

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

May 26, 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 May 26, 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, except Director Campbell, thus constituting a quorum. Also present at the meeting were Trent Rush of TBG Partners; Sam Jones of Jones-Heroy & Associates, Inc.; Robert Anderson of SWWC Services, Inc.; Jesse Kennis of Wells Branch Municipal Utility District; Deputy Keith Kinnard of the Travis County Sheriff's Department and his canine partner, Cora; Scott Foster of Kimley-Horn & Associates, Inc.; Adrian Alvarado, Lupe Serna, Ray and Maria Garza, Dick Contreras and Alexandra Ortiz, residents of the Wildflower neighborhood; Richard Fadal of TexaScapes, Inc. and Sue Brooks Littlefield of Armbrust & Brown, L.L.P. Allen Douthitt of Peña Swayze & Co., L.L.P. arrived later.

Director Richter called the meeting to order at 5:47 p.m., and stated that the Board would first consider the consent items on the Board's meeting agenda: the minutes of the April 28, 2009 Board meeting and a revised District Registration Form. Upon motion by Director Martinez and second by Director Henderson, the Board voted unanimously to approve the consent items.

Director Richter then recognized Deputy Kinnard, for purposes of receiving the security report. Deputy Kinnard advised the Board that his staff was continuing to monitor the situation on Battenberg Lane which had been discussed previously. He stated that Deputy Oscar Gonzales was following up on graffiti within the District, and he felt they were making headway on the problem. Director Richter advised the Board that Deputy Kinnard had retrieved some evidence from the site of a recent graffiti incident. She added that Ernest Robles and the other Wells Branch Staff was also being very proactive, and had been informed to call 911 if any problems were observed. Deputy Kinnard confirmed this, noting that he was coordinating with Mr. Robles, and was also dealing with the graffiti incidents as well as abandoned cars within the District. He stated that he would increase Deputy Gonzales' hours in June, because he knew the kids and was able to obtain additional information regarding the graffiti problem. He stated that burglaries of residences were down, while burglaries of vehicles were up, noting that this was

expected throughout the summer. Director Richter inquired whether inoperable vehicles were subject to the County's regulations, and could be tagged and towed, and Deputy Kinnard confirmed that they could be as long as they were not located in a driveway. Director Richter asked that Deputy Kinnard check the vehicles in an alley in Brookfield, and he agreed to do so.

Director Richter then stated that the Board would receive citizens' communications and Board member announcements. She inquired whether Constable Adan Ballesteros was present to address the Board on public safety issues, as he had requested to be placed on the agenda. Constable Ballesteros not being present, the Board agreed that Ms. Littlefield should respond to his request by noting that the Board had included him on the meeting agenda and was disappointed that he had not attended. Ms. Littlefield agreed to do so. Director Richter inquired whether there were any other residents who wished to address the Board, and Ms. Serna indicated that she was present on behalf of the Wildflower Homeowners' Association. Ms. Littlefield advised the Board that the Wildflower Homeowners' Association was included on the Board's meeting agenda, following the Wells Branch report. Director Richter agreed that the Board would take up the Wildflower matters under that agenda item.

Director Richter then recognized Mr. Kennis, for purposes of receiving a report under the Interlocal Agreement with Wells Branch Municipal Utility District. Mr. Kennis reviewed his directives from the previous Board meeting, noting that he was still working on arranging a meeting on the park and Interlocal Agreement with the Wells Branch Municipal Utility District subcommittee. Director Richter pointed out that Director Campbell and Director Henderson were to meet with the Wells Branch subcommittee on the financing issue. Mr. Kennis agreed. He then advised the Board that he had purchased a security camera, as requested by the Park Subcommittee. Director Richter explained that this security camera was designed to discourage graffiti taggers, and to capture vandals on film. She noted that the cameras could be relocated, and Director Henderson stated that he felt it would be a good idea to move them around, since they flashed and would be apparent after they were in use. Mr. Kennis stated that he believed that the flash was actually infrared, and would not be apparent. Mr. Kennis continued with his report, noting that his staff had been pulling up the metal edging around the trails, and had installed 11 "mutt mitt" stations. He added that the crews were also working on repairing the top rail of the fence at the dog park, and had repaired the fence at the water quality pond. He presented the revised task list attached as **Exhibit "B"** and reviewed it with the Board. He noted that the installation of a security light at Meadow Pointe was still outstanding, and noted that there had been some difficulty with the City of Austin regarding the use of a power pole for the light. Director Richter suggested that Mr. Kennis talk to Mr. Foster about this, as he had very useful contacts at the City of Austin. Mr. Kennis then presented the covenant report, noting that Ms. Oliver had been out on medical leave, but that her report was included in the packet. He stated that some of the violations had been referred to the District's attorney. He added that his staff had given one extension, and that action had been postponed on one violation relating to a home which had been posted for foreclosure in June.

