

**MINUTES OF MEETING OF
THE BOARD OF DIRECTORS OF
NORTHTOWN MUNICIPAL UTILITY DISTRICT**

February 26, 2008

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on February 26, 2008, at the Wells Branch Community Center, 2106 Klattenhoff Drive, 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:

Texana Kowis	-	President
Robin Campbell	-	Vice President
Brenda Richter	-	Secretary
Michael Zeniecki	-	Assistant Secretary
William E. Henderson	-	Treasurer

and all of the Directors were present, except Director Zeniecki, thus constituting a quorum. Also present at the meeting were Mike Morin of SWWS Services, Inc.; Sam Jones of Sam Jones Consulting; David Armistead of the Wildflower Homeowners’ Association; Don Williams of Wells Branch Municipal Utility District; Sharon Collier and Christopher Lopez, residents of the District; Deputy Keith Kinnard of the Travis County Sheriff’s Department and John Bartram of Armbrust & Brown, L.L.P. Richard Fadal of TexaScapes, Inc. arrived later.

Director Kowis called the meeting to order at 5:45 p.m., and stated that the Board would first consider the minutes of the January 22, 2008 Board meeting. Director Campbell noted that the term “Commission” was used before it was actually defined and requested that the minutes be updated appropriately. Subject to such revision, Director Campbell moved that the Board approve the minutes. Upon second by Director Richter, the Board voted unanimously to do so.

Director Kowis stated that the Board would next receive citizens’ communications, and recognized Mr. Lopez, who stated that he was Director Zeniecki’s neighbor and that he was interested in replacing Director Zeniecki on the Board after Director Zeniecki moved out of the District. Director Kowis welcomed Mr. Lopez and briefly summarized the responsibilities and meeting schedule of the Board. She explained that it would likely be a month or two before any decision on Director Zeniecki’s replacement was made and encouraged Mr. Lopez to attend the intervening meetings in order become familiar with the proceedings of the Board and confirm his interest.

Director Kowis then stated that the Board would receive a report under the Interlocal Agreement with Wells Branch Municipal Utility District, and recognized Mr. Williams. Mr. Williams distributed photos of graffiti and other maintenance items which had been addressed by the Wells Branch crews during the previous month. He then circulated the Interlocal Cooperation Contract with the Lower Colorado River Authority attached as **Exhibit “B”**, which

he explained was required in connection with the park grant. Director Kowis recommended that, as the Board was seeing this agreement for the first time, the Board authorize the Park Subcommittee to execute the contract after full review. Upon motion by Director Campbell and second by Director Henderson, Director Kowis's recommendation was unanimously approved. Mr. Williams then presented a bullet-proof shield for the lift station lights. He explained that his crews had fired at the shield with a .22 caliber firearm from 50 and 100 yards and that neither bullet had penetrated the shield. Director Richter advised the Board that the Park Subcommittee had authorized Mr. Williams to proceed with installation of these shields. With respect to restrictive covenant enforcement, Mr. Williams explained that Ms. Oliver had been unable to attend the meeting. Mr. Williams then concluded by reporting that dumpsters had been delivered to Harris Ridge in connection with the park clean-up work.

Director Kowis then recognized Mr. Armistead, for purposes of receiving the Wildflower Homeowners' Association restrictive covenant report. Mr. Armistead reported that the Association was moving forward with enforcement against the Shugan property, which had goats and an unkempt yard. He stated that most violations involved yard maintenance and repainting, but that nothing required Board action. He concluded by reporting that the appraised values in the neighborhood had increased, which appeared to indicate that his enforcement activity was working.

Director Kowis then recognized Ms. Collier, who requested a copy of the minutes of the Board meetings in order to be sure that the Board was actively addressing the wastewater spill and creek clean-up. Director Kowis stated that the minutes of the Board's meetings were available on the District's website. Ms. Collier acknowledged this, but noted that the minutes of the most recent meetings had not been posted. Director Campbell explained that the minutes of any particular meeting would not be posted until approved by the Board and, as a result, there would always be a month's delay.

Director Kowis then recognized Deputy Kinnard for purposes of receiving the security report. Deputy Kinnard presented his report, noting that it had been another quiet month. He stated that he suspected that most graffiti was occurring on Saturday nights and reported that Saturday night patrols would begin on March 1. He requested that District crews notify him immediately upon discovery of any additional graffiti. Director Kowis directed Mr. Williams to have Ms. Oliver and Mr. Fadal do so. Deputy Kinnard then concluded by reporting that animal control would be picking up enforcement activity in the District.

