

MINUTES OF MEETING OF THE BOARD OF
DIRECTORS OF WILLIAMSON-TRAVIS COUNTIES
MUNICIPAL UTILITY DISTRICT NO. 1

May 18, 2005

THE STATE OF TEXAS

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COUNTIES OF WILLIAMSON AND TRAVIS §

A regular meeting of the Board of Directors of Williamson-Travis Counties Municipal Utility District No. 1 was held at 6:00 p.m. on May 18, 2005, at the District office at The Park at Lakeline Oaks, 1000 Old Mill Road, Cedar Park, Texas 78613. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the Notice is attached as Exhibit "A".

Director Nasky called the roll of the members of the Board:

Barry D. Hawk - President

Brian Nasky - Vice President

Steve Davies - Secretary

Brian T. Hardin - Treasurer

and all of the Directors were present with the exception of Directors Hawk and Nasky, thus constituting a quorum. Also present at the meeting were Bill Fry, Becky Stathos, Linda Frey, Linda Nolte, and Kristi Shanks with Severn Trent Services; Archie Montemayor with Montemayor & Associates; Don Bayes with Gray-Jansing & Associates; Bill Flickinger with Willatt & Flickinger; Mike Swayze with Pena-Swayze; Greg Vinella with Eco Systems; and District residents Lila Lyckman of 2101 Windy Oaks Cove, Mr. and Mrs. Okunami of 2014 Lakeline Oaks, Jay Bowerman of 2218 London Lane, and Ronald Mills of 1704 Courtney Lane.

Director Davies called the meeting to order at 6:11 p.m. and stated that the Board would first consider Agenda Item 4: Audit by Peña Swayze. Director Hardin explained it had been his decision not to ask Mr. Swayze to attend last month's meeting. He said GASB-34 has delayed the audit, perhaps past the point of reasonableness.

Mr. Swayze said he had told the Board the last few years that GASB-34 would be coming up and would include depreciation of fixed assets and a management discussion and analysis, both of which are required to be done by management. The depreciation schedule has been hardest thing to get through, including developer reimbursement. Once the depreciation schedule is complete, he can finish the audit work. When he receives the MD&A, it can be included in the financial schedule. Mr. Swayze said it would probably take another 25 hours to complete what his firm needs to do.

Ms. Frey distributed a worksheet providing detail on the depreciation schedule. She said everything has been reconciled through 2003. They still need to go back and research the age of each bond issuance so can they can be amortized based on the life of the bond itself. One item of research on the wall also needs to be taken care of. Ms. Frey thinks it can be turned over to the auditor in the next day or so. A number of adjustments made over last couple of months and a lot of refinements made.

Mr. Swayze said he will need the attorney representation letter also. If he gets the information from STES on Friday, he can probably have the audit ready within two weeks. Director Hardin said he received a call from the financial advisor saying there might be a window to refinance the last bond issue and they need to be ready to jump. Mr. Swayze said he will try to have a draft to the Board before

Stacy goes on vacation next Thursday. The Board will be kept apprised of STES' progress and Mr. Swayze's response.

Mr. Swayze said he understands the Board is holding a check waiting for the audit report. When complete, Pena-Swayze will have twice the amount of time invested that was anticipated. Director Hardin said wanted more information and back-up detail before releasing the check.

Mr. Montemayor said he initially visualized the project as general categories. He was then asked to do individual line items transaction by transaction. Not all the general ledgers were available, so other ways had to be found to compile the list.

Director Nasky entered the meeting at this time.

Mr. Montemayor said it had been an arduous task. Part of the delay was caused by time constraints, as well as turn over in STES' staff. Mr. Swayze said his firm had to find some financials and developer reports that STES couldn't locate. Additional time was spent gathering information for STES as well as in meetings. Director Henry said she remembered Mr. Swayze telling Mr. Montemayor to fill in as much as he could and he would fill in the rest.

Director Hardin left the meeting for another engagement, saying he would return as soon as possible.

