

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

September 23, 2008

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 September 23, 2008, at the Wells Branch Community Center, 2106 Klattenhoff Drive, Austin, Texas. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the Notice is attached as **Exhibit “A”**.

The roll was called of the members of the Board:

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 Sam Jones of Sam Jones Consulting; Mike Morin of SWWC Services, Inc.; Mona Oliver of Wells Branch Municipal Utility District; Deputy Keith Kinnard of the Travis County Sheriff’s Department and Cora, his canine companion; Richard Fadal of TexaScapes, Inc.; Dick Cowan of the Wildflower Homeowners’ Association; Chris Risher of Momark Development, Inc.; Katherine Loayza of Jackson Walker, representing The Village @ Northtown, Ltd.; Jay Howard of Texas Disposal Systems; Sharon Smith and Ashley Martin of Maxwell Locke & Ritter, L.L.P. (“Maxwell Locke”); Mike McCall of McCall Gibson & Company, P.L.L.C. (“McCall Gibson”) and Sue Brooks Littlefield of Armbrust & Brown, L.L.P.

Director Campbell called the meeting to order at 5:45 p.m., and stated that the Board would first consider taking action regarding the District’s 2008-2009 budget and 2008 tax rate. He opened the public hearing on the District’s 2008 tax rate, and inquired whether there was anyone present wishing to address the Board on the matter of the District’s tax rate. There being no one, Director Campbell closed the public hearing. Director Campbell then inquired whether there was any discussion from the Board on the District’s budget for the fiscal year 2008-2009. Director Richter noted that she had inquired about the increase in the fees payable to Texas Disposal Systems during the upcoming fiscal year, which she understood was a CPI increase based on the terms of the District’s contract with this company. She noted that, based upon Mr. Morin’s explanation that this was a pass-through item, she was comfortable proceeding with the budget. She also reminded the Board that there had been some discussion at the special Board meeting regarding the District’s night watchman contracts and the increase in credit card fees, and that she believed that both of these items had been addressed. Director Richter then moved that the Board approve the budget for the fiscal year 2008-2009, and adopt the Resolution Adopting Budget attached as **Exhibit “B”**. Director Martinez seconded the motion. He then inquired why the line-item for legal fees for park services had been deleted from the budget,

noting that this had been an item included in prior years' budgets. Ms. Littlefield explained that, after discussion with Mr. Morin, and because the amount budgeted for park-related legal fees was small, any costs relating to the park would be covered by the District's general legal budget. After further discussion, the motion was put to a vote, and passed unanimously.

Director Campbell stated that the Board would next take a record vote on the District's 2008 tax rate. Director Richter moved that the Board adopt a tax rate of \$0.75 per \$100 assessed valuation, and adopt the Order Levying Taxes attached as **Exhibit "C"**. Director Henderson seconded the motion which passed with Directors Campbell, Martinez, Richter and Henderson voting "yes" and Director Gray absent and not voting.

Director Campbell stated that the Board would next consider the consent items on the Board's meeting agenda: the minutes of the August 26, 2008 Board meeting and the Revised Order Establishing Services Rates, Charges, Tap Fees, and Adopting Rules and Policies with Respect to the District's Water, Wastewater and Drainage Systems. Director Campbell noted that the Board did not need to adopt an Amended and Restated Information Form, as there had been no change in the District's tax rate. Director Martinez moved approval of the consent items and, upon second by Director Richter, the motion was unanimously adopted.

Director Campbell then recognized Deputy Kinnard, for purposes of receiving the security report. Deputy Kinnard advised the Board that he had been monitoring traffic from the trailer park in Meadow Point Subdivision. Director Richter commented that individuals in this area had been placing graffiti on the District's trees, and that she had requested stepped-up security in the area. Deputy Kinnard advised the Board that a light at the park appeared to be on a timer, which was interfering with his surveillance activities. Director Henderson stated that he believed this light was on a sensor, and Ms. Oliver agreed to determine whether the light was, in fact, on a light sensor, and to report back to the Board so that it could be adjusted, if necessary. Deputy Kinnard also reported a problem with a sprinkler over-spraying Wildflower Park, and the Board directed Mr. Fadal to address the matter. Director Campbell thanked Deputy Kinnard for providing information for the crime report which he posted on the District's website, and asked why there appeared to be no incidents reported in Settler's Meadow. Deputy Kinnard reported that this was an area of low criminal activity. Director Henderson explained that four of his neighbors were deputy sheriffs, and most of them brought their patrol cars home, which he felt had a deterrent effect. Director Campbell noted that there appeared to be the most crime in the Tudor House area, and Deputy Kinnard agreed, noting that he believed some of the problems were attributable to the zero down payment program which had been used in that area.

