

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

March 23, 2004

THE STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS           §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on March 23, 2004, 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 for Director Richter, who arrived later. Also present at the meeting were Sam Jones of Sam Jones Consulting, Inc.; Richard Fadal of TexaScapes, Inc.; David Gray of Gray Jansing and Associates; Richard Maier, Kate Forbes and Thomas Anker, of Continental Homes of Texas, L.P.; Don Williams and Mona Oliver of Wells Branch Municipal Utility District; Mike Morin of ECO Resources, Inc.; Cheryl Allen of Southwest Securities; Trent Rush of TBG Partners, Inc.; Harvey Doerring of the Village @ Northtown, Ltd.; Deputy Peterson of the Travis County Sheriff's Department; and Sue Brooks Littlefield of Armbrust & Brown, L.L.P.

Director Kowis called the meeting to order at 6:00 p.m., and stated that the Board would first consider taking action on items on the Board's supplemental meeting agenda. She advised the Board that no additional applications had been submitted for a place on the ballot for the May 15, 2004 director election, which enabled the Board to cancel its election. After discussion, upon motion by Director Zeniecki and second by Director Campbell, the Board voted unanimously to adopt the Order Declaring Election of Unopposed Candidates and Canceling the May 15, 2004 Director Election attached as Exhibit "B".

Director Kowis then recognized Ms. Allen, for purposes of receiving a report on the District's pending refunding bonds. Ms. Allen explained that the District would receive its rating the following day, which would be the same rating as had been received on its recent new money bond issue. She reminded the Board that this was an improvement in the rating that the District had received on its first rated issue. She advised the Board that the refunding was on the City Council agenda for approval on

March 25, and that her calculations indicated that there was still substantial savings to be achieved. She stated that if the Council took action as anticipated on March 25, she would post the official statement on the website on March 26, and price the following week. Ms. Allen then presented the continuing disclosure report to the Board, and reminded the Board that this was required under the District's bond covenants. She noted that the necessary information was included in the District's annual audit, which enabled her to simply provide the audit information to the necessary entities. Upon motion by Director Campbell and second by Director Henderson, the Board voted unanimously to authorize the District's financial advisor to submit the required continuing disclosure information.

At this time, Director Richter arrived at the meeting. Director Kowis then stated that the Board would consider approving the minutes of the February 24, 2004 meeting. Upon motion by Director Campbell and second by Director Zeniecki, the Board voted unanimously to approve the minutes.

Director Kowis noted that there were no citizens present wishing to address the Board and, there being no announcements by Board members, stated that the Board would next discuss park development matters. Mr. Rush advised the Board that the District had received bids from three qualified contractors for the park improvements that were contemplated for the first phase of the District's new park. He reviewed the bid tabulation attached as Exhibit "C". Mr. Rush noted that, although final plan approval had not yet been obtained from the City of Austin, he did not believe that there would be any substantial changes in the plans, and would like to proceed with the award of the contract, as he was concerned that the price of steel would increase. He noted that proceeding with the bridge fabrication process would enable the District to lock-in the price of the bridge. After discussion, upon motion by Director Richter and second by Director Campbell, the Board voted unanimously to authorize the award of the contract, contingent upon plan approval by the City of Austin, and with instructions to Mr. Rush to proceed with the shop drawing process for the bridge fabrication in order to lock-in the price of the steel. Ms. Littlefield then reviewed the status of compliance of Continental Homes of Texas, L.P. with its obligations under the agreement relating to the escrowed bond proceeds. She presented the deed conveying the park property to the District, a copy of which is attached as Exhibit "D", to the Board for approval. After discussion, upon motion by Director Richter and second by Director Campbell, the Board voted unanimously to accept the dedication of the park land from Continental Homes of Texas, L.P., and to authorize the release of the funds from escrow, in accordance with the letter attached as Exhibit "E".

Director Kowis stated the Board would next consider naming the District's park. She suggested naming the park, "The Bill Milburn Park", after the original developer. There was no motion or second in response to her suggestion. After discussion, Director Henderson noted that this park was a continuation of the existing Stoney Creek Park, and he felt that it would be appropriate to include this land as part of the Stoney Creek Park. Director Henderson then moved that the Board include the new park property in the Stoney Creek Park. Upon second by Director Kowis, the motion was unanimously adopted. Director Campbell noted that Ms. Oliver had provided photos as he had requested for the District's website and he wished to thank her for doing so. He

discussed with Ms. Oliver whether more detailed photos of the pool could be provided, and Ms. Oliver agreed to obtain additional photographs and forward them to Director Campbell. Director Kowis noted that there was a small area south of the park and west of the lift station that she wanted to clarify was in the District's park property. Mr. Gray stated that this was included in the conveyance that the District had received from Continental Homes.

