

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

August 16, 2006

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 August 16, 2006, 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.

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

Chris Rocco - President
Steve Davies - Vice President
Linda Garrett - Secretary
Brian T. Hardin - Treasurer
Luis Zervigon - Assistant Secretary/Treasurer

All the directors were present, thus constituting a quorum. Also present at the meeting were Bill Fry, Wyatt Misenheimer, Becky Stathos, and Kristi Hester with Severn Trent Services; Bill Flickinger with Willatt & Flickinger; Don Bayes with Gray-Jansing & Associates; and Al Perez, Kirk Harrison, and Jimmy Nees with Waste Management; and District resident Rhonda Henry.

Director Rocco called the meeting to order at 6:12 p.m. and stated that the Board would first consider Agenda Item 1: Minutes from the July 19, 2006 meeting. On a motion by Director Zervigon, seconded by Director Garrett, the minutes of the July 19, 2006 regular meeting were unanimously approved with the following corrections:

- Page 2, Agenda item 5: Director Zervigon's motion should read that "only activity related to potential threats to the integrity of the fence would be undertaken and if the cost exceeds . . ."
- Page 5, 2nd paragraph: A sentence should be added to the end of the paragraph reading: "Following discussion by the Board he withdrew sample violation letters, which are appended to the study, to redact names for later distribution after redaction."

Director Rocco then called for Agenda Item 2: Report from the District's engineer. Mr. Bayes reported that construction of Capital One is underway. He has referred all questions regarding water tie-ins to the City of Cedar Park.

Mr. Bayes also said he had met with one structural engineer and plans to meet with another one. He hopes to have a procedure available by the next meeting.

Director Rocco then called for Agenda Item 19: Receive citizen's communications. There were no citizens present.

Director Rocco then called for Agenda Item 10: Solid Waste Disposal Contract. Mr. Perez addressed the Board, saying since the contract was signed in 2004 Waste Management has absorbed a number of increases. He thinks it would be in the best interest of both parties to either renegotiate the contract or negotiate out of it. Director Rocco said he would rather send the matter to subcommittee than discuss it at this time. Director Davies said the subcommittee talked with WM representatives about several things and let them know what needed in order to continue discussions. No one from WM has attended a Board meeting in months and he doesn't want to go back into a committee meeting and have the same inaction. Mr. Perez stated that WM will not be able to provide financials but the committee members can go to their website and review what is shown there if they desire. WM would be happy to share what costs were when the contract was negotiated vs. what they are now. Mr. Harrison suggested providing a market analysis. WM would also like to discuss the fines. Director Davies said the committee has tried for at least 12 months to get WM to acknowledge the fact that deductions for fines are being made. The Subcommittee will set a date for the meeting and notify WM.

Mr. Flickinger said the contract allows filing suit for specific performance. Mr. Fry was directed to see what contingency plan would be available in the event WM does not fulfill the contract.

Director Rocco then called for the financial portion of Agenda Item 3: Report from the District Manager. Ms. Hester reviewed the financials contained in the packet. Mr. Fry said the water loss was related to activity by the City of Cedar Park draining and refilling the storage tank as well as some meter reading issues. A meter reader has since been released.

The Board then discussed the preliminary budget. Two special meetings will probably be needed – one to approve the budget and proposed tax rate and one to approve the tax rate. The proposed tax rate must be published in the paper 7 days prior to a vote to approve it. Mr. Pattillo will provide the Budget Committee with the recommended debt service tax rate. The Budget Committee will meet over the weekend.

On a motion by Director Zervigon, seconded by Director Davies, the Board voted unanimously to approve payment of all bills and invoices with Checks #7514 – #7570 totaling \$175,184.78.

Director Hardin moved to approve the bond payments. Director Rocco seconded the motion, which passed unanimously.

All write-offs were approved by the Bills & Invoices Committee.

