

and all of the Directors were present with the exception of Directors Hawk and Hardin, thus constituting a quorum. Also present at the meeting were Bill Fry, Becky Stathos, Linda Nolte, Jeri Frye, Linda Frey, and Wyatt Misenheimer with Severn Trent Services; Don Bayes with Gray-Jansing & Associates; Mike Willatt with Willatt & Flickinger; Jimmy Nees with Waste Management, and District residents Mike Hatfield of 913 Shannon Meadow, Lila Lyckman of 2101 Windy Oaks Cove, and David Grussendorf of 1010 Old Mill Road.

Director Nasky called the meeting to order at 6:13 p.m. and stated that the Board would first consider Agenda Item 1: Minutes from the March 16, 2005 meeting. On a motion by Director Davies seconded by Director Henry the Board unanimously approved the minutes from the March 16, 2005 meeting.

Director Nasky then called for Agenda Item 2: Report from the District's engineer. Mr. Bayes reported on three problems concerning the wall:

1) 3413 Sweetgum Trace – there is no post where the resident's fence is tied into the wall because this section of the wall was erected to show how it would look, and was done outside both of the contracts. Libby will install a post for tie-in.

2) 2503 Grist Lane – a 3'x4' section loose of the wall is loose. A limb extended beyond the wall and has been rubbing on it, resulting in cracked mortar. Libby will replace the mortar.

3) 2014 Lakeline Oaks – the drainage block is too high causing flooding within 20 minutes of when the sprinkler turned on. Libby will look at it to determine the best solution.

Director Hardin entered the meeting during the above discussion.

Mr. Bayes then reported on the drainage problem on six lots in the 1000 block of Old Mill Road. In accordance with Board directives, Mr. Bayes prepared a letter detailing the drainage problems in Evelyn Long's backyard at 1008 Old Mill Road. Mr. Grussendorf at 1010 Old Mill Road plans to remove the playscape from his backyard this weekend, add a berm, and adjust the slope. Since none of the residents submitted ACC requests to remove the drainage swale running through their yards, the attorney's office was directed to write deed restriction letters to the owners of lots 6-11, asking them to submit plans for restoring sufficient drainage. They should be given a deadline for submitting a plan and one for having the work completed. Director Hardin felt like homeowners should be allowed to touch base with District consultants.

On a motion by Director Hardin, seconded by Director Davies, the Board voted unanimously to have Mr. Bayes mail Ms. Long the letter explaining her drainage problems.

Mr. Bayes and Mr. Fry met in Anderson Mill West Park to look at the washout areas on the walking trail. The scope of repairs needed has gotten larger, and is probably beyond the capabilities of STES. Moving the rock berm would have the greatest impact. He will contact Eco Systems to get a bid for moving the berm. Replacing the decomposed granite should be a maintenance item for STES to handle as needed.

Director Nasky then called for Agenda Item 4: Audit by Peña Swayze. Mr. Fry said he had anticipated a meeting earlier in the week. The auditor's office requested STES to e-mail a schedule, which was done yesterday. Mr. Swayze still has to review those items. Mr. Montemayor had agreed to e-mail it earlier, but it didn't get done. Mr. Fry said he thinks everything in Peña-Swayze's possession. He told Mr. Swayze they were welcome to go to the STES office to review back-up, but Mr. Swayze indicated that would not be necessary. A second letter has been sent to TCEQ regarding the late audit.

Director Davies stated he had wanted Mr. Montemayor and Mr. Swayze to attend tonight's meeting. Director Hardin said he did not insist that they come because he did not see what purpose it would serve. Director Davies said that regardless of whether the audit report is complete, he wants both gentlemen to attend the next meeting. Mr. Willatt will direct them to attend the next meeting.

Director Nasky then called for Agenda Item 16: Citizens' communications. Mr. Hatfield said he was attending the meeting to discuss birdbaths in his yard. He said they had been there for two years and no one had complained about them. Mr. Fry then introduced STES employees Jeri Frye, who works with Linda Frey, and Linda Nolte, who works on deed restrictions with Sabrina Washburn. Ms. Nolte reported that Mr. Hatfield was initially sent a letter on February 21 notifying him that ACC approval was required for the birdbaths he installed in his front yard. Several communications have taken place, but he has not submitted a request for ACC approval. A letter was sent on April 14 indicating fining has been imposed. Mr. Hatfield was encouraged to submit an ACC form for approval. If the birdbaths are approved, his fine would be removed.