Director Campbell then stated that the Board would consider taking action regarding auditing services, noting that representatives of Maxwell Locke and McCall Gibson were present at the meeting to address the Board regarding their proposals for auditing services. Mr. McCall addressed the Board first, and advised the Board that he was the managing partner at McCall Gibson, which was a Texas-wide firm of certified public accountants, specializing in governmental and non-profit audit work. He stated that his firm had district clients in Austin, Houston and the Valley, as well as the Dallas area, and also did audit work for some other governmental entities. He stated that his firm's proposal was based on a budget of 100 hours, and that the estimate was from \$13,000 to \$15,000. He also advised the Board that the budget was based on the understanding that the District's bookkeeper would provide the District's financial statements, and that his firm's responsibilities would be to review the financial

statements and place an opinion on them. He noted that the estimated cost was dependent on this. Mr. McCall also reported that his firm had opened an office in Austin and was in the process of staffing it. He stated that Chris Munn, who was a contractor with the Austin office, would be assisting in the local audit work. He also advised the Board that his proposal package included various documents that would be required if the District retained his firm's services, including a fraud questionnaire required under SAS 99 regulations. He stated that this questionnaire did not have to be returned to his office, but explained that the same criteria would be referenced in a representation letter that would be signed by the District in connection with the audit. Director Campbell stated that he was pleased that Mr. McCall had taken an interest in the District and made a proposal. He inquired about the mediation clause in the proposal, noting that he had not seen it included in a proposal previously. Mr. McCall explained that his insurance carrier had requested that this be inserted, and that he felt that mediation, rather than litigation, was in the best interest of everyone. The Board generally agreed. Mr. McCall mentioned that his firm would be offering investment officer training on November 15, and stated that, if anyone had an interest or a need, they were invited to attend. At this time, Mr. McCall left the meeting. Ms. Smith and Ms. Martin then addressed the Board, and Ms. Smith explained that she was a senior manager with Maxwell Locke, and that Ms. Martin was a manager. She noted that her firm had originated in the Austin area back in the 1960's as Lanier Locke and Ritter, and that the firm had been purchased by Deloitte and Touche in the 1980's. She stated that, in 1991, Deloitte and Touche had decided to close its Austin office and the local partners had repurchased the firm. She stated that her firm only hired experienced staff, so that people were not being trained on any client's audit work. She stated that, in connection with this audit, the District would have experienced personnel. She noted that Scott Krchnak was the partner for governmental audits, and had about 20 years experience. She stated that she had been doing governmental audits for 11 years, and had been with the firm for five years and heavily involved in municipal utility district audits. She pointed out that her firm did the audit work for Wells Branch Municipal Utility District and worked with SWWC Services, Inc. and with Armbrust & Brown, L.L.P. and did audits for other districts which they represented. Director Martinez noted that her proposal referenced Travis County Municipal Utility District No. 10, and inquired whether this district was about the same size as the District. Mr. Morin responded that the district was similar, but more commercial. Ms. Smith stated that her firm represented a wide range of districts, and explained that their philosophy was to keep their work base in Austin, in order to allow a life/work balance for their staff and to avoid the staff having to do overnight travel. Director Campbell inquired about the charge which was projected for implementing new audit standards, and Ms. Smith explained that, as a result of the new audit standards, additional internal control procedures would be required. She noted that there was also an IT component, and stated that her firm would be monitoring controls relating to billing and bookkeeping IT. She noted that these standards were a trickle down from Sarbanes Oxley, which had increased complexity of district audits. Director Campbell stated that he wondered why she had split the component out relating to this, as it was an integral part of the audit, and Ms. Smith responded that she separated it out because it was different from previous years. Director Richter inquired how many hours she expected to expend on the District's audit, and Ms. Smith estimated that it would require about 120 hours. She stated that there would only be additional costs involved if the bookkeeper had not done its job, and properly prepared the financial statements. Mr. Morin confirmed that the District's books were being kept in accordance with GASB 34, and noted that Ms. Littlefield had included this in their contract. Ms. Smith noted that her firm did a number of audits of districts for which SWWC Services, Inc. was the bookkeeper, and that they had not had to charge extra time for adjustments on those work projects, and that she did not anticipate that

any additional hours would be required. The Board thanked Ms. Smith for her proposal, and Ms. Smith and Ms. Martin left the meeting. Director Campbell then inquired whether any Board member had a preference, or wished to make a motion regarding the selection of the District's auditor. Director Henderson stated that he would like to have an additional discussion regarding the matter later in the meeting, and the Board agreed to defer action on this item until later in the meeting.

