

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

April 28, 2009

THE STATE OF TEXAS §
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COUNTY OF TRAVIS §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on April 28, 2009, 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:

Robin Campbell	-	President
Brenda Richter	-	Vice President
William E. Henderson	-	Treasurer
Scott M. Gray	-	Secretary
Alex Martinez	-	Assistant Secretary

and all of the Directors were present, thus constituting a quorum. Also present at the meeting were Cheryl Allen of Southwest Securities; Sam Jones of Sam Jones Consulting, Inc.; Robert Anderson of SWWC Services, Inc.; Mona Oliver and Jesse Kennis of Wells Branch Municipal Utility District; Mary Bott of Peña Swayze & Co., L.L.P.; Scott Foster of Kimley-Horn & Associates, Inc.; Jay Howard of Texas Disposal Systems; Tom Anker of Continental Homes of Texas, L.P.; Richard Fadal of TexaScapes, Inc.; Sharon Smith of Maxwell Locke & Ritter, L.L.P.; Brad Sanders of Alliance Management and Sue Brooks Littlefield of Armbrust & Brown, L.L.P.

Director Campbell called the meeting to order at 5:45 p.m., and stated that the Board would first consider approving the consent items on the Board's meeting agenda: the minutes of the March 24 and April 14, 2009 Board meetings; a revised District Registration Form; the revised Order Establishing Rules and Regulations Governing Parks and Recreation Facilities and Greenbelt, Including Wet Pond Facilities attached as attached as **Exhibit "B"**; the Order Establishing Revised Water Conservation and Drought Contingency Plan attached as **Exhibit "C"** and the amended Order Establishing Offices and Meeting Places of the Board of Directors and Establishing Locations for Posting of Notice of Meetings of the Board attached as **Exhibit "D"**. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the consent items.

Director Campbell then stated that the Board would consider closing procedures and other matters relating to the District's \$7,560,000 Unlimited Tax and Revenue Bonds, Series 2009. He recognized Ms. Allen, who reported that Ms. Polumbo had submitted the District's bond proceedings to the Attorney General's Office, and she believed the bond issue was in good shape to close on Thursday. She pointed out that the Board had received a draft reimbursement report and closing memorandum, prepared by her firm, the previous Friday. She noted that Ms. Smith was present in order to go through the reimbursement report with the Board. Ms. Smith

then presented the reimbursement report attached as **Exhibit "E"**, noting that this included agreed upon procedures instead of a true audit. She noted that pages 1 and 2 explained those procedures and page 3 explained the amounts to be paid to the developer and also identified the contractors and sections which were being bonded. She noted that interest was based on an anticipated reimbursement date of April 30th. She pointed out that one item did not qualify for interest due to the developer's failure to comply with the competitive bidding procedures. Ms. Smith pointed out that page 4 identified construction costs and other costs to be paid out of the proceeds of the bonds, including \$55,000 to be reimbursed to the District's operating account. She added that page 5 mirrored Ms. Allen's closing memorandum, attached as **Exhibit "F"**. Ms. Smith concluded that there would be a total surplus of \$33,000, which would go to the District's capital projects fund. Ms. Allen advised the Board that Ms. Polumbo would have one additional bill for the transcript. Ms. Littlefield inquired whether the District could use the available surplus funds for the cost of the lift station and force main repair, and Mr. Jones agreed to investigate whether the District could use those funds without further Texas Commission on Environmental Quality approval. Ms. Allen then called the Board's attention to the Texas Commission on Environmental Quality's Authorization to Purchase Facilities attached as **Exhibit "G"**, noting that this was a prerequisite to funding the amount due to the developer. Ms. Littlefield advised the Board that she had received the Conveyance of Existing Facilities and Bills Paid Warranty as well as additional closing documents which were required for funding from Mr. Anker immediately before the meeting, but had not yet had an opportunity to review them. After discussion, Director Richter moved that the Board approve the Report on Reimbursable Costs prepared by Maxwell Locke & Ritter, L.L.P.; accept and approve the Conveyance of Existing Facilities and Bills Paid Warranty attached as **Exhibit "H"**, as well as the other closing documents, contingent upon final approval of those documents by Ms. Polumbo and Ms. Littlefield; and authorize the distribution of the bond proceeds and the payment of costs subject to final approval by Ms. Polumbo and Ms. Littlefield, based, in part, upon the final approval of the conveyance documents. Upon second by Director Gray, the motion was unanimously adopted. Director Campbell thanked Ms. Allen and her associates for their efforts in getting the bond process completed.

