

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

December 13, 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 December 13, 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 with the exception of Director Hardin, thus constituting a quorum. Also present at the meeting were Bill Fry, Kristi Hester, and Becky Stathos with Severn Trent Services; Bill Flickinger with Willatt & Flickinger; L. Mike Williams with Gray-Jansing & Associates; Charles Wood with Hill Country News; Catie Beck with News 8 Austin; Gregg Watson and Cameron Freeman with K-EYE; and District residents Johnny Bridges, Lou Dienhart, Irene Varan, Hiram Ryan, Eric Waits, Caryn Mills, Kimberly Green, Shaun Lynch, Christi & Collin Kendrick, Cindy & Jerry Michaud, Marvin Cole, Beverly Zervigon, Robert Kenny, Gus Browning, Kim Bridges, Paul Rabago, Cynthia Mays, Jon Giddings, George Csahanin, Jerry Michaud, Patricia Edwards, Jimmy Floyd, Lisa Foster, and others.

Director Rocco called the meeting to order at 6:07 p.m. and stated that the Board would first consider Agenda Item 1: Minutes from the November 15 and November 30, 2006 meetings. Following a discussion, this item was deferred until later in the meeting.

Director Rocco then called for Agenda Item 18: Receive citizen's communications. Hiram Ryan discussed his grievances and concerns about the handling of deed restrictions related to 3109 Pepper Grass. He said the safety of the neighborhood should be the major consideration of the Board.

Mr. Ryan said District resident Diane Luber was unable to attend tonight's meeting, but he distributed a memo from her to the Board regarding deed restriction enforcement.

Mr. Lynch expressed his displeasure over the deed restriction issues at 3109 Pepper Grass and the fact that the Sheriff's Department only logged in one or two calls regarding the dogs. He felt the attack might have been prevented with proper recordkeeping.

Ms. Michaud said she was advised to ask for a case number when calling the Sheriff's Department and to call them back the next day to make sure it was logged.

AMWNA hopes to have law enforcement attend its next meeting on January 30.

All complaints called in to STES should be logged.

Director Rocco said the Board needs to find out what went on and address it and do anything in its power to keep it from happening again.

Director Hardin arrived at this time.

STES is required to report things like hazardous spills to TCEQ.

Mr. Fry said STES works directly with the Board and Restrictive Covenants Committee to ensure deed restrictions are being enforced as directed. Such directives are enforced by STES, not by individual employees. Any issues with STES employees should be addressed to him. There is on-going discussion regarding interpretation of the deed restrictions.

Mr. Bridges' suggestion that STES notify HOA and ACC presidents regarding future complaints about dogs was referred to the DRC.

Mr. Fry said several letters were sent to the resident at 3109 Pepper Grass. He will review the files to see if more could have been done.

Mr. Waits said he does not understand why everyone is discontent with STES as they have no law enforcement authority. Residents should be complaining to animal control and law enforcement.

Ms. Mills said safety and property values are her main concerns. She wants complaints taken seriously and more effective enforcement.

Mr. Bridges pointed out that STES is only allowed to inspect from the street. The Architectural Control Committee can, with approval of a neighbor, go into their backyard and look over the fence. Director Zervigon said if a complaint is received and the resident permits the ACC into their backyard, they can and have entered the property. STES is not allowed to do that.

Director Rocco said the buck stops with the Board, not STES. The Board will develop a process that identifies risks within the District. Health and safety are two of the biggest risks. This includes fire protection, first responders, and water quality.

Mr. Lynch said if a resident violates a deed restriction, the process is to send a letter; but if a law is

broken, law enforcement should be notified. He thinks law enforcement might take calls from residents more seriously if they receive calls from Board members and STES also.

Residents were urged to contact Bill Fry or any Board member directly if they have any questions.

Mr. Cole said he was bothered by some residents' apparent need to hold the Board accountable, and that the Board has limited responsibility. If any entity needs to be held accountable, it should be law enforcement. He cautioned the Board to be very careful when making any changes.

Ms. Lyckman commented that individuals don't have a lot of say with authorities and perhaps the Board as a group would carry more weight with the County.

Ms. Mays, who lives at 3109 Pepper Grass, said this is the first time the dog has ever been vicious or attacked anyone and that only two dogs live at the house.

Mr. Giddings, uncle of the child who was attacked, said Director Zervigon came to the residence and discussed deed restrictions with Mr. Floyd and him. He said Mr. Floyd has done all he can to get the house fixed up and the dogs have been put down.

Director Zervigon said he understands a lot of unrelated people are living at the single-family residence. Ms. Mays said they are all friends.