Director Nasky then called for Agenda Item 2: Report from the District's engineer. Mr. Bayes said he got a bid of \$600 from Eco Systems to move the berm in Anderson Mill West Park. He said it is a great price and recommends the Board accepts their bid. On a motion by Director Henry, seconded by Director Davies, the Board voted unanimously to accept Eco System's bid to do the drainage work in Anderson Mill West Park.

Mr. Bayes said he mentioned a drainage problem on Lakeline Oaks at last month's meeting. Modifications were made to the center drain block in an effort to alleviate the problem he feels is caused by a low spot in the back yard. Mr. Okunami said the foundation of the fence is higher than the grade of the yard before the fence was put in. Mr. Bayes said the foundation is at the correct level. If it were any lower there would be water coming into the backyard from the apartments. The concrete is level all the way across, but the backyard drops down in the center of yard. The fence is actually owned by the apartments. Mr. Bayes thinks if the level of the yard is raised up to the foundation, water would drain. Mr. Okunami said he is not allowed to change the grade of the yard if it affects drainage. Mrs. Okunami said they did not have standing water before the fence, but now they do.

Mr. Bayes obtained a bid from Eco Systems for two yards of soil plus sod. Mr. Flickinger said any action on this must be taken under Agenda Item 3L.

Director Nasky said the Sunchase channel is not draining above or below the bridge, and asked about cutting a trickle channel. Mr. Bayes said STES could use some light equipment to create a path for the water to follow. He doesn't think it will take care of all the problem because of the rock outcropping, but it would help. He said it might have to be done every year. STES will provide an estimate at the next meeting.

Director Nasky then called for Agenda Item 1: *Minutes from the April 20, 2005 meeting*. On a motion by Director Henry seconded by Director Nasky the Board unanimously approved the minutes from the April 20, 2005 meeting.

Director Nasky then called for Agenda Item 17: *Citizens' communications*. Ms. Lyckman wanted to know if the \$1,000 HOA deposit on the building could be lowered. Mr. Flickinger said any action on this issue would have to be taken under Agenda Item 25.

Director Nasky then called for Agenda Item 25: *All matters related to the District's parks, fields and office building*. On a motion by Director Davies, seconded by Director Nasky, the Board voted unanimously to reduce the building deposit for District HOA's to from \$1,000 to \$200.

Director Nasky then returned to Agenda Item 17. Ms. Lyckman reported that STES had told her there is \$3,461.58 in the recycling fund earmarked for Lakeline Oaks HOA and wanted to know what the process was for requesting the money. She was told she would need to present a landscaping plan and budget to the Board.

Director Nasky then called for Agenda Item 3L: Report from the District Manager and Affected Persons, including payment of bills and invoices and transfer of funds: (L) customer and resident complaints. Director Davies moved to address the complaint at 2014 Lakeline Oaks by accepting Eco System's bid to raise the grade and put down sod at a cost of \$350. Director Nasky seconded the motion, which passed unanimously.

Director Nasky then again returned to Agenda Item 17. Mr. Bowerman said he was at the meeting to discuss a portable basketball goal he has on the curb. He said Park Forest does not have main arterials and there is not a lot of activity on the street. Mr. Baumgart declined ACC approval stating that the basketball goal is in the right-of-way. Director Davies said he thinks enforcement efforts on deed restrictions have been stepped up to the point that they have gone beyond what should be done and that the Board is tasked with interpreting verbiage such as "unsightly" and that the current enforcement is beyond his comfort level and beyond what he thinks is reasonable. The post of the basketball goal in question is on the curb, with the basket hanging over the street. Ms. Nolte said that she received a notice from Mr. Baumgart today that he was resigning. She has been tracking down possible volunteers by phone. Director Henry said each HOA should provide specific guidelines for deed restrictions.

Mr. Flickinger said a new ACC needs to be in place before any more letters are sent to Anderson Mill West and Park Forest residents because every homeowner has a right to confront the ACC regarding denied requests.

