

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS' MEETING**

May 19, 2010

THE STATE OF TEXAS §
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COUNTY OF WILLIAMSON §

A special meeting of the Board of Directors of Block House Municipal Utility District was held on May 19, 2010, at the offices of Armbrust & Brown, L.L.P., 100 Congress Avenue, Suite 1300, 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"**.

The roll was called of the members of the Board:

Terence Davis	-	President
Cecilia A. Roberts	-	Vice President
Debra Junk	-	Secretary
Stuart McMullen	-	Assistant Secretary
Steve Bennett	-	Assistant Secretary

and all of the Directors were present, except Director Roberts, who arrived later, thus constituting a quorum. Also present at the meeting were G. Eric Mott, Board member-elect, and Denise Motal and Sue Brooks Littlefield of Armbrust & Brown, L.L.P.

Director Davis called the meeting to order at 12:01 p.m. and stated that the Board would first consider taking action regarding the election-related items on the agenda. He then announced the results of the election from the two precincts based on the official election returns, and stated that Terence Davis had received 68 total votes, Eric Mott had received 63 total votes, Debbie Junk had received 77 total votes, and Stuart McMullen had received 53 total votes, resulting in the election of Terence Davis, Eric Mott and Debbie Junk to the Board. Upon motion by Director Junk and second by Director Bennett, the Board voted unanimously to adopt the Order Canvassing the Returns and Declaring the Results of Block House Municipal Utility District May 8, 2010 Director Election attached as **Exhibit "B"**.

Director Davis then stated that the Board would consider approving the sworn Statements of Elected/Appointed Officer, Oaths of Office and Official Bonds for Directors Davis, Junk and Mott. Upon motion by Director Roberts and second by Director Bennett, the Board voted unanimously to approve the Statements, Oaths of Office and Official Bonds.

Director Davis then stated that the Board would consider approving the Certificates of Election for the Directors elected on May 8, 2010. Upon motion by Director Roberts and second by Director Bennett, the Board voted unanimously to approve the Certificates.

Director Davis stated that the Board would next consider the election of officers. Director Roberts moved that the Board retain the same slate of officers, but fill the position of Assistant Secretary, formerly held by Stuart McMullen, with Director Mott. Director Mott requested clarification of the officers and Director Roberts briefly explained the responsibilities of each officer. Director Davis then noted that all Board members were equal and had the same rights with regard to voting, but, as Director McMullen had been the Assistant Secretary of the Board, Director Mott would step into that position. Upon second by Director Junk, the motion was unanimously adopted.

Director Davis then stated that the Board would consider the Board subcommittees and their membership. Director Roberts moved approval of the subcommittee list as presented by Director Junk, a copy of which is attached as Exhibit "C". Director Junk seconded the motion, and explained that her proposal was the same as had been presented to the Board a few months previously. Director Roberts advised Director Mott that all of the Board members served on various subcommittees which worked on District projects between Board meetings, but that the subcommittees had no authority without the Board's prior approval and could not, without Board action, spend District funds or take action on behalf of the District. Director Bennett stated that he felt that it was important to discuss what the subcommittees' functions were, so that Director Mott would know what his responsibilities would be. Director Roberts suggested that the subcommittee assignments be implemented as a transition, and that the assignments be revisited in three to six months. Director Davis suggested that the Board review the responsibilities of the subcommittees that Director Mott was proposed to be on. Director Bennett explained that the Engineering/Development Subcommittee oversaw maintenance and repair, as well as development projects. He noted that this Subcommittee met with developers who were active within or needed approval from the District. Director Junk added that, when the work was being done near the railroad tracks, the Subcommittee had monitored and overseen the work. Mr. McMullen stated that the surveying work on the Leander wastewater line was just beginning, and that this project would also be monitored by the Subcommittee. The Board then discussed that each Board member represented the community as a whole and not his or her individual interests. Ms. Littlefield reminded the Board that the Code of Ethics would be on the next regular Board meeting agenda, and advised Director Mott that this was a useful document as it summarized many of the rules and laws applicable to the conduct of the Board members. She noted that this Code was reviewed by the Board annually, as required by State law. Director Bennett then reviewed the responsibilities of the General Maintenance Subcommittee and the Storm Water and Creek Maintenance Subcommittee, noting that the District was responsible for proper drainage. Director Davis explained that the Board also had a subcommittee which worked with the Owners Association in the community on activities the Association was involved or interested in. Director Bennett noted that the District was also responsible for maintenance of the fences along major rights-of-way, as well as some other fences and gates on District property. Director Roberts explained that the right-of-way fences were maintained by the District although they benefited adjoining property owners as well. She noted that the property owners were sometimes confused about the ownership of the fences. Director Junk added that the District had budgeted to repair and maintain the fences as an on-going project. Director Davis added that a District subcommittee also worked on noise abatement related to Highway 183A and the Cedar Park Center and related issues that affected the residents. He explained that Cedar Park had agreed to install a blanket on the chillers at the Cedar Park Center to ameliorate some of the noise problems. Director Roberts stated that the Solid Waste