Director Campbell then stated that the Board would next take up solid waste and recycling services due to a scheduling conflict on Mr. Howard's part. Ms. Littlefield presented the revised Recycling and Solid Waste Disposal Services Agreement, noting that it included revisions which had been requested by the Board's Subcommittee, consisting of Directors Gray and Martinez, as well as a revision which had been requested by Director Campbell at the previous meeting. Director Campbell pointed out a typographical error on page 4 and Ms. Littlefield agreed to make the correction. After discussion, Director Campbell noted that he was comfortable with the contract, as revised. Upon motion by Director Martinez and second by Director Gray, the Board voted unanimously to approve the revised contract, a copy of which is attached as **Exhibit "I"**. Mr. Howard then distributed the first quarter report attached as **Exhibit "J"**, as well as the report from the fourth quarter of 2008 attached as **Exhibit "K"**. Director Richter stated that she had seen a large TDS truck broken down in the District on Saturday, and Mr. Howard acknowledged that it took a large tow rig to move one of the collection vehicles, especially if it was full. Ms. Littlefield suggested that the District provide information to the residents on what would be picked up and what should not be disposed of in the trash containers. Mr. Howard concurred that this was a good idea, and agreed to provide a flyer which could be included in the District's utility bills. Director Martinez inquired how the clean-up days were publicized, and Mr. Anderson indicated that a separate mailing of the schedule would be done to

notify the residents of the clean-up days. Mr. Howard reminded the Board that clean-up days were currently scheduled for May 30th and June 6th. Mr. Anderson stated that he was working on getting the Boy Scouts lined up to assist on the clean-up days, and Director Richter reminded him to bring the contribution to the Boy Scouts for their work to the Board for approval at the next meeting. Mr. Anderson agreed to do so. Director Campbell stated that he would put information on the clean-up days on the District's website. Ms. Littlefield agreed to send Mr. Anderson information on what the District had paid the Boy Scouts for work on the clean-up days in 2008.

There being no residents present wishing to address the Board, and no representative of the Travis County Sheriff's Department present to provide a security report, Director Campbell recognized Mr. Kennis, for purposes of receiving a report under the Interlocal Agreement with Wells Branch Municipal Utility District. Mr. Kennis reported that the repairs to the District's lift station had been completed, and that he was prepared to proceed with the sidewalk repair within the next 30 days. He indicated that he understood that Mr. Jones and Mr. Morin had been comfortable with the force main repair, which would allow him to proceed. Mr. Kennis also reported that the meeting with the Wells Branch Municipal Utility District subcommittee had not occurred because one of the Wells Branch subcommittee members had been traveling, and so he would carry over this directive until the next Board meeting. He called the Board's attention to the report attached as **Exhibit "L"**, and advised the Board that he would be advertising for the project manager position called for under the Interlocal Agreement between the District and Wells Branch Municipal Utility District. Director Richter stated that she was very pleased about this. Mr. Kennis agreed, noting that the Park Subcommittee would interview the finalist applicants. Director Richter suggested that Mr. Foster also be included, since he would be heavily involved in the park project.

Mr. Kennis then reported that he was not sure why the remediation of the Ceylon Tea pond had previously been taken on by Mr. Williams, noting that the water level had risen in the pond and there was no area available for the work to be completed. He stated that he did not feel he had the right crews and requested that the Board reconsider the appropriate contractor to perform the work. Director Richter suggested that the Park Subcommittee reevaluate the work, and make a recommendation to the Board. Ms. Littlefield agreed to forward the Park Subcommittee and Mr. Kennis a copy of the report previously done regarding maintenance on various ponds within the District.