Director Kowis then recognized Ms. Oliver for purposes of receiving a report under the interlocal agreement with Wells Branch Municipal Utility District. Ms. Oliver reviewed the covenant report, and, upon motion by Director Richter and second by Director Zeniecki, the Board authorized her to proceed with litigation with respect to 13813 Lampting. The Board also agreed that it would monitor the situation at 905 Twisted Fence, as the resident had moved from the District and the door which was behind the garage door was not visible from the street, and therefore was not impairing taxable property values. Ms. Littlefield noted that the District had received an Agreed Judgment with regard to the resident at 13703 Camborne, and that the resident could be held in contempt if the property was not maintained in a good clean condition. Director Zeniecki reported that there was trash and debris in the yard at 13815 Lothian and Ms. Oliver agreed to follow up on this violation. Ms. Oliver then distributed photographs documenting recent vandalism in the District's park. Mr. Williams stated that the Wells Branch maintenance crew was currently working on removal of the graffiti. Ms. Oliver stated that the Sheriff's department had been requested to increase its patrols in order to attempt to control the vandalism problem. Mr. Williams then presented the renewed contract with Wells Branch Municipal Utility District attached as "Exhibit 'F'", and reviewed it with the Board. He reported that the contract had a five-year term, but could be terminated upon notice. After discussion, upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the contract renewal, and expressed its appreciation to Wells Branch Municipal Utility District for its support and performance under this contract.

Director Kowis then stated that the Board would receive the landscape maintenance report. Mr. Fadal reported that his maintenance crews were getting ready for Spring and that the first channel maintenance would be completed by the end of the month. He agreed to coordinate with Mr. Williams on the clean-up of the park property which had been accepted from Continental Homes. Ms. Littlefield reminded the Board that Continental Homes had contributed the sum of \$5,000 towards this clean-up. Mr. Fadal agreed to coordinate a walk-through with the Parks Committee, in order to look at all current areas, as well as the detention pond areas, to determine which category of maintenance would be required. He pointed out that the areas that were now being accepted by the District would need to be added to the District's maintenance contract. The Board discussed the graffiti problem with Deputy Peterson, and he indicated that he felt the individuals who were responsible were residents of the trailer park. He suggested a stake-out after the next clean-up of the graffiti, and agreed to coordinate with Ms. Oliver to do this. After discussion, Director Richter moved that the Board authorize an increase in the number of patrol hours to double that currently being performed in order to attempt to resolve this problem. Upon second by Director Zeniecki, the motion was unanimously adopted. Deputy Peterson agreed to coordinate with Deputy Kinnard on the matter.

Director Kowis then stated that the Board would consider approving Amendment No. 2 to the Utility Construction Agreement with Continental Homes of Texas, L.P, attached as Exhibit "G". Upon motion by Director Campbell and second by Director Henderson, the Board voted unanimously to approve the Amendment.

Director Kowis then stated that the Board would receive a report from the District's attorney. Ms. Littlefield stated that she would provide the Board with an update on her directives from the last meeting at the April Board meeting, and noted that she had received a request from Roger Glick of the City of Austin for a meeting on the wet pond monitoring proposal which had been made by the City. She noted that she had advised Mr. Glick that she did not believe that the Board was comfortable with the proposal at the present time. After discussion, the Board agreed that Ms. Littlefield and Director Campbell should have one final meeting on the proposal, and bring back a report to the Board at the April meeting.

Director Kowis then stated that the Board would receive a report from the District's engineer. Mr. Jones stated that he had no pay estimates to present to the Board for approval, but advised the Board that he had inspected the pond in Brookfield Estates, Phase I, Section 1, which had good grass cover, and which he recommended be accepted for operation and maintenance. Upon motion by Director Henderson and second by Director Zeniecki, the Board voted unanimously to do so. Mr. Jones then reported that Gaston Sheldon pond in Section 3, which had experienced erosion problems, had been repaired and he recommended acceptance. Upon motion by Director Zeniecki and second by Director Campbell, the Board voted unanimously to do so.

Mr. Jones then advised the Board that the City of Austin had hired an independent consultant with regard to the District's copper service line failures, and that initial studies were currently being done. He stated that the City expected to go out into Settler's Meadow to do some on-site inspections shortly. Mr. Jones then reported that Ms. Oliver and Mr. Morin had requested an updated District map, and that he would like authorization to have some CAD work done by Pate Engineering at a cost which he estimated to be between \$300 and \$400. After discussion, upon motion by Director Richter and second by Director Zeniecki, the Board voted unanimously to authorize Mr. Jones to obtain the necessary work at a cost not to exceed \$500.

