

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

March 8, 2006

The Board of Directors of Pecan Grove Municipal Utility District met in special session, open to the public, at 6:00 p.m. on Wednesday, March 8, 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: Lynne Humphries of Allen Boone Humphries Robinson LLP ("ABHR"); and Clyde King of the Fort Bend Herald.

DISCUSS REQUESTS FOR QUALIFICATIONS FOR OPERATOR SERVICES AND  
AUTHORIZE APPROPRIATE ACTION

Discussion ensued regarding the operator proposals submitted and responses to the District's Request for Proposals. After review and discussion, the Board determined to interview three operators, ECO, EDP, and H<sub>2</sub>O. The Board determined to interview at a special meeting on Wednesday, March 15, 2005 at 5:30 p.m. at the Country Club and interview in this order: EDP, H<sub>2</sub>O, and ECO. The Board asked that the operators bring only four people, but specifically include the proposed manager, a corporate customer service manager, and a principal. The Board concurred legal representation was not necessary.

RECEIVE REPORTS FROM BOARD MEMBERS AND AUTHORIZE APPROPRIATE  
ACTION

Director Zarate reported on the review of the equivalent single family connection calculation for commercial customers and specifically the number of connections doubling at the Pecan Grove elementary school. She reported the spreadsheet from ECO contained errors. She said there were several commercial accounts which had been incorrectly billed in 2006 as a result of the annual recalculation in January 2006.

Director Zarate reported the spreadsheet and billing has now been fixed. Director Zarate reported the Pecan Grove elementary school usage appeared to be high so ECO has replaced the meter.

Director Zarate reported on an entry on the legal bill as a shared fee and stated she followed up with ECO and discovered ECO was using a subcontractor for commercial meter testing and repair and that the company had an IRS tax lien. Director Zarate further reported that, to date, only Directors Zarate and Kluppel had turned in applications to run for the Board in the May 13, 2006 Directors Election.

Director Taylor distributed a copy of a presentation made by Coastal Water Authority to the Fort Bend Subsidence District on surface water. A copy of the presentation is attached.

CONDUCT ANNUAL REVIEW OF ATTORNEY'S CONTRACT AND AUTHORIZE APPROPRIATE ACTION

The Board discussed the performance of ABHR, as the District's attorney, and several areas for improvement. The Board expressed its appreciation for the hard work and job well performed. The Board requested ABHR shorten the minutes by addressing only review and discussion of the reports and action items.

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



  
Secretary, Board of Directors

LIST OF ATTACHMENTS TO MINUTES

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