

**MINUTES OF REGULAR MEETING  
HURST CREEK MUNICIPAL UTILITY DISTRICT  
JULY 16, 2007**

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:

Haskell Wotkyns, Jr.	President
J.L. Hall	Vice-President
Bob G. Agnew	Secretary
Wilson Smith	Treasurer
James M. Wingard	Assistant Secretary/Treasurer

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

Also present were Dan Roark, and Chris Redd, representing general management for the District; Jesse Griffith, Drainage Administrator for the District; and, Ron Freeman, attorney for the District.

1. Mr. Griffith appeared to discuss drainage improvements; the new bidding requirements, which go into effect September 1, 2007; and the revisions made to the Drainage System Rules.

After some discussion, the Board instructed Mr. Griffith to make minor changes to the amended Drainage System Rules and resubmit to the Board for approval.

Mr. Griffith departed the meeting at this time.

2. The next agenda item regards the amended Waste Disposal Agreement.

Mr. Roark informed the Board of Village resident Chris Whitmayer’s request that the District join in his protest to the City of Lakeway’s rezoning of a 42 acre tract of land adjacent to the Village of the Hills boundary. Mr. Freeman advised the Board that Section 2 of Amendment No. 3 to the Waste Disposal Agreement forbids the District’s objection if

the tract is developed in accordance with the approved Planned Unit Development or Section 6.14 of the original agreement.

No action was taken on this matter.

3. The Board's next item for consideration was the lease/purchase of a new backhoe.

Mr. Roark updated the Board on the most recent lease/purchase offer from Holt Caterpillar, for a 430E CAB4S Caterpillar Backhoe Loader at a cost of \$122,715, with an interest rate of 4.85 percent. Mr. Roark stated the monthly payments would be \$1,730.72 per month for 84 months.

Director Smith moved to lease/purchase said Backhoe under the terms provided and to authorize Mr. Roark to execute the necessary documents and Director Hall seconded the motion, which carried unanimously. A copy of the terms is attached as an exhibit to these minutes.

4. The draft Audit for Fiscal Year 2005-2006 was the next item for consideration.

Ms. Redd informed the Board that said audit was completed but in draft form and should be completed with all necessary revisions by the end of the week. Mr. Roark reviewed the Management Discussion and Analysis with the Board.

Director Agnew moved to approve the draft audit subject to review by Director Hall; Director Smith seconded the motion, which carried unanimously.

5. The Board next reviewed the draft minutes of the June 18, 2007 Board meeting.

Following a review of the draft minutes, Director Smith moved approval of the minutes with minor corrections and Director Hall 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 Hall moved approval as presented and Director Agnew 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.

8. Under such other business, Director Wingard informed the Board he had obtained the costs of the beautification project done by the Hills Property Owner's Association (the "Hills POA") in response to the Hills POA's request to the District to share in the cost, at \$4,000, of improving the irrigation system along the Hills Drive, and to reduce the cost of irrigation water to this area by 26%.

After some discussion, the Board agreed the District would bear the electrical and operation and maintenance costs of the pumping station and reduce the cost of irrigating this area by 26% in lieu of the \$4,000.

Signed and sealed this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

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Bob G. Agnew, Secretary Board of Directors

(Seal)