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

July 29, 2003

A special meeting of the Board of Directors was held July 29, 2003, 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
Robert O'Donnell	- Assistant Secretary-Treasurer

and all of the Directors were present, except Director Gilmore, thus constituting a quorum. Also present during the course of the meeting were Don H. Williams, District manager; Sue Brooks Littlefield of Armbrust & Brown, LLP; Margret Wingrove of ECO Resources; Bill Glass, a resident of the District; and Cliff Avery of Gilleland Creek Press.

Director Walters called the meeting to order at 6:34 p.m. and announced the Board would hold a work session on the budget for 2003-2004 and proposed tax rate.

Director Smith discussed the need for commercial-grade equipment in the kitchen of the Annex. Director Howe commended Mr. Williams for his approach to the budgeting process.

Ms. Wingrove informed the Board that the City of Austin will propose an increase in rates for water and wastewater service. She stated that she expected to learn the specific impact on the District in a forthcoming announcement. The Board generally concurred that the District would minimize the impact on residents by simply passing through any increase from the City of Austin.

The Board then discussed scenarios for the Interest-and-Sinking Fund portion of the tax rate. The Board noted that the debt service rate was projected to decrease in the next few years and discussed whether it was prudent this year to shift a portion of the tax rate from the Interest-and-Sinking Fund portion of the rate to the Maintenance-and-Operation portion of the rate. Discussion ensued.

1 Director O'Donnell suggested that the Board should consider lowering the Maintenance-
2 and-Operation portion of the tax rate. Director Howe counseled caution.

3
4 Mr. Glass arrived and inquired about the proposed tax rate. Director Walters responded
5 that, as the Board had discussed earlier in the meeting, the Board was considering a tax
6 rate equal to the previous year's, which would, in most cases, amount to a tax decrease
7 for homeowners. Mr. Glass asked about the prospect of increasing water rates. Director
8 Walters informed Mr. Glass of the previous discussion regarding rates. Mr. Glass
9 thanked the Board and departed the meeting.

10
11 In discussing expenses, Director Walters asked if the District planned to conduct
12 television monitoring of sewer lines. If so, the District may need to increase the amount
13 for sewer maintenance to allow for aging infrastructure. The Board discussed the line
14 items of the budget.

15
16 The Board determined it would adopt its budget and tax rate at its meeting August 19,
17 2003.

18
19 The Board discussed its schedule for consultant reviews. It was determined that
20 TexaScapes, Inc. (Richard Fadal) would be reviewed at the Board's August meeting and
21 that Armbrust and Brown (Sue Littlefield) would be reviewed at the September meeting.

22
23 Director Walters reminded the Finance Committee that the Board had pledged to review
24 its policy regarding requiring additional deposits for late payments at the end of the fiscal
25 year. Discussion ensued. Director Walters encouraged the Committee to identify
26 customers who had been required to pay additional deposits and review their long-term
27 payment histories.

28
29 There being no further business to come before the Board, the meeting adjourned at 7:44
30 p.m.

31
32 Respectfully submitted:

33
34
35 August 19, 2003

36 Date

37 Scott Gilmore, Secretary

38 Board of Directors

39 Wells Branch Municipal Utility District

40 (SEAL)