

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

July 6, 2010

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 July 6, 2010, at the Wells Branch Indoor Recreation and Conference Center, 3000 Shoreline 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
Alex Martinez	-	Secretary
Scott M. Gray	-	Assistant Secretary

and all of the Directors were present, thus constituting a quorum. Also present at the meeting were Mona Oliver of Wells Branch Municipal Utility District; Robert Anderson of SWWC Services, Inc. ("SWWC"); Allen Douthitt of Bott & Douthitt, PLLC; Scott Foster of Kimley-Horn & Associates, Inc.; Walter Hoysa of Longaro & Clarke, L.P., representing KB Home; Ronnie Stafford of TBG Partners; Deputy Keith Kinnard of the Travis County Sheriff's Department; Richard Fadal of TexaScapes, Inc.; Crystal Kaylakie of Southwest Securities; Mr. Rivaldo, a resident of the District, Kathryn Loayza, representing Village @ Northtown, Ltd. and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

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 May 25, 2010 and June 1, 2010 Board meetings; the Resolution Adopting Rules Relating to Enforcement of Restrictive Covenants attached as **Exhibit "B"**; and a revised District Registration Form. Upon motion by Director Henderson and second by Director Gray, the Board voted unanimously to approve the consent items.

Director Campbell then stated that the Board would receive residents' communications and Board member announcements. There being none, Director Campbell recognized Ms. Oliver for purposes of receiving a report under the Interlocal Agreement with Wells Branch Municipal Utility District. Ms. Oliver reported that the Calgary Chapel, a church near the District, would like to have the playscape which was going to be dismantled. Director Richter asked that Mr. Foster confirm that the park contractor had included dismantling the playscape in its bid, so that the church could have its parishioners remove it. Ms. Littlefield suggested that the District require the

execution of a release and the Board agreed that this should be a condition to the donation.

Ms. Oliver then reported that, with respect to 228 Wild Senna, there had been an on-going lack of maintenance near the parking pad and recommended that the Board proceed with a lawsuit. She confirmed that a letter had been sent in English and Spanish as directed by the Board. After discussion, Director Richter moved that the Board proceed with a lawsuit. Upon second by Director Gray, the motion was unanimously adopted. Ms. Oliver stated that there had been improvement in the appearance of Wildflower, including maintenance of the alleys. Mr. Rivaldo asked if the Board had addressed 14038 Golden Flax Trail, noting that, from Heatherwilde, the fence was falling down and it appeared to be an abandoned property. Director Richter directed Ms. Oliver to check on this address and she agreed to do so.

Director Campbell then recognized Deputy Kinnard for purposes of receiving a report from the Travis County Sheriff's Department. Deputy Kinnard reported that there had been quite a bit of gang activity recently, and that the Sheriff's Department had increased its patrols as a result. Director Richter reported that the deputies had observed gang activity in the new parking lot at Stoney Creek Park, and that they had begun locking the gate in order to attempt to discourage this activity. She noted that she had been advised that a meeting of 30 gang members in Stoney Creek Park was planned and, in response to the threat to public safety, she had authorized additional patrols. Director Richter also reported that, in response to the patrols, she understood that the gang members had set a mulch pile on fire. Deputy Kinnard reported that, after the first reported incident, there had been an armed robbery of a pizza delivery person, followed by a gang fight and then the fire. He confirmed that arrests had been made as a result of the fighting. Deputy Kinnard also stated that his deputies were making contact with gang members immediately upon their appearance in the park, and reported that there had been a reduction in activity as a result of these contacts. Director Henderson asked why these gangs, which were not local, were coming into the District. Deputy Kinnard explained that the District was located between two areas of known gang activity and stated that the park appeared to be a neutral ground or crossing between the two gang areas. Deputy Kinnard then reported that he had researched a complaint by a resident on Griener regarding loud music from a neighboring residence and that he was now working directly with the resident. After further discussion, Director Richter moved that the Board authorize up to 120 hours of patrol services per month through the end of August. Upon second by Director Henderson, the motion was unanimously adopted. Deputy Kinnard thanked the Board for promptly installing a lock on the gate at the park. He also suggested establishing a protocol with the Sheriff's Department for meter tampering, noting that there had been a recent incident where a customer had apparently locked a meter in an open position. The Board agreed that its protocol was for SWWC to call the Sheriff's Department if there was an incident of meter tampering. Deputy Kinnard explained that, at the time a meter tampering incident was responded to, the District's representative could file a complaint and his office would then submit a report and charges would be filed because this was a criminal offense. Mr. Anderson stated that his company had also had a situation recently where a resident had sat in a chair on top of the meter box to avoid termination of service. Ms. Littlefield confirmed that obstructing the meter was a violation of the District's rules and that the Board's policy was that SWWC should call the Sheriff's Department if this occurred. Director

Richter then moved approval of the payments to the Travis County Sheriff's Department set forth on the cash activity report attached as **Exhibit "C"**. Upon second by Director Henderson, the motion was unanimously adopted.

