

Beckleman's specific concerns. Ms. Lutz and Mr. Parsons reported on the ditch rehabilitation project during the past year and outlined further action taken by the construction contractor, maintenance contractor and engineer to reach an overall solution to the drainage issues in Steep Bank East and West and to specifically address Mr. Beckleman's issues. Discussion ensued regarding an irrigation schedule that can contribute to drainage problem. Mr. Ramsey then stated he and Mr. Haynes are available to meet with Mr. Beckleman at his residence to investigate the source of his concerns and discuss an alternate solution. Mr. Beckleman then gave the District two months to correct his problems to his satisfaction.

PROPOSED REFUNDING BOND ISSUE

Ms. Lutz reported that the market has changed since the last meeting and, due to severe market fluctuations, a refunding bond sale is not feasible at this time. Mr. Eustis then updated the Board on the current status of the bond market and stated that he will continue to monitor the market and present a refunding bond package when the market stabilizes and the District can realize benefits from a refunding bond sale.

BOOKKEEPER'S REPORT

Ms. McLennan reviewed with the Board the bookkeeper's report and the investment report, and the Board considered bills for payment. After review and discussion, Director Farrar moved to approve the bookkeeper's report, investment report, authorize payment of the bills as discussed. Director Daniel seconded the motion, which passed unanimously. A copy of the bookkeeper's report is attached.

APPROVE ANNUAL REPORT AND AUTHORIZE FILING IN ACCORDANCE WITH THE DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT AND AS REQUIRED BY SEC RULE 15c2-12

Ms. Lutz reviewed the Annual Report with the Board. After review and discussion, Director Daniel moved to approve the annual report and to authorize filing the annual report in accordance with the District's Continuing Disclosure of Information Agreement and as required by SEC Rule 15c2-12. Director Farrar seconded the motion, which passed by unanimous vote.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Saunders reviewed the monthly tax assessor/collector's report, a copy of which is attached. After review and discussion, Director Machart moved to approve the tax assessor/collector's report, and payment of bills from the District's tax account. Director Machart seconded the motion, which passed unanimously.

ADOPT RESOLUTION CONCERNING TAX COLLECTION PROCEDURES AND CONCERNING EXEMPTIONS FROM TAXATION

Ms. Lutz reported the current Resolution Concerning Tax Collection Procedures (the "Resolution") provides for a twenty percent (20%) penalty to defray the costs of collection of delinquent taxes by the District as authorized by Texas Property Tax Code, Sections 33.07, 33.08, and 33.11, as amended, for the current year and each succeeding year hereafter and such penalty shall be in addition to any penalty and interest owed the District for the delinquent taxes pursuant to Section 33.01 of the Texas Property Tax Code, as amended. She then noted the Resolution contains an evergreen clause, which retains these provisions until changed by formal action by the Board. The Board took no action on this matter.

Ms. Lutz then reviewed a proposed Resolution Concerning Exemptions from Taxation and noted current tax exemptions provide for a \$20,000 exemption for residents that are disabled and/or 65 years of age or older and rejects a general homestead exemption and exemptions for charitable organizations and travel trailers. After discussion, Director Daniel moved that the Board adopt the Resolution as presented, which authorizes a \$20,000 exemption to persons who are disabled or 65 years of age or older and rejects exemptions for general homestead, travel trailers or charitable organizations. The motion was seconded by Director Machart and carried unanimously. The Resolution, thus adopted, is attached to and shall be considered part of these minutes.

ENGAGE DELINQUENT TAX ATTORNEY

Ms. Lutz reported the District currently has a contract in place with Perdue, Brandon, Fielder, Collins & Mott, L.L.P. which automatically renews annually unless either party give thirty (30) days' notice of termination. No action was taken by the Board.

REPORT FROM TOMMY HAYNES

Mr. Haynes presented and reviewed the Steep Bank Village Drainage Improvements Report for February, a copy of which is attached.