Director Richter then recognized Ms. Serna, for purposes of receiving a report regarding Wildflower Homeowners' Association matters as well as covenant enforcement alternatives. Ms. Serna advised the Board that she was the Vice President of the new Homeowners' Association, and that the Association had terminated its contract with Alliance Management at the end of April. She proceeded to review the Homeowners' Association's finances, and stated that the residents wanted a beautiful neighborhood. Ms. Littlefield explained that there might be

some misunderstanding about the type of report that the Board had been expecting, noting that the District's Board did not have any jurisdiction over the Homeowners' Association's financing, but was interested in the report required under the Restrictive Covenant Services Agreement between the District and the Homeowners' Association. Director Richter agreed, and asked Ms. Serna what process the Homeowners' Association intended to follow in order to enforce restrictive covenants within the community. She noted that the District needed to be assured of consistent enforcement. Ms. Littlefield explained that the District compensated the Homeowners' Association for doing routine patrols and providing a report regarding violations, as well as referring matters which required follow-up legal action. Ms. Ortiz then addressed the Board, noting that she was the President of the Homeowners' Association, and that there would be a process. She stated that the Homeowners' Association intended that the first attempt to obtain compliance with the covenants would be made through personal contact with the resident regarding the violation. She stated that the Homeowners' Association's goal was to get many of the residents involved, and that she believed that many more people were going to be involved than had been under the previous Homeowners' Association board. Director Richter commended the new board members for their plan to make personal contact with the violators and increase the involvement of the community. She had asked Ms. Littlefield to provide Ms. Serna and Ms. Ortiz with the forms of restrictive covenant notices that were used by the District, as well as the report form which was used for the rest of the District, and Ms. Littlefield agreed to do so.

Ms. Serna then stated that the Homeowners' Association's next question was about the installation of a sound-proof wall, stating that there was a problem with the noise generated by traffic on McAllen Pass. Director Richter noted that a fence along the roadway had been discussed by the Board in the past, but that she believed that there were no easements on the property which would allow a fence to be constructed. She added that, about two years previously, the Board had offered funding to the Homeowners' Association, in order for the District to cost-participate in the fencing, but that the board of the Homeowners' Association at the time decided not to pursue the fence. After discussion, Director Richter recommended that the request for the fencing be referred to the Park Subcommittee, but stressed that she understood that one issue was the need for an easement. Ms. Littlefield stated that, if there was no easement available, it might be possible to place the fence in the right-of-way, as long as the District obtained a license agreement from the County. She noted that right-of-way improvements were permissible under the Water Code, under certain circumstances, and a license agreement would be a sufficient real property interest to allow construction of a fence. Ms. Ortiz inquired whether there were any other funding sources, and the Board discussed the fact that it was possible that the developer of the Village @ Northtown would contribute, and that, if the District proceeded with the fence, that option would be pursued. Ms. Serna mentioned the Homeowners' Association's encouragement of participation in the District's Clean-Up Days, and Mr. Anderson reminded her that the Wildflower area Clean-Up Day was designated as June 6th. The Board discussed the fact that there were two Clean-Up Days required under the current TDS Contract, and Ms. Littlefield reminded the Board that, under the contract, one Clean-Up Day was for approximately half of the District and the other Clean-Up Day was for the other half. Mr. Anderson also reminded Ms. Serna that residents would need to bring either a utility bill or a driver's license in order to participate.

Mr. Contreras then addressed the Board, noting that he lived on the back side of the road that was being built, and inquired whether the fence would go all the way to the bridge. Director

Richter stated that she was not sure of the location he was asking about, and he stated that his residence was at 14034 Golden Flax.

