

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

January 23, 2018

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in special session, open to the public, on the 23rd day of January, 2018 at the Pecan Grove Baptist Church, 1727 FM 359, 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 Wendy Hale-Erlich, District resident; Jorge Diaz of McLennan & Associates, LP ("McLennan"); Justin Ring and Megan Crutcher of Odyssey Engineering Group; Tracy Butcher of Environmental Development Partners ("EDP"); Greg Lentz of Hilltop Securities, Inc.; and Lynne Humphries and Jane Miller of Allen Boone Humphries Robinson LLP ("ABHR").

FUNDING FOR WATER AND DRAINAGE PROJECTS; ACCEPT EASEMENT

Mr. Ring updated the Board regarding the status of receipt of engineering records from Jones & Carter, including project plan sets, and meetings with EDP to review proposed capital projects and proposed system/facility repair schedules. Mr. Ring and Ms. Crutcher discussed potential District projects and long term planning, including future maintenance. The Board discussed the proposed scope and estimated cost of the proposed projects and funding options. Mr. Butcher provided information regarding maintenance, repairs and potential improvements to District facilities.

The Board reviewed information provided by the bookkeeper regarding capital surplus funds available for use on drainage projects and water projects. Mr. Ring and Ms. Crutcher then discussed the status of plan review and approval of the remediation improvements needed at the Plantation Section 4/5 detention pond (the "remediaion project"), including potential land acquisition. The Board discussed funding available for this project. After discussion, the Board determined: (a) an easement was not needed because the remediation project would be built wholly on land already owned by the District, (b) funding would be from the operating fund with an intent to potentially reimburse from future bond funds, and (c) to request ABHR to schedule a

special meeting on Thursday, February 8, 2018 at 8:30 a.m. at EDP's office to review bids and award a contract for the remediation project.

Mr. Lentz discussed the District's current operating reserve and potential for building it to a 12 month reserve. Mr. Lentz also reviewed a cash flow analysis of the District's debt service, and projections of taxable value and capital financing options through 2028. Mr. Diaz reviewed the District's current operating funds and property tax payments for 2017 received to date.

RESOLUTION EXPRESSING INTENT TO REIMBURSE OPERATING ACCOUNT

The Board next considered adopting a Resolution Expressing Intent to Reimburse the District Operating Account for the remediation project. Following review and discussion, upon a motion by Director Kluppel and a second by Director Crow, the Board voted unanimously to approve the Resolution.

NOTICE OF INTENT TO USE SURPLUS FUNDS

The Board concurred to defer action on this agenda item until NRCS funding and the scope of the Jones Creek slope and Pecan Lakes levee repair are known.

BOOKKEEPING SERVICES AND CONTRACT

The Board discussed the District's current bookkeeping contract. Following discussion, Director Crow move to authorize ABHR to (1) issue a letter giving McLennan notice that the Board intends to formally terminate the contract at the regular Board meeting next Tuesday, effective February 28, 2018; and (2) solicit and review a contract with Municipal Accounts & Consulting Services, LP for approval at the January 30, 2018 Board meeting. Director Yokubaitis seconded the motion, which passed unanimously. Ms. Humphries informed the Board that a sister company to Municipal Accounts & Consulting Services, Municipal Financial Services, has a comparative model which reviews, analyzes and summarizes operational, financial and tax data of the District in a metrics report. The Board asked Ms. Humphries to place an agenda item on the January 30, 2018 meeting agenda to receive a presentation from Municipal Financial Services about the metrics report and to consider engaging the company.

EXECUTIVE SESSION PURSUANT TO SECTION 551.074, TEXAS GOVERNMENT CODE

Director Howard announced the Board would convene in executive session at 8:00 p.m. to discuss appointment of a public officer. ABHR was present during executive session.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION

The Board reconvened in regular session at 8:23 p.m. No action was taken.

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


Secretary, Board of Directors

(SEAL)