Following a brief break, Mr. Floyd addressed the Board saying he was not familiar with how the HOA works and has not received a copy of the rules and regulations. He also stated that his dogs were not vicious. Mr. Floyd was given contact information for Director Rocco and Mr. Fry.

Director Hardin explained the functions of the MUD Board. He added that Director Zervigon is in the unique situation of being on the Board of the AMW Neighborhood Association, a member of the AMW Architectural Control Committee, and serving on the MUD Board. Director Hardin said he would be glad to sit down with Mr. Floyd and explain how it all works. Director Rocco also offered to meet with Mr. Floyd and discuss whatever he wants to discuss.

Director Zervigon explained that he and Mr. Bridges, as members of the ACC, met with Mr. Floyd about a series of problems in the neighborhood. Mr. Floyd gave Director Zervigon a letter he had received asking him to repair his fence. Director Zervigon told him the letter was improperly worded because the problem was actually with the gate.

Director Rocco returned to Agenda Item 1: Minutes from the November 15 and November 30, 2006 meetings.

Director Zervigon said the minutes contain a resolution that fundamentally alters what was said at the meeting. Mr. Flickinger recommended deferring discussion of the minutes until the deed restriction portion of the agenda.

Director Rocco said he would like for the minutes of Board meetings to be limited to motions made,

votes taken, and discussion specifically requested by a member of the Board to be included in the minutes; as well as directives, action taken, directives added, directives deleted, and directives specifically requested by a member of the Board.

Mr. Flickinger suggested that each time a motion is made and seconded, Ms. Stathos read it back to make sure all directors agree with the wording of the motion. Director Davies asked that typewritten motions not be brought to meetings because he feels it precludes the debate on the motion. Director Zervigon would like to allow typewritten motions, but have them double or triple spaced so corrections can easily be made.

Director Davies requested that if action is not taken on an agenda item, the minutes either state that the item was addressed but no motion was made or that the item was not addressed. Director Hardin expressed concern that discussion of committee meetings would not be included in the minutes, but it was decided that a written committee report or summary could be attached to the minutes as an exhibit.

On a motion by Director Zervigon, seconded by Director Hardin, the Board voted unanimously to limit the contents of minutes of Board meetings to motions made, votes taken, and discussion specifically requested by a member of the Board to be included in the minutes; as well as directives, action taken, directives added, directives deleted, and directives specifically requested by a member of the Board to be included in the minutes.

Director Rocco then called for Agenda Item 2: Report from the District's engineer.

- a. Approval of Site Utility Improvements for Wheeler Retail (Lot 2, Replat of Lot 1, Block B of Anderson Mill West, Section Nine)
- b. Water and Wastewater Utility Service to Lot 2 of Replat of Lot 1, Block B of Anderson Mill West, Section Nine – Wheeler Retail

Mr. Williams said Gray-Jansing did a plan review on the Wheeler retail project and provided comments back to the design engineer. They are waiting for comments to be addressed.

Director Rocco then called for Agenda Item 22: Report from ACC. This item was discussed but no action was taken.

Following a brief break, Director Rocco then called for Agenda Item 19: Report from DRC and act on restrictive covenant enforcement. Mr. Flickinger was directed to add an item to the agenda regarding restrictive covenants of commercial property which will be considered following Mr. Rabago's research on this issue.

STES was directed to find out if the PEC easement is a drainage easement also.

Director Rocco then returned to Agenda Item 1: Minutes from the November 15 and November 30, 2006 meetings.

On a motion by Director Zervigon, seconded by Director Davies, the Board unanimously approved the minutes from the November 15 meeting with the following corrections:

- Page 3, paragraph 1 – The first sentence should read “. . . \$45 an hour for eight 4-hour shifts . . .”
- Page 9, paragraph 5 – The following sentence in Mr. Fry’s report on the Infrastructure Committee meeting will be deleted: “If special tools or special skills are needed, the maintenance is not considered routine.”

Mr. Flickinger was directed to put a standing item on the agenda for reconsideration of prior Board minutes that were approved with oral corrections.

Following a lengthy discussion, Director Garrett moved to approve the minutes from the November 30 meeting with the following correction:

- Page 2, paragraph 2, should read: “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.”

Director Davies seconded the motion, which passed unanimously.

Director Davies made the following motion to supersede the motion at the bottom of Page 1 of the November 30 minutes:

The ACCs and STES are asked to submit their documentation of ACC findings and interpretations of “non-explicit” provisions of the restrictive covenants. Regular enforcement action will not be interrupted during this process.