Director Rocco returned to Agenda Item 19: Receive citizen's communications. Ms. Henry inquired if signs such as the roofing sign at Old Mill Road and Little Elm were being sent deed restriction letters,

and was told that they are.

Director Rocco then called for Agenda Item 4: Repairs to District's CMU fence. There were no repairs in July.

Director Rocco then called for Agenda Item 5: District website. There was no discussion under this agenda item.

Director Rocco then called for Agenda Item 6: Proposal for maintenance of District website. There was no discussion on this agenda item.

Director Rocco then called for Agenda Item 7: Budget. This was discussed under a previous agenda item.

Director Rocco then called for Agenda Item 8: Tax Rate. Director Hardin said Mr. Pattillo is going to do a rate study at no charge

Director Rocco then called for Agenda Item 9: Fire Protection Services. Mr. Flickinger said Blockhouse MUD has not yet entered into an agreement with City of Leander. The committee will visit with Jollyville VFD.

Director Rocco then called for Agenda Item 11: District depository, bank accounts. There was no discussion under this agenda item.

Director Rocco then called for Agenda Item 12: Amend Rate Order – Adjustments to winter averaging. This item should be kept on the agenda in the event it needs to be amended for the budget.

Director Rocco then called for Agenda Item 13: Strategic planning process. Director Rocco said he will ask for a proposal for the next meeting.

Director Rocco then called for Agenda Item 15: Procedures for authorization of expenditure of District funds for services of consultants including District Manager, District Engineer, District Attorney, and other consultant firms. Director Zervigon said he and Director Hardin (as the ad hoc committee appointed to study this issue) met to discuss authorizing funding between Board meetings. GJA's current contract gives both the attorney and the management company authority to authorize engineering work. Mr. Flickinger discussed a resolution regarding authorization of work performed by the District's attorney. Director Zervigon distributed draft of a form that could be used as a checklist for contractor or consultant services.

Director Davies said that the function of a committee is to take an issue needing more work and then bring a recommendation back to Board for a decision. He doesn't think committees should authorize work and that a special meeting should be called if there is an emergency.

Director Rocco said he believes the resolution is narrow enough in scope to enhance how things are done, but Director Davies would like the resolution reworded to indicate it was Board requested. Director Hardin said he agrees with Director Davies that all Board members should agree on expenses.

Following additional discussion, Director Davies moved to approve the resolution authorizing the District's attorney to perform work as directed by both members of any standing committee at a total cost not to exceed \$250 and the corresponding form to be signed by both members of the committee. Director Zervigon seconded the motion, which passed unanimously.

Director Rocco then called for Agenda Item 16: Water and wastewater utility service to Lot 1 of Replat of Lot 1, Blk. B of Anderson Mill West Section Nine (Capital One/Hibernia Bank and Agenda Item 17: Wholesale Water Contract with City of Cedar Park. Mr. Flickinger distributed a copy of the agreement he drew up for the NW corner of El Salido Parkway and FM 620. Director Rocco has already been authorized to sign the agreement. Mr. Flickinger and Mr. Fry have set up a meeting with Sam Roberts of the City of Cedar Park to discuss the agreement. They will also discuss the TCEQ issue with the wholesale water contract and the condemnation agreement. No action is needed on Agenda Item 16. Director Davies moved to authorize Director Rocco to sign a letter agreement or whatever minor contract amendment is necessary with City of Cedar Park in order to satisfy TCEQ as long as there is no cost factor involved. If there is a cost, TCEQ will be asked for an extension and the matter will be brought back to the complete Board. Director Zervigon seconded the motion, which passed unanimously. Mr. Fry was directed to determine if the District ever comes close to the gpm per connection requirement.

Director Rocco then called for Agenda Item 18: Director's Bond and Crime Shield Policy. Mr. Flickinger reported that the insurance company said it is no longer required to have director's bond insurance and that the crime shield policy would substitute for that bond. He feels he cannot support that legal analysis and feels the District still needs director's bond insurance. This item was referred to the Insurance Committee for review. Directed Flickinger was asked to make sure the crime shield policy is not mandated by law.