RECEIVE REPORT FROM TEXAS SERVICES REGARDING DITCH MAINTENANCE PROGRAM AND AUTHORIZE APPROPRIATE ACTION

Mr. Koehl presented and reviewed a monthly inspection report for maintenance and repair of rehabilitated ditches and discussed recommendations for repairs, a copy of which is attached. He then discussed repairs at certain addresses where it may be necessary to contact the contractor to perform warranty work. Messrs. Klotz and Haynes stated they will review the areas recommended for repair to determine where warranty work qualifies. Directors Parsons and Daniel stated they will coordinate with

Messrs. Ramsey, Haynes and Koehl to drive through areas affected by construction for Phases I and II and prepare a list of follow-up for warranty work, engineering and/or maintenance. Following review and discussion, Director Farrar moved to approve the monthly inspection report and authorize Directors Daniel and Parsons to approve repairs, as needed and not to exceed \$2,500, following inspection of work performed for Phases I and II. Director Machart seconded the motion, which passed unanimously.

ENGINEER'S REPORT

Mr. Ramsey reported he will review pay estimates received for Steep Bank Trace Primary Storm Collectors, Phase III and verify quantities and present at the next meeting.

APPROVE OPERATOR'S REPORT

Mr. Wilson presented and discussed the operator's report, a copy of which is attached. He stated there are 1,782 connections in the District, and an overall accountability for a four-month average of 93.1%. He then reviewed the management report which describes maintenance and repair items performed within the District since the last meeting and the District backcharge list.

Mr. Wilson then updated the Board on a request discussed last month to provide brick fencing at a lift station located at Sienna Parkway and Waters Lake. Discussion ensued regarding a wood fence versus a brick fence and Mr. Wilson reported the cost for a wood fence is \$10,000 and confirmed the developer has agreed to pay the additional cost to upgrade to a brick fence. Ms. Lutz stated that ABHR will follow up on the timeline.

Following discussion, Director Farrar moved to approve the operator's report, as presented and authorize the construction of a brick fence around the lift station located at Sienna Parkway and Waters Lake, subject to the developer paying the cost for materials and installation exceeding \$10,000. The motion was seconded by Director Machart and passed unanimously.

CONDUCT HEARING ON TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS, AND AUTHORIZE TERMINATION OF SERVICE

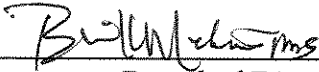
Mr. Wilson next presented a list of delinquent customers this month and reported the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification, in accordance with the District's Rate Order, prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility service should not be terminated for reason of non-payment. It was noted that no residents were present to contest delinquent accounts. Following discussion, Director Farrar moved to authorize termination of delinquent accounts in accordance with the District's Rate

Order. The motion was seconded by Director Machart and passed unanimously. A copy of the termination list is attached.

RECEIVE REPORTS FROM DIRECTORS AND CONSULTANTS AND AUTHORIZE APPROPRIATE ACTION

Ms. Lutz reported that terms for Directors Daniel, Luke and Machart will expire on May 10, 2008 and the District received one candidate application from Director Machart. She then stated there will be two open positions on the Board after May 10, 2008, which will need to be filled by appointment.

There being no further business to come before the Board, the Board concurred to adjourn the meeting.


Secretary, Board of Directors



ACTION LIST

1. Mr. Ramsey then and Mr. Haynes to meet with Mr. Beckleman at his residence to investigate the source of his concerns and discuss an alternate solution
2. ABHR to coordinate filing of District's Continuing Disclosure of Information Agreement and as required by SEC Rule 15c2-12.
3. Directors Parsons and Daniel will coordinate with Messrs. Ramsey, Haynes and Koehl to drive through areas affected by construction for Phases I and II and prepare a list of follow-up for warranty work, engineering and/or maintenance.
4. ABHR will follow up on the timeline for construction of brick fence at lift station and coordination of payment from developer.
5. Mr. Ramsey to provide quotes to repair ditches on Hart Circle and Rita Elliott. *(February meeting action.)*
6. Texas Services to provide a cost estimate for repairs in Steep Bank East. *(February meeting action.)*

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