Director Kowis then stated that the Board would consider taking action regarding the Dessau Fountains wastewater spill and clean-up process. She directed that John Carlton of Armbrust & Brown investigate the ability of the District to initiate legal action against the owner of the wastewater treatment plant in order to hasten the decommissioning of the plant. She advised that Board that Bart Jennings of the City of Austin Water Utility had contacted her regarding the possibility of imposing a fine on the owner of the wastewater treatment plant in order to expedite the decommissioning process. Director Kowis also directed that Mr. Carlton contact Mike Daniels of the Texas Commission on Environmental Quality (the "Commission") and seek the imposition of a fine which would be reduced if the plant was off-line by September 1, 2008 and significantly increased if that deadline was not achieved. She further directed that Mr. Carlton follow-up with the Commission to determine when the District will be able to access the creek to commence clean-up and clearing which had previously been approved

and notify Mr. Fadal immediately once Commission authorization was obtained. Director Kowis then elaborated on the scope of the District's planned clean-up and clearing project. Ms. Collier advised the Board that Severn Trent crews were on-site at the treatment plant only once every other week. Director Kowis noted that this might be of interest to the City of Austin, as the owner of the treatment plant had committed to the City that the clarifier at the plant would be checked daily. She directed Mr. Carlton follow-up with Mr. Jennings regarding this matter.

Director Kowis then recognized Mr. Morin, for purposes of receiving a report from the District's general manager. Mr. Morin reported that the City of Austin had discovered an inoperable water meter, which probably explained the District's water gain. He stated that he suspected that the City would request payment for the unmetered water, but that no one had yet contacted him. He then reported that he had determined that the water allegedly being taken from a fire hydrant meter on Harris Ridge was coming from a City of Austin meter, not a District meter. Mr. Morin then reviewed the write-offs, set forth on **Exhibit "C"**. Upon motion by Director Henderson and second by Director Campbell, the Board voted unanimously to approve the write-offs. Mr. Morin then reviewed a delinquent fire hydrant meter account in the name of Joe Bland Construction. He noted that the contractor had failed to request that the meter be removed after completion of the job, and that the balance on the account was approximately \$9,800. Mr. Morin stated that Joe Bland had advised him that his company had not used water since completion of construction and had requested a settlement with the District. After discussion, the Board directed Mr. Morin to present an analysis of the charges at the District's highest tier rate, its lowest tier rate, and at the wholesale rate for Board review at the next meeting. Director Kowis also directed Mr. Morin to be sure to include any administrative or other costs associated with this account, as the Board would not allow the District to lose any money on this matter. Mr. Morin agreed to do so.

Mr. Morin then presented the transfer letters attached as **Exhibit "D"**, and reviewed them with the Board. Director Kowis noted that one of the transfer letters did not contain the account number and stated that the Board could not approve an incomplete document. Mr. Morin stated that his new policy was to redact account numbers in the transfer letters included in the packets in order to protect the District's privacy, but that the account number was on the original to be signed by the Board. Director Kowis inquired why, if this was the new policy, at least one of the other transfer letters in the packet included an account number. Mr. Morin acknowledged the inconsistency and asked the Board how it preferred this issue be handled. Director Kowis noted that the Board had experienced a problem in the past with incorrect account numbers on transfer letters and stated that it was, therefore, important for this information to be reviewed prior to approval. After discussion, the Board agreed that all transfer letters would be reviewed by Director Henderson with account numbers included and that the account information would be redacted from the copies placed in the meeting packets. Director Richter then moved that the Board approve the transfers as presented. Upon second by Director Henderson, the motion passed unanimously.

Mr. Morin reported that he had met with Director Henderson to review the invoices, and that Director Henderson had had no questions regarding them. He presented the bills and invoices, as set forth on the check register attached as **Exhibit "E"** and the supplemental check register attached as **Exhibit "F"**. He noted that check no. 8249, representing Director Zeniecki's per diem, should be voided due to his absence. Director Campbell raised a question regarding check no. 8260 which had the notation "Lost Check Bank Fees". Mr. Morin explained that this

was a refund to a customer for a stop payment order on a duplicate payment, which had been made after SWWC Services had temporarily lost the customer's initial payment. Director Richter asked why Mr. Morin thought this cost should be the District's responsibility, as it was not the District which lost the check. The Board agreed and directed that this check be voided. After further discussion, upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the payment of the bills and invoices, with the exception of check nos. 8249 and 8260, which would be voided. Mr. Morin concluded by presenting the memorandum from his company attached as **Exhibit "G"**, responding to the auditor's management letter. He noted that most of the problems were accounting-related and would be resolved by the proposed change in bookkeepers. He stated that he and his company were committed to remedying all of the issues and would work to facilitate the transition to the new bookkeeper.

Director Kowis then recognized Mr. Fadal, for purposes of receiving the landscape maintenance report. Mr. Fadal reviewed his report, a copy of which is attached as **Exhibit "H"**, and stated that everything was going well and ready for Spring. He concluded by reporting that his crews were finishing up in Phases 6 and 7 of the rough clearing work and prepping for Phase 8.

Director Kowis then stated that the Board would consider taking action regarding bookkeeping services. Mr. Bartram stated that a draft of a proposed contract had been sent to Mary Bott of Pena Swayze & Co., LLP and that he had spoken with Jeff Monzingo, another bookkeeper interested in district accounting work, but that no proposals had been received at this time. Director Kowis stated that she expected proposals for the Board's next meeting. The Board then generally discussed the scope of services for the new bookkeeper and agreed that it would be helpful to review examples of the operating and bookkeeping contracts used in Houston. Mr. Morin stated that he would be happy to provide examples, but was concerned about any attempt to split billing and collections from operations. Mr. Jones stated that he had access to agreements used in Houston, if needed.