Director Rocco then called for Agenda Item 20: Report from the DRC and act on restrictive covenant enforcement. Director Zervigon reported that the committee passed two motions and is asking the Board to adopt them. The theory behind this is to address certain issues because customer complaints are driven by things not included in the deed restrictions. The DRC is trying to articulate specific conditions within the restrictions in a way that can be written down and understood by the inspector.

Director Davies moved adoption of the motion regarding enforcement of non-specific provisions of the deed restrictions, which was included in the attorney's packet under Agenda Item 20. Director Rocco seconded the motion which passed unanimously.

On a motion by Director Zervigon, seconded by Director Garrett, the Board unanimously approved the motion regarding the authority of the manager to determine whether conditions are violations, which was included in the attorney's packet under Agenda Item 20.

Director Rocco then called for Agenda Item 21: Prior Judgment against Eric B. Nieneker in Cause No. 00-040-C277; in the 277th Judicial District Court of Williamson County. Mr. Flickinger explained that this judgment was obtained prior to Willatt & Flickinger being retained as the District's attorney. The

DRC reached an agreement with Mr. Nieneker to get rid of his dogs by August 17, 2000, and to pay one-half of the court costs. Board minutes reflect that he was told if he did not follow through with the agreement, legal action would resume immediately. Mr. Nieneker did not comply. Mr. Flickinger said when the resident did get rid of the dogs at a later date he apparently thought that would resolve the situation. As of August 9, 2006, the judgment plus interest came to \$1,069.96.

Director Hardin moved to deny Mr. Nieneker's request for reduction of the amount due under the judgment. Director Zervigon seconded the motion. The motion carried on a 4 to 0 vote, with Director Garrett abstaining.

Director Zervigon then moved to authorize Director Rocco to sign a partial release of judgment in the event Mr. Nieneker pays. Director Davies seconded the motion. Motion carried on a 4 to 0 vote, with Director Garrett abstaining.

Director Rocco then called for Agenda Item 22: Report from the ACC. Director Zervigon reported that Johnny Bridges has replaced George Csahanin on the Anderson Mill West ACC and will be the one issuing reports.

Director Rocco then called for Agenda Item 23: Funding for and interaction with homeowners associations within the District to facilitate operation of Architectural Control Committee and other HOA functions. There was no discussion under this agenda item, but it should remain on the agenda.

Director Rocco then called for Agenda Item 24: Rules for enforcement of restrictive covenants that include fines and termination of services. There was no discussion under this agenda item.

Director Rocco then called for Agenda Item 25: Political signs – Section 202.009, Texas Property Codes. Director Zervigon said his interpretation of the law regarding political signs was incorrect. He will prepare a statement to accompany Mr. Flickinger's explanation and send it to STES for forwarding to all ACCs within the District. This item can now be removed from the agenda.

Director Rocco then called for Agenda Item 26: Proposal for clarifications and revisions to the Rules for Enforcement of Deed Restrictions. No action was taken on this agenda item.

Director Rocco then called for Agenda Item 27: Report from the District's landscape contractor and related action. There was no discussion under this agenda item.

Director Rocco then called for Agenda Item 28: Report from the Park Subcommittee regarding park improvements. There was no discussion under this agenda item.

Director Rocco then called for Agenda Item 29: All matters related to the District's parks, fields, and office building. There was no discussion under this agenda item.

Director Rocco 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
- 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
- l) customer and resident complaints
- m) adjustment of delinquent accounts
- n) review changes made to Standard Operating Procedures (SOP) Manual
- o) collection of delinquent property taxes
- p) preventative maintenance program

Directives were reviewed as follows:

BOARD MEMBERS:

- Director Rocco has notified Rev. Browning that no changes are being made in winter averaging.
- A quote was obtained for cleaning up the backyard at 1603 Hickory, but the owners cleaned it up before AMWNA had an opportunity to do the clean up.
- Director Davies notified STS what items should be brought to the DRC meetings.
- Director Davies trained Ms. Stathos on issuance of access cards.

