

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

July 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 July 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, except Director Gray, thus constituting a quorum. Also present at the meeting were Allen Douthitt of Bott & Douthitt, P.L.L.C.; Crystal Kaylakie of Southwest Securities; Sam Jones of Jones-Heroy & Associates, Inc.; Mona Oliver of Wells Branch Municipal Utility District ("*Wells Branch*"); Robert Anderson of SWWC Services, Inc. ("*SWWC*"); Richard Fadal of TexaScapes, Inc.; Scott Foster of Kimley-Horn & Associates, Inc.; Lupe Serna of the Wildflower Homeowners Association; Tommie Aguerra, Mr. Revaldo and Marie Webb, residents of the District; Chris Taylor of Rone Engineering; Craig Martinez of Central Road and Utility, Ltd. and Sue Brooks Littlefield of Armbrust & Brown, L.L.P. Jim Nias of the Village @ Northtown, Ltd. arrived later.

Director Campbell called the meeting to order at 5:45 p.m., and stated that the Board would first consider the consent items on the Board's meeting agenda: the minutes of the June 23, 2009 Board meeting and the amended Erosion Control Rules and Rules Regarding Protection of the District's Utility Systems attached as **Exhibit "B"**. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the consent items.

Director Campbell then inquired whether there were any residents present wishing to address the Board or any Board member announcements. There being none, Director Campbell pointed out that Deputy Kinnard was not present, and so the Board would not receive a security report. He recognized Ms. Oliver for purposes of receiving a report under the Interlocal Agreement with Wells Branch. Ms. Oliver stated that there had been a directive from the prior Board meeting to coordinate a meeting between the District's subcommittee and a Wells Branch subcommittee to discuss concerns regarding past invoicing and to reconcile billings under the Interlocal Agreement. She noted that this meeting had occurred. Director Campbell reported that he and Director Richter had met with the Wells Branch subcommittee, Mr. Douthitt and Mr. Kennis regarding billing issues under the Interlocal Agreement and what they felt were overcharges on time and mileage for one specific individual which had not been authorized. He

stated that, after discussion, all of the parties felt that this was a shared responsibility due to a mutual lack of sufficient oversight. He stated that Wells Branch and the District would share equal responsibility for this and, with these personnel issues cleared up, he believed that the District could move forward with its relationship under the Interlocal Agreement. Mr. Douthitt stated that a credit of \$5,169 would be issued by Wells Branch. Director Campbell noted that the District valued its relationship with Wells Branch, and that he and Director Richter were working on a proposal for a renewal contract, which they would forward to Ms. Littlefield for review.

Ms. Oliver then reported that the warranty work on the dog run fence had been completed. Director Richter stated that the repair looked great. Ms. Oliver then stated that the pole at the foot bridge on Battenberg had been replaced. Director Richter stated that she had thought that the directive was not to put the pole back up, and added that she felt it was not serving any useful purpose. Director Henderson agreed that the pole had been painted incorrectly and probably needed to be removed. After discussion, Director Richter and Director Henderson agreed to discuss the matter with Mr. Kennis at the next Park Subcommittee meeting. Ms. Oliver stated that the storm inlet fences were complete, and that the barrier across the dam had been replaced. She stated that she had received an inquiry regarding architectural control in Settler's Meadow, and agreed to meet with Director Henderson on this issue. Director Campbell stated that there had been another covenant issue which Ms. Oliver had brought forward that he believed would be best addressed in executive session, in order to allow the Board to discuss it with the District's attorney. He stated that this would be deferred until the end of the meeting. Ms. Oliver then presented a trail map which had been developed for Wells Branch and stated that, if the Board liked it, she could provide the Park Subcommittee with the contact information for the Wells Branch resident who had prepared it.