Director Kowis then recognized Mr. Bartram for purposes of receiving a report from the District's attorney. Mr. Bartram first reviewed the attorney's directives. He stated that Mr. Carlton had had been advised by Travis County and the Commission that there was currently no requirement that residents of the District be notified of the wastewater spill and creek clean-up procedures; and there was no significant concern about the impact of the spill on the community. Mr. Bartram then reported that the contractor had not yet submitted a change order regarding the Dessau Fountains improvements. Mr. Jones concurred, but noted that Pate Engineers had submitted a proposal to redesign the wastewater line. Director Kowis stated that the Board would not approve the Pate Engineers' proposal, but confirmed that Mr. Jones had authority to approve the contractor's change order so long as it was at no cost to the District. Mr. Bartram then presented the formal complaint to the Commission regarding the wastewater spill attached as **Exhibit "I"**. Director Kowis noted that Ms. Littlefield had confirmed that funds in the District's park account were not limited to capital improvements and could be used for routine maintenance and, accordingly, she recommended that the District begin paying park-related costs out of the park account. The Board agreed, and Mr. Morin stated that he would implement this change beginning in March. Mr. Bartram concluded by presenting the Interlocal Agreement Regarding the Provision of Solid Waste Services to the Lake at Tech Ridge Development. He stated that it was his understanding that the Board had already reviewed this agreement but that

the minutes did not reflect approval. The Board agreed that the agreement had already been approved, and Director Campbell moved that the Board ratify such approval. Upon second by Director Henderson, the motion carried unanimously.

Director Kowis then recognized Mr. Jones, for purposes of receiving a report from the District's engineer. Mr. Jones reviewed his directives and the report attached as **Exhibit "J"**. He then presented and reviewed with the Board the list of projects proposed to be included in the District's 2008 bond application, a copy of which is attached as **Exhibit "K"**. He noted that the District's financial advisor was still evaluating the size of the issue, but that preliminary indications were that the District could support a bond issue of approximately \$6.88 million. Mr. Jones then reported that he had filed an application for release of escrowed funds as well as a surplus funds application in order to obtain the funding necessary to complete the Settler's Meadow waterline and wastewater line projects. Mr. Jones then presented Pay Estimate No. 3 for the Lakes at Northtown Section 2, a copy of which is attached as **Exhibit "L"**, and recommended approval. Upon motion by Director Campbell and second by Director Henderson, the Board voted unanimously to approve the Pay Estimate. Mr. Jones then reported that the District's MS4 permit had been filed on time as required by law. Director Kowis encouraged all of the District's consultants to review the District's Storm Water Management Plan, as they would each have a part in the ongoing reporting and compliance process. Mr. Jones concluded by noting that he would continue work regarding the District's proposed 2008 bond application. Mr. Morin reported that he had received the tap fees for the Tech Ridge apartments.

Director Kowis then stated that the Board would consider the election matters set forth on the Board's supplemental agenda. The Board first reviewed the Resolution Approving Joint Election Agreement, a copy of which is attached as **Exhibit "M"**. Director Campbell pointed out a repetitive "in that" in the sixth "WHEREAS" paragraph and, subject to this correction, moved that the Board approve the Resolution. Upon second by Director Henderson, the motion passed unanimously. The Board then reviewed the Order Calling Director Election for May 10, 2008, a copy of which is attached as **Exhibit "N"**. Upon motion by Director Richter and second by Director Kowis, the Board voted unanimously to approve the Order. The Board next reviewed the Resolution Authorizing Secretary's Appointment of Agent to Perform Duties During Election Period and Designating Location for Filing Applications for a Place on the Ballot in District Director Elections attached as **Exhibit "O"**, which designated the District's attorney as the Board Secretary's agent for purposes of maintaining office hours during the election and receiving applications for a place on the ballot as contemplated under the Election Code. Mr. Bartram recommended that, as the Board had approved the Order calling the election, the Board also authorize his office to give notice of the election as required by law and to complete and file a Voting Rights Act submission with the United States Department of Justice. After discussion, upon motion by Director Campbell and second by Director Henderson, the Board voted unanimously to approve the Resolution Authorizing Secretary's Appointment of Agent to Perform Duties During Election Period and Designating Location for Filing Applications for a Place on the Ballot in District Director Elections; to authorize the District's attorney to give notice of the May 10, 2008 Director election; and to authorize the filing of a Voting Rights Act submission with the United States Department of Justice.

Director Kowis then questioned whether there was any further business to come before the Board, and Mr. Morin reminded the Board about the upcoming CASE conference. There being no further business to come before the Board, the meeting was adjourned.

Date: _____.

(SEAL)

Brenda Richter, Secretary
Board of Directors