Director Campbell then recognized Mr. Fadal for purposes of receiving the landscape maintenance report. Mr. Fadal reported that there was a lot of grass growth in response to the recent rains and that his crews were being kept very busy. He stated that they were still treating poison ivy as it was observed in the District's park and greenbelt areas.

Director Campbell then stated that the Board would receive a report from the District's engineer and recognized Mr. Foster. Mr. Foster reported on his directives from the prior Board meeting, noting that he had followed up with Travis County on the Heatherwilde Boulevard/Wells Branch Parkway ponds as requested. He stated that these ponds were to be developer-maintained and that the County had indicated that it still had several warranty issues relating to them. Mr. Foster reported that the Lakes at Northtown Section 1 was close to being in a condition to be recommended for final acceptance. He then presented Pay Estimates No. 2 through 6 and Change Orders No. 1 and 2 for Lakes at Northtown Section 3, copies of which are attached as **Exhibits "D"** through **"J"** and recommended that the Board approve the Pay Estimates and Change Orders. Mr. Foster confirmed that Travis County was holding fiscal for the completion of sidewalks in this subdivision. After discussion, Director Richter moved approval of the Pay Estimates and Change Orders as presented. Upon second by Director Henderson, the motion was unanimously adopted. Mr. Foster then recommended acceptance of the Lakes at Northtown Section 3 water and wastewater facilities for operation and maintenance. Director Richter inquired if there were any ponds included. Mr. Foster responded that there were not. Director Richter then moved approval of acceptance of the water and wastewater facilities as recommended. Upon second by Director Martinez, the motion was unanimously adopted. Mr. Foster then reported that, with respect to Lakes at Northtown Section 4, he believed that the developer intended to start construction in August. He reviewed the bid tabulation attached as **Exhibit "K"**, and stated that the low bidder was DNT Construction. Director Richter pointed out that there was a fairly large variance in bids. Director Campbell reminded Mr. Hoysa that the Board was not inclined to accept change orders due to underbidding. Director Richter moved approval of the award of the contract to the low bidder as recommended. Upon second by Director Gray, the motion was unanimously adopted. Mr. Foster then confirmed that the as-built drawings for the Heatherwilde/Wells Branch Parkway Improvements had finally been submitted to the City of Austin.

Mr. Foster stated that he anticipated bringing bid documents for the District's park well project to the Board for review in July, with a proposed contract award in September. He also reported that he had begun work on the analysis of the pond maintenance work that was needed, noting that about \$500,000 of maintenance work had been identified, but that he had determined that approximately \$100,000 of this was the developers' responsibility. He recommended that the Board prioritize the ponds. Director Richter proposed that Mr. Foster meet with Director Campbell and her to determine the priorities and how best to proceed. Director Gray expressed an interest in being provided with the information on the ponds so that he could also analyze it. Director Campbell suggested that he and Director Richter do a preliminary evaluation of

the data and determine how best to present the data to the full Board, whether through a special meeting or some other format, and the Board concurred with this proposal. Mr. Foster advised the Board that he had been advised that the permit for the Wildflower fence project had been signed and he hoped to receive it shortly, so the contractor could begin work. Mr. Foster stated that he had met with a representative of the City, the County and the developer to discuss the pedestrian crossing and reviewed the summary attached as **Exhibit "L"**. He noted that this was probably an eight- to ten-year project. Director Richter stated that it was unfortunate that it had come to this point, as the Board had understood that a crossing would be provided under the road when the project initiated. Director Campbell suggested that it would be more advantageous if the trailheads in the future greenbelt area were designed to route traffic toward the ultimate crossing, and the Board agreed. Mr. Foster reminded the Board that a resident had raised a concern regarding the lack of sidewalks from Tudor House to Wells Branch Parkway, and reviewed the sketch attached as **Exhibit "M"**. He stated that there were two sidewalks which had been required as part of the subdivision improvements, but added that they were apparently not built. He added that the County had acknowledged that this was a County oversight, but had also indicated that it would not be a County priority for a couple of years. Director Richter expressed concern about the missing sidewalks, noting that the subdivision should not have been accepted before these sidewalks were complete. She stated that she was very unhappy that the District's former engineer had apparently recommended acceptance without confirming that these improvements were in place. Ms. Littlefield agreed to investigate whether there had been an oversight by the former District engineer.

Mr. Foster then reported that his office was working on the 2010 bond application, and was still gathering reimbursement data. He noted that the major outstanding items were the costs and plans for the force main replacement and information relating to the Heatherwilde/Wells Branch Parkway Improvements. Ms. Littlefield confirmed that the District's project--the replacement of the force main or other service alternative--should be the priority for the bond issue and the Board agreed. The Board then discussed the proposed interlocal agreement with the City of Austin needed to authorize an additional point of service at the MetroTech line. Ms. Littlefield explained that the City of Austin staff had agreed to recommend approval of the District's use of up to 1,643 gpm of capacity at that point of connection, as requested. After discussion, Director Richter moved that the Board authorize the Board's subcommittee, consisting of Directors Campbell and Martinez, to negotiate and execute an Agreement for Wholesale Wastewater Utility Service (Additional Point of Connection) with the City of Austin for this additional point of connection. Upon second by Director Martinez, the motion was unanimously adopted. Mr. Foster then reported that the evaluation of the condition of the force main was scheduled to begin on July 12. Mr. Anderson added that they had met onsite to discuss the project, and received confirmation that adequate pump-and-haul capacity would be available during the work on the line. Director Richter inquired how involved Mr. Foster would be in the process, and he confirmed that he would be onsite as needed. Mr. Foster explained that they had selected the section of pipe which they felt was most likely to be impaired and that they expected this to provide some baseline information on the overall condition of the line.

