

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

November 30, 2006

THE STATE OF TEXAS §

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COUNTIES OF WILLIAMSON AND TRAVIS §

A special meeting of the Board of Directors of Williamson-Travis Counties Municipal Utility District No. 1 was held at 6:00 p.m. on November 30, 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, Kristi Hester, Becky Stathos, and Linda Nolte with Severn Trent Services; Bill Flickinger with Willatt & Flickinger; and District residents Caryn Mills, Erica Priddy, Beverly Zervigon, and Amanda Engler.

Director Rocco called the meeting to order at 6:04 p.m. and turned the meeting over to Director Davies.

Director Davies said he had requested the special meeting since there has been so much discussion recently about deed restrictions. His goal was to consolidate all DR issues into one meeting in an effort to reach some solutions. Some of the covenants are very specific, but a number of issues are open to interpretation and need to be better defined.

Bill Flickinger explained that the relationship between the District and homeowner associations within the District is not contractual. Under the Water Code, the District has the authority to enforce or not enforce restrictive covenants. It is legally possible to enforce some decisions and not others. He added that the Board has the right to decline to enforce restrictions it does not feel comfortable with, but no right to impose decisions on an area that the Architectural Control Committee does not agree with or has declined to enforce.

Following a discussion, Director Davies moved that the Board take all ACC input within a given time period and consider each item, and that should become the precedent. After that, items can be submitted

by the ACCs and should be only be enforced after being adopted by the full Board. Nothing else will be enforced until brought to the Board for approval. Director Garrett seconded the motion, which passed unanimously.

STES was directed to construct a matrix of the non-explicit deed restrictions showing all findings and interpretations of the ACC which relate to the enforcement of each of the non-explicit deed restrictions.

STES was also directed to notify Directors Davies and Garrett when the next drive will take place and then to e-mail the report to them that same day for their review prior to letters being mailed out.

Director Rocco then called for Agenda Item 1: Law Enforcement Liability Insurance – hiring of off-duty officers. A rider covering the off-duty officers was added to the TML policy effective November 20 at a cost of \$1,005 per year.

Director Rocco then called for Agenda Item 2: Management Services Agreement and Deed Restriction Enforcement Management Services Agreement with Severn Trent Environmental Services, Inc. Mr. Fry said STES is in the process of shoring up the document to show the amendment for the reduction in fees as stated at the last meeting. The fee will be reduced from \$4,000 to \$3,500 effective November 1.

Director Rocco then called for Agenda Item 3: Request for Qualifications to Management Companies. Director Zervigon explained this was his proposal and there was some misunderstanding what he was trying to accomplish. Obtaining an RFQ does not mean a decision has been made to change management companies, just to see if another company exists that could do the job as well as STES. There was some concern that an RFQ would not be responded to, but what he had in mind was approaching companies to see if they do that work and if so asking them to submit a list of their clients. He suggested putting it on the agenda for the next meeting, but Director Davies asked that it be considered tonight. Director Zervigon then moved to approve a maximum of \$600 for the District's engineer to conduct a RFQ for deed restriction enforcement. Director Rocco seconded the motion. Following a discussion, the Board voted on the motion with Directors Zervigon and Rocco voting "Yes", Directors Hardin and Davies voting "No", and Director Garrett abstaining.

Following a brief intermission, Director Rocco called for Agenda Item 4: Funding for and interaction with homeowners associations within the District to facilitate operation of Architectural Control Committee and other HOA functions. There was nothing to consider on funding, but interaction with HOAs and the ACC were included in earlier discussions. Director Rocco said the Board has funded AMWNA activities in the past and the Association will continue to request funding as long as beautification funds are available. Director Zervigon said since AMWNA does not have a continuing source of funding he would like for the Board to consider having fines go to the HOAs within the District in direct proportion to fines assessed in that area. Mr. Flickinger said beautification funds have not been exhausted yet and it would be simpler to set aside any additional funds by adding them to the beautification funds. The Board has the ability to use those funds if necessary. The goal is to not collect fines, but any collected should first be used to pay for costs of enforcement such as certified letters.

Director Davies moved that net proceeds of all fines be allocated into the beautification account for

HOA involved. Director Garrett seconded, which passed unanimously.

Director Rocco then called for Agenda Item 5: Rules for enforcement of restrictive covenants that include fines and termination of services. Mr. Flickinger said most of the discussion above came under this agenda item.

Director Rocco then called for Agenda Item 6: Proposal for clarifications and revisions to the Rules for Enforcement of Deed Restrictions. Director Davies made a motion to authorize one “Friendly Letter” to be sent per category within a rolling 12-month period, with a second “Friendly Letter” allowed in each category at the end of that 12-month period. Director Hardin seconded the motion, which passed unanimously. Mr. Flickinger will prepare an appendix to the Rules to that effect and have it posted on the website. Once the DRC has approved the matrix of violations and the clarified Rules have been approved, he will then revise the Rules for approval.

Director Davies made a motion to amend the District Rules for Enforcement of Deed Restrictions to add a provision authorizing the management company to bring before the Board immediately any instance or potential violation that the management company believes should be addressed by the DRC or the Board. Director Hardin seconded the motion. Mr. Flickinger advised that we were not in a position to revise the District Rules tonight and recommended the motion be withdrawn. Director Davies withdrew the prior motion. Director Davies then moved that a statement be appended to the District Rules for Enforcement of Deed Restrictions which states that the District intends to send “Friendly Letters” for deed restriction violations prior to sending the formal letters currently required by the District Rules, that one “Friendly Letter” per category of violation will be sent within a rolling 12-month period, that a second “Friendly Letter” will be sent after expiration of that rolling 12-month period, and the Deed Restriction Committee reserves the right to and has the authority to, at any time, direct the management company to accelerate the enforcement process to the formal letter stage or to bring any deed restriction violation to the Board for consideration of additional legal action, which may include instituting litigation. Director Hardin seconded the motion, which passed unanimously.

STES will check to make sure the existing appendix to the District Rules for Enforcement of Deed Restrictions is on the website.

Notice of special Board meetings should be posted in accordance with the current rules for posting agendas. Director Zervigon asked that HOAs and ACCs within the District be notified of special meetings in the future.

There being no further business, the meeting was adjourned at 8:38 p.m.

Linda Garrett, Secretary
Board of Directors

Date: _____

