

**MEETING MINUTES
BRUSHY CREEK MUNICIPAL UTILITY DISTRICT**

A meeting of the Board of Directors of Brushy Creek Municipal Utility District was held on the 12th day of February, 2009 at 7:00 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 7:08 p.m. with the following directors present: President Paul Tisch, Vice President Cris Yackle, Treasurer Rebecca Tullos, Secretary Russ Shermer and Assistant Secretary/Treasurer Bob Grahl. General Manager Tom Clark, other staff, and District Attorney Tony Corbett were also in attendance.

Agenda Item 2: Announcements and Recognition.

Tom Clark announced that Linda Patterson was present in connection with Agenda Item #11.

Agenda Item 3: Discussion regarding order of consideration of agenda items.

The Board discussed the order of consideration of any agenda items and agreed to consider certain matters out of the order set forth on the agenda in order to accommodate visitors to the meeting. The Board requested that agenda items #11, #12 and #13 be moved up and Tom Clark requested that Items 15, 20, and 5(c)(3) be tabled for consideration at a future meeting.

Agenda Item 4: Citizens' Comments.

John Littlefield, an engineer representing Mesa Rosa Restaurant, requested that the Board consider extending the District wastewater system to the restaurant. The Board requested that the matter be placed on its next meeting agenda. Staff was directed to place this item on the next Board Agenda for discussion.

A number of residents from Brushy Bend spoke in opposition to the proposed increase in out-of-District water rates. The comments generally indicated that the magnitude of the increase was too large. The commenters also requested more information about the necessity for, and calculation of, the rate increase.

Agenda Item 11: Approve First Quarter Variance report and Budget Adjustments, First Quarter Financial Report; December Disbursements, and Accept First Quarter Investment Report.

Mike Petter introduced Linda Patterson, who presented the first quarter Investment Report.

Recess. The Board of Directors recessed the meeting at 8:45 p.m. The Board reconvened the meeting at 8:54 p.m. On reconvening the Board resumed discussion of Agenda Item 11.

Mike Petter then presented a report regarding the first quarter variance and budget adjustments, first quarter financial report, and December disbursements. The Board requested that staff proceed with preparation of a resolution amending the District's fiscal year budget to incorporate the proposed budget adjustments for consideration as an action item at the next meeting.

Director Tullos then moved that the Board approve the First Quarter Variance Report, Financial Report, December Disbursement Report, and the First Quarter Investment Report. The motion was seconded by Director Grahl, and passed unanimously.

Agenda Item 12: Approve Increase in Out-of-District Water Rates.

Mr. Corbett provided a brief background regarding the acquisition of the Brushy Bend water system. Mike Petter then presented an overview of the cost of service study prepared by Rimrock Consulting, and its findings. He noted that the proposed increase in the out-of-District base monthly water rate was recommended in order for these customers to contribute to the debt service costs associated with the District's water treatment system, which is currently paid by in-District customers in the form of taxes. The Board discussed the proposed rate increase in detail, and answered a number of questions from the public regarding the proposed increase.

After discussion, the Board agreed to table consideration of the rate increase until the next meeting, at which time it would be considered an action item, in order to give the Brushy Bend residents additional time to consider the proposed rate increase. The Board also directed staff to meet with Brushy Bend representatives during the interim period to answer any questions that they may have regarding the rates.

Agenda Item 5- Reports

- a. Parks Committee Report- No report was given. Staff was directed to prepare minutes for the September 2, 2009 special Board meeting.
- b. Water/Wastewater Committee Report - No report was given.
- c. General Manager Report-

The General Manager provided a brief update regarding the status of repairs at the intake structure. He also reported that membrane modifications had not commenced at the Water Treatment Facility. He presented a proposed form for staff reports and received feedback and recommendations from the Board regarding the format. The Board requested that this item be added to its workshop agenda. The General Manager also presented a report, and received input, regarding the form and content of department metric reports. The General Manager provided an update on the proposed trail improvements at Sam Bass Road and Great Oaks Drive. The Board requested that this item be placed on the next Board Agenda and that Joe England attend the meeting to present his report.

The General Manager then reported on the status of improvements to the District's website. Finally, the General Manager reported on implementation of the 2008 Operations and Maintenance report prepared by K. Friese and Associates.

No other action was taken by the Board regarding the report.

Agenda Item 6: Security issues identified in Annual Audit.

Mark Palmer presented a report regarding the information technology security issues identified in the audit. He presented a draft summary of proposed actions to be taken to address the security issues, and stated that a complete report would be presented at the next meeting. No action was taken by the Board regarding the matter.

Agenda Item 7: 901 Great Oaks Drive Space Plan.

