

MINUTES
PECAN GROVE MUNICIPAL UTILITY DISTRICT

February 16, 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 16th 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; Shirley McLennan of McLennan and Associates, LP; Cheryl Minchew, John Minchew, Jim Ashmore and Fred Ross, District residents; and Lynne Humphries of Allen Boone Humphries Robinson LLP ("ABHR").

REVIEW AND DISCUSS PER DIEMS FOR FISCAL YEAR 2014 WITH AUDITOR AND MAKE ADJUSTMENTS, AS NECESSARY

Mr. Sandersen reviewed his supplemental audit review of director per diems for allegations of fraud. After reviewing all per diem requests submitted by directors during the fiscal year ending September 30, 2014, Mr. Sandersen reviewed with the Board 14 days for which per diems were requested that he believe required additional backup and information. Mr. Sandersen provided the Directors, Mr. Minchew and the bookkeeper a list of the particular per diem days for which additional information is needed. Mr. Sandersen further said there was one expense paid for \$50 for attendance at an event hosted by Fort Bend County Commissioner Andy Meyers where the Texas Water Development Board was speaking about the Texas Water Plan that should be reimbursed to the District because the payment was paid to the Meyers' campaign. He added the event was allowable as an educational purpose, but the District cannot pay any money to a campaign. Following review and discussion, Director Boyd moved that any expense reimbursement identified by the District auditor as inappropriate be reimbursed to the District and any per diem payments that needed adjustments be made by crediting against future per diems reported by Directors in this fiscal year. Director Kluppel seconded the motion, which was unanimously approved. The Directors and agreed with the necessary additional backup or information related to the

per diems should be submitted to the bookkeeper before the Board meeting on Tuesday, February 24.

PER DIEM REQUESTS

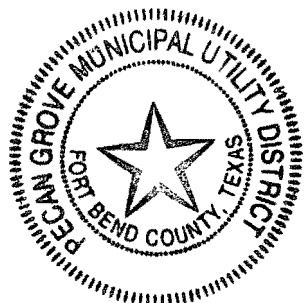
Mr. Sandersen then discussed options for changes to the per diem request forms to include backup and additional information discussed today. After review of several forms, the Board requested the bookkeeper and auditor develop a form that addresses all issues raised today. The Board then discussed the time and effort required to review consultant reports submitted in advance of a regular meeting. The Directors also discussed whether to request per diems for reviewing these reports. After discussion, the Directors concurred not to request per diems related to reviewing consultant reports submitted in advance of a regular meeting, even if the time takes longer than attendance at a Board meeting.

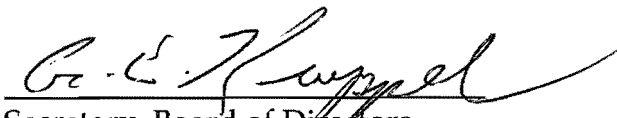
REVIEW AND DISCUSS PER DIEMS FOR FISCAL YEAR 2014 WITH AUDITOR AND MAKE ADJUSTMENTS, AS NECESSARY CONTINUED

In summary, Ms. Humphries asked Mr. Sandersen if he had any reason, after his review, to believe fraud had been committed. In response, he said no, but the Directors need to provide better and more complete information on service provided to the District. Ms. Humphries asked if all of the Directors believed after today's review there is evidence of fraud, and no one stated they believed there to be evidence of fraud.

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

(SEAL)




Secretary, Board of Directors