

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

April 29, 2008

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on April 29, 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 Kowis and Director Zeniecki, thus constituting a quorum. Also present at the meeting were Mike Morin of SWWC Services, Inc.; Mary Bott of Peña Swayze & Co., L.L.P.; Ken Heroy of Sam Jones Consulting; David Armistead of the Wildflower Homeowners' Association; Don Williams and Mona Oliver of Wells Branch Municipal Utility District; Deputy Keith Kinnard of the Travis County Sheriff's Department; Richard Fadal of TexaScapes, Inc.; Autumn Phillips of Municipal Accounts and Consulting, L.P.; Ray Garza, Scott Gray, Chris Lopez and Alex Martinez, residents of the District, 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 minutes of the March 25, 2008 Board meeting. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the minutes.

Director Campbell then inquired whether there were any citizens present wishing to address the Board. There being none, Director Campbell announced that the Board would next convene in executive session, for purposes of receiving legal advice from the District's attorney relating to management and bookkeeping services and the appointment of replacement directors to fill vacancies on the Board, and to discuss personnel matters, including the appointment of directors. He noted that the time was 5:46 p.m. At 6:30 p.m., the Board reconvened in open session, and Director Campbell announced that no action had been taken during the executive session.

Director Campbell then again inquired whether there were any citizens present wishing to address the Board and, there being none, stated that the Board would next consider taking action regarding the Dessau wastewater treatment plant. Mr. Heroy presented the Pay Estimate attached as **Exhibit "B"**, noting that this had been modified by Pate Engineering. Mr. Heroy

recommended approval of the Pay Estimate, as modified by Pate Engineering. After discussion, upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to do so. Mr. Fadal noted that he had received approval from Mr. Carlton of the District's attorney's office to initiate the clean-up on the uplands areas adjacent to the creek. He stated that this work would begin the following week.

Director Campbell then recognized Mr. Williams, for purposes of receiving a report under the Interlocal Agreement with Wells Branch Municipal Utility District. Mr. Williams stated that he had no unusual maintenance items to report, although there had been some graffiti placed on facilities on Ceylon Tea and in the MeadowPointe Park. He requested approval for the installation of a water meter and related waterline for the dog run area. He stated that this was included in the District's original park budget. Director Richter noted that it might be more cost-effective on a long term basis to install a well to provide irrigation water. Mr. Williams stated that he believed one well could be done for about \$10,000. After discussion, Director Richter moved that the Board approve the installation of a water meter and up to \$500 for the construction of a water line to serve a dog run area. He noted that, in the future, this line would also serve the community center. Upon second by Director Henderson, the motion was unanimously adopted.

Mr. Williams then requested that the Board approve the installation of additional lighting which would shine toward the creek and by the playscape at a total cost of approximately \$2,800 for five lights. Director Richter asked Deputy Kinnard if this would be inviting people into the park outside of the curfew, or if he felt the additional visibility would be a good thing. Deputy Kinnard indicated that he believed that the additional lighting would be beneficial. Mr. Williams noted that the lighting could be put on a timer. After discussion, upon motion by Director Richter and second by Director Henderson, the requested lighting was unanimously approved by the Board. Mr. Williams reported that he had delivered all of the District's grant contracts to the Lower Colorado River Authority, and would deliver a W-9 Form to them the following day, so that the grant payments could be direct deposited into the District's account. Director Campbell requested that the irrigation for the dog run area be designed so that it could not inadvertently be left on, and Mr. Williams stated that he would assure that this was done.

Ms. Oliver then addressed the Board regarding restrictive covenant matters, and discussed with the Board a situation in which a portion of a roof had been replaced with shingles which did not match. After discussion, the Board requested that Ms. Littlefield look at the District's restrictive covenants to determine if this could be pursued, and report back at the next meeting. Ms. Oliver also advised the Board that there was a home on Mandarin Crossing which she had been told was in foreclosure, but that it remained in the homeowner's name. She stated that she was referring this violation to the attorney's office as a result.

Mr. Armistead then addressed the Board regarding Wildflower Homeowner's Association restrictive covenant matters. He stated that the previous month had been routine, but noted that a house had burned down on Golden Flax. He stated that there was a lot of building going on, and that he was working on alley maintenance. After Mr. Armistead discussed issues regarding replacement of resident fences, Director Campbell inquired how Mr. Armistead communicated with the residents regarding their fences. Mr. Armistead stated that he communicated by letter, and gave the residents the option to replace the fence themselves or through a fencing company which the Homeowners Association had contracted with. Director

Campbell inquired whether there was any ongoing communication with the residents, such as in the form of a newsletter. Mr. Armistead stated that there was no newsletter. Director Campbell expressed concern that the only contact many residents had with the Association was through enforcement proceedings, and that no positive contact was being made. He stated that positive news, in the form of a newsletter, would be a good idea. The Board concurred.

