

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

January 4, 2007

A special meeting of the Board of Directors of Brushy Creek Municipal Utility District was held on the 4th day of January 2007 at 7:00 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.

Roll Call and Establishment of Quorum (Agenda Item I)

President Widacki called the meeting to order at 7:02 p.m. and established a quorum consisting of President Steve Widacki, Vice President Paul Tisch, Secretary Cristine Yackle, Treasurer Rebecca Tullos, and Assistant Treasurer Larry Buchanan. Also present were General Manager Tom Clark, Deputy Secretary Margie Anthes, and Legal Counsel Tony Corbett. District Engineer Jimmy Griffith was not present. Upon establishment of a quorum, the Board conducted the Pledge of Allegiance.

Citizens Communications (Agenda Item II)

The first order of business was Citizens Comments. Mr. Howard LeNoble, a resident of the District, requested that the Board of Directors reconsider its prior decision to construct three parking spaces at the Cat Hollow parking lot. He explained that car lights from the additional parking spaces would impact his residence, that construction of the spaces would require cutting irrigation lines, and that the improvements would not result in any additional net parking spaces. No action was taken by the Board regarding the request.

Consent Agenda (Agenda Item III)

Upon a motion by Director Buchanan, seconded by Director Tisch, the Board of Directors unanimously approved the consent agenda.

Discussion and Action Regarding Employment, Discipline or Dismissal of the District Engineer (Agenda Item IV)

The Board next considered the employment, discipline or dismissal of the District Engineer. General Manager Tom Clark provided a brief summary to the Board of Directors regarding communications between the District and Mr. Griffith's legal counsel since the previous board meeting. He also referenced a draft agreement that would provide for the termination of Mr. Griffith's employment by mutual agreement.

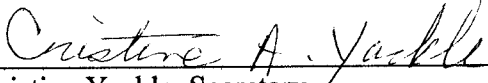
At 7:11 p.m., President Widacki announced that the Board of Directors would go into executive session relating to Agenda Item IV under Subchapter D, Chapter 551 of the Texas Government Code (the Texas Open Meetings Act) in order to: (i) discuss personnel matters relating to the District Engineer; and (ii) to seek legal opinions and advice from District legal counsel relating to employment matters pertaining to the District Engineer. At 9:28 p.m., President Widacki reconvened the public meeting of the Board of Directors with all directors

present. He announced that while in executive session, no decisions, votes or actions of any kind were taken.

President Widacki then made a motion to approve a resolution and contract in the form attached to these minutes. He also read the motion publicly. Director Buchanan seconded the motion. The motion passed on a vote of 3 to 2, with Directors Widacki, Buchanan and Yackle voting for the motion. Directors Tisch and Tullos voted against the motion.

Adjournment (Agenda Item V)

At 9:30 p.m., a motion was made by Director Buchanan to adjourn the meeting. The motion was seconded by Director Tisch, and passed unanimously. President Widacki adjourned the meeting at 9:30 p.m.


Cristine Yackle, Secretary

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. 010407


RESOLUTION TERMINATING EMPLOYMENT
OF DISTRICT ENGINEER

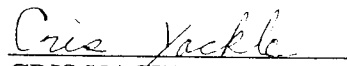
THE STATE OF TEXAS

COUNTY OF WILLIAMSON

BE IT RESOLVED, that the board approve an agreement with District Engineer Jimmy Griffith providing for the early termination of his employment contract effective as of January 30, 2007. The Board of Directors hereby approves the form of the agreement attached to this Resolution and authorizes execution by the President of the Board of Directors.

Passed and approved this 4th day of January, 2007.


STEVE WIDACKI, P.E.
President, Board of Directors


CRIS YACKLE, Secretary
Board of Directors

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
16318 Great Oaks Drive
Round Rock, TX 78681-2506

January 4, 2007

Mr. James W. Griffith, P.E.
16422 Pocono
Austin, TX 78717

Dear Jimmy:

This document confirms the agreement between you and Brushy Creek Municipal Utility District ("District") that the Employment Agreement dated July 1, 2002 and any amendments thereto, between you and the District will terminate on January 30, 2007, and your employment with the District will terminate on January 30, 2007 as well. You will remain on paid time off until January 30, 2007, on which date you will have exhausted all of your paid time off benefits.

