

**MINUTES OF REGULAR MEETING
HURST CREEK MUNICIPAL UTILITY DISTRICT
AUGUST 23, 2010**

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

The Board of Directors of Hurst Creek Municipal Utility District (the “District”) met this date in regular session, open to the public, in the District’s offices at 102 Trophy Drive, The Hills, Texas 78738, and the roll was called of the duly constituted officers and members of the Board to wit:

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|--------------------|-----------------|
| Wilson Smith | President |
| J.L. Hall | Vice-President |
| William L. Warmuth | Treasurer |
| James M. Wingard | Secretary |
| Raymond Arvay | Asst. Secretary |

and all of said persons were present, except Director Arvay, thus constituting a quorum.

Also present were Dan Roark, Earl Wood and Chris Redd, representing general management; Hilda Potsavich, representing the Village Board of Aldermen; and, Barker Keith, representing the Hills Property Owner's Association.

1. The first item of business was to consider and take action regarding execution of the Engagement Letter with Jansen and Gregorczyk for auditing Fiscal Year 2009-2010.

After reviewing the Engagement Letter, Director Warmuth moved for acceptance and Director Hall seconded the motion, which carried unanimously. A copy of said letter is attached as exhibit to these minutes.

2. The next item of business was to consider renewal of the District's insurance policies.

Mr. Roark outlined the insurance coverage and the costs for renewal of the District's insurance policy at \$33,165.00 for coverage from 10/1/2010 to 09/30/2011.

Director Wingard moved approval of renewal of the insurance policies and Director Hall seconded the motion, which carried unanimously.

3. The Board's next item for business was to take action regarding lease/purchase of a sewer jetter and camera.

Director Wingard summarized his and Mr. Wood's investigations into acquiring a sewer jet machine and camera. Mr. Wood detailed a proposed lease/purchase contract for \$84,869 at 4.8% interest, which would require quarterly payments of \$4,700, with no pre-payment penalty.

Director Warmuth moved approval of the lease/purchase for a sewer jetter and camera and Director Wingard seconded the motion, which carried unanimously.

4. The Board's next item for consideration was the proposed Budget for Fiscal Year 2010-2011 and the 2010 Tax Rate.

Mr. Roark and Mr. Wood reviewed the first draft of the proposed budget. No action was taken on this item, which will be further reviewed by the Budget Committee for further action at the next regular meeting.

5. The next item for consideration was to approve the draft minutes of the July 12, 2010, Board meeting.

Following a review of the draft minutes and after noting minor corrections, Director Wingard moved approval as revised. Director Warmuth seconded the motion, which carried unanimously.

6. Ms. Redd reviewed the Bookkeeper's Report with the Board along with the current month and year-to-date Budget. Following a review of the Bookkeeper's Report and the list of invoices paid and to be paid, Director Warmuth moved approval of the Bookkeeper's Report as presented and Director Hall seconded the motion, which carried unanimously. A copy of said report is attached as an exhibit to these minutes.

7. Mr. Roark presented the Manager's Operating Report to the Board for its review, a copy of which is attached as an exhibit to these minutes.

At this point Ms. Potsavich, Mr. Keith, Mr. Wood and Ms. Redd were asked to leave and the Board went into executive session to discuss personnel matters.

The Board reconvened in open session and no action was taken on personnel matters at this time.

There being no further business, the meeting was adjourned.

Signed and sealed this _____ day of _____, 2010.

(Seal)

James M. Wingard, Secretary
Board of Directors