Mr. Foster then proceeded with the park development report. He stated that the contractor was still working on revegetation, and added that Mr. Fadal had provided the contractor with some advice on how best to resolve the problems that were being experienced. Mr. Foster confirmed that the District was still holding retainage on the project. The Board directed that Mr. Foster and Ms. Littlefield work on a letter notifying the contractor that he was in default as a result of not achieving revegetation, and send a copy to the contractor's bonding company.

Mr. Stafford then presented the bid tabulation attached as **Exhibit "N"** and advised the Board that the apparent low bidder on the park pavilion project was G Creek, but stated that he had questions regarding the low bid. He stated that he had asked the contractor to reevaluate its bid and recommended that the Park Subcommittee meet with the low bidder to assure that the contractor could do the job for the amount bid. He stated that he would report back to the Board at the next meeting.

Director Campbell then stated that he hoped that the Signage Subcommittee would be able to bring back a report at the regular July meeting. Ms. Oliver stated that she had noticed a sign with the wrong contact information. The Board directed that Ms. Oliver coordinate removal of the sign.

Director Campbell then recognized Mr. Douthitt for purposes of receiving the bookkeeper's report. Mr. Douthitt presented the updated cash activity report attached as **Exhibit "C"**, and reviewed it with the Board. He called the Board's attention to the transfers and vendor payments being presented for approval, as well as the manager's checks which had been issued since the date of the last Board meeting. He stated that he was continuing to work with the City of Austin on the District's winter average, but felt that, at this point, there was only a small discrepancy. He also reviewed the District's investments, noting that there were a few certificates of deposit that were maturing. He suggested renewing the certificates of deposit for another six months. He noted that the District's budget was ahead of plan, largely due to some large expenditures relating to the park having been delayed. Director Henderson moved approval of the payments, transfers and renewal of investments as recommended. Upon second by Director Gray, the motion was unanimously adopted.

At 6:54 p.m., Director Campbell announced a short recess. At 7:06 p.m., the Board reconvened in open session and Director Campbell recognized Mr. Anderson for purposes of receiving the general manager's report. Mr. Anderson stated that the District was reporting a slight water gain, which offset the loss he had reported the prior month. He stated that all of the District's water samples had been acceptable. He presented the write-off list attached as **Exhibit "O"**. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the write-offs. Mr. Anderson then reported that the District's customer loss history, contrary to his report at the prior meeting, reflected much larger losses from renters than from owners.

Director Campbell then recognized Ms. Littlefield for purposes of receiving the attorney's report. Ms. Littlefield reviewed her directives from the previous Board meeting, noting that they had all been completed. She reviewed the proposed changes

to the rate order which had been discussed at the prior meeting, as set forth in the revised Order Establishing Service Rates, Charges and Tap Fees and Adopting Rules and Policies with Respect to the District's Water, Wastewater and Drainage Systems, attached as **Exhibit "P"**. Director Richter moved to approve the revised Order and, upon second by Director Henderson, the motion was unanimously adopted. Ms. Littlefield then presented the proposed schedule for adoption of the District's 2010 budget and tax rate and requested that the Board members advise her as soon as possible if they would be unable to attend any of the meetings at which the District's tax rate would be considered.

Director Campbell then recommended that, based on lack of satisfaction with the prior year's auditor, the Board select Belt Harris Pechacek, LLLP as the auditor for the fiscal year ending September 30, 2009. Director Gray concurred. The Audit Subcommittee recommendation serving as a motion and a second, the Board voted unanimously to retain Belt Harris Pechacek, LLLP as the auditor for the 2010 audit and to approve the related proposal attached as **Exhibit "Q"**. Mr. Douthitt requested that Ms. Littlefield relay the requirement that the auditor must meet with the Audit Subcommittee before the audit was presented to the Board and she agreed to do so.

Mr. Anderson then asked that the Board approve a check in the amount of \$800 to the Boy Scouts for the clean-up day services. Director Richter moved approval of the payment. Upon second by Director Henderson, the motion was unanimously adopted.

At 7:55 p.m., Director Campbell announced that the Board would convene in executive session for purposes permitted by Section 551.071, Texas Government Code, in order to receive legal advice regarding operations services. At 8:24 p.m., the Board reconvened in open session and Director Campbell announced that no action had been taken during executive session. Director Richter then moved that the Board schedule a special meeting on July 19, 2010. Upon second by Director Gray, the motion was unanimously adopted.

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

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Date:_____.

(SEAL)

Alex Martinez, Secretary
Board of Directors