Prior to voting as to whether or not the District will enforce any ACC finding or interpretation, the Board shall develop and follow procedures to ensure fairness to all. The Board shall be responsible for developing specific procedures but they shall include:

- Generally becoming informed about the specific deed restriction interpretation in question.
- Allowing an appropriate amount of time for the ACC, HOAs, and residents to comment on any proposed changes or additions.
- Soliciting and understanding all elements of the ACC’s justification for the interpretation. This will include soliciting comments and reaction from the ACC, HOA, and residents as well as identifying any precedents about the proposed change or addition.
- Encouraging the Board to record how refusing to enforce the proposed change or addition meets the goals and objectives of restrictive covenant enforcement.
- During this process, the Board will seek to achieve the following three (3) goals:
 - 1) Preserve property values for the betterment of the property owners and
 - 2) Ensure the ability of the District to repay its bonds while
 - 3) Preserving the individual rights of the property owners.

If and when the Board chooses to not enforce any ACC findings or interpretations, Board minutes will reflect the Board’s discussion and individual votes.

Director Garrett seconded the motion, which passed unanimously.

Director Rocco then called for Agenda Item 4: Newsletter. STES was directed to collect, from Director Rocco, the names of persons interested in putting together the District newsletter, present its findings, and set up an RFP process.

Director Rocco then called for Agenda Item 5: Management Services Agreement and Deed Restriction Enforcement Management Services Agreement with Severn Trent Environmental Services, Inc. Mr. Fry presented an amendment to the contract lowering the fee by \$500. On a motion by Director Davies, seconded by Director Garrett, the Board voted unanimously to approve the contract amendment effective November 1, 2006.

Director Rocco then called for Agenda Item 6: Request for Qualifications to Management Companies. There was no discussion under this agenda item.

Director Rocco then called for Agenda Item 7: Repairs to District's CMU Fence. Mr. Fry reported that no repairs are needed at this time.

Director Rocco then called for Agenda Item 8: District Website. The Website Committee was directed to determine the procedure for posting website content in categories that will include, but not be limited to, pro forma and ad hoc and make recommendations to the Board for approval.

Director Rocco then called for Agenda Item 9: Fire Protection Services. There was no discussion under this agenda item.

Director Rocco then called for Agenda Item 10: Solid Waste Disposal Contract. STES was directed to take a sample scraping of liquid spilled from the trash truck to determine if it is hydraulic fluid or "trash juice".

The Information Management Committee was directed to draft an article for the next newsletter to give residents suggestions on how to reduce "trash juice."

The Information Management Committee was also directed to develop educational material on the duties of a MUD, an ACC, and an HOA.

Director Rocco then called for Agenda Item 11: District Depository, Bank Accounts. This was discussed but no action taken.

Director Hardin left the meeting at this time.

Director Rocco then called for Agenda Item 12: Amend Rate Order. Mr. Flickinger explained that STES is now ready to accept credit cards and electronic checks, but he has not had time to review the contracts. Accepting these forms of payment would require a change to the Rate Order. Following a discussion, Mr. Flickinger was directed to review the contracts.

Director Rocco then called for Agenda Item 13: Strategic planning process. Director Rocco said he has a proposal but will not present it until next month. He will provide copies to Board members in advance.

Director Rocco then called for Agenda Item 14: Emergency Response Plan and Vulnerability Assessment and compliance with statutory and regulatory requirements in connection with same. The VA was received today but will not be submitted to the EPA until the committee has had time to review it and presents it to the Board for approval.

Director Rocco then called for Agenda Item 15: Director's Bond. Mr. Flickinger said Director Zervigon has retained a bond for himself but the Board would need to approve the form of the bond. Director Zervigon moved to approve the form of the bond and pay the premium. Director Garrett seconded the motion, which passed unanimously.

Director Rocco then called for Agenda Item 16: Audit. Director Rocco said Director Hardin had convinced him that the GASB portion was incorrect and they have not been able to reconcile the numbers in the report with the rest of the information. Director Rocco and Ms. Hester will meet with the auditor. No action was taken.

Director Rocco then called for Agenda Item 17: Appointment of District Spokesperson. This item was tabled until the next meeting.

Director Rocco then called for Agenda Item 20: Enforcement action including litigation against Jimmy Floyd at 3109 Pepper Grass, Cedar Park, Texas 78613 – deed restriction violations, number of dogs, containment of dogs, public nuisance. This item was discussed, but no action was taken.

Director Rocco then called for Agenda Item 21: Approval of DRC Minutes. The December minutes were approved by the Committee.

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. This item 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: Report from District's landscaper contractor and related items. There was no discussion under this agenda item.