Director Campbell then noted that, as there were no citizens present wishing to address the Board, the Board would next receive a report under the Interlocal Agreement with Wells Branch Municipal Utility District. Ms. Oliver addressed the Board, and stated that Mr. Williams was out of town. Director Campbell expressed concern regarding the appearance of the District meeting signs, noting that he had observed a number of the signs and really did not like their appearance. Director Richter noted that the signs had been prepared by Mr. Fadal's company, and not by Wells Branch Municipal Utility District. Director Campbell stated that he felt the lettering was inconsistent and sloppy-looking, and Director Richter stated that the sign in Wildflower was actually done differently than the others, and that she was working with Mr. Fadal to try address the matter. Ms. Littlefield inquired whether Ms. Oliver had anything to report on Mr. Williams' directives that were in the packet and Ms. Oliver requested that these be carried over to the next Board meeting. Director Campbell asked that, if Mr. Williams responded to a District resident, the Board be provided with a copy of the response, rather than just notation that Mr. Williams had responded. Ms. Oliver agreed to see that this was done. Ms. Oliver reported that the lot on Lampting had been mowed, but that there were still some brush piles on the lot, and that the situation had been referred to Ms. Littlefield's office. Director Richter inquired who owned the land behind the fences on Lampting, noting that she had asked about this previously. Ms. Littlefield stated that she would research the matter and report back to Director Richter.

Director Richter then stated that she would provide a report on the status of the park grant, as Mr. Williams was not present. She reported that she and Director Henderson would be meeting with Mr. Fadal to start working on a three- to five-year budget for the park improvements, and to develop a park improvement timeline. She stated that, once the capital improvement budget was completed, the Park Subcommittee planned to go back to TBG Partners to have the master plan updated. She stated that she felt that the District should be up to the 50% mark under the park grant, but did not have an updated status report. Ms. Littlefield inquired about the park grant coordinator which Wells Branch had agreed to hire under its amended agreement with the District. Director Richter stated that she was not sure about this, and that the District probably needed to revisit the matter. She noted that this had been negotiated, but that she was not sure what was happening with regard to the park staff person, and requested that this item be placed on the next agenda. Director Richter asked Ms. Oliver the name of the full time person who had been hired as a result of the District's amended agreement with Wells Branch Municipal Utility District, and Ms. Oliver stated that she did not know. The Board directed Ms. Littlefield to ask Mr. Williams to be prepared to report on this, and to provide the name of the person who had been hired, at the next meeting.

Director Campbell stated that the Board would next consider restrictive covenant matters. Ms. Oliver stated that she had nothing else to report, but noted that there had been a fair number of foreclosures, which meant some violations which the Board had seen before would be showing up as new violations, as the process had to start over again when there was a new

owner. Mr. Cowan then addressed the Board, noting that Wildflower's violation list continued to grow, but that, at the last Homeowners' Association board meeting, the board had requested that he focus on architectural control issues. He noted that one complaint which he had heard about at the last Board meeting was abandoned vehicles, and that he had been working with the Travis County Sheriff's Department to address this problem. He noted that there had been 60 abandoned vehicles in Wildflower at one time, and that the number was down substantially. Director Richter stated that the results of Mr. Cowan's work were apparent, and thanked him for his efforts. Mr. Cowan also reported that a maintenance contract for the alleyways was now in place, and so these areas were looking much nicer. He noted that he had been addressing problems with individuals dumping in the alleys by giving them a 24-hour notice, which required that they remove the debris within 24 hours or be charged for the maintenance person doing so. The Board discussed the advantage of documenting violations with photographs. Director Richter stated that she appreciated Mr. Cowan's detailed report, but asked that, if possible, he prepare a summary for the packet, as the report was so lengthy. Mr. Cowan agreed to see if this would be possible.

