

**MINUTES OF SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
BRUSHY CREEK MUNICIPAL UTILITY DISTRICT**

June 17, 2006

A special meeting of the Board of Directors of Brushy Creek Municipal Utility District was held on the 17th day of June 2006 at 2:30 p.m., in the District's office, 16318 Great Oaks Drive, 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.

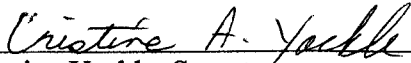
1. Vice President Buchanan called the meeting to order at 2:35 PM and established a quorum consisting of Vice President Buchanan, Secretary Cristine Yackle, Asst Treasurer Rebecca Tullos and Director Paul Tisch. Also present were Interim General Manager AJ Olson, Deputy Secretary Teresea Schade, District Engineer Jimmy Griffith, General Counsel Ron Freeman, and Labor Counsel Judy Osborn.
2. The Board first received Citizen Comments. A citizen read a letter to the board from Mrs. A.J. Olson. No action was taken at this time.
3. The next item of business was a report from General Counsel Freeman explaining the process for the Board to consider conducting hearings on certain personnel matters to be considered by the Board at the meeting. Mr. Freeman explained that the Board could recess into executive session to conduct personnel evaluations and related matters, unless the District employee who was the subject of the hearing requested that the Board conducts any hearing in open session. Mr. Freeman suggested the Board recess for a time to allow he and Vice President Buchanan to visit with employees who would be the subject of any consideration by the Board to determine whether the employee desired any considerations to be in open session. Following the report, Vice President Buchanan announced a recess at 2:43 PM in order to implement Mr. Freeman's suggestion.
4. The Board reconvened at 3:40 PM
5. At 3:43 PM, Vice President Buchanan announced that the Board would go into Executive Session pursuant to Subchapter D, Chapter 551, Texas Government Code, Texas Open Meetings Act to seek legal opinions and advice regarding Agenda item IIIB. After the executive session was completed, Vice President Buchanan re-convened the meeting in open session at 5:19 PM with a quorum consisting of Directors Buchanan, Yackle, Tullos, and Tisch. He announced that no final action, decision or votes had been taken in Executive Session nor had any employee's specific situation been discussed. The Board had only sought and obtained legal advice from Mr. Freeman and Ms. Osborn.
6. Mr. Freeman reported that employees Teresa Schade and Kelly Carpenter had requested that any consideration of their employment be considered in executive session but that A. J. Olson, Dean Grant, Chad Reynolds and Ryan Wolf had requested that any consideration of their employment be conducted in open session. The Board decided to conduct the two executive sessions first concerning Teresa Schade and Kelly Carpenter. Accordingly, at 5:20 PM, Vice President Buchanan announced that the Board would go into Executive Session pursuant to Subchapter D, Chapter 551, Texas Government Code, Texas Open Meetings Act to seek legal opinions and advice and discuss personnel matters regarding Agenda item IIIB in regard to Teresa Schade and Kelly Carpenter.
7. Vice President Buchanan re-convened the meeting in open session at 6:09 PM with a quorum consisting of Directors Buchanan, Yackle, Tullos, and Tisch. He announced that the consideration of Teresa Schade's and Kelly Carpenter's employment had been discussed with each of those

employees present for discussion of their respective situations but that no final action, decision or votes had been taken in Executive Session.

8. The Board then proceeded to conduct hearings in open session on the employment of A. J. Olson, Dean Grant, Chad Reynolds and Ryan Wolfe as requested by those employees. The board then considered the approach to conduct the hearing for these employees and it was decided that the board would consider each employee's situation independently. Ms. Osborn gave brief report on the results of her investigation for each employee followed with a recommendation regarding action to be taken by the board. After Ms. Osborn's recommendation, the employee was then given an opportunity to ask questions and present any information they desired. At the end of each employee's hearings, the Board took action on each of the six-employees. Below is the result of the actions taken by the board at the meeting:
9. The Board next discussed what action to take to assure continued operation of the District's facilities. After discussion, Director Tisch made a motion, seconded by Director Buchanan, to authorize the Vice President, acting alone or with another Board member, to take any actions and to enter into any contracts necessary, convenient or appropriate to ensure continued operation of the District's facilities. The motion passed unanimously.
10. Director Buchanan made a motion to terminate Ryan Wolfe. Director Tullos seconded the motion. Discussion took place. After discussion, Director Tisch moved to rescind the previous motion and substitute a motion to issue a written reprimand to Ryan Wolfe. Director Yackle seconded. Further discussion took place with advice from Counsel Freeman. Director Tisch then moved to rescind his previous motion to rescind the motion to terminate Ryan Wolfe and Director Tullos seconded. The Board then voted on Director Tisch's second motion to rescind his previous motion with Directors Tullos & Tisch against and Directors Buchanan & Yackle for. Therefore, Director Tisch's second motion failed. The Board then voted on the motion to reprimand Mr. Wolfe with Director Yackle voting for and Directors Buchanan, Tisch, Tullos against. The motion therefore failed. The Board then voted on Director Buchanan's original motion to terminate Ryan Wolfe which had been seconded by Director Tullos. The motion passed by a vote of three for (Buchanan, Tullos and Tisch) and one against (Yackle).
11. Director Buchanan made a motion, seconded by Director Tullos to terminate Chad Reynolds. The motion passed by a vote of three for (Buchanan, Tullos and Tisch) and one against (Yackle).
12. 11. Director Buchanan made a motion, seconded by Director Tullos to terminate Dean Grant. The motion passed unanimously
13. Director Buchanan then made a motion, seconded by Director Tullos, to issue a written reprimand to Kelly Carpenter with the reprimand to be attached to her personnel file. The motion passed unanimously.
14. Director Buchanan then made a motion, seconded by Director Tullos, to terminate Teresa Schade. The motion passed by a vote of three for (Buchanan, Tullos and Tisch) and one against (Yackle).
15. Director Tisch made a motion, seconded by Director Tullos to terminate A. J. Olson. The motion passed by a vote of three for (Buchanan, Tullos and Tisch) and one against (Yackle).

There being no further business, At 7:13 P.M., a motion was made by Director Tisch and seconded by Director Tullos to adjourn the meeting. Motion carried. All present voted aye.

Director Buchanan adjourned the meeting at 7:14 P.M.


Cristine Yackle, Secretary