Director Campbell then stated that the Board would receive a report regarding Wildflower Homeowners' Association matters, and recognized Ms. Serna. Ms. Serna presented the covenant reports attached as **Exhibits "C"** and **"D"**, and stated that second letters had been sent out on covenant violations in the neighborhood. She stated that pictures had been attached to the letters, and that some of the residents had responded and others had not. She confirmed that she had provided reports for both June and July, as requested by the Board. Mr. Campbell stated that he felt the District might need to get with her on the form of letters which she was using. Ms. Littlefield responded that she had provided Ms. Serna with an example of a letter which she could modify and utilize to notify Wildflower residents of violations. Director Campbell pointed out that Ms. Serna's report indicated a misunderstanding of the District's authority in certain areas. Ms. Serna stated that she had been in contact with Mr. Anderson, as suggested by Ms. Littlefield, on the street lights and that he had given her the name of a contact person for the other problems she had identified.

Director Richter then reported that she and Director Henderson had met with Kari Moore of Ms. Littlefield's office to discuss the proposed McCallen Pass/Heatherwilde Boulevard fencing. She stated that she understood that Ms. Moore was gathering additional information and working on identifying the process which would need to be followed, and that the Park Subcommittee hoped to meet with her again later in the week. Ms. Littlefield added that Ms. Moore had advised her that one of the fire hydrants along Heatherwilde Boulevard appeared to be improperly located and requested that Mr. Jones follow up with the project engineer on this problem. Mr. Jones agreed to do so.

Director Campbell noted that there appeared to be additional people who had arrived at the meeting since the first call for citizens' communications and asked again if there were any residents present wishing to address the Board. Ms. Aguerra then addressed the Board and stated that she lived in Wildflower and that her house was on the line where the road was being built. She stated that she was interested in what was being done to protect the safety of her family. Director Richter reiterated that the District was looking into the feasibility of constructing a masonry fence along the roadway extension, but that this would require cooperation from the residents as well as confirmation that the District had the legal ability to construct the fence in the proposed location. Ms. Littlefield explained that the District did not own the right-of-way, nor did it have any independent right to construct a fence along the residents' property lines. She stated that, in order for the fence to be constructed, the District would either need to obtain a license agreement from the County, which would be a lengthy process, or would need to obtain consent documents from each of the affected residents. Ms. Aguerra stated that she had not been contacted or asked to give her consent, and Ms. Littlefield explained that it was still early in the process and that, until it was determined where the fence would be located, it would be premature for the District to contact the residents. She stated that, once the process was further along, the residents would be notified of what would be required in order for the project to move forward.

Director Campbell then recognized Mr. Fadal for the purpose of receiving the landscape maintenance report. Mr. Fadal introduced himself to the residents present at the meeting, and presented his maintenance report, a copy of which is attached as **Exhibit "E"**. He stated that a lot of things were drying up, and noted that the trees in the natural areas were stressed. He cautioned those present that, if they had trees in their yards which were important to them, it would be necessary to give them a good soaking to make sure they survived the drought. Mr. Fadal reported that he had been working on the removal of the dead trees that had been identified by the Park Subcommittee. Director Campbell inquired whether Mr. Revaldo had any other questions about the tree removals which had been completed. Mr. Revaldo stated that everything looked good. Director Richter added that the Park Subcommittee was working on identifying any trees which were at risk.

Director Campbell then stated that the Board would receive a report regarding park development matters. Director Richter stated that the Park Subcommittee report was included in the Board's meeting packet. A copy of that report is attached as **Exhibit "F"**. She noted that vandalism continued to be a serious problem, and advised the Board that she had asked Mr. Douthitt to add a line-item to the District's budget so these expenditures could be tracked. She stated that the District's park facilities had recently been tagged in 45 places, and that it would cost approximately \$1,000 to remove the graffiti in Stoney Creek Park alone. She stated that the Park Subcommittee was working with the Travis County Sheriff's Department and had a strategy in place to address these continuing issues. Director Richter also reported that the security light in Meadow Pointe Park was possibly going in a different direction, because the City of Austin was now willing to work with the District on providing lighting off the existing power pole. She stated that Mr. Fadal was working with Ernest Robles of Wells Branch, and that she was hopeful that the Park Subcommittee would have something to report on this item at the next Board meeting. Director Richter also pointed out that the updated park budget, a copy of which is attached as **Exhibit "G"**, was in the packet, and tracked the District's expenditures on the park to date. She stated that categories had been added for engineering, TBG Partners and Rone Engineering.