Director Kowis then recognized Mr. Morin, for the purpose of receiving a report from the District's general manager. Mr. Morin reported that the meter vault in the Stoney Creek Park had been broken into and that the metal had been broken so it would be necessary to have a welder out to make the repair. He also reported that there had been a problem at the lift station with kids using the electrical panel for rock throwing target practice, and that the panel had been hit by rocks and damaged. He indicated that these kids had also broken into the lift station and broken some of the chemical feed lines. Director Kowis suggested that the fencing at the lift station be reinforced, including using razor wire at the top of the fence, if appropriate. Ms. Littlefield suggested that the electrical panel be enclosed in a box so it could not be easily damaged. After discussion, the Board directed Mr. Morin to replace the fence, to include razor wire at the top of the fence, and to enclose the electrical panel in a box. Mr. Morin then reported on the vulnerability assessment requirements applicable to the District, and recommended approval of the proposal attached as Exhibit "H" from Kay Kutchins and

Associates. After discussion, upon motion by Director Campbell and second by Director Henderson, the Board voted unanimously to approve the proposal. Mr. Morin reported that there was a fire hydrant meter in Brookfield Estates which had been requested to be transferred into the name of the homeowner's association. The Board agreed that a fire hydrant meter was a temporary meter, and could not be transferred or converted into a permanent meter. Mr. Morin then presented the bills and invoices received by the District, set forth on the check register attached as Exhibit "I". He reported that he also wished to request the approval of two additional checks, check number 5620 to Director Zeniecki and check number 5621 to Director Henderson, each in the amount of \$138.52. After discussion, upon motion by Director Henderson and second by Director Campbell, the Board voted unanimously to approve the payment of the bills and invoices.

Mr. Morin reported that the write-off which had been questioned at the last meeting, which was greater than \$1,000, represented a customer's account which involved bad checks as well as a number of late penalties. He stated that the actual cost of the water was approximately \$500, which had been paid for by a hot check. The Board discussed the best means to address this sort of problem, and agreed that, if a customer had a history of writing bad checks, the District should consider requiring payment in cash or by money order. Upon motion by Director Henderson and second by Director Zeniecki, the Board voted unanimously to direct Mr. Morin to turn the bad checks over to the County Attorney's Office for prosecution. After further discussion, upon motion by Director Campbell and second by Director Zeniecki, the Board voted unanimously to authorize Mr. Morin to write-off the account as requested.

Mr. Morin then reviewed the leak detection reported attached as Exhibit "J", and stated that the leaking service lines had all been repaired. He stated that he had prioritized the other repairs and would be proceeding with them. The Board then discussed the District's annual clean-up day, and agreed that there should be four dumpsters, in the same locations as in the past year, except for the dumpster within Northtown, which would need to be relocated due to construction.

Director Kowis then stated that the Board would consider taking action regarding Settler's Meadow. The Board discussed the need to obtain a water model on the Wells Branch line extension, which would be required in order to serve Settler's Meadow off the Wells Branch water transmission main. Mr. Jones stated that that work was currently on hold. After discussion, the Board directed Mr. Jones to proceed to obtain the work from Pate Engineers, and approve the proposal attached as Exhibit "K".

Ms. Littlefield provided a report on the proposed amendment to the interlocal agreement regarding temporary wholesale water and wastewater services to the City of Austin, and stated that she would like to discuss the matter further with the Board in executive session. The Board agreed to hold an executive session at the end of the meeting.

Director Kowis then stated that the Board would receive developer's reports. Ms. Forbes advised the Board that Continental Homes was starting development of Brookfield Section 3, and that there had been 29 sales and 50 lots completed thus far in Section 2, and that Section 3 would have 60 lots. She stated that the entrance should be completed within the next four weeks. Mr. Anker reported that, in Gaston Sheldon,

Continental Homes was two-thirds complete with Section 4, and expected to complete the development within a few months. He stated that he expected Section 5 to be on-line in 2005.

At 7:26 p.m., Director Kowis stated that the Board would convene in executive session in order to receive legal advice from the District's attorney regarding matters appearing on the Board's meeting agenda. At 7:42 p.m., the Board reconvened in open session, and Director Kowis announced that no action had been taken during executive session. Director Campbell then moved that the Board authorize Ms. Littlefield to proceed with negotiations with the City of Austin on the proposed amendment to the interlocal agreement regarding temporary wholesale water and wastewater services to Settler's Meadow, and to work with the subcommittee consisting of himself and Director Kowis in doing so. He further moved that the subcommittee be authorized to retain special counsel, if it were deemed necessary. Upon second by Director Henderson, the motion was unanimously adopted.

Director Kowis then stated that the Board would consider taking action regarding the District's vandalism reward. Director Campbell stated that he was interested in increasing the reward for the identification of vandals who damaged the District's facilities and property. He stated that he felt this was needed because of the dramatic increase in vandalism which had occurred recently. Mr. Morin suggested that the District consider implementing a \$250 reward, which would be payable through a fine imposed on the vandals. He stated that North Austin Municipal Utility District had a policy structured like this, and agreed that he would provide the policy to Ms. Littlefield for review. Ms. Littlefield agreed to place an item on the next meeting agenda for adoption of a similar policy.

The Board then discussed its upcoming meeting schedule, and agreed that the April meeting would be held on April 19 and the May meeting on May 17. The Board directed Mr. Morin to confirm the availability of the Wells Branch Community Center for these meetings.

There being no further business to come before the Board, the meeting was adjourned at 7:58 p.m.

(SEAL)

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Brenda Richter, Secretary  
Board of Directors