Although you are not entitled to any severance pay, the District is willing to assist you in the transition by providing you with some pay in exchange for a release of all claims. Please note that the District's willingness to provide you with separation pay is not an admission that the District has engaged, or is now engaging, in any unlawful conduct. On the contrary, the District denies any liability.

In exchange for your agreement to the terms contained in this letter, and your complying with those terms, the District will pay you \$115,000.00 from which we will subtract all applicable withholdings in accordance with applicable law ("Separation Payment"). The Separation Payment will be direct deposited to your bank account after the expiration of any period for your revocation of this agreement. All compensation paid under this paragraph will be made in accordance with the District's prevailing payroll practices.

The District will also provide you with your current medical benefits through, but not after, January 31, 2007. You will be eligible for continuation of coverage pursuant to COBRA at your own expense after that date. However, if you timely elect to continue health insurance coverage under COBRA, then, in addition, the District will pay the employee-only portion of your monthly premium under COBRA for a period of three months--that is, covering the period from February 1, 2007 through April 30, 2007. The amount of the COBRA premiums will be included in your income for tax purposes.

The District's obligation to pay the Separation Payment and your COBRA premiums is conditioned upon your agreement to the following:

First, you agree to release the District, as well as its past and present officers, directors, employees, agents, and any affiliated entities, past and present ("Released Parties") from any and all liabilities related to or arising out of your employment with the District, the termination of that employment, or from any events, transactions or occurrences between you and the District occurring prior to this date, including the Employment Agreement, and you agree not to file any claims against the Released Parties for any matter arising prior to the date you sign this agreement. This specifically includes, but isn't limited to, claims of wrongful discharge, emotional distress, defamation, and breach of contract; claims of discrimination, harassment or

retaliation based on sex, age, race, national origin, religion, or on any other basis, under Title VII of the Civil Rights Act of 1964, as amended, the Equal Pay Act of 1963, the Age Discrimination in Employment Act of 1967 ("ADEA"), the Civil Rights Act of 1866, the Americans With Disabilities Act; the Family and Medical Leave Act; and claims based on any state or local labor, employment or fair employment practice statutes, regulations or ordinances, and any and all other laws and regulations.

Second, by signing this letter, you are agreeing that you have not filed any claims against the District or any of the other Released Parties in any court or with any governmental agency, and, to the fullest extent permitted by law, you will not prosecute, nor allow to be prosecuted on your behalf, in any state or federal court or administrative agency, any claim related to the matters released in this letter.

Third, you understand that the District's agreement to provide the Separation Payment and pay your COBRA premiums is conditioned upon your execution of this letter and your prompt return of all property, data and information belonging to the District, including information on your personal computer, on or before 5 p.m. on January 11, 2007, and your agreement that you will not use or disclose to others any confidential or proprietary information of the District. The foregoing sentence requires that you delete all District information from your personal computer as well as all back-up copies on or before 5 p.m. on January 11, 2007. The District's agreement to provide the Separation Payment is also conditioned upon your compliance with the following in coordination with the designated staff, on or before 5 p.m. on January 11, 2007:

1. Complete the bond application on Sendero (Lori Curran);
2. Provide copies of as-builts or current plans on intake, raw water line, treatment plant, Neenah tower and North Tower (Lori Curran);
3. Provide all items pertaining to close-out of bank accounts, including correspondence to TCEQ justifying release of funds in connection with the construction bond account (Mike Petter);
4. Provide Community Center and Cat Hollow parking project lot contract documents and files (Tom Clark);
5. Provide documents for demolition of Stone Bridge (Lori Curran);
6. Provide status of plan review for Tony Limited Tract, Lamb Tract, and Highland Horizon (Tom Clark);
7. Provide a completed and sealed engineer's report relating to the District's request for authorization to TCEQ to purchase the Sendero park and pool facilities (Tom Clark);
8. Provide documents and spreadsheets of the previously approved bond close-outs (in addition to the letters requesting and the approval letters from TCEQ) (Mike Petter); and
9. Complete the AWBD presentation (Tom Clark).