Director Campbell then recognized Mr. Foster, for purposes of receiving a report regarding the Phase IIA Park Improvements. Mr. Foster introduced Chris Taylor of Rone Engineering and Craig Martinez of Central Road and Utility, Ltd. to the Board. He reminded the Board that Rone Engineering would be providing the geotechnical work for the project, and stated that Central Road and Utility, Ltd. was the apparent low bidder. He advised the Board that he had received Travis County, Fire Department and District approval of the plans for the park improvements, but noted that the City of Austin had asked for another formal update on the site plan. He stated that he anticipated any comments by the end of the week, and hoped that they would be minor. He then reported that bids had been opened on July 14th, that the average bid price was about \$688,000, and that the bids were very favorable. He stated that he had also received a very favorable response from the contractors who had submitted bids to the District's pre-qualification process. He reported that the requirement that 50% of the work be done by the contractor's own staff had been reduced to 25%, and that this change was largely due to the substantial amount of irrigation work which was included in the project. He distributed his recommendation of contract award attached as **Exhibit "H"**, and reviewed the bid tabulation attached to it. Mr. Foster reported that he had taken a tough look at the low bid which had been received, and had met with Mr. Martinez and the Park Subcommittee to discuss it in detail. He stated that the Park Subcommittee had made it very clear that no change orders would be considered unless they were due to changes requested by the District. Mr. Foster added that there had been a very direct discussion of the District's concerns, and that the contractor had had good responses to the questions which had been asked. Mr. Foster pointed out that the base bid amount from Central Road and Utility, Ltd. was \$486,060.26. He stated that, with the additions he was suggesting, the contract amount would be increased to \$507,194.26. He noted that the Park Subcommittee had agreed that it would like to be able to proceed with the allowance provided by Alternative 3 for additional top soil as well as the allowance provided for Austin Energy Electric improvements in the amounts of \$3,200 and \$5,000 respectively. Ms. Littlefield stated that she did not recommend that these be included in the contract price, but rather that the Park Subcommittee be authorized to approve change orders based on these allowance items, if it determined it was appropriate to do so. After further discussion, Director Richter moved that the Board award the contract for the Phase IIA Park Improvements to the low bidder, Central Road and Utility, Ltd., for the base bid plus the subtotal for the Phase IIC improvements as recommended by Mr. Foster, for a total contract price of \$507,194.26, and that the Park Subcommittee be authorized to approve change orders in the amount of \$3,200 for additional top soil and \$5,000 for Austin Energy Electric improvements, if it determined those change orders were appropriate. Upon second by Director Henderson, the motion was unanimously adopted.

Mr. Foster then advised the Board that he expected to issue notice to proceed by the middle of August, and added that the Park Subcommittee had suggested a small ground-breaking. After discussion, the Board agreed that this would be appropriate, and Director Richter agreed to notify the Board members when the event was scheduled.

Director Richter then presented the proposal from Kimley-Horn & Associates for park project construction management attached as **Exhibit "I"**. She reminded the Board that it had been determined that it was not feasible to hire a project manager through Wells Branch, because the term of the agreement would only be 120 days. She stated that the Park Subcommittee recommended option three, as set forth in Mr. Foster's proposal. She stated that this would provide for periodic site visits, as well as bi-monthly construction meetings. She added that the price to do this additional work was actually \$14,290, because \$3,000 had already been included

in a prior agreement with Kimley-Horn & Associates. Director Richter moved that the Board approve a contract with Kimley-Horn & Associates on this basis. Upon second by Director Martinez, the motion was unanimously adopted.