Director Campbell then recognized Deputy Kinnard, for purposes of receiving the security report. Deputy Kinnard reported that there were fewer drug dealers in the District following an arrest during the previous month. He noted that he had received an inquiry regarding the permissibility of the use of a starter pistol for dog training in the District's parks. After discussion, the Board concurred that it did not want starter pistols to be used in the parks, not only because starter pistols looked very much like real guns, but also because of the noise disturbance that they created. The Board agreed that this needed to be addressed in the District's park rules. Director Richter inquired whether Deputy Kinnard felt that the Sheriff's Department needed more authorized patrol hours, and Deputy Kinnard indicated that it did not need more hours at this time, although more intense patrols might be appropriate once the park improvements were built. Director Campbell noted that there had been some concern expressed regarding patrols on the east side of the trailer park. Deputy Kinnard indicated that he had been on patrol near the home of the resident who had raised this issue on a regular basis. Director Campbell noted that, since the District would begin park improvements in that area soon, there might be an increased opportunity for vandalism of the construction equipment and other items. Deputy Kinnard concurred, and agreed to increase surveillance in that area.

Director Campbell stated that the Board would next discuss park development matters, and Director Richter reported that the Park Subcommittee had met with Mr. Williams and Mr. Fadal about the soccer fields and other park projects. She stated that wells were being considered to save money in the future, and noted that these could provide water for irrigation of the soccer fields and other areas. She noted that the areas that had been cleared by Mr. Fadal's crews thus far looked great, and stated that the dog run was moving forward, which would allow the larger areas under the park grant to be completed first. Director Campbell noted that he was still waiting for photographs of the cleared areas for posting on the District's website. Mr. Fadal agreed to provide photos to him, noting that he had had some technical difficulties in doing this the previous month. Director Richter stressed that this needed to be done soon.

Director Campbell then recognized Mr. Fadal for the landscape maintenance report. Mr. Fadal stated that his crews had the park areas in nice shape, and that the spring color installation was underway. He stated that his crews were about to start work on the Merseyside greenbelt areas, and that he was working on a plan to extend the entryway landscaping in Stoney Creek Park. He noted that, following the rough clearing of the 50 acre park, there were still some large trees and other items which needed to be removed, and that he would be bringing a proposal for this work to the Board for approval. Director Campbell noted that the Tech Ridge commercial property owners had done a substantial amount of landscaping, and encouraged Mr. Fadal to keep this design in mind when planning for any additional landscaping which would be adjacent to it. Mr. Fadal stated that a copy of the landscape plans for the Tech Ridge area would be helpful to allow him to do this, and Ms. Littlefield stated that, if she had a copy in her files, she would forward it to Mr. Fadal.

Director Campbell then recognized Mr. Morin, for purposes of receiving the general manager's report. Mr. Morin reported that the District had experienced a small water gain the previous month, noting that he had no explanation for this, but did not think it was a real problem. He stated that he felt there might be a valve problem, and that he had identified the suspect valves and was having his crews check them to be sure that they were open or closed per the plans. He noted that the District's clean-up day was traditionally held in May, but that, per the revised contract with Texas Disposal Systems, clean-up day would now be occurring on two days instead of one. He suggested that the clean-up days be scheduled for May 31 and June 7, and stated that he was trying to set this up with Ryan Beard. He noted that he had asked Mr. Beard for a geographic breakdown of the clean-up days by neighborhood. He asked that the Board appoint a subcommittee or representative to work with him on the selection of the sites for the dumpsters. Director Henderson inquired how many dumpsters would be placed within the District, and Mr. Morin stated that he believed there would be eight, four on each day. After discussion, Director Henderson agreed to serve as the District's representative on the site selection. Mr. Morin also noted that the District always sent out a flyer notifying residents of the clean-up day, and stated he would like to do this with the May utility bills. He reminded the Board that the clean-up days would require two days of Boy Scout time. The Board agreed that this had been anticipated. Mr. Morin then advised the Board that the apartment complex in Tech Ridge had recently received its first irrigation water bill which included sewer charges. He reminded the Board that it had determined to impose sewer charges on customers who utilized water during the winter-averaging period, due to the fact that the cost of this was passed through to the District on an ongoing basis under the District's wholesale contract with the City of Austin. After discussion, the Board agreed that Ms. Littlefield should review the District's irrigation charges which included sewer charges when customers utilized wastewater during the winter-averaging period, and determine if the charges would go down based on actual usage.

