

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

September 11, 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 September 11, 2008, at 2600 Block House Drive South, Leander, 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 Andrew Hunt of SWWC Services, Inc. and Ilyse Lerner of Armbrust & Brown, L.L.P.

Director Davis called the meeting to order at 6:44 p.m. and stated that the Board would first conduct a public hearing and discuss the District's 2008 tax rate. Director Davis opened the public hearing, and inquired whether there was anyone present wishing to address the Board on the matter of the District's tax rate. There being no one, Director Davis closed the public hearing.

Director Davis then stated that the Board would consider taking action regarding the District's operating budget for the fiscal year 2008-2009. Director Roberts moved that the Board adopt the Resolution Adopting Budget, which included a budget based on a total tax rate of \$0.8460, composed of a debt service component of \$0.5277, a fire services contract component of \$0.1183 and an operations and maintenance component of \$0.20. Director Junk seconded the motion. Director Davis asked if there was any further discussion before a vote was taken, and Mr. McMullen stated that he had questions regarding particular line items in the budget. The Board then reviewed various budget items. Director McMullen indicated that the tax rate could be lowered by at least \$0.02 if the Board cut back on some capital projects. Director Roberts responded that the budget needed to have a reasonable cushion for unexpected repairs and events. She added that the budget could be revised throughout the year if the Board decided not to spend funds allocated for certain projects. Director Junk noted that the Board would risk having to increase the tax rate the following year if it lowered the rate too much for the current year, especially since there were expenses that the Board knew would increase, such as the fire service contract rate. Ms. Lerner stated that she had confirmed with Cedar Park that the 2008

fire service contract tax was to be based on a total service rate equal to \$14.52 per month per District connection, which amounted to a tax rate of \$0.1183, which was slightly less than the rate included in the proposed tax rate that had been approved and published in the Notice of Public Hearing on Tax Rate, but that Cedar Park had not provided backup information to verify the rate under the service rate formula set forth in the Fire Protection Agreement. After further discussion, the Board voted to adopt the Resolution Adopting Budget attached as Exhibit "B", with Directors Bennett, Davis, Roberts, and Junk voting "aye" and Director McMullen voting "nay".

Director Davis then stated that the Board would consider taking a record vote on the District's 2008 tax rate and adopting an Order Levying Taxes. After discussion, Director Roberts moved that the Board adopt a total tax rate of \$0.8460 per \$100 assessed valuation, with a debt service component of \$0.5277, a fire services contract component of \$0.1183 and an operations and maintenance component of \$0.20, and adopt the Order Levying Taxes attached as Exhibit "C". Upon second by Director Junk, the motion was adopted, with Directors Bennett, Davis, Roberts, and Junk voting "aye" and Director McMullen voting "nay". Director McMullen stated that he had voted against the motion because he would have preferred that the Board adopt a tax rate of \$0.8399.

Director Davis then stated that the Board would consider taking action regarding the Amended and Restated Information Form attached as Exhibit "D". Upon motion by Director Roberts and second by Director Bennett, the Board voted to approve the Amended and Restated Information Form, with Directors Bennett, Davis, Roberts, and Junk voting "aye" and Director McMullen voting "nay".

Director Davis announced that the Board would next discuss signage at the District's recreational facilities. Ms. Lerner advised the Board that Texas law required water districts to post a sign at facilities at which certain recreational activities took place, including skating, stating that Texas law limited a District's liability for damages arising out of such activities. She stated that Gary Spoons had confirmed that the District needed to post a sign at the skate court. She recommended that the Board authorize Mr. Spoons to purchase and install signs at the skate court and any other premises at which skating, hockey, paintball, or soap box derbies took place. After discussion, upon motion by Director Roberts and second Director Junk, the Board voted to authorize Mr. Spoons to purchase and install signage required by Chapter 75 of the Texas Civil Practice & Remedies Code, with Directors McMullen, Davis, Roberts, and Junk voting "aye" and Director Bennett voting "nay".

There being no further business to come before the Board, the meeting was adjourned.

(SEAL)



Debbie Junk, Secretary
Board of Directors

Date: 9/24/08