

**MINUTES OF MEETING OF BOARD OF DIRECTORS OF
SPRINGWOODS MUNICIPAL UTILITY DISTRICT**

February 10, 2009

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

The Board of Directors of Springwoods Municipal Utility District met in a regular meeting at a regular meeting place of the District open to the public on February 10, 2009 at 9117 Anderson Mill Road, Austin, Texas, pursuant to notice duly given in accordance with law. A copy of the Certificate of Posting of said Notice is attached hereto as **Exhibit "A"**.

The roll was called of the members of the Board, to-wit:

James Buchanan	-	President
Jim Sagnes	-	Vice President
Kelly K. Campbell	-	Treasurer
Michael Weems	-	Secretary
Rodney Hargrave	-	Assistant Secretary and Treasurer

and all of the Directors were present except Director Buchanan, who was not at the meeting, and Director Hargrave, who arrived late at 6:10 pm, thus constituting a quorum. Also present at the meeting were Kim Chapman of Pena & Swayze and Co., L.L.P; Bill Burke of Clearwater Management; Richard Fadal of TexaScapes, Inc.; Mark Maxwell, a communications consultant; Jay Howard of Texas Disposal Systems; Ben Whaley of Emerald Security; Autumn Phillips of Municipal Accounts & Consulting, L.P.; Margret Wingrove of SWWC Services, Inc.; and Gregg Krumme of Armbrust & Brown, L.L.P.

Director Sagnes called the meeting to order at 6:00 p.m. and Director Sagnes stated the Board would first consider approving the meeting minutes of the January 13 and January 27, 2009 Board meetings. After discussion, Director Campbell moved that the Board approve both sets of minutes. Director Weems seconded the motion, which passed unanimously.

Director Sagnes stated that the Board would next receive a report from Pena & Swayze and Co., L.L.P in connection with the audit of the District's financial statements for the fiscal year ending September 30, 2008 and consider taking related action, including approving the audit report and authorizing filing the audit report with the Texas Commission on Environmental Quality and the City of Austin. Kim Chapman of Pena & Swayze and Co., L.L.P addressed the Board. Ms. Chapman informed the Board that the audit was presented with an unqualified report from Pena & Swayze and Co., L.L.P, which is the highest level of audit available. Ms. Chapman reviewed the audit with the Board, including the basic financial statements, including the GASB 34 requirements, the notes, the supplemental information and the communication letter. Ms. Chapman also directed the Board's attention to the management letter included in the report, noting page 2 of that letter. The Board discussed the weaknesses reflected on the management letter and the resolution of those weaknesses. After discussion, Director Weems moved that the Board approve the audit and authorize filing the audit with the Texas

Commission on Environmental Quality, the City of Austin and any other parties required to receive a copy of the audit. Director Campbell seconded the motion, which passed unanimously.

Director Sagnes stated the Board would next receive a report from the District's drainage channel, park maintenance and composting contractor and discuss and consider taking necessary action thereto, including Proposal No. 7352, Additional Request for Pruning and Haul off and Proposal No. 7260 for regarding the pool edge. Richard Fadal of TexaScapes, Inc. addressed the Board and directed the Board's attention to his report included behind tab 4 of the Board's meeting packets. Mr. Fadal also discussed various potential projects with the Board. Director Campbell moved that the Board approve Proposal No. 7260 regarding the re-grading of the pool edge in the amount of \$1,467.10. Director Hargrave seconded the motion, which passed 3 to 1, with Director Weems voting against the motion. Director Sagnes stated that the developer's concrete subcontractor was no longer interested and had backed out of doing a sidewalk at the District pool. He reported discussions have been ongoing on how to proceed with that project. The Board directed Mr. Fadal to prepare a bid for that project. Director Fadal next distributed Proposal No. 7371 in the amount of \$3,200 for spreading the mulch that is provided by Texas Disposal Service in the Woodlands Park to the Board, a copy of which is attached hereto as **Exhibit "B"**. After discussion, Director Weems moved that the Board approve Proposal No. 7371. Director Hargrave seconded the motion, which passed unanimously.

Director Sagnes stated the Board would next discuss and consider taking necessary action regarding extension of the landscape maintenance agreement with TexaScapes, Inc. Mr. Fadal distributed to the Board a handout of cost saving ideas and discussed two different options with the Board. After discussion, the Park Committee, Directors Weems and Campbell, agreed to meet as a committee and bring back recommendations to the Board at the next meeting.

Director Sagnes stated the Board would next receive a report from the District's Solid Waste Contractor, including a quarterly report, annual consumer price index adjustment and discussion of a proposed rate for a future contract. Jay Howard of Texas Disposal Systems addressed the Board and provided the Board with a fourth quarter Solid Waste Disposal Collections Report, a copy of which is attached hereto as **Exhibit "C"**. Mr. Howard cautioned the Board that the percentage of participation in recycling reflected in the report was not accurate. He stated that this has been an ongoing problem and they are working on a better solution of reporting pounds of recycled materials collected. Director Sagnes agreed that the Board would prefer accurate information. Mr. Howard also reviewed the consumer price index adjustment calculation as set forth in the Board's packet. The Board and Mr. Howard discussed a future contract with Texas Disposal Systems, Inc. when the District converts to a limited District. Among the topics discussed were fuel costs, truck costs, land fill costs, and the state of the recyclable materials market. Mr. Howard stated that the pricing would be \$16.07 per month per customer with single string recycling included. The Board directed Mr. Howard to get Mr. Krumme a pricing email. Mr. Howard agreed to do so. The Board and Mr. Howard also discussed the next Clean Up Day and established that date as April 18, 2009. Director Sagnes asked that a rear loader truck to compact trash be included. The Board also stated they were also interested in two forty yard loads of mulch, one which is included pursuant to the contract, and one that they would pay for. Mr. Howard agreed to follow up on that request.