There being no further park development matters to address, Director Campbell stated that the Board would next receive the landscape maintenance report. Mr. Fadal reported that park and greenbelt maintenance was on schedule, and reviewed his report, attached as **Exhibit "D"**. He noted that he had three proposals to present at this meeting, one for fall overseeding, one for expanded greenbelt maintenance and one for the lift station replanting. Copies of the proposals are attached as **Exhibits "E" through "G"**, respectively. Mr. Fadal reminded the Board that the District had removed the replanting from the contract for the lift station improvements, and pointed out that the cost of his company's doing this work would be less than the amount which had been taken out of the contract. He also noted that the contractor had done a good job cleaning up after the construction, which had reduced the amount of his proposal. Director Richter reminded the Board that it had discussed the expanded greenbelt maintenance at the previous meeting and, at that time, the Board had authorized Mr. Fadal to begin this work, but agreed that it should be brought back so it could be added to Mr. Fadal's contract. Mr. Fadal stated that he would like to begin the Fall overseeding when weather permitted, and the Board agreed. After further discussion, upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the three proposals, as presented. Director Martinez then stated that he had understood that there was still some additional work done at the lift station. Ms. Jones responded that there would be additional work done at the bridge, but that it would not disturb the replanting. Mr. Jones agreed to coordinate with Mr. Fadal on the timing of the installation, noting that he had not yet done the final walk-through with the contractor. Mr. Fadal agreed that he would not begin this work until Mr. Jones authorized him to do so, and also noted that he would prefer doing the work when the weather cooled off. Mr. Fadal reported that the Park Subcommittee would be meeting soon, and that there would be a lot of beautification aspects with regard to the 50-acre park that would be discussed. Director Henderson requested that Mr. Fadal and Mr. Jones provide him with a list of everything they thought needed to be done with regard to the 50-acre park, so that he could begin creating a matrix for the capital improvements budget and timeline. Mr. Fadal noted that he was coordinating with Mr. Jones on the dry ponds in the District, and had received some information on the maintenance of the wet ponds from Oteka Water Designs. He stated that the Park Subcommittee would look at these at its meeting the following week.

Director Campbell then stated that the Board would receive a report from the District's general manager, and recognized Mr. Morin. Mr. Morin stated that the District's water loss was in good shape, and that the biggest item was the Lakes at Tech Ridge delinquent bill. He presented the letter which he had sent to the property manager, a copy of which is attached as **Exhibit "H"**, but noted that both bills remained past-due. He stated that he had also talked to The Lakes at Tech Ridge's attorney, Kay Taylor, and had explained in detail why the District could not absorb the costs which were being billed to her client. Ms. Littlefield noted that she had previously had a similar discussion with Ms. Taylor, and believed that she understood that the District was actually incurring wastewater charges from the City of Austin due to the Lakes at Tech Ridge's use of irrigation water during the winter-averaging period, but that she seemed to have delayed telling her client to pay the bill. Mr. Morin indicated that Ms. Taylor had stated that her client was still working on paying the bill, and had proposed making a \$10,000 payment in order to keep negotiations open. The Board discussed the total amount which was past-due, and Director Campbell noted that this customer was almost \$100,000 in arrears, and inquired when the last payment on the account had been made. Mr. Morin indicated that it had been made on July 23. The Board continued to discuss the matter and Ms. Littlefield recommended that, if the Board wished to discuss potential litigation against the property owner, it convene in executive session in order to receive legal advice prior to doing so. The Board concurred, and agreed to defer further discussion of the item.

Mr. Morin then presented an explanation regarding the back-charged tax revenues which had been received in the Travis County Tax Office, noting that one property was only partially within the District, but that the entire property had been charged District taxes. After discussion, the Board agreed that Mr. Morin should release the check that had been previously approved to reimburse the tax office for the incorrectly collected taxes. Mr. Morin then reviewed the bills and invoices received by the District, as set forth on the cash report attached as **Exhibit "I"**. He noted that Director Henderson had reviewed the invoices. He stated that he had not yet received an invoice from the City of Austin for water and wastewater services, and requested approval of a check with two signatures, with the understanding that he would obtain Director Campbell's approval and signature after receiving the invoice and before releasing the check. Mr. Morin also requested approval of a letter transferring \$150,000 to the District's operating account, as well as the transfer letter attached as **Exhibit "J"**, transferring \$40,000 to JP Morgan Chase operating account. Director Henderson noted that there were no refunds listed on the payment list. Mr. Morin explained that this was because the security deposit refunds had been pushed back due to impacts of Hurricane Ike on SWWC's billing office in Houston. Director Henderson stated that he would like to get these refunds made without waiting another month. After discussion, the Board concurred that these could be paid from the manager's account, subject to Director Henderson's approval of the security deposit refunds. Director Richter asked that Director Henderson compare the proposed refunds to the write-off list, to be sure that no one who had had any amount written off was receiving a refund. He agreed to do so. After further discussion, upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the payment of the bills and invoices and transfer letters, as presented, and to authorize the issuance of refund checks out of the manager's account, subject to Director Henderson's approval.