Ms. Ortiz then inquired whether the residents could install improvements within the park near the walking trail within the Wildflower Park, and Ms. Littlefield explained that residents could not install private facilities on the District's public park property. She noted that the Board did provide opportunities to the public to provide input on the District's park master plan, which had recently been updated. Ms. Serna stated that there was a vandalism problem within the Wildflower community, and inquired about additional lighting. Director Richter noted that Deputy Kinnard did not generally recommend additional lighting, because he felt that lighting the park would attract people after hours. She noted that the deputies had told the Board that anyone who observed individuals in the park after hours should call 911 and report the incident, because it was a violation of the District's rules. Ms. Serna stated that she had reported an individual with a pellet gun in the park, and that she understood that the deputies had responded to her call. One of the residents inquired who maintained the street lights within the District, and Mr. Anderson confirmed that they were maintained by the City of Austin. He indicated that several lights were out, and the Board requested that he report them to Mr. Anderson, who would then report the outages to the City. Director Richter thanked the Wildflower residents for attending the meeting, and encouraged them to remain involved.

Director Richter stated that the Board would next consider taking action regarding park development matters. She presented the park development budget attached as **Exhibit "C"**, and reviewed it with the Board. She pointed out that this budget included the future recreational building, although it was not anticipated that this would be built for a year to a year and one-half. She stated that she was comfortable with the numbers in the budget, which were very detailed. Mr. Foster advised the Board that his opinion of probable construction costs supported the budget. Director Richter noted that the addition of professional services and additional projects had increased the cost from \$2.4 million to \$2.7 million, and that a large part of this was due to the clearing budget. She noted that the numbers reflected the removal of the basketball court and its replacement with the playscapes and an allocation for disc golf. She stated that she expected that the District would receive a very high-quality course, noting that irrigation costs had also increased. Director Richter explained that the District had spent approximately \$400,000 to date, and that about \$1.3 million was left for the project which was planned for the current phase of the park. Director Gray stated that he liked the format of the budget, and Director Richter confirmed that this format would be used in the future. Director Martinez inquired whether all of the expenditures would come back to the Board for approval before being made, and Director Richter confirmed that they would. Ms. Littlefield noted that the park budget was similar to the District's annual budget, and that approving a budget did not authorize the expenditures, which would need to be separately acted on by the Board. After further discussion, Director Martinez moved that the Board approve the amended budget, as presented. Upon second by Director Gray, the motion was unanimously adopted.

At 6:40 p.m., Mr. Douthitt arrived at the Board meeting. Director Richter then presented the proposed change to the Lower Colorado River Authority park grant budget attached as **Exhibit "D"**. She noted that the Lower Colorado River Authority funding would remain the same, but that she was requesting Board approval to submit this amended budget to the Lower Colorado River Authority. Mr. Kennis noted that he had met with the Lower Colorado River Authority's staff about deleting the basketball court from the grant and including alternative

facilities, and that the staff had indicated no objection, but had requested an amended budget. Director Gray then moved that the Board authorize the submittal of the amended budget to the Lower Colorado River Authority. Upon second by Director Martinez, the motion was unanimously adopted.

Director Richter proposed that the Board defer action on the areas proposed to be included in the fencing contract and on additional park lighting, and the Board concurred.

Director Richter stated that the Board would next consider taking action regarding park planning and development. She noted that Mr. Rush was present in order to present information on playscape designs. Mr. Rush presented the alternative playscape design information attached as **Exhibit "E"**, noting that these were intellectually challenging playscapes, and were intended more for creative play. He stated that these were slightly more expensive than traditional playscapes, but that this was the direction playscape design was going. After discussion, Mr. Rush requested approval of the Professional Services Agreement attached as **Exhibit "F"**, noting that this would authorize his firm to provide new vegetation and irrigation designs for the park as well as the playscape design, as discussed. Upon motion by Director Henderson and second by Director Gray, the Board voted unanimously to approve the agreement. The Board then discussed the timeline for the playscapes plans, and Mr. Rush indicated that he felt he would be able to have construction drawings by the next Board meeting. Director Gray then inquired about potential liability arising from the playscapes, and Mr. Rush explained the various design features which were intended to make the playscapes relatively safe. Ms. Littlefield inquired whether the City of Austin would need to approve the designs of the playscapes, noting that she believed that, in the past, the City's park staff had had input on the type of playscapes that were installed. Mr. Rush agreed to set up a meeting with the City of Austin in order to determine the level of involvement that would be required of City staff. After further discussion, Director Martinez moved that the Board defer the decision on the playscape design to the Park Subcommittee. Upon second by Director Henderson, the motion was unanimously adopted.