Mr. Kennis then advised the Board that there was a list of proposals included in his report, but that he understood that there would be a Board discussion of procurement procedures, which probably should be taken up before the proposals. He advised the Board that the Park Subcommittee had agreed to defer moving forward with security lighting for the park. He stated that the Park Subcommittee was now recommending "mutt mitt stations", a commercially available product with readily available bags for restocking. Director Richter stated that this was the system used in Pflugerville, and pointed out that each station included a trash container on a pole along with a dispenser for the bags. Director Richter stated that the Park Subcommittee was recommending 20 stations be purchased for the 50 acre park, as described in the proposal attached as **Exhibit "M"**, noting that the estimated cost was \$10,000, including 20 extra cases of bags. Director Gray inquired whether the District actually needed 20 stations for the park, and Director Richter reviewed the proposed locations and, after discussion, the Board agreed that this was a reasonable number. After further discussion, Director Richter explained that the District

did not currently have any established purchasing procedures and that the Park Subcommittee had struggled with the appropriate procedures to follow in purchasing various items for the District's parks. She stated that she would like to refine the process, particularly with regard to Wells Branch's purchasing authority on behalf of the District. She pointed out that the District's park budget reflected approximately \$667,000 in new expected expenditures, in addition to the building, which would not be constructed currently, and previously anticipated expenditures. She stated that Mr. Douthitt had agreed to track the cost of the park improvements, including engineering. She stated that Mr. Foster was working with Ms. Littlefield to develop a process to go out for bid for various improvements, and that she was pleased that the District would have a professional manager on a going-forward basis. Director Martinez inquired whether the future amenity center would be staffed, and Director Richter indicated that it was not anticipated at this time. Director Richter reviewed the report attached as **Exhibit "N"**, and stated that she would forward the report in Excel to the other Board members. Director Richter pointed out that the report also included an opinion of probable costs for the latest improvements. Mr. Kennis pointed out that Mr. Douthitt, he and the Park Subcommittee had worked with Mr. Foster on developing this. Mr. Kennis also noted that he had included a task list and inspection report, a copy of which is attached as **Exhibit "O"**, with his report. Director Richter pointed out that this would allow the Board to check on the status of the park work which was assigned to the Wells Branch staff. Director Campbell inquired about the Board meeting signs, noting that, on Dessau, a sign had been placed at the entrance of Brookfield subdivision, where he expected the retail development to be built. Director Martinez agreed that it appeared that the sign would be affected by the proposed construction. Mr. Fadal agreed to look into this, and the Board requested that Ms. Littlefield verify the location and that the sign was located within an easement. The Board then continued with its discussion of purchasing procedures, and Director Richter stated that she did not feel it was appropriate for Mr. Kennis to have to come to the Board in order to purchase routinely required items, such as the bags for the mutt mitt stations. The Board discussed the modifications which had been implemented to Wells Branch's purchasing and invoicing process, and Director Richter suggested establishing a \$1,000 per month budget which Mr. Kennis could utilize for routine maintenance expenses. The Board agreed, noting that the Park Subcommittee also had \$1,000 worth of purchasing authority which would be separate from this. The Board indicated that no capital expenditures should be made utilizing the budgeted amounts, but that maintenance-related expenses, such as the cost of purchasing trash bags and removing graffiti, could be paid out of the authorized amounts, and that all expenditures should be reported to the Board. The Board agreed that all capital expenditures would come to the Board for pre-approval. Upon motion by Director Gray and second by Director Henderson, the Board voted unanimously to establish the monthly maintenance budget previously discussed, with the directive that all capital expenditures come before the Board. Mr. Kennis then reported that Ernest Robles now had a Blackberry, which would improve his ability to communicate with the Board members and, particularly, the Park Subcommittee. He noted that the restrictive covenant report was being presented by address instead of by name. Ms. Oliver stated that there had been a couple of problems with customers coming by the Wells Branch office on cut-off day, noting that the Wells Branch staff could not accept these payments. The Board agreed that this should be stated on the notices of disconnection, and Mr. Anderson agreed to verify that this information was included on the notices. Ms. Oliver then advised the Board that a resident on Connor Downs had inquired whether she could install spikes on the top of the District's concrete fence, due to her belief that individuals had climbed over the fence and broken into her house from the back. Ms. Littlefield agreed to work with Ms. Oliver on an appropriate response. The Board then reviewed

