

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

May 12, 2008

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A special meeting of the Board of Directors of Block House Municipal Utility District was held on May 12, 2008, at the offices of SWWC Services, Inc. (SouthWest Water Company) 9611 Ranch Road 620 North, 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, thus constituting a quorum. Also present at the meeting were District resident Jennifer Hasbrouck and Gary Spoons of SWWC Services, Inc. ("SWWC").

Director Davis called the meeting to order at 6:14 p.m. and announced that the Board would first discuss the extension of Scottsdale Drive. He recognized Ms. Hasbrouck, who presented three diagrams of proposed projects for the improvement of Scottsdale Drive. She indicated that the BHC Owners Association ("BHCOA") had offered to contribute \$25,000 for the improvements, which would cost approximately \$650,000. She stated that Williamson County had discussed possibly contributing to the project as well. Ms. Hasbrouck noted that a yield sign, rather than a stop sign, would likely be installed at the intersection of Scottsdale Drive and Highway 183A. She added that she intended to meet with the postmaster to discuss moving the mailbox located on Scottsdale Drive to Meritage. Director Roberts suggested that Ms. Hasbrouck also request that addresses within the District be changed from Leander to Cedar Park. Ms. Hasbrouck noted that some residents would be provided with additional area in front of their homes for parking. Director Davis indicated that, at the last meeting he had attended with CTRMA officials and BHCOA members, it appeared that the organizations wanted the Board's support of the effort to improve Scottsdale Drive. Director McMullen noted that the District was the only existing community with an entrance directly onto Highway 183A. Ms. Hasbrouck stated that the BHCOA sought a \$40,000-\$50,000 contribution for the irrigation of the landscaping located at Scottsdale Drive. She added that there were plans for the installation of a stop sign and crosswalk at the intersection of Block House Drive and Scottsdale Drive. She stated that she would ask Regina Waldo to email the Board more information on the planned

improvements and that she would email the new BHCOA Board members' contact information to the District.

Director Davis announced that the Board would next conduct a budget work session. Mr. Spoons distributed the check register attached as Exhibit "B", and the Board approved the payment of the items presented. The Board discussed the 2007/2008 budget in relation to the District's actual revenues and expenditures to date. After hearing recommendations from the Budget and Finance Subcommittee and Mr. Spoons, the Board discussed revisions to the budget. After discussion, upon motion by Director Roberts and second by Director Bennett, the Board voted unanimously to adopt the Resolution Adopting Amended Budget attached as Exhibit "C".

Director Davis stated that the Board would next discuss the District's storm water management plan. After discussion, the Board agreed to further discuss the matter at the next Board meeting.

Director Davis then stated that the Board would discuss restrictive covenant enforcement, including proposals for restrictive covenant management. After discussion, Director Junk moved that the Board (i) approve the proposal of Preferred Association Management Company attached as Exhibit "D", (ii) direct the Restrictive Covenants Subcommittee to prepare a contract with Preferred Association Management Company for restrictive covenant enforcement for consideration at the next Board meeting, and (iii) authorize Preferred Association Management Company to proceed with the preparation of a photographic baseline database. Upon second by Director McMullen, the motion was adopted, with Directors McMullen, Junk, Roberts and Bennett voting "aye" and Director Davis abstaining due to a potential conflict of interest.

Director Davis then announced that the Board would discuss landscape and park improvements, including the proposals to refurbish park trails. After discussion, the Board agreed to table discussion of the project until the 2008/2009 budget was discussed in July. The Board then reviewed the proposal from SunTerra Landscape Services for irrigation repairs attached as Exhibit "E". After discussion, upon motion by Director Roberts and second by Director Junk, the Board voted unanimously to approve the proposal.

Director Davis then stated that the Board would discuss creek maintenance, including the environmental study of the creek. The Board agreed to table discussion of the study until the next Board meeting. The Board also agreed to table discussion of the proposal from Sundek of Austin for Apache Pool repairs until the 2008/2009 budget was discussed in July.

Director Davis then stated that the Board would resume discussion of the extension of Scottsdale Drive. Director Davis stated that he supported the Board's resolution opposing the extension, but that, if the extension was inevitable, he felt that the District should contribute to the effort to improve the area. Directors McMullen and Bennett indicated that they would not support contributing to the project at this time. Director Davis requested that this item be added to the next meeting agenda.

Director Davis announced that the Board would next discuss the security cameras, including payment for installation work. After discussion, upon motion by Director Bennett and

second by Director Roberts, the Board voted unanimously to approve the payment of \$8,000 to Praetorian Systems for the initial installation of the security cameras.

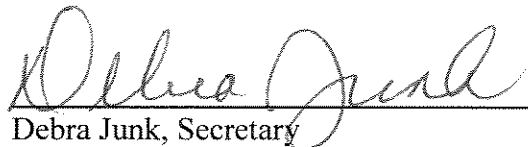
Director Davis stated that the Board would next discuss Director reimbursements for cell phone costs. The Board reviewed the provisions of the Code of Ethics related to reimbursements, and no action was taken.

Director Davis then stated that the Board would discuss future agenda items. The Board agreed to add the following items to the agenda for the next Board meeting: the Code of Ethics; "Movies in the Park"; review of rate order in connection with the parks and recreation fee; and bridge repair work.

Mr. Spoonts then presented various requests for use of District facilities. The Board denied a request from Rockpoint for use of the Walker House for a vacation bible school from June 17-19 due to concern about potential wear and tear on the building. The Board also denied a request from Movera Tech for use of the Pavilion by 80-100 people for the company's picnic party. The Board agreed to allow a pet vaccination clinic to be conducted at the Walker House on May 22, pending receipt of acceptable insurance policies naming the District as additional insured.

There being no further business to come before the Board, the meeting was adjourned at 8:28 p.m.

(SEAL)



Debra Junk, Secretary
Board of Directors

Date: 5-28-08