Mr. Foster then advised the Board that he had made full submittals to the City of Austin and Travis County on May 5th. He stated that he had received minor comments back from the County, and had received additional comments from the City of Austin regarding the vegetative filter strip, requiring rock "bands" to be installed throughout the strip. He stated that this would be very unattractive, and so he was going to pursue a request for an exception to this requirement. He noted that, as an alternative, he was looking at removing the basketball court, reducing parking spaces and making other slight modifications in order to reduce the impervious cover on the site and avoid the requirement altogether. After discussion, Director Gray moved that the Board authorize Mr. Rush to proceed on this basis. Upon second by Director Richter, the motion was unanimously adopted.

Mr. Foster then advised the Board that the red tag that had been issued by the City of Austin relating to the District's pond had been lifted, as indicated by the letter attached as **Exhibit "G"**. Director Gray noted that he had observed that the silt fence for the Village @ Northtown property around the extension of Wells Branch Parkway was in very poor condition and full of holes. After discussion, the Board directed Mr. Jones to follow up with the developer on the problem.

Mr. Foster then requested authorization to advertise for bids for the Phase 2A improvements, and reminded the Board that these were the Phase 2 improvements, exclusive of the amenity center. Upon motion by Director Gray and second by Director Henderson, the Board voted unanimously to authorize Mr. Foster to proceed with advertising for bids.

Director Richter proposed that the Board defer action on park grant administration and construction management as well as pond maintenance and remediation, including the Ceylon Tea pond remediation, until the next meeting, and the Board concurred. Director Richter noted that she expected that the Park Subcommittee would have a proposal to present to the Board for the pond remediation at the next meeting.

Director Richter then stated that the Board would receive a report from the landscape maintenance contractor. Mr. Fadal advised the Board that park maintenance was going according to plan. He reported that the District would be receiving a credit on his invoice for the pond remediation, because some of the watering had not been required due to the rains. He stated that all of the grass was established. Mr. Fadal then presented the proposals attached as **Exhibits "H" and "I"**, and reviewed them with the Board. He advised the Board that the Park Subcommittee had approved the proposal for the Harris Ridge roadside maintenance under its budget authority, but requested Board approval of the proposal for the dead fallen/dead standing tree removal west of the Harris Ridge Bridge. He noted that the Harris Ridge roadside maintenance would need to be incorporated into his revised contract, and the Board agreed that Ms. Littlefield should work with Mr. Fadal on preparing that contract revision. Mr. Fadal then explained that the District had three levels of maintenance for its properties, one was monthly, consisting of the channels; one was bi-weekly, consisting of the trails, which were maintained every other week; and one was weekly, which was the highest level of service and included the park property and anything which was irrigated. After discussion, upon motion by Director Henderson and second by Director Martinez, the Board voted unanimously to approve the proposal for the dead fallen/dead standing tree removal. Mr. Fadal then reviewed a proposed upgrade to the District's park signs with the Board and, after discussion, the Board agreed that Mr. Fadal should work with Director Gray on any recommendations on improvements to the signage.

Director Richter then recognized Mr. Jones, for purposes of receiving a report from the District's engineer. Mr. Jones advised the Board that, effective May 1st, his firm's name had changed to Jones-Heroy & Associates, Inc. He noted that this had been included in the updated District Registration Form previously approved by the Board. He then proceeded to review his directives from the previous Board meeting, noting that he had confirmed that the District could use available surplus funds for costs associated with the force main repair. He presented the memorandum relating to the proposed low flow lift station bypass line attached as **Exhibit "J"**, and the Board discussed that proposal. Ms. Littlefield expressed concern regarding the impact of constructing the bypass because the City of Austin has previously indicated that the low flow lift station would be taken off line by a City of Austin capital improvements project, and also noted that this project could impact the District's agreement with the Dessau wastewater plant owners, who were currently contributing to the capital costs and the operation and maintenance costs of the low flow lift station. Director Gray stated that he would like a break-even analysis, which would reflect when the bypass line would be offset by the reduced maintenance cost associated with the low flow lift station. Mr. Jones indicated that he would need an additional funding authorization for the cost associated with preparing such an analysis. After discussion, the Board