Mr. Morin then presented the write-offs attached as **Exhibit "C"**, and requested approval. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the write-offs. Mr. Morin then presented the transfers attached as **Exhibit "D"**, and requested approval. Upon motion by Director Henderson and second by Director Richter, the Board voted unanimously to approve the transfers. Mr. Morin then reviewed the bills and invoices received by the District, as set forth on the check register attached as **Exhibit "E"**. He noted that he had reviewed the invoices with Director Henderson prior to the meeting. He noted that Gainer Property Management was included for a deposit refund, and stated that the company had paid the account that had been on the write-off list the prior month. Director Campbell inquired whether the District ever got "charge-backs" on credit card payments, and Mr. Morin stated that it had not, to his knowledge. He agreed to check on this and report back to the Board at the next meeting. After further discussion, 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.

Director Campbell then stated that the Board would receive a report from the District's attorney, and recognized Ms. Littlefield. Ms. Littlefield reported that she had not proceeded with the consent to the assignment of reimbursement rights which had been discussed at the prior Board meeting due to the fact that Village @ Northtown owed the District money, and had not replenished its escrow as required. Director Campbell thanked Ms. Littlefield for not proceeding due to this circumstance. Ms. Littlefield also reported that she had determined that the District's rules regarding park and recreational facilities had been revised to delete the wet pond rules

when the Board had determined that the wet pond had not been conveyed to the District, and that although the conveyance had occurred subsequently, the rules had not been brought back to the Board to reincorporate the wet pond provisions. The Board agreed that it wished to re-establish the wet pond rules.

Director Campbell then stated that the Board would consider taking action regarding management and bookkeeping services, and noted that the District had received several proposals for bookkeeping services. He invited Ms. Bott and Ms. Phillips to address the Board. Ms. Phillips stated that she was a principal with Municipal Accounts and Consulting, L.P., which had been doing bookkeeping work for districts for 29 years, and currently represented over 200 districts. She stated that she had been with the company for five years, and had transferred to Austin and would be the District's principal contact and attend all of the Board meetings. She stated that she felt meeting attendance was very important, as it kept the bookkeeper informed as to the District's activities. Ms. Phillips stated that something which set her company apart was its investment skills, noting that they usually had about one-half billion dollars on deposit and could usually get a better interest rate by pooling District funds. She stated that, usually, this allowed them to obtain about 50 basis points higher than what was paid by TexPool, and that her company frequently increased a district's interest earnings by 20% over the course of the year. She stated that her company also had a department that handled collateralization of district funds, and that they monitored arbitrage issues. She stated that her firm had two certified public accountants on staff, and that these accountants worked on compliance issues in connection with district audits. Director Campbell inquired whether Ms. Phillips had any concerns regarding the District's representation, and she stated that she was aware that the District was a more complex district with many payables and contracts. Director Campbell thanked her for her presentation. He next recognized Ms. Bott, who reminded the Board that Pena Swayze & Co., L.L.P. had been the District's auditor since 1994, and was very familiar with the District and its requirements. She stated that her firm wanted to approach district bookkeeping services from a controller's standpoint, and would provide concise reports that the Board could be comfortable were correct. She stated that she would be happy to answer any questions or meet with the District's designated subcommittee to go over the specifics of her firm's proposal. After discussion, Director Richter moved that the Board appoint a subcommittee to meet with the representatives of both companies and evaluate their proposals, and to come back with a recommendation to the Board at the next meeting. Upon second by Director Henderson, the motion was unanimously adopted. The Board then discussed appointment of a subcommittee and agreed that Directors Richter and Campbell would serve as the Board's designated representatives. The Board agreed to defer action on an amendment to the contract with SWWC Services and the manager's account until the next Board meeting.

