonds; (3) a Certificate Regarding Provision of Financial Advice confirming that the Board has relied solely upon the advice of First Southwest, a Division of Hilltop Securities concerning the issuance of the Bonds and investments of proceeds of the Bonds; (4) various documents relating to the bond sale and asked the Board to authorize the attorney and the financial advisor to take all necessary steps to deliver the bonds to the purchaser; and (5) the Amendment to the District's Information Form, reflecting the District's additional bonds sold.

After review and discussion, Director Kluppel moved that the Board: (1) award the sale of the District's \$1,790,000 Unlimited Tax Bonds, Series 2017 to SAMCO Capital Markets; (2) approve the Official Statement; (3) adopt the Resolution Authorizing the Issuance of the District's \$1,790,000 Unlimited Tax Bonds, Series 2017; (4) approve the Agreement with The Bank of New York Mellon Trust Company, N.A.; (5) approve the Certificate Regarding Provision of Financial Advice; (6) authorize execution of the various documents relating to the bond sale and authorize the attorney and the financial advisor to take all necessary steps to deliver the bonds to the purchaser; and (7) authorize execution of the Amendment to the District's Information Form. Director Crow seconded the motion, which was approved by unanimous vote.

BUDGET WORKSHOP (CONTINUED)

The Board concurred to defer discussion regarding the Surface Water Treatment Plant Reliability Assessment and budgets for proposed upgrades and improvements to the August, 2017 regular Board meeting.

The Board discussed the projected 2017 tax rate and revenue, reviewed revenue and expense line items in the proposed budget, and commented and adjusted projections and inclusion of special construction and parks projects. A copy of the 2017 tax rate recommendation is attached.

The Board then reviewed proposed special engineering projects for the fiscal year ending September 30, 2018, including engineering for rehabilitation of lift station no. 4 and repairs and improvements to Jones Creek, a copy of which is attached. Mr. Turner Grady updated the Board regarding pending reimbursements from the Federal Emergency Management Agency ("FEMA") and the Natural Resources Conservation Service ("NRCS") to partially fund repairs and improvements to Jones Creek.

The Board next discussed available surplus water bond funds and capital improvement projects eligible for funding with surplus water bond funds. Discussion ensued regarding surplus water bond funds allocated to design and construction of a reclaimed water system.

Discussion ensued regarding costs associated with administration of the lease of water supply capacity to Fort Bend County Municipal Utility District Nos. 134D and 134E ("No. 134D and No. 134E") and notice of intent to adopt a budget required by the District's Lease Agreement for Water Supply Capacity with No. 134D and No. 134E.

There being no additional business to consider, the meeting was adjourned.


Secretary, Board of Directors

(SEAL)



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