agreed that Ms. Littlefield should first look into whether Dessau Fountains would cost-participate in the bypass project. Mr. Jones then advised the Board that the silt fencing underneath the bridge was part of Keystone Construction's job, but could not be removed because the area had not been revegetated. Director Henderson and Director Richter stressed that they wanted the area cleaned up and revegetated, and the silt fence removed. Mr. Jones agreed to follow up with Keystone Construction, and Ms. Littlefield indicated that she would ask Mr. Carlton to follow up with the Dessau Fountains owners regarding the problem. Mr. Jones stated that he had received a maintenance bond for the project, and Ms. Littlefield suggested that he notify the bonding company of the problem regarding the clean-up and revegetation. He agreed to do so. Mr. Jones then advised the Board that he had received an administrative completeness letter relating to the On-channel Reservoir Permit Application. He indicated that the Wildflower trails had not yet been repaired, as the waterline project was not complete. He agreed to check on the status of the trail repairs as well as the inlet protection which Director Gray had mentioned previously. Director Richter stated that there was silt fencing in the I-4 pond which had been accepted by the District a long time previously. She stated that this still needed to be removed. Mr. Jones stated that he would have Tom Anker of DR Horton have the silt fence removed. Mr. Anderson advised the Board that he and Mr. Jones had met with Lisa Martinez of the City of Austin, and discussed the Board's concerns regarding the proposed interruption in service to District customers associated with the proposed water line repair by the City and that Ms. Martinez had now indicated that the City was fast-tracking an alternative water line which would provide a secondary source of water, making the interruption of service unnecessary. Ms. Littlefield inquired whether Mr. Jones had determined if the water leak had affected the force main, as Director Henderson had suggested. Mr. Jones responded that Mr. Jennings had said that it would be difficult for the District to prove this.

Director Richter stated that the Board would next consider taking action regarding bookkeeping services. Ms. Littlefield advised the Board that, effective July 1st, Mr. Douthitt and Mary Bott would become the principals of Bott & Douthitt, P.L.L.C., and would no longer be with Peña Swayze & Co., L.L.P. She stated that she understood that Peña Swayze & Co., L.L.P. would no longer provide bookkeeping services, but that she had been unable to obtain a letter from Steve Peña confirming that he had agreed to termination of the existing contract with the District by consent. Ms. Littlefield stated that, as a result, she recommended that the Board authorize terminating the existing contract with Peña Swayze & Co., L.L.P., and authorize the negotiation and execution of a new contract with Bott & Douthitt, P.L.L.C. After discussion, Director Gray moved that the Board approve termination of the District's contract with Peña Swayze & Co., L.L.P. and authorize a subcommittee consisting of himself and Director Henderson to negotiate and execute a new contract with Bott & Douthitt, P.L.L.C. Upon second by Director Martinez, the Board voted unanimously to do so. Ms. Littlefield agreed to send the termination notice to Peña Swayze & Co., L.L.P., with the effective date of the termination to be July 1st, and also to send a redline showing the proposed changes between the existing Peña Swayze & Co., L.L.P. contract and the proposed Bott & Douthitt, P.L.L.C. contract to the subcommittee members for their review.

Director Richter then stated that the Board would receive a report from the District's bookkeeper, and recognized Mr. Douthitt. Mr. Douthitt confirmed that certificates of deposit had been purchased in accordance with the Investment Subcommittee's previous recommendation. He recommended the transfer of funds to TexPool as set forth in his report, a copy of which is attached as **Exhibit "K"**. He also reviewed the bills and invoices received by

