

**JANUARY 27, 2009 MEETING MINUTES
BOARD OF DIRECTORS OF
BRUSHY CREEK MUNICIPAL UTILITY DISTRICT**

A meeting of the Board of Directors of Brushy Creek Municipal Utility District was held on the 27th day of January, 2009 at 4:07 p.m., in the District's office, 16318 Great Oaks Drive, Brushy Creek Subdivision, Round Rock, Texas. Notices of the time, place and the subject of the meeting, and the actions to be taken at the meeting, were posted at the places and for the time required by the laws of the State of Texas.

Agenda Item 1. Call to Order

The meeting was called to order at 4:05 p.m. with Directors Paul Tisch, Cris Yackle, Russ Shermer, Bob Grahl, and Rebecca Tullos present. General Manager Tom Clark, other staff, and District Attorney Tony Corbett were also in attendance.

Agenda Item 2. Discussion and Action Concerning the Defined Area

The Board discussed conducting a "town hall" type meeting with Sendero residents to answer questions and provide information regarding the defined area. The Board also discussed sending another copy of the "Frequently Asked Questions" document to the residents.

After discussion, the Board directed staff to schedule a special "town hall" meeting in the first week of March during the evening. The Board requested that Staff send a letter to residents informing them of the meeting, to post a special link on the District's website regarding the Defined Area, and to send an updated "FAQ" to the residents. The Board directed staff to bring the metes and bounds description of the Defined Area to the next meeting.

Agenda Item 7. Discussion and action regarding winter averaging for 2009.

Tom Clark asked whether the Board desired to consider revising the District's winter averaging methodology for the current year used to calculate wastewater bills in light of recent drought conditions. After discussion, the Board decided to not take action on the matter at this time, but directed that additional information be furnished regarding winter averaging on the District's website.

Agenda Item 3. Discussion and Action Regarding Approval of 2008 Audited Financial Statements.

Auditors from Maxwell, Locke and Ritter presented the District's Fiscal Year 2008 Audit Report. He noted that the audit firm has issued an unqualified opinion regarding the District's audited financial statements. The auditor summarized the audit report, and focused upon certain financial statements contained in the report. The Board directed that the Statement of Net Assets be revised to separately identify funds for Board designated projects. The auditors then identified potential control deficiencies.

At the conclusion of the presentation, Director Tullos moved that the District approve the FY 2008 audited financial statements subject to the adjustment directed by the Board. The motion was seconded by Director Grahl and passed unanimously. The Board also directed staff to immediately address the information technology risks raised by the auditor and send plan to the Board.

Recess. President Tisch recessed the meeting at 5:37 p.m. The meeting reconvened at 5:52 p.m.

Agenda Item 4. Discussion and Action Concerning Establishment of Reserve Funds.

Controller Mike Petter reported to the Board regarding the District's unrestricted general fund balances, and made the recommendations set forth below regarding designation of the funds.

He requested that the Board consider designating the Builders Park Fee funds for parks, trails and community center capital expenses that exceed 5% of the annual budgeted operating expenses for parks and recreation. The Board agreed to take this recommendation under consideration, and requested that it be forwarded to the Parks Committee for consideration.

Director Yackle moved that the District consolidate the Builders Park Fee Account with the Park Fund accounts from Texpool and Logic. The motion was seconded by Director Tullos, and passed unanimously.

The Controller also recommended the Board designate by resolution a six month Operating Reserve; a Revenue Protection Reserve equal to three months revenue from the water, wastewater, and administrative departments for unanticipated repairs, replacements, or capital purchases; and a Repair and Replacement and Capital Reserve for anticipated capital projects. The Board gave direction to prepare resolutions authorizing the first two reserves, but not the third at this time.

The Board directed that staff develop funding recommendations regarding use of the Sendero Defined Area maintenance tax funds previously collected.

The Board directed staff to prepare estimated costs for purposes of funding the Repair and Replacement and Capital Reserve.

Agenda Item 5. Discussion and Action Concerning Establishment of Policies and Strategies for Funding Cost Centers.

Staff made the following recommendations with respect to funding cost centers to be utilized for purposes of preparing the 2010 budget:

1. Administrative costs would be funded from O&M tax revenues and 10% of revenues collected by all other cost centers.
2. Utility services would be funded from utility and solid waste fees and other revenue currently recorded in these cost centers. Utility services would fund parks and recreation program costs in addition to the 10% transfer to the administrative cost center.

3. Maintenance costs (facility, grounds, parks, pools) would be funded through District operation and maintenance tax revenues.
4. Parks programming would be funded with a transfer from utility services based on the number of active LUEs within the District in addition to programming fee revenue.

The Board directed Staff to proceed with preparation of the policy for consideration at a future meeting.

Agenda Item 6. Discussion and action regarding adoption of new water and wastewater rates for District customers and new water rates for out-of-District customers.

Mike Petter presented recommendations regarding out-of-District water rates, and in-District wastewater rates.

After discussion, the Board directed staff to prepare a rate order adopting the following out-of-District water rates effective the first day of the billing cycle after 45 days:

Peak volume rate: \$2.75 per 1,000 gallons
Off-Peak volume rate: \$2.10 per 1,000 gallons
Base rate: \$37.42 per 5/8-inch meter equivalent.

The Board directed Staff to send notice to all out-of-District customers that the Board would consider adoption of the new rates at its next meeting.

The Board also discussed revising in-District wastewater rates. Staff recommended the following rates:

Volume rate: \$2.70 per 1,000 gallons
Base rate: \$6.00 per month

The Board directed that the proposed rate increases be reflected in the rate order to be presented at the next Board meeting.

Adjournment:

Director Yackle moved to adjourn the meeting. The motion was seconded by Director Shermer, and passed unanimously. The meeting adjourned at 8:25 p.m.



Russ Shermer, Board Secretary