Director Campbell then stated that the Board would consider taking action regarding the resignation of Director Zeniecki and the appointment of a replacement director. He advised those present that the District had three candidates who were eligible and willing to serve as directors to fill the vacancy created by the resignation of Director Zeniecki. He noted that the Board had not made any decision or taken any action while in executive session earlier in the Board meeting. He inquired whether any Board member had any item for discussion or proposal for action. Director Henderson moved that the Board appoint Scott Gray to fill the vacancy created by the resignation of Director Zeniecki. Director Richter seconded the motion which was unanimously adopted. Director Campbell then stated that the Board liked all of the potential candidates for appointment, but was especially comfortable with Mr. Gray. He stated that there

was another vacancy which would be filled in the near future, and the Board wished to continue its consideration of the other candidates and make an appointment at the next regular Board meeting. He encouraged all of the candidates to contact the current Board members with any questions they might have, and stated that he felt that some of the Board members would also be calling the candidates.

Director Campbell then stated that the Board would consider approving the Sworn Statement, Oath of Office and Bond for Director Gray. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve these items. Director Campbell inquired whether the Board wished to make any changes to its current slate of officers and, after discussion, the Board agreed to retain the same slate of officers. Director Richter moved that the Board update the District's registration form to reflect the appointment of Director Gray. Upon second by Director Henderson, the motion was unanimously adopted. The Board requested that Ms. Littlefield forward Bart Jennings of the City of Austin a copy of the updated registration form, so that he would be aware of the need to contact Director Campbell with any District-related items in the future. Ms. Littlefield agreed to do so.

Director Richter then moved that the Board amend the District's Order Establishing Rules and Regulations Governing Park and Recreational Facilities and Greenbelt, Including Wet Pond Facilities, to reincorporate the rules regarding the District's wet pond, and to incorporate a restriction against use of starter pistols and the regulation of noise levels within the park. Upon second by Director Henderson, the motion was unanimously adopted. A copy of the Order, as revised, is attached as **Exhibit "F"**.

Director Campbell stated that the Board would next receive a report from the District's engineer, and recognized Mr. Heroy. Mr. Heroy reviewed his directives from the previous Board meeting, and advised the Board that he had no update on construction or development matters. He stated that the Lake at Tech Ridge restrictive covenant was still pending, and that the Lakes at Northtown, Section 1 Detention Pond was not yet in a condition to be accepted by the District. Mr. Heroy stated that he had worked with Mr. Fadal on a solution regarding the rocks around the pond, and that Mr. Fadal suggested overseeding as an option. After discussion, Director Henderson and Director Richter agreed to discuss this matter further with Mr. Fadal, noting that there were maintenance issues which they wished to address with Mr. Fadal before agreeing to the overseeding proposal. Mr. Heroy reminded the Board that it had previously approved the pay estimate, as revised by Pate Engineering, for the improvements which were being completed under the Tri-Party Agreement related to the Dessau Fountains wastewater treatment plant. He stated that he had met with the attorney and engineer for Dessau Fountains earlier in the day, and that a solution had been discussed which he hoped would allow the final approvals to move forward. He stated that the additional work necessary to correct the alignment error relating to the location of the line under the right-of-way would be added into Dessau Fountains' scope of work for the project. Ms. Littlefield stated that she assumed that an amendment to the Tri-Party Agreement would be required, and Mr. Heroy concurred. Ms. Littlefield inquired whether the facility which was misaligned had previously been reimbursed by the District, and Mr. Heroy indicated that he did not know. Ms. Littlefield agreed to follow up on this question.

Mr. Heroy reported that he had not yet heard back from the Texas Commission on Environmental Quality regarding the small municipal separate storm sewer system permit application, but that he did not feel this indicated that anything was wrong and assumed that the

staff was simply overwhelmed with applications. He stated that he continued to wait on information which was needed from the developer in order to complete the 2008 bond application. Ms. Littlefield agreed to follow up with DR Horton regarding the requested information.

Mr. Heroy then presented the proposal for updating of the landscape maintenance map, attached as **Exhibit "G"**. After discussion, upon motion by Director Richter and second by Director Henderson, the proposal was unanimously approved by the Board.

Director Campbell then stated that the Board would consider taking action regarding water and wastewater service to Settlers Meadow. Ms. Littlefield stated that she understood that the developer was still working on finalizing its financing, which was required in order for the project to move forward. She stated that the last report which she had received from the project engineer was that they hoped to have that worked out the following day. Ms. Littlefield noted that the District had received approval of the escrow release in connection with the request for approval of the use of escrowed funds for the Settlers Meadow project, a copy of which is attached as **Exhibit "H"**.

There being no reports from developers and landowners, the meeting was adjourned at 7:53 p.m.

Date: _____.

(SEAL)

Brenda Richter, Secretary
Board of Directors