Mr. Misenheimer and Ms. Frey arrived during the above discussion.

Ms. Lyckman said she would like information on the recycling fund established for beautification of the District. Some residents would like to construct a flower bed at the end of Brighton Bend and utilize a portion of the fund to rent equipment to remove surplus concrete buried there. Director Hardin explained that Waste Management is supposed to give the District any proceeds collected from recycling. This was a fairly significant total when recycling first started, but nothing has been received for some time. The percentage allocated for each HOA was based on the number of homes in the HOA. If the HOA is interested in using some of the funds, it should make application to the Board. STES keeps a running total of funds available.

Mr. Fry said he would like to discuss some water and wastewater billing questions from homeowners. Mr. Willatt said in the future such items should be put on the agenda if the homeowner is not going to be present.

The homeowner at 1504 Black Cherry has requested some relief for a water leak at his home in March. His current balance is \$299.93. Director Hardin said STES is authorized to make payment arrangements in such situations, and to remove any penalties and interest.

A similar situation occurred at 2607 Melba Pass. Mr. Fry will take the same action as directed for 1504

Black Cherry.

Mr. Fry said the irrigation system was left on during the winter at 1705 Mesquite, making the winter average 16,000 gallons. On a motion by Director Davies, seconded by Director Nasky, Mr. Fry was directed to adjust the winter average to 10,000 gallons for the current year. Director Hardin asked that STES find out what the City of Austin policy is on winter averaging and follow their guidelines.

Mr. Fry introduced Jimmy Nees with Waste Management, who was attending the meeting at the Board's request. Mr. Nees discussed some management changes which have taken place in his company. Chris Kjar is the new manager for the District's account. Mr. Nees said someone from Waste Management will call STES each month to see how many active connections there are and how many of those are senior citizens. Mr. Fry said Linda Nolte will provide an accurate number each month. Mr. Nees said his company needs to improve on picking up brush and bulky items.

Mr. Nees then discussed recycling. He explained that ACCO pays \$20/ton for newsprint, but charges \$55/ton for anything else being dumped, whereas the landfill charges only \$16.50/ton for dumping. \$30/ton is the going price on aluminum cans. Mr. Nees said Waste Management probably loses \$300/month on recycling, which is why the District has not received any recycling revenue lately.

Mr. Nees was informed that there were 16 complaints last month on missed trash pick-ups. The District's contract allows it to charge Waste Management for missed pick-ups. The contract also calls for Waste Management to conduct a recycling seminar in the District. Mr. Nees said he will make sure Mr. Kjar is familiar with the contract.

Director Nasky then called for Agenda Item 24: *Security system and/or additional patrol service for District office*. Constable Vannoy said since no action was taken on patrol service last month, he came back this month to see if the Board had any questions. Director Henry explained that the subcommittee had not had an opportunity to discuss which duties should be handled by the patrol. He said it is not necessary to include specifics in the contract. Director Davies said he would like to have patrol service for eight hours each week in two 4-hour shifts. He would also like for the constable to make a note of the time and license plate number of cars parked in the street overnight. Constable Vannoy indicated that he can bring in a Travis County Deputy under the same contract, if needed. He agreed to provide a

monthly report for the packet. His point of contact will be Director Henry.

Once the contract is finalized, residents will be notified of the patrols on the bottom of the bill, and told to contact STES with non-emergency calls. A notice will also be added to the website.

On a motion by Director Davies, seconded by Director Nasky, the Board unanimously voted to enter into an agreement with Williamson County for patrol services.

Director Nasky then called for Agenda Item 5: *Fire hydrant maintenance/repair*. Mr. Fry said the recently completed fire hydrant survey revealed 84 hydrants which need painting and one which needs to be raised. On a motion made by Director Henry, seconded by Director Nasky, the Board unanimously approved painting 84 hydrants at a cost of \$32.50 each, and raising one at a cost of \$533, for a total cost of \$3,263, and to add these costs to the 2005 list of items to be reimbursed by surplus bond funds.