Director Rocco then called for Agenda Item 26: Report from Parks Subcommittee regarding park improvements. The results of the Parks Committee meeting on November 29 are contained in the packet. Director Garrett said STES will obtain quotes on the items which will then be submitted to the Board for approval. She pointed out that Item #12 should read "replace missing bushes" around the Anderson Mill West gazebo.

STES was directed to purchase signs banning golf activities in the Hatch Road detention pond and to

add these signs to the District's sign inventory.

Director Davies moved to approve the expenditure of funds to the District's attorney to meet with the Board president for meeting preparation prior to the monthly meetings. Director Garrett seconded the motion, which passed unanimously.

Director Rocco then called for Agenda Item 27: 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 District's 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
- q) quarterly investment reports
- r) committee reports

Mr. Fry said a section entitled "on-going directives" will be added to the monthly directives.

Directives were reviewed as follows:

BOARD MEMBERS:

- ROCCO – met with the Jollyville VFD again
- HARDIN – sat in for Director Garrett at the December DRC meeting
- ROCCO – strategic planning proposal will be addressed at January meeting
- DAVIES – acting as liaison between Board and Mark Maxwell was referred to Website Committee

SUBCOMMITTEES:

- AUDIT – The MD&A is pending

- HARDIN/ZERVIGON AD HOC COMMITTEE – Mechanism for authorization of funds between meetings is complete
- INFRASTRUCTURE – There have not been any recent fence repairs
- DEED RESTRICTIONS – The possibility of resuming night drives is pending
- PARKS – Parks were walked on 11/29
- PARKS – Golf in Hatch Road detention pond (referred to STES to have signs made)
- INSURANCE – Renewal of bond & crime shield policies has been completed
- INFRASTRUCTURE – The directive concerning the preliminary operating procedure for fence repairs has been transferred to STES
- DEED RESTRICTIONS – The directive about reconsideration of a DRC motion regarding clarification of violation notices was transferred to STES for research and determination of which motion it refers to
- MANAGEMENT – Review of engineer's contract is complete
- SOLID WASTE – The directive regarding a contingency plan has been transferred to STES

ATTORNEY:

- Summary of resolutions organized by subject is pending
- Agenda for special meeting on 11/30 was completed
- Details of director's bond for Director Zervigon were completed
- Resolution of issues with City related to water purchases is pending

ENGINEER:

No change in directives

SEVERN TRENT:

- Corrections of the October 18 minutes are pending
- An insurance rider was obtained on security personnel
- Discussions with the City have not yet reached a serious nature for removing the tank
- Power has been restored at the El Salido entrance at the bank's expense and the irrigation system is working
- \$39,976.27 was transferred from surplus bond proceeds into the operations account
- Future e-mails concerning the ERP will be encrypted in accordance with Director Davies' instructions
- The Audit Committee will be notified when it is time for the MD&A
- Mr. Fry will keep the Board updated on legislation
- The recent DR e-mail was re-sent
- Packets were produced and delivered for the 11/30 special meeting
- The gate on El Salido across from Locust Cove was lubricated
- Met with Parks Committee on 11/29
- Still working with Mr. Flickinger to resolve issues with City related to water purchases
- Still need to work with Director Hardin on business plan for rental of camera
- Will get a copy of preliminary operating procedure for using structural engineer on fence repair issues from Mr. Bayes
- Contingency plan for collection of solid waste is pending
- Awaiting response from TML on fire hydrants and night watchman lights

- Obtaining time and material costs for wall repairs from company by the Water Tank on McNeil is pending
- Article placed in newsletter regarding contacting county on street and sidewalk issues
- Terms of DRC members were added to committee list
- The dates directives are assigned is being shown
- Attachment of a computerized PM list as appendix to contract is pending
- The Board will be e-mailed a copy of the PM list
- Amendment of the STES contract is pending
- Work recommended by fire hydrant and manhole surveys is in process
- Directors were e-mailed a link to the AWBD website

On a motion by Director Davies, seconded by Director Garrett, the Board unanimously approved the corrected quarterly investment report.

Mr. Fry then reviewed the Manager's Report for the month of November.

Director Zervigon moved to send three accounts totaling \$198.85 to collections. Director Davies seconded the motion, which passed unanimously.

Mrs. Hester reviewed the November financials and distributed a revised check detail list. On a motion by Director Garrett, seconded by Director Zervigon, the Board unanimously approved checks #7729 – #7775 totaling \$147,989.03.

Director Rocco then called for Agenda Item 28: Adjournment. The meeting was adjourned at 12:14 a.m. on November 14, 2006.

Linda Garrett, Secretary
Board of Directors

Date: _____