the District as set forth on the cash activity report included in the bookkeeping report, noting that the check to Director Campbell for his mileage would need to be voided due to his absence from the meeting. Mr. Douthitt then explained that the City of Austin had been billing the District for both water and wastewater based on the Olympic meter reads, when it was only supposed to be billing the District for wastewater. He stated that he was following up with Ms. Martinez on the problem, which he had previously discussed with her. He recommended that the Board void Checks No. 3352 and 3377 to the City of Austin, since both of the checks were for more than the District actually owed the City. He explained that he had had a problem getting the appropriate backup for the City's invoices, and he had only received the billing information relating to the Olympic meter which reflected the overcharge the day before. After discussion, the Board agreed that those checks should be voided, and that Mr. Douthitt should reissue a check to the City of Austin with two signatures, and with the amount to be completed and approved by either Director Richter or Director Gray upon the City's issuance of a corrected invoice deleting the charges for water based on the Olympic meter. Mr. Douthitt then reported that he had received a bill from Tommy Patterson for \$915, but was still holding the check pending a reconciliation which needed to be made. He reminded the Board of the backbills for failed inspections which had been discussed at the prior Board meeting and noted that, when he had gone back through the inspection reports from Mr. Patterson, he had found multiple billed backcharges, which indicated to him that some of these charges were in error. He stated that he had sent the information which he had assembled to Mr. Patterson, and had also provided additional backup upon Mr. Patterson's request. He requested that the Board approve Check No. 3373, but stated that he would continue to hold it until this billing issue was resolved. Ms. Littlefield suggested that, once Mr. Douthitt was comfortable with the numbers, the Board require a release from Tommy Patterson and his associates before releasing the check, and the Board agreed. Ms. Littlefield agreed to provide Mr. Douthitt with a form of release for his use. Mr. Douthitt then reviewed the manager's checks included in his report, as well as the transfers which he was presenting for approval, also included in his report. He noted that the final pages were wire transfers for the District's bond payments, which he would like to have approved well in advance, in order to avoid any problems that could arise as a result of the transition in bookkeeping services. After discussion, upon motion by Director Henderson and second by Director Gray, the Board voted unanimously to approve the payment of the bills and invoices, fund transfers, and wire transfers for bond payments as presented by Mr. Douthitt. Mr. Douthitt then advised the Board that he had received some funds which were due under the Tri-Party Agreement from Dessau Fountains. Ms. Littlefield reviewed the memorandum attached as **Exhibit "L"** regarding the payments, and the additional sums which were still due. She indicated that Mr. Carlton would follow up on the matter prior to the next Board meeting. Mr. Douthitt reported that he had received two payments for violations of erosion control rules from DR Horton, but believed that one payment was still due. He agreed to follow up on that with Mr. Anker.

Director Richter then stated that the Board would receive a report from the District's general manager. Mr. Anderson reviewed his directives from the previous Board meeting, and confirmed that he had verified that the Boy Scouts would be paid \$1,600 for their work in connection with the Clean-Up Days. The Board discussed how the payments should be made, and whether the Boy Scout leader should be invited to attend a Board meeting for presentation of the check. Mr. Anderson advised the Board that he had verified that the language informing residents that payments could not be dropped off at Wells Branch Municipal Utility District after a cutoff notice was issued was printed on the notice, as the Board requested. He stated that he

would include a note in the packet on any 30-60-90 day arrearages which were subject to a payment plan. He stated that he had confirmed that the columns on this report did not necessarily add up, because the total included all past-due amounts, some of which might be over 90 days old. He reported that the new bioxide tank had been ordered, and would be installed the following day, noting that the manufacturer was providing the tank at no cost, and that the bioxide would be less expensive from the new supplier. He reported that the District had experienced a 9.44% water loss during the previous reporting period and that he had thought that he had identified the cause of the loss based on the Olympic water usage which was being billed by the City of Austin, but had subsequently determined that the numbers supporting the loss had come from his company's reads, so this was not the cause of the discrepancy. He stated that he was having all of the reads double-checked, in order to attempt to determine the cause of the loss and was also checking to see when the master meters had last been calibrated. Mr. Anderson presented the write-off list attached as **Exhibit "M"**. Director Richter advised Mr. Anderson that the Board would not write off accounts due from realty companies, and the Board agreed. After discussion, upon motion by Director Henderson and second by Director Martinez, the Board voted unanimously to approve the write-offs, with the exception of the two realty companies. Mr. Kennis then advised the Board that he had been working with Mr. Anderson on the utility bill payment process, noting that, when the District and Wells Branch Municipal Utility District had utilized the same operator, this had not been an issue, but now that Crossroads Utility Company was Wells Branch's operator, they were picking up payments, and that there had been a problem with a payment to the District being misdeposited. He noted that another customer had been included on the delinquent list, even though they had paid their bill, due to the same problem. Mr. Kennis indicated that he had asked Crossroads Utility Company to provide written confirmation of its procedures, but this had not yet been received. He stated that Mr. Douthitt was working with him to resolve the problem.

Director Richter then stated that the Board would receive a report from the District's attorney, and recognized Ms. Littlefield. Ms. Littlefield reviewed her directives from the previous Board meeting, and called the Board's attention to the foreclosure report which had been prepared by Southwest Securities. She noted that the erosion control violations which had been a concern to Director Richter had been reported by the District's inspector, and that these violations had been addressed. She noted that there was a memorandum in the packet regarding meeting binder alternatives and, after discussion, the Board agreed that front and back copies were acceptable and that the Board would continue to utilize the same form of packets as currently provided.

There being no further business to come before the Board, the meeting was adjourned at 8:59 p.m.

Date: _____.

(SEAL)

Scott M. Gray, Secretary
Board of Directors