Director Nasky then called for Agenda Item 6: *Authorization of transfer of funds from surplus bond proceeds*. Mr. Fry met with Mr. Flickinger regarding back-up information needed before the transfer can be made. STES should have the back-up to Mr. Flickinger by the first of next week.

Director Nasky then called for Agenda Item 7: *Emergency Response Plan*. Director Davies has a completed draft. He and Mr. Fry have been redirected to someone in the City of Cedar Park Police Department.

Director Nasky then called for Agenda Item 8: *Residential drainage problems on lots on Old Mill Road*. This was discussed under a previous agenda item.

Director Nasky then called for Agenda Item 9: *Access Control, Building Security, and Site Surveillance*

for 1000 Old Mill Road. Director Davies reported that the security system is now in place. He distributed access cards and memos with detailed instructions.

Director Nasky then called for Agenda Item 10: *Directors' Fees*. Director Hardin said the auditor was not concerned about this issue, so it can now be removed from the agenda.

Director Nasky then called for Agenda Item 11: *2004 Liability-Property Rerate Exposure Summary*. Ms. Stathos has been in contact with Mr. Ragsdale about the cost of several outstanding items, and will follow-up with him. Mr. Willatt said he would contact TML.

Director Nasky then called for Agenda Item 12: *District website*. Director Davies continues to update the website. He said hits are increasing every month.

Director Nasky then called for Agenda Item 13: *GASB-34*. This item has been merged into the Audit item and can now be removed from the agenda.

Director Nasky then called for Agenda Item 14: *Cedar Park Fire Protection*. There was no discussion under this agenda item.

Director Nasky then called for Agenda Item 15: *TML Building Valuations, Real & Personal Property Coverage*. There was no discussion under this agenda item.

Director Nasky then called for Agenda Item 17: *Report from the DRC and act on restrictive covenant enforcement*. Director Henry reported that five individuals attended the recent deed restrictions meeting. Once the fine letter is mailed, STES will be checking daily to see if the infraction has been corrected.

Mr. Willatt requested clarification of how the policy reads vs. the letter being sent. Director Henry explained that the rules give a resident 10 days to correct a minor violation and then 10 days notice to fine. Major violations are 15 days. Mr. Flickinger has recommended that it be left as is.

During a general discussion about the enforcement of deed restrictions, Mr. Willatt said districts can enforce deed restrictions by all means necessary.

Director Nasky then called for Agenda Item 18: *Report from ACC*. Director Hardin asked if it is legal to pay a resident to serve on the Architectural Control Committee rather than rely on volunteers. Mr. Willatt explained that a resident could not be paid to do deed restrictions, but could be paid for consulting. Director Hardin said he thinks the Board should consider this possibility for those HOA's that do not have an active Board of Directors. This matter was referred to the Deed Restrictions Committee.

Director Nasky then called for Agenda Item 19: *Rules for enforcement of restrictive covenants that include fines and termination of services*. There was no discussion under this agenda item.

Director Nasky then called for Agenda Item 20: *Matters regarding people who are not subject to the Lakeline Oaks deed restrictions*. This item should remain on the agenda.

Director Nasky then called for Agenda Item 21: *Report from the District's landscape contractor and related action*. There was not discussion under this agenda item.

Director Nasky then called for Agenda Item 22: *Report from the Park Subcommittee regarding park improvements*. Mr. Fry said he would like to do a punch list of needed park repairs and meet with the Parks Committee.

Director Nasky then called for Agenda Item 23: *All matters related to the District parks, fields and office building*. Director Nasky reported that he had talked with nine homeowners and all of them were okay with relocating the backstops in the Hatch Road detention pond. However, most of the residents expressed concern about the fact that cars park on both sides of Hatch road, narrowing down access. The Board discussed possibly erecting “no golfing” signs. Director Nasky will get a price on moving the backstops.

Director Nasky then called for Agenda Item 3: *Report from the District’s General Manager, including payment of bills and invoices and transfer of funds*.