Director Campbell then advised the Board that he had met with Mr. Rush and Mr. Raudabaugh of TBG Partners, and was working with them on some ideas for the District's park signage. He stated that TBG Partners was working on an alternative logo, that they expected to meet again in about two weeks and that he hoped to have something to present to the Board at the August meeting. Director Campbell pointed out that the normal District meeting signs had a cork board included on them, but pointed out that, due to their location along with major thoroughfares, this might not be the best idea. The Board agreed that it would be very difficult for residents to use these cork boards due to the speed at which traffic was flowing. Director Richter inquired as to the location of the letters for the signage which had previously been purchased. Mr. Fadal stated that he believed Mr. Morin had bought the letters and Ms. Oliver agreed, stating that she believed that he had given them to Mr. Kennis. The Board requested that Ms. Oliver verify the location of the letters, and she agreed to do so. Director Campbell then noted that there had been some misunderstanding about proposed District signage along Olympic Drive, and pointed out that the District had previously discussed obtaining an easement along that roadway, but that it had not been finalized. Ms. Littlefield stated that it was her recollection that it would require the consent of all of the property owners who were affected to convey the easement to the District and that the District had asked the residents to coordinate that conveyance, but that it had never occurred. After discussion, Ms. Littlefield agreed to pull the District's file on the matter, to determine if it would be possible to obtain an easement along the roadway for the District's proposed sign. Director Richter stated that the District had three or four vandal-proof signs which it was not intending to use as part of the new signage program and which she felt might be useful in other locations.

Ms. Webb then addressed the Board, stating that she was a resident of the District and had wanted to make a point and was not sure when to do so. Director Campbell responded that he had asked for citizens' communications twice, and that citizens' communications was the time provided in the Board meeting for residents to address the Board regarding their concerns. He agreed to allow Ms. Webb to address the Board and she stated that she was concerned about the condition of front lawns along Howard Lane and Harris Ridge Boulevard, and wondered what could be done to improve their appearance. Director Richter stated that this was a challenging issue, and that there are many different sets of covenants which the District sought to enforce. After discussion, the Board directed Ms. Oliver to coordinate with Ms. Webb regarding her concerns, and she agreed to do so.

Director Campbell stated that the Board would next receive the District's engineering report, and recognized Mr. Jones. Mr. Jones reviewed his directives from the previous Board meeting, noting that the Wildflower trail repair was now complete, and that he would like to obtain the Park Subcommittee's input on whether or not the repair was satisfactory. He stated that he was continuing to work on implementation of the MS4 permit. He presented the memorandum from Mr. Carlton regarding the low flow lift station bypass project attached as **Exhibit "J"**, and Ms. Littlefield presented the updated memorandum attached as **Exhibit "K"**. Mr. Jones stated that he or Mr. Heroy would be meeting with the City on the creek crossings required for the bypass line in the near future. Mr. Jones then explained that the City had asked the District to put the 16" waterline on Wells Branch Parkway into service as soon as possible.

He stated that he had had a walk-through on the project the previous week, and that Mr. Anderson had done some testing, but that the line had not yet been accepted and the City had not yet scheduled the repair of its major waterline which was leaking. Mr. Jones then noted that Ms. Allen had asked him to prepare a proposal for preparation of the District's next bond application, and stated that the proposal was included in the Board's meeting packet. He added that the proposed bond amount, \$6,615,000, would allow reimbursement of the Lake at Tech Ridge and the Lake at Northtown, Sections 1 and 2. Ms. Kaylakie then presented the update on bond interest rates attached as **Exhibit "L"**. She stated that the proposal was to ask for approval of the bond application at a six percent interest rate, but that she anticipated that the District's rate would be lower since its bonds were anticipated to be rated and insured. Mr. Jones stated that he estimated that the application could be filed in late September. Ms. Kaylakie indicated that, with this filing date, she anticipated a sale in the spring. She stated that she had received the District's assessed valuation the previous day, and would update the information that would be included in the application based on the new valuation. Director Campbell stated that he wondered if the District had enough new development and related increase in its tax base to justify proceeding with a bond application at this time, without putting undue pressure on the District's operations and maintenance tax rate. He stated that he would like to see the potential impact of a bond sale on the District's operations and maintenance tax before the Board authorized the expenditure of additional funds preparing an application. Director Richter agreed. Director Campbell stated that he appreciated the consultants' forward-looking viewpoint, but would feel more comfortable after the District's certified assessed valuation was reviewed and the implications of the issue were evaluated. Ms. Littlefield stated that this could be done in conjunction with the District's establishment of its budget and tax rate for the upcoming fiscal year, which would occur over the next two months.

Director Campbell reported that Clear Wireless, L.L.C. was proposing to lease a cell phone tower site from the District, and that he anticipated having a meeting with the company within the next few weeks.

