

MINUTES  
PECAN GROVE MUNICIPAL UTILITY DISTRICT

February 9, 2015

The Board of Directors (the "Board") of Pecan Grove Municipal Utility District (the "District") met in special session, open to the public, on the 9th day of February, 2015, at the Pecan Grove MUD Customer Service Office, 2035 FM 359, Suite 13, 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
Buddy Kluppel	Secretary
Randy Vance	Assistant Vice President/ Assistant Secretary
Kirk Boyd	Assistant Vice President/ Assistant Secretary

and all of the above were present.


Also present at the meeting were Alan Sandersen of Sandersen Knox & Co., LLP; and Lynne Humphries of Allen Boone Humphries Robinson LLP ("ABHR").

AUDIT FOR FISCAL YEAR END SEPTEMBER 30, 2014 AND AUTHORIZE FILING WITH THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Mr. Sandersen reviewed a draft audit of the District's financial information for the fiscal year end September 30, 2014. Mr. Sandersen discussed policies and procedures for reporting and receiving Director per diems and reimbursement for District business expenses and recommended the Board adopt a more detailed form for reporting per diems and expenses due to activity in the District. He said he conducted an in-depth audit review in response to the fraud questionair he received from one of the directors. He also recommended the District develop reserves for a 3 to 5 year capital improvement/replacement plan due to the age of District facilities. Following review and discussion, upon a motion made by Director Boyd, seconded by Director Kluppel, the Board voted unanimously to (1) approve the audit and management letter subject to final review and comments; and (2) authorize ABHR to file the audit and filing affidavit with the Texas Commission on Environmental Quality.

Director Kluppel then moved to schedule a special meeting with the auditor and bookkeeper to review all per diems and expenses the auditor does not believe currently meet either the legal or the District's requirements for payment of per diems due to lack of detail or specific information for the service rendered the District. The motion, which was seconded by Director Boyd, passed unanimously. The Board then concurred to meet in special session on February 16, 2015 at 8:00 a.m. at the MUD office.

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

  
Secretary, Board of Directors

(SEAL)