photographs of the two fences at 13900 Connor Downs Drive and 13709 Greinert. After discussion, Director Gray moved that the Board authorize proceeding with suit with regard with these two addresses. Upon second by Director Richter, the motion was unanimously adopted. Ms. Oliver then reported that 14800 Connor Downs was in foreclosure, and stated that she had given that resident an extension because the resident was expecting the home to be sold prior to foreclosure.

Mr. Sanders then addressed the Board regarding the Wildflower Homeowners' Association restrictive covenant process, and advised the Board that the Homeowners' Association had elected a new board of directors which had terminated his company's contract effective as of April 30th. He stated that he did not anticipate that his company would continue with the covenant enforcement work as a result. The Board agreed that Ms. Littlefield should send a letter to the Homeowners' Association regarding the District's contract with the Homeowners' Association, and its understanding that the Homeowners' Association would no longer be performing covenant enforcement work. The Board requested that Mr. Sanders determine if his firm would provide a proposal to the District to continue to perform covenant enforcement work in Wildflower, and he agreed to do so. Mr. Sanders reported that he had been requested by Ms. Littlefield's office to investigate a missing fence at 110 Wild Senna, noting that the backyard faced the park and there was a problem due to open storage. He stated that he had sent a letter to the resident, who was taking care of the problem.

Director Campbell then stated that the Board would consider taking action regarding park development matters. Mr. Foster explained that the Phase II Park Improvements which had been discussed at the last Board meeting had tentatively included a water quality pond. He stated that he had explored options to eliminate the pond and replace it with a vegetative filter strip, which was a fancy word for grass. He stated that this would require a little more maintenance than a pond and could not be used for heavy park uses such as a dog park or sports field, but that light uses would be acceptable. He stated that he would recommend that the vegetative filter strip be planted with a native seed mix to reduce irrigation requirements. He noted that the Park Subcommittee had discussed planting some wildflower seed, and that the District might also want to clear a little of the brush and add irrigation in the future. He stated that this strip would allow the District to avoid constructing a water quality structure, but that it would require some minor revisions to the site plan, including changing the location of the District's parking lot and the general area required for drainage, but that 85 parking spaces would still be provided. Mr. Foster added that the vegetative filter strip would require an integrated pest management program, which was a restrictive covenant requiring environmentally sensitive management, including utilizing less toxic pesticides. Director Richter pointed out that Mr. Fadal had looked at the program and determined that it was consistent with the District's current maintenance program. Mr. Foster went on to explain that the Phase II Park Improvements would be constructed in two phases and that Phase 2A would include the trail extension including the vegetative filter strip and parking, sleeving for utility extensions to the future amenity center site and alternative items including additional clearing and grubbing for the amenity center, irrigation, a basketball court, and steel trail edging. He stated that the playscape was not included, since he anticipated that the District would look at a separate supplier or vendor for these facilities. He added that the site lighting and amenity center were also not included, and that these would be added in a future phase. Mr. Foster stated that he had discussed future maintenance requirements with Mr. Kennis, and that they had agreed that the outer edge of the parking area would include a ribbon curb, which would make maintenance easier, but noted that