SUBCOMMITTEES:

- There have been no changes in the Subcommittees' directives.

ATTORNEY:

- All current directives have been completed with the exception of obtaining a copy of the Blockhouse MUD fire protection contract with the City of Leander. The words 'when available' should be added to this directive.

ENGINEER:

- Mr. Bayes has already reported on his directives.

GENERAL MANAGER:

All current directives have been completed with the following exceptions:

- The directive regarding wastewater for the NW corner of El Salido and RM 620 is on-going.
- Time and material costs have been obtained from CD Lone Start but not Great Walls
- The directive regarding the WM invoice is on-going.
- Documentation of WM fines will be provided to committee members.

- Work on the ERP will be put on hold until the VA is complete.
- The friendly letter is now in use.
- An outline of the DR enforcement rules was provided to the DRC.
- The DRC approved providing the information packet to HG II residents as needed.
- Information on the political sign law will be sent to District ACCs when completed by Director Zervigon.
- Temporary signs regarding a vandalism reward have been placed in Lakeline Oaks, Anderson Mill West, and Sunchase parks.
- A walkthrough of parks needs to be scheduled.
- CDL will have the rock columns under the Anderson Mill West pavilion repaired before the next meeting.
- The three replacement BBQ grills have been ordered.
- Working with the county on street and sidewalk issues is on-going.
- Write-offs and collections have been processed.
- A letter has been sent to the HG II resident but he has not returned it yet.
- Notebooks have been given to Directors Zervigon and Garrett.
- An alternate address for the owner of 1603 Hickory cannot be obtained at this time.
- The fall arrest at Hatch Road LS will be installed tomorrow.
- Pohl Brown does not own any additional property in the District
- The maintenance schedule is on-going.
- The SOP manuals are on-going. They were originally written as drafts but are being converted to final documents and any procedures passed by the Board in the last six months will be added. Director Hardin is working with Ms. Hester on the accounting manual.
- STES has taken over the responsibility of issuing access cards as of tonight.
- The directive to obtain proposals from structural engineers was reassigned to the engineer.

Mr. Fry discussed the letter from a resident requesting that his basic service and fire protection fee be prorated. On a motion by Director Hardin, seconded by Director Davies, the Board voted unanimously not to make any changes to the Rate Order, which prohibits prorating base and fire protection fees.

Mr. Fry will take the flow information with him to the meeting with officials from the City of Cedar Park.

At 10:20 p.m., Director Rocco announced that the Board of Directors would now go into Executive Session for Consultation with the District's attorney pursuant to Section 551.071 of the Texas Government Code regarding matters related to Agenda Item 14.

At 10:46 p.m., Director Rocco announced that the Board of Directors had concluded its Executive Session and was returning to the open meeting. He said that no action was taken during the Executive Session.

Director Rocco then called for Agenda Item 18: Emergency Response Plan and Vulnerability Assessment and compliance with statutory and regulatory requirements in connection with same. Director Zervigon moved to accept the report from Kimmons and to authorize an additional \$628.50 for

them to conclude the revisions of the VA, using Director Davies' photographs. Director Garrett seconded the motion. Following a discussion, the motion carried on a 4 to 0 vote, with Director Hardin abstaining.

Director Hardin said Maxwell, Locke, & Ritter has agreed to issue the District's audit first if STES is ready to go. On a motion by Director Zervigon, seconded by Director Garrett, the Board voted unanimously to give the Budget Committee authority to approve the audit letter if the cost is less than \$13,000.

Director Rocco then called for Agenda Item 32: Adjournment. The meeting was adjourned at 10:53 p.m.

Linda Garrett, Secretary
Board of Directors

Date: _____