The General Manager presented a status report regarding space planning at 901 Great Oaks Drive. He indicated that staff proposes that the facility be utilized as a record storage, scanning and archiving facility.

After discussion, the Board directed staff to prepare a space plan identifying its preferred use of the building.

Agenda Item 8: Exchange of Property with Highland Joint Resources.

The General Manager reported that the developer of Sendero Springs had requested that the District exchange certain lands within the Sendero floodplain with the developer in order to improve access for Sendero residents to FM 1431.

After discussion, the Board directed staff to prepare an order approving exchange of the lands and containing the requisite valuation findings based on the appraised values of the tracts. The Board also directed that staff confirm the developer will reimburse all costs and expenses associated with the transaction.

Agenda Item 9: Sendero Springs Pool Expenditures.

Tim Ishman presented a report regarding expenditures for fencing improvements to the Sendero Springs pool. The Board directed staff to ensure that signs were posted on the fencing to the baby pool in order to ensure that young children must be accompanied by adults.

Agenda Item 10: Active Net Convenience and Transaction Fees.

Tim Ishman requested guidance from the Board as to whether it desired Active Net transaction fees to be assessed to customers, or absorbed by the District, or some combination of the two. Staff recommended that the District absorb the costs for the remainder of the fiscal year, and that program fees could be increased to pay the cost in

subsequent years. The Board directed staff to proceed in accordance with its recommendation for this fiscal year and to obtain written confirmation from the vendor. How transaction fees will be assessed to the customers or absorbed by the District for next fiscal year will be determined during the upcoming FY 2010 budget discussions.

Agenda Item 13: Approve increase in Wastewater Rates

Mike Petter presented a recommendation to change the District's wastewater rates to reflect a \$6.00 monthly base rate and \$2.70 volumetric rate. A motion for approval of the rates was made by Director Grahl and seconded by Director Tisch. The motion was then rescinded, and the Board directed that the item be included as an action item at the next meeting.

Agenda Item 14: Approve 2009 BBQ Cook off project

Tim Ishman presented a report regarding the proposed BBQ Event. He stated that the District would not sponsor the event in any way, contrary to some of the assertions set forth in the backup materials. It was then stated that the Meadows HOA may not be able to conduct the event without the participation of the District.

The Board then announced that it desired to go into executive session to seek legal advice regarding the matter.

Executive Session

At 11:18 p.m. President Tisch announced that the Board would go into Executive Session in order to seek legal opinions and advice regarding Agenda Items 14 and 22. The Board reconvened the public meeting at 12:01 a.m. President Tisch announced that no decision, action or votes were taken in Executive Session.

The Board then reconsidered Agenda Item 14. Mr. Corbett reported that he recommended the District not sell or distribute alcohol at a District-sponsored event. After further discussion, Director Tisch moved to approve the Meadows HOA as a co-sponsor of the event, to approve soliciting sponsors for the event, to approve the proposed timeline for the event as set forth in the packet, and to approve the event activities set forth in the "Background" section of the Executive Summary. The motion was seconded by Director Shermer. The Board directed that alcohol not be sold or distributed at the event. The motion carried 4-0-1, with Director Grahl abstaining from the discussion and vote.

Agenda Item 15: Approve Procedural Change Regarding Creekside Pool Repairs.

This matter was tabled.

Agenda Item 16: Second Amendment to Subregional Wastewater Disposal Contract and Settlement Agreement

Agenda Item 25: The Board approved Resolution No. 09-0212.04 Approving Policies for Funding District Cost Centers in the form set forth in the Board packet.

Agenda Item 26: The Board approved Resolution No. 09-0212.05 amending the Designated Meeting Places for the District in the form set forth in the Board packet.

Agenda Item 21: Pool Pass Rates

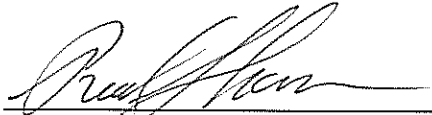
Director Yackle moved that the Board approve the pool pass rates as set forth in the Board packets, provided the Resident Individual Pass rate be set at \$30 for all individuals, and the Non-Resident Individual Pass rate be set at \$60 for all individuals.

Agenda Item 22: 2009 BCWA Special Events Contracts.

After discussion, Director Yackle moved approval of all agreements provided they are amended to provide that the location of the Hairy Man Festival would be at a park approved by the District. The motion was seconded by Director Grahl and passed unanimously.

Adjournment:

Director Yackle moved to adjourn the meeting. The motion was seconded by Director Shermer, and passed unanimously. The meeting adjourned at 12:40 p.m.



Russ Shermer, Board Secretary