In addition, you agree to keep the terms of this letter confidential between you and the District, except that you may tell your immediate family and your attorney or accountant, if any, as needed, provided that you make such persons aware of these confidentiality provisions and secure each person's agreement to keep the terms of this Agreement confidential. In no event should you discuss this letter or its terms with any employee of the District. You agree that, except as expressly provided in this letter, this letter renders null and void any and all prior arrangements, either written or oral, between you and the District. Notwithstanding the above, this letter agreement shall not affect your right to benefits payable under the Texas County and District Retirement System, which shall be governed by the applicable plan documents.

Fourth, you agree that you will not make any defamatory or disparaging statements of any kind about any member of the Board of Directors or individual District employee. This provision is not intended to prevent you from engaging in legitimate public discussion about issues of community concern or future Board actions.

Fifth, in order to assure a smooth transition, you agree to provide the District occasional telephone consultation through February 28, 2007, in the event the District has further questions about the status of matters or the whereabouts of documents on which you were working.

This letter is intended to satisfy the Older Workers Benefit Protection Act, 29 U.S.C. § 626(f). Accordingly, by signing this letter, you acknowledge: (1) that you have read and understand the terms of this agreement; (2) that by this letter you have been advised to consult an attorney at your own expense, if desired; and (3) that you have considered such legal counsel as you deem necessary, such that you are signing this agreement freely, knowingly and voluntarily. You will have until 9 a.m. on January 26, 2007 to consider whether or not to sign this letter and accept the Separation Payment and the District's payment of your COBRA premiums, but you are not required to use the full 21 days. You agree that the 21-day waiting period in which you may consider this offer will not start over in the event there are material or immaterial changes to the terms of the original offer. You do not give up or release any claims for events that may occur in the future which may form the basis of any actions against the District, nor do you limit your right to challenge this waiver of your right to file an age discrimination claim. As to the age discrimination claim, we are required by law to give you seven days after the date you sign during which you may revoke your acceptance. Your revocation must be in writing and received by me within the seven-day period to be effective. Revocation of this agreement will not change your separation from employment. If you do not revoke, the Separation Payment described above will be paid after the revocation period expires.

By signing this letter, you acknowledge and agree that: (a) except as provided by this agreement, no additional consideration, including salary, wages, commissions, bonuses or stock options, is to be paid to you by the District; and (b) you will not seek or accept employment with the District at any time in the future.

In the event you materially breach any of the terms of this agreement, you will be required to repay the Separation Payment and the value of the COBRA premiums to the District within 10 days following the date of demand of repayment by the District.

If you accept this agreement, you must execute it by signing it and returning it to me on or before 9 a.m. on January 26, 2007 and/or the District's withdrawal of the offer contained in this letter. If I don't receive this signed letter on or before such date, we will assume you are not interested in the Separation Payment or the District's payment of your COBRA premiums and the offer will be automatically withdrawn. This letter is intended to be a binding legal document. It contains all of the agreements between you and the District with respect to the termination of your employment and supersedes any prior agreement, written or oral, on this subject. The terms of this agreement cannot be modified except in a written document signed by both of us.

This agreement shall be governed and interpreted according to the laws of the State of Texas. If any provision of this agreement is found to be unenforceable, it shall not affect the enforceability of the remaining provisions and the remaining provisions shall be enforced to the extent permitted by law.

Please indicate your agreement with the above terms by signing below.

Sincerely,



STEVE D. WIDACKI, P.E.
President, Board of Directors

My signature below signifies my agreement with the above terms. Furthermore, I acknowledge that I have read and understand the foregoing letter agreement and that I sign this release of all claims voluntarily, with full appreciation that I am forever foreclosed from pursuing any of the rights I have waived. I also acknowledge that I have been given a reasonable amount of time to consider the terms of this letter and release, and that if I sign this agreement prior to 9 a.m. on January 26, 2007, I am voluntarily waiving my right to consider the offer for the full 21 days.

Signed: 
JAMES W. GRIFFITH, P.E.

Dated: 1/5/07