STES needs specifications as to right-of-way problems, unsightly items and temporary structures. There will be no ruling on the basketball goal until the ACC committee problem is resolved. A copy of the correspondence should be forwarded to Mr. Flickinger.

Mr. Moore requested that his basketball goal be allowed to remain at the curb. Original approval was

denied by the ACC as a right-of-way issue. A letter will be sent to Mr. Moore stating that the basketball goal must be relocated to his driveway. Water will not be turned off for a basketball goal only, but if its monthly water bill is not paid, it will be turned off.

Director Nasky then called for Agenda Item 23: *Report from District's landscape contractor and related action*. The Board discussed possible solutions for the area in the center of Anderson Mill West Park where there is little to no turf. The issue was turned over to the Park Committee for consideration.

The Board also discussed possible improvements to Sunchase Park, such as adding a trail and a bridge. Mr. Vinella will bring a proposal to the next meeting.

Director Nasky then called for Agenda Item 5: *Public hearing on the proposed Drought Contingency Plan*. The public hearing was opened at 8:21 p.m. Mr. Flickinger asked if anyone present would like a copy of proposed amendment, and no one did.

Mr. Flickinger explained that a Drought Contingency Plan must be adopted every five years. The last time the Board adopted one was in 2000. TCEQ wants districts to adopt a plan in May to coordinate with LCRA and then again in May 2009. A modified enforcement plan has been included, with fines of \$500 per day if a resident violates mandatory provisions. The DCP will be coordinated with the City of Cedar Park. If City notifies the MUD it is in a drought, it will trigger the District's drought plan. Discretionary provisions of the plan call for a \$50 reconnect fee. There were no comments from anyone present.

Director Nasky closed the public hearing at 8:28.

Director Nasky then called for Agenda Item 6: *Consideration and approval of drought contingency plan*. On a motion by Director Hardin, seconded by Director Davies, the Drought Contingency Plan was approved and will be posted on the District's website.

Director Hardin asked if the minutes of April 20 had been approved. When told they had been, he asked Director Nasky to return to Agenda Item 1. Director Hardin then asked Director Henry to amend her motion for approval to include having the minutes corrected to show more information on the directives. Director Henry did so, and Director Nasky seconded the amended motion, which passed unanimously.

Director Nasky then called for Agenda Item 3: Report from the District Manager and Affected Persons, including payment of bills and invoices and transfer of funds:

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

m. adjustment of delinquent accounts

Mr. Fry gave the following report on new directives from the April 20, 2005 meeting.

Decomposed granite will be replaced on the Anderson Mill West walking trail as needed.

Ms. Frey e-mailed Ms. Lyckman the amount of beautification funds available for Lakeline Oaks and will forward the information on to the Board.

An item has been added to the agenda for water and sewer billing questions in the event the homeowner will not be present at the meeting.

Notified homeowner installing pool on Vestavia Ridge that the Board accepted his offer subject to his responsibility to repair damage and comply with requests imposed by STES. Work has been completed and STES has inspected the area.

Payment arrangements with no penalty or interest were made for 1504 Black Cherry and 2607 Melba Pass.

The winter wastewater average for 1705 Mesquite was adjusted to 10,000 gallons.

The City of Austin said they could not provide anything in writing on their winter wastewater averaging policy. The Rate Order will be corrected to include a 9,600 gallon average to coincide with the budget and will be included in the procedures manual.

Ms. Nolte will be STES' contact for Waste Management to obtain the number of connections and senior citizens. Mr. Fry and Ms. Nolte will work together to document missed pick-ups and begin deducting the appropriate amounts from Waste Management's invoice.

A notice will be put on the bottom of the bill once the contract with the Constable is approved by the Commissioners' Court. Non-emergency calls will be directed to STES.

STES is working with Director Davies on possibly upgrading the computer. If STES commits to keeping the computer in the building, Director Davies will e-mail the information to STES, who will order and pay for the parts.