this would require wheel stops so that cars did not drive out of the parking area onto the grass. He stated that a raised curb would be provided for the inner curbs, which would allow a planting area internal to the parking lot. Mr. Foster stated that he had received the geotechnical report that was necessary for the concrete foundation work, and that there had been no real surprises in it, although there was a little more rock than he had anticipated. Mr. Foster recommended holding off on the garden area, because he anticipated some grading work would need to be performed. He stated that the fence for the dog park would be identified as an existing condition which the contractor would have to work around. Mr. Foster recommended updating the park master plan to be consistent with the modified site plan, once all of the locations were final. Director Richter reported that TBG Landscape Architects had indicated that this would just cost a few hundred dollars to do, and pointed out that the updated master plan would include all trash receptacles and fitness stations, and the actual location of the parking lot. Mr. Foster advised the Board that he had made a submittal to the City of Austin on April 9th for a completeness check, and had received comments on April 22nd, noting that those comments had been minor and that he had resubmitted on April 27th. He stated that he expected to make a full submittal to the City of Austin and Travis County on May 1st, noting that this was slightly behind the anticipated schedule due to a delay in receiving the initial City comments. He stated that he expected the first full round of comments around May 28th, and approval in mid-to-late July. Ms. Littlefield then inquired why the playscape was not being included in Phase 2A. After discussion, the Board agreed that it wished to include the playscape in the first phase of the improvements. Mr. Foster advised the Board that TBG Landscape Architects' services would be needed for programming for the playscape, and recommended that the Board allocate \$1,000 for this preliminary work. He stated that he could bring a supplemental proposal from TBG Landscape Architects to the next Board meeting if it was required. Director Gray inquired whether there were any alternatives which could be constructed instead of a basketball court, and the Board discussed concerns regarding security and problems which had been experienced in other districts, including Wells Branch Municipal Utility District, when basketball courts were constructed. After discussion, Mr. Kennis agreed to contact the Lower Colorado River Authority about deleting the basketball court from the grant and adding disk golf as a substitute. Mr. Foster suggested retaining the ability to construct the basketball court on the site plan, and designating it as Phase 2C, and the Board agreed. After further discussion, Director Richter moved that the Board authorize up to \$1,000 to be paid to TBG Landscape Architects for programming of the playscape, as recommended by Mr. Foster. Upon second by Director Henderson, the motion was unanimously adopted.

Mr. Foster then advised the Board that he recommended that the Board implement minimum criteria for qualified bidders, noting that the Board would want only experienced contractors performing work on its park projects. He explained that the process he recommended would require the bidders to affirm that they were qualified under the terms of the policy, and would retain the ability to require the bidders to provide more detailed information if necessary. He stated that this two-step process would minimize the effort required for both the bidder and the engineer. Ms. Littlefield presented the Order Establishing Minimum Criteria for the Qualification of Bidders on District Park Projects attached as **Exhibit "P"**, and reviewed it with the Board. Mr. Foster confirmed that he had reviewed the policy and recommended it. After discussion, upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the Order.

Mr. Foster then reported that, with respect to the red tag which had been received recently with regard to the District's detention pond, he felt that this was a normal occurrence, and that these notices would be given periodically. Mr. Kennis indicated that Wells Branch had received a similar notice. Director Richter pointed out that the pond in question was located behind Howard Lane and was in its normal condition. She stated that the Park Subcommittee had requested that Mr. Foster meet with Mr. Fadal on site to assist the District in responding to the red tag, and pointed out that there was an item on the Board's meeting agenda to authorize engaging Mr. Foster's firm to do additional work on an as-needed basis. Mr. Foster presented the Professional Services Agreement attached as **Exhibit "O"** and, after discussion, upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the proposal.

Mr. Foster then explained that the pond had had sediment around the outlet, had needed a little riprap to be repaired and had needed some other minor work. He stated that he recommended that the proposal Mr. Fadal had prepared for this work be approved. He added that, when the work was complete, he would call the inspector and get the red tag released.

Director Campbell then inquired whether barbecue grills would be installed in the 50-acre park, and Director Richter stated that these had been added to the amended budget.

