

**MINUTES OF REGULAR MEETING
HURST CREEK MUNICIPAL UTILITY DISTRICT
FEBRUARY 21, 2011**

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:

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, thus constituting a quorum.

Also present were Dan Roark, Earl Wood, Chris Redd, and K.C. Belote representing general management for the District; Alderman Ron Dodd of the Village of The Hills; Scott Feil of the Hills Property Owners’ Association; and, Jim Jansen of Jansen and Gregorczyk, Auditor for the District.

1. The first act of business was to consider approving the draft Audit for Fiscal Year 2009-2010.

Mr. Jansen reviewed the Audit with the Board. Following a review of the Audit and recommendation by the Audit Committee, Director Hall moved to approve the Audit for Fiscal Year 2009-2010 and Director Warmuth seconded the motion, which carried unanimously. A copy of said Audit is attached as an exhibit to these minutes.

2. The next item of business was to discuss and take any action necessary regarding the proposed sale by the L.C.R.A. of the Lakeway Raw Water System.

Mr. Roark summarized recent developments regarding this issue and requested guidance from the Board on what direction to take at a meeting he has scheduled with the L.C.R.A. and Lakeway M.U.D. President Smith volunteered to attend the meeting with Mr. Roark and report back to the Board. Additionally, Mr. Warmuth volunteered to contact the Texas State Congressional Representative, Paul Workman, on behalf of the District.

At this point Mr. Jansen departed the meeting.

3. The next item of business was a water accountability presentation by K.C. Belote.

Mr. Belote presented a spreadsheet of a water accountability audit for calendar year 2010, which showed a loss of 13% in the Water Plant, due to backwashing, and 7.9% in the Distribution System (sold to customers), which represents water leaks and flushing fire hydrants. Mr. Belote also reported on the effluent water accountability, which is 96%.

The Board thanked the staff for their good efforts in accounting for water both bought and sold.

4. The next item for consideration was to approve the draft minutes of the January 17, 2011, Board meeting.

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

5. 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 Arvay 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.
6. Mr. Roark presented the Manager's Operating Report to the Board for its review and recommended the District hire Linda Lunney full-time at an hourly rate of \$17.50, which the Board approved by acclamation. A copy of the Manager's Operating Report is attached as an exhibit to these minutes.

There being no further business, the meeting was adjourned.

Signed and sealed this _____ day of _____, 2011.

(Seal)

James M. Wingard, Secretary
Board of Directors