Fire hydrant maintenance has been scheduled, and will be under way shortly.

Once the fire hydrant maintenance has been completed, the cost will be added to the list of 2005 items to be reimbursed by surplus bond funds.

Mr. Fry and Mr. Henderson inspected two parks yesterday with Directors Hardin and Nasky. A punch list will be prepared. The weekly park inspection report will be added to the procedures manual. Litter will be picked up from all park areas daily. If an issue shows up more than once on a park report, Mr. Henderson will notify Mr. Fry.

The reason the electrical outlets in the pavilion may not work is because they are on a GFI. Only one of the plugs has a reset button. STES will put up a sign directing residents to the GFI reset, add a notation on the pavilion rental form, and include this in the procedures manual.

STES is in the process of researching all developer receivables.

98% of the payments included in the lost deposits have been received. STES will reimburse the District for any payments considered unrecoverable.

Checks #6306 to Peña-Swayze and #6298 to the U. S. Treasury are being held.

Mr. Fry then gave the following report on new directives from prior meetings.

STES furnished Ms. Dunbar with asset values. However Mr. Flickinger talked with her and she said she had not gotten everything she needed. Mr. Fry will set up a conference call with her and also ask her to come to the June meeting. Mr. Flickinger will put an item on the agenda regarding this issue.

Letters will be written to delinquent taxpayers (both real and personal) unless they are in some phase of the collection process or have an agreement in place with the County. If no response is received, the delinquent amount will be added to the water bill.

The City will not provide a copy of their Vulnerability Assessment so this directive should be removed.

All monies owed by DRHorton have been paid and the detention ponds have been cleaned. The check is available for signature tonight.

STES is in the process of obtaining 3-line checks.

STES is continuing to make revisions to the procedures manual as needed.

Creating a sub-ledger to make the yearly process of transferring funds easier is in process.

Carl at Goodwin Management told Ms. Nolte that he rides Volente Hills, but he gave no indication that he is actually sending out letters.

Information for TML was obtained from Mr. Ragsdale and forwarded to Ms. Dunbar.

Electrical outlets in the pavilion have already been discussed.

On a motion by Director Hardin, seconded by Director Nasky, the Board voted unanimously to write off Account #982-1587-01 in the amount of \$0.56 and to send Account #982-1125-02 to collections with a balance of \$209.78.

Mr. Fry reported on the following issues involving residents:

The resident at 1903 Old Mill complained about paying for water during the time the water smelled so bad. He had said he would be coming to the meeting, but didn't show up.

The resident at 3303 Sweetgum Trace thinks his bill is too high.

The resident at 2300 Casey Cove has requested an early return of his deposit.

The resident at 1706 Tierra Blanco Cove has requested that her water not be turned off because she has five children and her husband is ill.

No action was taken on any of the items.

Mr. Fry introduced STES accountant Kristi Shanks and turned meeting over to her. Ms. Shanks distributed the first page of the budget comparison, the revised check detail, and the cash report. All money was transferred from the Compass Bank investment accounts into Dain Rauscher.

Director Hardin said the cash flow forecast should be worked out soon so Dain Rauscher can invest the funds more effectively.

The balance sheet still has a multiplicity of accounts that could be merged, but Ms. Shanks has not been able to research them to a level where she feels comfortable.

Director Hardin said he wants to study the accrual for the water bill to the City of Cedar Park.

There was a discussion about the depreciation schedule and STES' response to Mr. Swayze's statements. Director Hardin requested that STES let him know how much has been paid on the audit so far.

On a motion by Director Hardin, seconded by Director Davies, the Board unanimously approved payment of all bills and invoices including check #6306 to Peña-Swayze which represents the base charge for the audit.

Director Nasky then called for Agenda Item 7: *Revision of water and wastewater rules*. Mr. Flickinger distributed a copy of the Resolution Amending the District's Rate Order regarding winter averaging.

Director Hardin moved, Director Henry seconded, and the Board unanimously approved the resolution, as presented.