Director Campbell then recognized Mr. Douthitt, for purposes of receiving the bookkeeper's report. Mr. Douthitt reviewed his directives from the previous Board meeting, noting that he would follow up with Ms. Martinez of the City of Austin to make sure the Tech Ridge water usage had been netted out of the District's winter-average. Ms. Littlefield stated that there had been a series of emails between Mr. Morin and her office relating to this, which she would attempt to locate and forward to him. Mr. Douthitt then presented the cash activity report attached as **Exhibit "M"**, and called the Board's attention to various bills and invoices included on the report, as well as the transfers which were proposed. He pointed out that the City of Austin had made an adjustment for the billing of water usage based on the Olympic water meter, but stated that the billing difficulties continued due to other errors which the City had made. He stated that the check which was being presented for approval reflected the correct amount due to the City. He also explained that Check No. 3438 represented a refund of the escrow which had been established by the Lake at Tech Ridge to cover the District's expenses associated with the Interlocal Agreement with the City of Austin. He noted that a refund of this customer's security deposit was also included in the bills and invoices to be paid. Director Campbell inquired whether Mr. Douthitt was sure that all of the sums due from Lake at Tech Ridge had been paid and he stated that they had been. Mr. Douthitt then presented the transfer letters attached as **Exhibits "N"** and **"P"** and, after discussion, recommended approval of the payment of the bills and invoices and the transfers. He stated that Check No. 3444 to Director

Gray would be voided due to his absence from the meeting. Director Campbell pointed out that Check No. 3422 to Graynor Properties also needed to be voided, as Graynor Properties was also listed on the District's write-off list. He reminded Mr. Anderson and Mr. Douthitt that commercial accounts should generally not be written off, and that it was imperative that deposit refunds be coordinated with the write-off list to be sure that write-offs were not made for accounts which were receiving a refund. Mr. Douthitt apologized, and stated that he would coordinate with Mr. Anderson to be sure that this did not happen in the future. Mr. Douthitt then proceeded to review the District's balance sheet and income statement, noting that the District was running ahead of plan on water and sewer revenues. He stated that there was an unfavorable variance for bulk water purchases, but that this was due to the error which he had pointed out in the City of Austin's adjustment for the Olympic water meter. He also pointed out that the District had expended \$2,600 on vandalism repairs year-to-date. Director Campbell stated that he would note this on the District's website, and would also include a reminder about the reward the District offered for information leading to convictions of anyone who vandalized District property. The Board then discussed the District's park fund, and Director Richter reminded Mr. Douthitt that she did not want maintenance expenses being deducted from the District's park fund. After discussion, the Board agreed that, beginning with the new fiscal year, the park fund should be reserved for capital projects only, and that all maintenance expenses should come out of the general fund. Mr. Douthitt then reported on the claim for fees which had been made by Tommy Patterson Quality Inspections. He stated that he had processed about \$7,000 in current invoices, and had gone back and scheduled the other invoices which Mr. Patterson had submitted. Ms. Littlefield pointed out that two individuals who had previously had inspection contracts with the District, Mickey Shipman and Larry Barker, had actually signed releases and confirmed that they were not owed any sums by the District for inspections. After discussion, the Board directed its consultants to work to resolve the claims made by Tommy Patterson Quality Inspections, contingent upon a full release. After further discussion, Director Henderson moved that the Board approve the payment of the bills and invoices, with the exception of the two voids noted, and approve the transfers as presented. Upon second by Director Martinez, the motion was unanimously adopted.