Subcommittee worked with Texas Disposal Systems on solid waste collection within the District, including monthly clean-up days. She also noted that Linda Klar was the District's media consultant and encouraged Director Mott to become familiar with and regularly review the District website. Director Roberts reported that the draft newsletter had just been distributed to the Communications Subcommittee and would be sent out to the residents soon, and added that the newsletter was an important communication tool for the Board. She encouraged Director Mott to bring any items that he wanted to include on the newsletter or website to the Board and added that the website required constant monitoring to be sure it was up to date. Director Davis then restated the motion on the floor, noting that, if the motion was adopted, this subcommittee structure would stay in place for three to six months. He encouraged Director Mott to voice any opinions he had on any item on the agenda, noting that it was important to have full dialog at the Board meetings, but that the agendas were also long and it was important to be prepared so the meetings could be conducted efficiently. Director Roberts then suggested that, as the Engineering/Development Subcommittee had so much history involved in its functions, she serve on that subcommittee instead of Director Mott, if he had no objection. Director Junk stated that there were a few corrections that needed to be made to her list and also reviewed the membership on the various subcommittees, noting that it was important to balance the amount of responsibility among the Board members and that Director Bennett's membership on the Storm Water and Creek Maintenance Subcommittee and Director Davis' membership on the BHC-OA Subcommittee needed to be added. She also stated that the Restrictive Covenant Enforcement and Pool Subcommittees required significant amounts of time, and suggested that it would be a good idea to rotate the Board members through these two subcommittees so that all of the Board members participated on them. Director Mott stated that he had no objection to the proposed assignments, but added that he was very interested in the Restrictive Covenant Enforcement Subcommittee and would like to be considered for that Subcommittee in the future. Director Roberts asked if Director Mott would object to her replacing him on the Engineering/Development Subcommittee. He stated that he would not. Director Roberts then amended her motion to provide that she would replace Stuart McMullen on the Engineering/Development Subcommittee. Director Davis stated that, as Director Mott was interested in the Restrictive Covenant Enforcement Subcommittee, he was willing to step aside so that Director Mott could serve on it, particularly since the Pool Subcommittee would be very active over the next few months. Director Junk stated that, she understood that Director Mott had had a conflict with one of his neighbors and there had been a lot of communication between him and Ms. Emmons regarding the situation which had become problematic. Director Mott responded that he hoped to influence the lack of enforcement of the restrictive covenants, but that there had not been any difficulty between him and Mr. and Ms. Emmons. He stated that his communication with them had been as a resident and that he understood that, as a Board member, he could not promote his personal interest. Director Junk stated that she believed Director Mott would have more influence with the consultants after he has spent some time on the Board. Director Mott stated that he acknowledged that the Board had some legitimate questions which it would like to have answered. Director Roberts suggested that allowing time for the transition on this Subcommittee would be a good idea. Director Junk added that, as covenant enforcement was a special interest of Director Mott's, it could be discussed in detail at the Board meetings, even though it could not be discussed outside of the meetings due to Open Meetings Act concerns. Director Davis suggested that, during the next three months, Director Mott guide the Board through his thoughts on any of the issues he was interested in, including

covenant enforcement. He also encouraged Director Mott to have any information that he felt would be helpful to the Board in the meeting packets, as this would allow the Board members to review it and make the meetings more efficient. Director Junk then seconded the motion, as amended. Director Davis restated the amended motion and the subcommittee assignments attached as Exhibit "D", with the corrections noted by Director Junk, but to replace Director Mott with Director Roberts on the Engineering/Development Subcommittee. Upon being put to a vote, the motion was unanimously adopted.

Director Roberts moved approval of the revised District Registration Form. Upon second by Director Junk, the motion was unanimously adopted.

Director Davis then stated that the Board would consider taking action regarding Open Meetings Act training. Ms. Littlefield reminded the Board of the important of compliance with the Texas Open Meetings Act, and explained to Director Mott that State law required him to take certain training on the Act. Director Mott requested a copy of the Open Meetings Act training DVD, and Ms. Littlefield agreed to provide it to him.

Director Davis then stated that the Board would consider approving the Secretary's Certificate and Resolutions Regarding Manager's Account attached as Exhibit "E"; the Secretary's Certificate and Resolutions Regarding Operating Account attached as Exhibit "F" and the Secretary's Certificate and Resolutions Regarding Lock Box Clearing Account attached as Exhibit "G". Upon motion by Director Roberts and second by Director Bennett, the Board voted unanimously to adopt the Certificates and Resolutions, as presented.

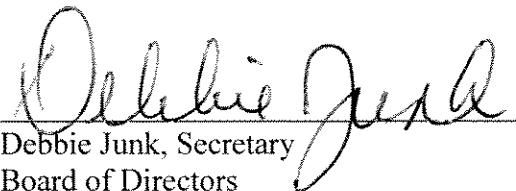
Director Davis then explained to Director Mott that he would receive a Board meeting packet about one week before each meeting with the agenda and all back-up information that would be considered at the meeting. He encouraged Director Mott to review the packet and to be as prepared as possible. He stated that, if Director Mott had questions or needed any information, either Gary Spoons or Mary Edwards of Crossroads Utilities could assist him and that he could also consult with any of the other Board members. Director Roberts added that he could not, however, consult with all the Board members on the same subject, as this was considered a "walking quorum" and a violation of the Open Meetings Act. Director Roberts explained that the Board was the elected body and retained consultants to perform various services. She briefly reviewed the work done by Crossroads Utilities, noting that this company served as the District's operator and manager, as well as the other District consultants.

Director Davis then stated that the Board would consider Board member recognition. Director Bennett presented a plaque to former Director McMullen and expressed the Board's appreciation for former Director McMullen's four years of service on the Board. Director Roberts expressed her appreciation for former Director McMullen's hard work on behalf of the District and its residents. Director McMullen thanked the Board for the plaque and recognition.

Director Davis then noted that the CASE Summer Conference would occur in June, and Director Roberts explained that the conference was educational and a networking opportunity. The Board directed that Ms. Edwards send Director Mott a summary of the contact information for the Board members and consultants and information on the summer conference.

There being no further business to come before the Board, the meeting was adjourned at 12:42 p.m.

(SEAL)



Debbie Junk, Secretary
Board of Directors

Date: 6-23-10