

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF
WELLS BRANCH MUNICIPAL UTILITY DISTRICT

January 30, 2001

A regular meeting of the Board of Directors was held January 30, 2001, at the Wells Branch Community Center, 2106 Klattenhoff, Austin, Texas. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the Notice is attached as Exhibit "A".

Members of the Board as it was called to order are:

Charles R. Walters-President
Donna Howe -Vice President
Scott Gilmore- Secretary
Joy Smith-Treasurer and Assistant Secretary
John K. Graham- Assistant Secretary-Treasurer

and all of the Directors were present, except Director Gilmore, thus constituting a quorum. Also present were Don H. Williams, District manager; Charles Swick, assistant District manager; Sue Brooks Littlefield of Armbrust Brown & Davis, LLP; Margret Wingrove of ECO Resources; Scott Krchnak of Maxwell, Locke & Ritter LLP; Janet Maxey of the Wells Branch Armada swim team; Lanna Chapman, customer service representative with the District; and Cliff Avery of Gilleland Creek Press.

Director Walters called the meeting to order at 6:33 p.m. and recognized Director Howe as chair of the Finance Committee which convened as the District's Audit Committee. Director Howe recognized Mr. Krchnak who presented his report in connection with the audit of the District's financial statements for the fiscal year ended September 30, 2000, a copy of which is attached as Exhibit "B." He stated that the auditor presented an unqualified (clean) opinion as to the condition of the District's financial statements for the fiscal year ending September 30, 2000. Mr. Krchnak reported that, because the fiscal year was the first full year in which the District relied on ECO Resources as its utility operations firm, he performed additional testing on the District's billing system and took no exception to those randomly selected transactions. Mr. Krchnak noted that in 2001, some of the District's contract bonds were in their final year. Director Howe asked, and Ms. Littlefield agreed, to evaluate the effect of payout of those bonds. Director Graham asked if the District is in compliance with the requirements of the Public Funds Investment Act, and Mr. Krchnak directed Director Graham's attention to Note 2 to the District's Financial Statements, which addressed that matter. Director Howe recommended that the District retain the services of Maxwell Lock & Ritter as its auditor

for the current fiscal year and directed that the firm present a proposal. Director Howe moved, seconded by Director Smith, that the Board approve the Audit Report and Management Report and authorize filing the Audit Report and Management Report with the Texas Natural Resource Conservation Commission and the City of Austin. The motion passed unanimously.

Director Walters then announced the Board would receive a report from the District's utility manager including a financial report and utility operations report, copies of which are attached as Exhibit "C" and "D," respectively. Ms. Wingrove discussed highlights of the reports. She reported that water revenues were down because of a wet winter. She reported that on January 29, Triple H Construction had been responsible for a line break. She praised an ECO staff member for his attention to duty during the service interruption, assisting a day care center that was affected by the break. She reported that after a fire hydrant, manhole and water survey, it was discovered that paving by Travis County had covered over lids and valves. The Board generally directed Mr. Williams to contact County representatives in an effort to correct the problem.

Director Walters then recognized Mr. Williams for the District manager's report, including the Community Gardens report, solid waste/recycling services report, facilities progress report, landscape report, restrictive covenants report, customer service report, recreation manager's report and aquatics manager's report, copies of which are attached as Exhibits "E" through "L," respectively. Mr. Williams reported that Harte Hanks has placed a water line and relocated gates at the Garden as part of its parking lot project. He reported that BFI continued to perform well, but that the District's service representative was leaving the company. Mr. Williams expressed confidence that BFI's Jack Clement, who would fill in as the District's contact until a replacement was found, would work out well. Mr. Williams further reported that the trails improvement (fencing) project was going well, and that the District was putting more personnel onto the project.

Mr. Williams recognized Mr. Swick who presented a report on the District's customer service efforts, a copy of which is attached as Exhibit "M." The Board praised Mr. Swick's efforts in that area.

Mr. Williams reported that District representatives had met with swim teams practicing at the District's pools to stress the importance of replacing the pools' thermal covers after practice. He reported that the District's gas bill had increased dramatically, and that the District was looking for ways to conserve energy. Director Smith suggested that the District recruit lifeguards through the Schlitterbahn water amusement park.

Director Walters recognized Ms. Littlefield for a report from the District's attorney. She presented the Board an updated report on legal activities associated with covenant enforcement, a copy of which is attached as Exhibit "N."

Director Walters then announced the Board would receive a report from the District's engineer, a copy of which is attached as Exhibit "O." Mr. Williams reported that 59 packets had been distributed at the prebid conference for the Recreation Center, and the

contractors requested an extension until February 27. The Board generally concurred. Director Howe reported that erosion had exposed a pipeline along the creek, and Mr. Williams said he would see the problem was corrected.

Director Walters then announced that the Board would consider items on its consent agenda, including:

Agenda Item No. 8 Approve Finance Committee's recommendations regarding payment of bills and invoices and write-offs, copies of which are attached as Exhibits "P" and "Q" respectively;

Agenda Item No. 9 Approve engagement letter from Maxwell Locke & Ritter LLP, a copy of which is attached as Exhibit "R," for report on developer reimbursables in connection with Wells Branch Phase X, Section 3.

Agenda Item No. 10 Approve Resolution Confirming Annual Review of Investment Policy and Investment Strategies and Designating Qualified Brokers and Investment Officer, a copy of which is attached as Exhibit "S;" and

Agenda Item No. 15 Approve contract, a copy of which is attached as Exhibit "T," in connection with legislative and public relations issues.

Director Graham requested, and the Board generally agreed, that the minutes of the January 16, 2001 regular meeting be withdrawn from the consent agenda and revised to expand discussion related to a covenant enforcement issue at 3700 Kissman Drive. Director Smith moved, seconded by Director Howe approval of the consent agenda, and the motion passed unanimously.

There being no Committee reports, Director Walters announced that the Board would receive announcements from Directors. Director Smith reported that she would be unable to attend the forthcoming Coffee with the Cops event hosted by the Travis County Sheriff's Community Policing officers. Director Howe stated she planned to attend. Mr. Williams reminded the Board about HealthFest, scheduled February 24, 2001 and noted that, as part of the child safety seat inspections, parents would be expected to purchase replacements for defective seats at the cost of the replacement.

There being no further matters to come before the Board, the meeting was adjourned at 8:01 p.m.

Respectfully submitted,

____February 20, 2001_____
Date Joy Smith
Treasurer and Assistant Secretary

Board of Directors
Wells Branch Municipal Utility District

(SEAL)