Director Campbell then recognized Mr. Anderson, for purposes of receiving the general manager's report. Mr. Anderson reminded the Board that, at the previous meeting, he had mentioned his company's new credit card processing system which was currently being implemented. He stated that he had understood that this would be at no charge to the District, but that that had been a miscommunication. He stated that there would be no additional charges for program, but that there would still be regular credit card processing fees assessed to the District. He stated that he believed that the credit card processing fees would be slightly less expensive, and added that Mr. Bartram of Ms. Littlefield's office was currently scheduling a meeting with Cybersource, the processing company, after which he hoped the paperwork would be finalized. He apologized for the miscommunication. Ms. Littlefield noted that, if the Board wished to implement the system as soon as possible, it could authorize Director Campbell to execute the Merchant Services Agreement and related documents once those were finalized. After discussion, Director Richter moved that the Board authorize Director Campbell to approve and execute the necessary documents to implement the new credit card payment system once those documents were finalized by Ms. Littlefield's office. Director Henderson seconded the motion, which was unanimously adopted. Mr. Anderson then reminded the Board of his concern regarding the District's lost water, which had been approximately 17% the previous month. He stated that he had been conducting an investigation, and had identified some of the larger causes

of this problem. He explained that the Lake at Tech Ridge Apartments had been being billed very minimal amounts for water usage and that, upon investigation, he had determined that the bypass had been opened so the water was not being metered. He stated that, after he had discovered this, the apartment manager had contacted him and advised him that the apartment complex was receiving very low bills. He stated that he had also determined that the DR Horton development north of the bridge, which was a condo project, had three master meters in place and that each unit was individually submetered. He stated that the District provided the usage through the three master meters, and the complex billed the individual customers based on the submeters. He stated that he had checked the three master meters and determined that a valve had been turned off at one end and the bypass opened at the other end, resulting in a similar situation where the meters were being bypassed. He stated that there was another master meter which he had identified which was not currently included in the list of District meters. Director Campbell stated that he believed that this was a substantial problem, and noted that the District would expect SWWC to take responsibility for it. Mr. Anderson agreed, and stated that he was working with the customers in question to resolve the backbilling situation and was also chaining all bypasses shut, so that this could not happen again. After discussion, the Board directed Mr. Anderson to continue to pursue collection of these accounts, and to provide a report at the next Board meeting. Mr. Anderson then reported that a District resident had experienced a substantial amount of usage due to a leak, and recommended reducing the customer's bill for the excess usage to the District's cost, as the Board had done in other similar situations. The Board agreed. Mr. Anderson then reported that he had attended a meeting at the Lower Colorado River Authority on the drought and related water shortage. He stated that the forecast was very dire and, if there was no substantial rain by September 1, the Lower Colorado River Authority would be cutting back on all non-essential water usage.

Mr. Anderson then noted that a lot of the District's pole gates to the ponds were in disrepair, and stated that he was working on having this corrected. Director Richter pointed out that the locks on many of these pole gates were different types, and stated that she would like to see one consistent type of good quality lock utilized on all of the gates. Director Richter asked Ms. Oliver to let Mr. Kennis know that Mr. Anderson was addressing this situation, and she agreed to do so.

Mr. Anderson then reported that there had been a rabies alert issued as a rabid skunk had been found in the Merseyside/Cambourne area. Director Campbell agreed to put a notice on the District's website advising the residents of the rabies alert. Mr. Anderson then reported that the City's repair of its 48" waterline was on hold while the new 16" line was being tested. He stated that he had done some pressure testing in the District, and had shut off the 48" line, and that the pressures had remained acceptable. He added that, the next morning, he had retested the pressures at 7:00 a.m., but had found that the pressure reducing valve had been set at 100 psi, not 60 psi as specified for the test. He stated that when he reduced the pressure at the valve to 60 psi, and checked the fire hydrant, pressures had dropped to an unsatisfactory level. He stated that his concern was fire protection during the time that the repair was being effected. He stated that he had discussed this with the City's representatives, and that the City was doing some testing. Mr. Jones advised the Board that it would be difficult to provide satisfactory pressures and fire flow to 1,800 homes through a 16" line, and that he believed that fire flow would not be adequate during the repairs. Ms. Littlefield inquired whether the City of Austin could provide a backup for fire protection such as a pumper truck during the time the repair was being effected, and Mr. Anderson agreed to investigate this option. After further discussion, Director Richter

moved that the Board approve the write-offs listed on **Exhibit "Q"**, with the exception of Graynor Properties, KB Home and Millburn Homes. Director Martinez seconded the motion, which was unanimously adopted.