Director Nasky then called for Agenda Item 8: *Fire hydrant maintenance/repair*. This was discussed under a previous agenda item.

Director Nasky then called for Agenda Item 9: *Authorization of transfer of funds from surplus bond proceeds*. Mr. Flickinger now has all backup information for 2004, amounting to \$96,242.12. Authorization should move quickly from here.

Director Nasky then called for Agenda Item 10: *Emergency Response Plan*. Director Davies said he e-mailed a draft of the ERP, but will resend it. A communications channel needs to be worked out to make sure the District gets notified and is included in whatever alternate water supply the City of Cedar Park will be using. Directors Nasky and Davies have a meeting coming up with Ken Wheeler.

Director Nasky then called for Agenda Item 11: *Residential drainage problems on lots on Old Mill Road*. Mr. Fry said STES has prepared a demand letter to Ms. Long, one to Ms. Shanks (playscape), and one to the resident with the frog pond. The swimming pool was previously approved by the ACC. No Board action is needed for STES to send the demand letters. Mr. Fry just wanted the Board to see them before they are sent.

Director Nasky then called for Agenda Item 12: *Access Control, Building Security, and Site Surveillance for 1000 Old Mill Road*. Director Davies said money is still owed to ADT, but he has not received an invoice yet. The whole system hinges on software, and the manufacturer has refused to grant the Board complete use of the software. This item should be kept on the agenda and added to the accrued liability list.

Director Davies said he does not feel any one Board member should act alone on an issue. This should be added to the procedures manual

Director Nasky then called for Agenda Item 13: *2004 Liability-Property Rerate Exposure Summary*. This was discussed under a previous agenda item.

Director Nasky then called for Agenda Item 14: *District website*. Director Davies said the website has been updated.

Director Nasky then called for Agenda Item 15: *Cedar Park Fire Protection*. There was no discussion under this agenda item.

Director Nasky then called for Agenda Item 16: *TML Building Valuations, Real & Personal Property Coverage*. This was discussed under a previous agenda item.

Director Nasky then called for Agenda Item 18: *Report from the DRC and act on restrictive covenant enforcement*. STES was asked to try to get minutes into the packet the same month. If something says “as determined by ACC,” power does not revert to the Board in the absence of an ACC.

STES should be provided with guidelines if the Board feels too many DR letters are being written. Director Davies thinks letters should be sent every ten days, but STES should back off just a little on the number of items taken up with letters. Depending on timing, a resident could possibly receive three letters in one month. Some areas look much better now, but more residents are complaining and coming to committee meetings. Unsightly articles in Section 18 can not be cited unless they have previously been ruled unsightly by the ACC.

Director Nasky then called for Agenda Item 20: Report from Deed Restriction Committee regarding possibility of compensating persons to act as an ACC committee for homeowners associations within the District that do not have an active homeowners association Board of Directors. Director Nasky will call Chris Rocco to discuss resurrecting the Anderson Mill West HOA and establishing an ACC committee.

A general agenda item will be added to the next agenda.

Any requests for ACC approval must be held until a new ACC is appointed, and items requiring ACC approval cannot be cited right now.

Director Nasky then called for Agenda Item 19: *Report from ACC*. There was no discussion under this agenda item.

Director Nasky then called for Agenda Item 21: *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 22: *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 23: *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 24: *Report from the Park Subcommittee regarding park improvements*. This was discussed under a previous agenda item.

Director Nasky then called for Agenda Item 25: *All matters related to the District parks, fields and office building*. Director Nasky has not obtained an estimate for moving the backstop.

Director Nasky then called for Agenda Item 26: *Security system and/or additional patrol service for District office*. This has not yet been approved by Commissioners' Court. Once the Constable starts

patrolling, he will be asked concentrate on vandalism in Anderson Mill West park.

Director Nasky then called for Agenda Item 27: Adjournment. The meeting was adjourned at 11:48 p.m.

Steve Davies, Secretary

Board of Directors

Date: _____