Director Campbell then stated that the Board would consider taking action regarding landscape maintenance. Mr. Fadal advised the Board that all of the District's routine maintenance was on schedule. He presented the proposal attached as **Exhibit "R"**, for the annual poison ivy treatment in the parks. Director Richter pointed out that the District did this annually, and that the cost was included in the budget. She moved that the proposal be approved. Upon second by Director Henderson, the motion was unanimously adopted. Director Richter then called the Board's attention to Mr. Fadal's proposal for the remediation work on the Phase B3 pond attached as **Exhibit "S"**. She noted that the City of Austin required revegetation which, due to the lack of irrigation, would require actual sod, which would be labor intensive. Director Richter pointed out that the proposal was a worst case scenario, and that the amount that Mr. Fadal had proposed was a not-to-exceed figure. Director Richter then moved that the Board approve the proposal and, upon second by Director Gray, the Board voted unanimously to do so.

Director Campbell then stated that the Board would receive a report from the District's engineer, and recognized Mr. Jones. Mr. Jones presented his monthly report, attached as **Exhibit "T"**, and reviewed it with the Board. He stated that the construction work under the Tri-Party Agreement with the City of Austin, Aus-Cal, L.L.C., Tex Aust Limited Partnership and Dessau Fountains Estates, L.L.C. had been completed. He noted that Mr. Carlton had sent a letter to the Dessau Fountains owners regarding the District's additional charges, a copy of which is attached as **Exhibit "U"**. Ms. Littlefield reported that Mr. Carlton had advised her that Dessau Fountains had requested some additional documentation, which he had provided, and that he would follow up with Dessau Fountains prior to the next Board meeting if the invoice had not been paid by that time.

Mr. Jones reported that the Texas Commission on Environmental Quality had asked for information on the quality of the water which would be used as fill water for the reservoirs under the On Channel Reservoir Permit Application. He stated that Mr. Kennis was assisting him in answering the Commission's questions. He also reported that he had received Commission

approval of the District's Request for After the Fact Approval to Waive Competitive Bidding Requirement Due to Emergency, a copy of which is attached as **Exhibit "V"**. He stated that this would assure that the District was in compliance with the Commission's rules in connection with its force main repair. Mr. Jones advised the Board that the repair of the Wildflower Park trails had not yet been completed, but that he anticipated that the work would be done within the next few weeks. Director Richter directed Mr. Jones to contact her and Director Henderson when the work was complete, so that the Park Subcommittee could inspect and approve it, and he agreed to do so.

Mr. Jones then advised the Board that he had no other action items, but that he did have a recommendation regarding the low flow lift station. He distributed the information attached as **Exhibit "W"**. He stated that he had met with the City of Austin regarding the District's recurrent problems with the low flow lift station, as well as the force main break which had occurred. He stated that the force main had broken in the past, and that he had asked the City if it was possible to take the flows to the west instead of replacing the entire line. He explained that there was an option to construct 1,500 feet of line to the east of the lift station, which would increase the flows to the District's east lift station, and pointed out that this was a modern lift station with a crane and a backup generator. He also explained that there was legislation pending which would require a backup power source for all lift stations, which could be expensive, noting that the low flow lift station did not have one currently. Mr. Jones recommended that the Board authorize him to obtain a proposal to prepare an opinion on probable costs to see if this alternative was feasible. Director Campbell suggested that the Board ask Mr. Jones to evaluate the viability of this project at a cost not to exceed \$1,500 and, if it was determined that the project was viable, to obtain a proposal for the necessary design work. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve Director Campbell's recommended course of action. Director Henderson then expressed concern that a City of Austin's water line break had caused damage to the District's force main, noting that he believed that the water had migrated to the area where the force main was located which had undermined the line and caused the break. Mr. Jones agreed to look into this, and report back to the Board.