Ms. Littlefield then advised the Board that the manager of the Parkway Homeowners' Association had called her regarding his concerns about the Homeowners' Association and/or the residents of the Parkway project being billed for the replacement of grinder pumps, and noted that she had explained that the residents did have control over some of this, as there had been a substantial amount of grease in the grinder pumps which had lead to their breakdown. She stated that the manager had indicated that most of the units were rentals, and that the landlords did not have much control over the tenants. She noted that she had replied that the District had less control than the landlords, and she felt an education process would be appropriate. Ms. Littlefield suggested that the Board consider appointing a subcommittee to work with the project manager on a resolution of this issue. After discussion, the Board agreed that Director Martinez and Mr. Anderson should serve as the District's subcommittee to work on this project. Mr. Anderson pointed out that the District was also receiving a lot of foreign objects at the lift station, and that there might be a need to publicize the problems that this caused and encourage the residents to be careful about what they put into the District's sewer system. After discussion, the Board authorized the expenditure of up to \$600 for a mailout to the residents to educate them on the problem and the appropriate solution. Director Campbell then reminded the Board that the District would need to renew its website hosting contract and, after discussion, the Board agreed that Director Campbell should check on multi-year rates to determine if those would be more economical.

Director Campbell then recognized Ms. Littlefield, for the purpose of receiving the attorney's report. Ms. Littlefield reviewed her directives from the previous Board meeting and noted that she would carry over her directive regarding the implementation of the MS4 permit. She presented the engagement letter with Maxwell, Locke & Ritter attached as **Exhibit "R"**, and noted that she had contacted Mr. Krchnak after reviewing his original proposal and this reflected a reduction from the estimated fee in the proposal which had been included in the meeting packet. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the engagement letter. Ms. Littlefield then reviewed the foreclosure report from the previous month, which had been prepared by Southwest Securities, noting that, while foreclosures were up, the District's loss in value was not as substantial as she had seen in some of her other districts. She stated that the District had no unresolved violations of its erosion control rules, and that DR Horton had paid the outstanding penalty for its prior violation. Ms. Littlefield advised the Board that, as her firm was storing a substantial amount of District records, she was bringing a proposed schedule for destruction of certain nonessential records which had passed their minimum retention period under State law. After discussion, upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the destruction of the records listed on **Exhibit "S"**. Ms. Littlefield also advised the Board that her office was now creating PDF copies of all of the District's meeting minutes and exhibits on a going-forward basis. She stated that, as the District's minutes were so voluminous, she was not recommending that this be done on a historical basis, but only for current and future Board meeting minutes. The Board agreed that this would be appropriate.

Ms. Littlefield then reviewed the schedule for the District's budget and tax rate adoption, as set forth on **Exhibit "T"**. She noted that she had several other items to discuss with the Board, but recommended that those items be taken up in executive session.

Director Campbell then recognized Mr. Nias, for purposes of receiving a report from the Village @ Northtown, Ltd., noting that he would like to receive Mr. Nias' report before the Board convened in executive session. Mr. Nias advised the Board that, now that Wells Branch Parkway and Heatherwilde Boulevard were open, his client was receiving more interest in the property included in the Village @ Northtown. He stated that this included interest from Pflugerville Independent School District for an elementary school site on 11 acres out of the single-family attached area. He stated that, immediately before the meeting, he had been advised that the School District was also interested in about 18 acres for a middle school. Ms. Littlefield pointed out that the sale of these tracts to the School District would result in the property being taken off of the District's tax roll, and so would affect the District's assessed value on a going-forward basis. Mr. Nias reported that his client would also like to change some of the currently designated apartment use land to single-family detached, and to relocate some of the park land shown on the current land plan. After discussion, the Board agreed that Mr. Nias should meet with the existing subcommittee for the Village @ Northtown, Director Campbell and Director Martinez, to discuss these proposed changes to the District's land plan.

At 7:49 p.m., Director Campbell stated that the Board would convene in executive session in order to receive legal advice from the District's attorney regarding restrictive covenant matters and Southwest Water Company versus Cross Road Utility Services, LLC, et al. At 8:33 p.m., the Board reconvened in open session, and Director Campbell announced that no action had been taken during executive session.

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

Date: _____.

(SEAL)

Scott M. Gray, Secretary
Board of Directors