- a. review and discussion of pending Board directives to Manager, attorneys, Board members and subcommittees*
- b. water and wastewater system report*
- c. billing report and financials*
- d. security issues and vandalism*
- e. security measures for the water system*
- f. builder and aged receivables*
- g. detention pond and related issues*
- h. fire hydrant survey*
- i. RBC Dain Rauscher*
- j. solid waste collection and disposal service*
- k. marquees*

Mr. Fry made the following report on Severn Trent's directives from the March meeting:

- 1) February minutes have been corrected.
- 2) Mr. Fry and Director Davies have been redirected to another person to meet with concerning the ERP.
- 3) The STES Safety Director said the ERP is not a big issue with the EPA since no chlorine is involved.
- 4) Repair of damage to the AMW trail was discussed under the engineer's report.
- 5) Account information for El Salido Medical Center was e-mailed to Directors Henry and Hardin. The account has been paid and a check cut for approval at tonight's meeting.
- 6) Mr. Swayze and Mr. Montemayor were not instructed to attend the April meeting by direction of Director Hardin.
- 7) Meeting regarding Audit was held.
- 8) Mr. Fry talked to Mr. Pattillo regarding Continuing Disclosure Statement.
- 9) In process of preparing amount to move from Construction to Operating account.
- 10) Director Davies is now being copied on list of DR letters sent to LLO residents.
- 11) Electrical outlets in pavilion are working, but there are three lights out in the park.
- 12) Information on money orders was e-mailed to Director Davies.
- 13) Director Davies is being copied when a list of deed restriction letters to Lakeline Oaks residents is e-mailed to Director Henry.
- 14) Director Hardin's W-4 changes have been implemented.

Mr. Fry then reported as follows on Severn Trent's directives from previous meetings:

- 1) Discussed projects eligible for reimbursement with Mr. Flickinger.
- 2) All monies owed by Terriville have been collected.
- 3) Met with Don Bayes.
- 4) Determined that Goodwin Management manages the Volente Hills HOA and will contact them.
- 5) Met with Mr. Flickinger regarding delinquent tax procedures. Letter will be sent unless a suit has been filed or the owner is in the process of making payments.
- 6) Contacted Mr. Controno and he has sent in the amount due.
- 7) Provided Director Nasky with name of resident wanting backstop moved.
- 8) Notified Merritt Research that audit was not complete.
- 9) Possible change in tax collection still on hold. Director Hardin suggested this be reexamined.
- 10) Completion of list of assets in progress.
- 11) Mr. Fry said he doesn't understand the aging report. He will research all developer receivables.
- 12) Creation of new accounting area should be removed.
- 13) Information received from Waste Management regarding recycling money.
- 14) Key has been returned by Braun & Butler, but Director Nasky will get in touch with Mack Ellis about lights that are out.
- 15) Letters will be sent to homeowners with delinquent taxes if the billing account matches the person on the delinquent list unless a suit has been filed or the owner is in the process of making payments.
- 16) The amount of delinquent taxes will be added to the water bill after homeowners have been notified and given time to respond.

- 17) No additional money is due from Terriville.
- 18) Met with City of Cedar Park.
- 19) Met with construction manager for DR Horton. Two detention pond issues need to be cleared up and then check will be released.
- 20) Converting back to QuickBooks and need to make some adjustments before three signatures lines will be on checks.
- 21) Continuing to revise manual as needed.
- 22) Letter explaining backcharges is ready.
- 23) Still need to pursue generation of business plan for rental of camera.

Mr. Fry then discussed the lost deposits on December 13, 2004, (292 residents affected) and February 4, 2005, (110 residents affected). He will find out what percentage of these residents has sent in a replacement check.

Mr. Fry distributed a copy of the Consumer Confidence Report for 2004. Following a discussion, Director Davies moved to approve the CCR for mailing, as presented. Director Nasky seconded the motion, which passed unanimously.

Ms. Frey distributed copies of and discussed the revised financials for the District. She said she is reviewing the water accrual to make sure it is correct. Director Hardin will go by the STES office tomorrow to talk with her about the accrual.

On a motion by Director Davies, seconded by Director Nasky, the Board voted unanimously to pay all bills and invoices with the exception of Peña-Swayze and the U. S. Treasury, which will be held.

Director Nasky then called for Agenda Item 25: *Adjournment*. The meeting was adjourned at 11:40 p.m.

Steve Davies, Secretary

Board of Directors

Date: _____