Director Campbell then stated that the Board would receive a report from the District's bookkeeper, and recognized Ms. Bott. Ms. Bott reviewed her directives from the previous Board meeting, noting that the meeting with the Wells Branch Municipal Utility District subcommittee had been postponed, as previously discussed. She distributed the updated cash activity report attached as **Exhibit "X"**, and reviewed it with the Board. She requested approval of a check to Tommy Patterson and Mickey Shipman, noting that there were a couple of inspection fees that had not been paid to these individuals. She stated that she had been reconciling the inspection fees, and had determined that a number had not been backbilled to the responsible builders. Ms. Littlefield inquired whether DR Horton owed any money to the District for inspection fees which had not been paid, and Ms. Bott indicated that she believed several thousand dollars was due, but that she was still reconciling the amount. Ms. Littlefield recommended that the Board consider requiring DR Horton to agree to allow the District to retain an amount sufficient to cover these potential backcharges from its pending bond reimbursement, in order to be sure that the District had sufficient funds available to pay any charges which should have been backbilled, but had not been. After discussion, the Board agreed, and Director Henderson moved that the Board amend its previous approval of the payment to Continental Homes/ DR Horton to make the payment subject to a reduction of \$10,000 to be held in escrow to cover those charges and that the balance

of this escrow, after payment of the amounts determined to be due to the District, be released to DR Horton upon completion of Ms. Bott's reconciliation. Upon second by Director Richter, the motion was unanimously adopted.

Ms. Bott then called the Board's attention to the activity in the District manager's account, noting that it included activity for the District's customer deposit refunds. She also pointed out that she was requesting a transfer of \$4,400 to the manager's account, to replenish it. Ms. Littlefield reported that she had received confirmation that the first plat in the Village@Northtown had been approved, and had provided the related park contribution check to Ms. Bott. Ms. Bott then continued with the transfers which she recommended, including a transfer from the District's project tax account to the District's debt service and general operating account, and a transfer of \$50,000 to the District's park account, as set forth on Exhibits "Y" through "AA". She also presented the quarterly investment report attached as Exhibit "BB", noting that this had been prepared in accordance with the Public Funds Investment Act. Ms. Bott then presented the authorization letter for the disbursement of the bond funds attached as Exhibit "CC", noting that she had included a note about the \$10,000 which was to be retained out of the payment to DR Horton. Upon motion by Director Henderson and second by Director Richter, the Board voted unanimously to approve the payment of the bills and invoices, as presented; the transfer letters, as presented; the quarterly investment report and the authorization letter, with the notation regarding the \$10,000 to be retained.

Director Campbell then inquired whether Mr. Jones' item on the lift station modifications had been included on the original draft of the agenda or added later. Mr. Jones stated that he had requested that this item be added. Director Campbell directed that, if the agenda was changed after he reviewed it, Ms. Littlefield's office provide him with a redline so that he would be aware of the changes. Ms. Littlefield agreed to do so.

Director Gray then stated that he and Director Henderson had served as the Investment Subcommittee to review the District's investments, and presented the report attached as Exhibit "DD". He noted that the majority of the District's funds were located in a Logic account and, in order to diversify the District's investments, the Investment Subcommittee suggested moving one-half to TexPool, across the three major accounts. The Board discussed the fact that the directors did not recall why the District's funds were all in Logic rather than in TexPool, and Ms. Littlefield agreed to research the District's minutes to determine when the switch was made and the reason for the change. Mr. Gray also noted that certificates of deposits were currently paying more interest than any of the fund options, and stated that the Investment Subcommittee recommended diversification of the park funds into certificates of deposit. He stated that there would be no additional costs for the District's bookkeeper to handle this, and that it would provide an increase in interest income to the District through the end of the year. He stated that, because the certificates of deposits would be insured by the Federal Deposit Insurance Corporation up to \$250,000 through the end of the year, the Investment Subcommittee recommended that \$245,000 be placed in each of four different banks. Ms. Bott agreed to open the certificates of deposit so that they would remain in place until December 15th. She stated that she had the paperwork to implement this, if the Board concurred with the Investment Subcommittee's recommendation. She agreed to provide the final breakdowns and banks to Ms. Littlefield, and a copy of that information is attached as Exhibit "EE". After further discussion, upon motion by Director Gray and second by Director Richter, the Board voted unanimously to implement the Investment Subcommittee's recommendations.