Director Sagnes stated the Board would next receive a report from the District's bookkeeper, and discuss and consider taking necessary action relating to and including payment

of bills and invoices. Autumn Phillips of Municipal Accounts addressed the Board. Ms. Phillips directed the Board's attention to page 2 of her report, behind tab 6 of the Board's packet. Ms. Phillips stated that they needed to void Check No. 14069 since Mr. Buchanan was not present at the meeting. Ms. Phillip also provided the Board with a supplemental register, a copy of which is attached hereto as Exhibit "D". Ms. Phillips also reviewed the fund balance report with the Board and noted that they were waiting for signature cards from the banks for the authorized CD investments. Ms. Phillips reviewed the budget comparison, trend report, pledge securities report and fund balance sheet, as well as the quarterly investment report. The Board discussed the audit weaknesses from the District's audit report with Ms. Phillips. Ms. Phillips explained the issue and stated that they were working with the auditor on the separation, due to these issues. The Board directed Ms. Phillips to provide the Board with a reconciliation letter when the issues were resolved. Ms. Phillips agreed to do so. After discussion, Director Hargrave moved that the Board approve the bills and invoices and the transfers requested by Ms. Phillips. Director Campbell seconded the motion, which passed unanimously.

Director Sagnes stated the Board would next discuss and consider taking necessary action regarding the District pool, including maintenance, repairs and improvements to the District pool facilities, including pool re-surfacing and light safety upgrades project, extension of sidewalk along pool frontage and pool operation and maintenance agreement with Clearwater Management. Bill Burke of Clearwater Management addressed the Board and provided the Board with a report, a copy of which is attached hereto as Exhibit "E". Mr. Burke reported that the pool renovation project was going well. Director Sagnes asked about the main drain covers. Mr. Burke stated that the State of Texas is indicating that the covers are so large that they qualify as an anti-entrapment cover. Mr. Burke stated that they were working on verifying that. Director Sagnes whether or not they had taken digital pictures during the progress of the work. Mr. Burke confirmed that they did have pictures taken. Director Campbell moved that the Board approve the contract renewal for Clearwater Management at the same rates. Director Hargrave seconded the motion, which passed 3-1, with Director Weems voting no.

Director Sagnes stated the Board would next receive a report from the District's security patrols contractor. Bill Whaley of Emerald Security addressed the Board and stated that he had nothing new to report that had not been handled with Ms. Wingrove.

Director Sagnes stated the Board would next receive a report from the District's general manager, and discuss and consider taking necessary action related thereto. Margaret Wingrove, of SWWC Services, Inc., addressed the Board and first directed the Board's attention to page 3 of her report which includes a list of duties that are handled for the District on a routine basis. Ms. Wingrove next directed the Board's attention to the Restrictive Covenants Enforcement report, beginning on page 4 of her report. The Board discussed, among other things, the potential violation at 9012 Bancock Trail. Mr. Krumme agreed to look at the applicable restrictive covenants. The Board discussed the upcoming CASE Conference in June. The Board decided to call a special meeting on February 24, 2009 to discuss the District budget in a limited District scenario and District communications regarding annexation. Mr. Krumme agreed to post the February 24th meeting.

Director Sagnes stated the Board would next receive a report from the District's attorney and discuss and consider taking necessary action related thereto, including legal action regarding restrictive covenant enforcement. Mr. Krumme said that the only thing he had to report was a

coalition meeting for the MS4 Permit scheduled for the coming Friday at 1:00 p.m. at the North Austin MUD Community Center. Mr. Krumme stated they would be discussing compliance issues and preparation of the rate order.

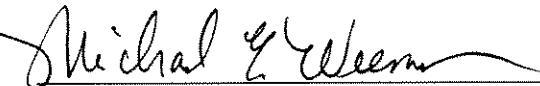
Director Sagnes stated the Board would next receive a report from Max Webbs Co. regarding the District's website, newsletter and other District communications and discuss and consider taking necessary action related thereto. Mark Maxwell addressed the Board and provided the Board with a draft annexation article. The Board discussed the concept of the article and other annexation communication issues. The Board directed Mr. Krumme to provide the Board with a copy of the services inventory report that the District had provided to the City of Austin. Mr. Krumme agreed to do so. The Board also directed that future Board packets include the publications calendar.

Director Sagnes stated that the Board would again discuss and consider taking necessary action regarding the District's pool. Director Sagnes provided the Board with a proposal from Texas Yard and Service for tree trimming at the District pool, a copy of which is attached hereto as **Exhibit "F"**. Director Sagnes stated that he had been told that this company is bonded and insured. Ms. Wingrove raised the issue of general liability insurance and workers compensation insurance. Mr. Krumme recommended that the District get proof of insurance and request to be added as an additional insured on the contractor's general liability policy. Director Campbell move that the Board approve the proposal contingent upon proof of required insurance. Director Hargrave seconded the motion, which passed 3-1 with Director Weems voting against the motion.

Director Sagnes stated that the Board would next discuss and consider taking necessary regarding Turtle Rock drainage channel improvements projects with Wells Branch Municipal Utility District. Director Sagnes reported to the Board the status of the project and reported that it was close to being complete. Director Sagnes that they did build a small rock berm wall to save the tree within the channel but there would be no additional cost to the District.

Director Sagnes stated that the Board would next discuss such other matters as may come before the Board. Ms. Wingrove stated she had received some complaints from residents with regard to the curb painting. After discussion, Ms. Wingrove agreed to discuss correcting some of these problems with the new contractor.

There being no further action to come before the Board, Director Hargrave moved that the Board adjourn at 8:40 pm. Director Weems seconded the motion, which passed unanimously.



Michael Weems, Secretary
Board of Directors