Director Campbell then stated that the Board would receive a report from the District's general manager, and recognized Mr. Anderson. Mr. Anderson advised the Board that he had received the funds from Tech Ridge, and that their irrigation accounts had been switched over to the City of Austin. He also stated that Chasco Construction had done a majority of the repair work on the District's force main, and that CapTex, now known as South Waste, had done the pumping and hauling. He noted that the repair had been fairly expensive, as reflected on the District's list of bills and invoices. He presented the proposed Consumer Confidence Report attached as **Exhibit "FF"**, and requested that the Board members review it. He stated that, if it was approved, it would be sent out the District's customers with the utility bills. Mr. Anderson reported that the District had experienced an 8.22% water loss for the previous billing period, but that, for the previous 12 months, it had experienced a slight water gain. He stated that he expected that the loss that had been reported was a timing issue. Director Richter stated that the totals on the 30-60-90 day arrears did not add up. Director Campbell cautioned Mr. Anderson that, when the Board received information that made no sense, the Board members would call him on it, and Mr. Anderson agreed that this was fair. Mr. Anderson indicated that he believed that the discrepancy was due to payments which had been made under deferred payment plans. The Board asked that Mr. Anderson include a note on the report to reflect any accounts which were subject to a payment plan, and he agreed to do so. Mr. Anderson then updated the Board on the bioxide tank replacement which was in process.

Ms. Littlefield advised the Board that Tech Ridge had paid the outstanding amounts due from it, and that the Interlocal Agreement with the City of Austin had been finalized and executed. Mr. Anderson stated that he was coordinating with the City on the transition of the accounts from District accounts to City of Austin accounts.

Director Campbell then recognized Ms. Littlefield, for purposes of receiving the attorney's report. Ms. Littlefield reviewed her directives from the previous Board meeting, and noted that she had received notice from the Better Business Bureau regarding a complaint filed by Jodie Draine. Ms. Littlefield stated that she had responded to the notice, a copy of which is attached as **Exhibit "GG"**. Ms. Littlefield also presented an updated foreclosure report from Southwest Securities. Director Campbell pointed out that Ipswich Bay Drive was in Onion Creek, and not in the District. Ms. Littlefield agreed to follow up on this error with Ms. Allen's office. She advised the Board that there were no current, uncorrected violations of the District's Erosion Control Rules. Ms. Littlefield then presented the Order Establishing Identify Theft Prevention Program attached as **Exhibit "HH"**, and the Amendment to Contract for Maintenance and Operation of Retail Utility System with SWWC Services, Inc. attached as **Exhibit "II"**, which provided for implementation of the Identity Theft Prevention Program. Ms. Littlefield explained that the Federal Trade Commission had adopted a rule which required utilities such as the District to adopt an identity theft prevention program in order to protect customer information and to protect the District's customers from potential identity theft. After discussion, upon motion by Director Gray and second by Director Henderson, the Board voted unanimously to approve the Order and the Amendment, as presented.

The Board agreed to defer discussion of meeting binder and recycling alternatives until the next Board meeting, and Ms. Littlefield agreed to provide information on the various alternatives and their potential cost-savings for the meeting packet.

Director Campbell then stated that the Board would consider the renewal or amendment of the Interlocal Agreement for Administrative and Governmental Services with Wells Branch Municipal Utility District. Director Campbell reminded the Board that, as discussed at the previous Board meeting, the District's legal counsel could not work on this project without the consent of the Board due to the fact that the firm also represented Wells Branch Municipal Utility District. The Board reviewed the Conflict of Interest Disclosure and Consent to Representation attached as **Exhibit "JJ"** and, upon motion by Director Richter and second by Director Martinez, voted unanimously to approve it. Ms. Littlefield stated that she would be involved in the redrafting of the agreement, once the parties agreed on the terms.

Director Campbell then stated that the Board would consider any reports from developers' and landowners' representatives. Ms. Littlefield explained that the Village@Northtown, Ltd. was in the process of finalizing a number of easements which it wished to grant to the District. She suggested that the Board consider approving these easements, subject to her final approval of the form. Upon motion by Director Henderson and second by Director Martinez, the Board voted unanimously to do so.

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

Date: _____.

(SEAL)

Scott M. Gray, Secretary
Board of Directors