Mr. Morin then presented the write-offs attached as **Exhibit "K"**, noting that there was one write-off on the list in the amount of \$1,273.80. He explained that this had been a problem customer, and that several payment plans had been entered into, but that the customer had

continued to have non-payment issues. He stated that, around March, her service had been cut off, but that she apparently had turned the service back on. He stated that his office usually did a follow-up to make sure that this did not happen, but that no “check status” service order had been issued, and that the customer had been turned off again in April, and then again in May. He stated that he believed the customer had turned her service back on each time and that, during this period, she had used large quantities of water. Ms. Littlefield inquired whether a security deposit had been applied, and whether there were any additional deposits or reconnect fees included in the recommended write-off. Mr. Morin stated that there were two \$40 reconnect fees which should be subtracted from the total. After discussion, the Board agreed that it was not prepared to take action to approve this write-off until detailed backup was presented by Mr. Morin. Director Richter then moved that the Board approve the write-off list with the exception of the write-off in the amount of \$1,273.80, as discussed, and with a directive that Mr. Morin’s company provide a plan of accountability for this loss to the District. Mr. Morin acknowledged that his office had made a mistake, and stated that it would take responsibility for the loss. Upon second by Director Henderson, the motion was unanimously adopted. Director Henderson then inquired as to the advisability of filing suit against this customer, and Ms. Littlefield explained that, in these situations, it was usually not worth the District’s money to do so, as the customers frequently had no assets and the cost of pursuing collection could easily exceed the amount in question.

Ms. Littlefield then advised the Board that former Director Texana Kowis had received several notices during the recent hurricane emergency, and had requested that the District update its contact for the TexWarn System. After discussion, the Board agreed that Mr. Morin should be designated as the District’s contact, and Ms. Littlefield agreed to advise the TexWarn administrator of the designation.

Director Campbell then stated that the Board would consider taking action regarding management, operations and bookkeeping services. He advised the Board that the Bookkeeping Services Agreement with Peña Swayze & Co., L.L.P. and the Amended Contract for Maintenance and Operation of Retail Utility System with SWWC Services, Inc. had been finalized, and that he recommended approval of both contracts. Upon motion by Director Richter and second by Director Henderson, the Bookkeeping Services Agreement with Peña Swayze & Co., L.L.P. attached as **Exhibit “L”** and the Amended Contract for Maintenance and Operation of Retail Utility System with SWWC Services, Inc. attached as **Exhibit “M”** were unanimously approved by the Board.

Director Campbell noted that no action regarding the District’s manager’s account was necessary at this time, and stated that the Board would next consider taking action regarding the Resolution Amending Designation of Investment Officer attached as **Exhibit “N”**. Ms. Littlefield noted that she had placed this resolution, as well as the depository resolutions for the District’s various accounts, on the agenda so they could be implemented prior to the transition of bookkeeping services on November 1st. She noted that she believed that, if the Board waited until its October meeting, it would be too late to have these revisions in place prior to November 1st. Director Richter then moved that the Board approve the Resolution Amending Designation of Investment Officer, with a designation to be effective as of November 1st. Director Henderson seconded the motion which was unanimously adopted.

Director Richter then moved that the Board approve the amended depository resolutions, LOGIC Resolution and TexPool Resolution, attached as **Exhibits “O”** through **“R”**, effective November 1st. Upon second by Director Henderson, the motion was unanimously adopted.

Director Richter then moved that the Board approve the Amended District Registration Form attached as **Exhibit “S”**, with the changes to be effective November 1st. Upon second by Director Henderson, the motion was unanimously adopted.

Director Campbell then stated that the Board would receive the attorney’s report, and recognized Ms. Littlefield. Ms. Littlefield presented the proposal from Gulf Coast Compliance, Inc. for inspection services attached as **Exhibit “T”**. She noted that, at its last meeting, the Board had indicated that it wished to begin erosion control inspections, and to amend the District’s erosion control rules. She presented the revised Rules attached as **Exhibit “U”**, and reviewed them with the Board. After discussion, upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the revised Rules, as presented, and to approve a contract with Gulf Coast Compliance, Inc. for a six-month term, with a 30-day termination clause, and compensation of \$450 a month for the inspection of the Parkside and Lakes at Northtown subdivisions, to direct Mr. Jones to keep the Board informed as additional areas which needed to be inspected were added, and to authorize Director Henderson and Richter to execute the contract with Gulf Coast Compliance, Inc. following their review and approval of the form of the contract.

Director Campbell then stated that the Board would receive a report from the District’s engineer, and recognized Mr. Jones. Mr. Jones presented his report, a copy of which is attached as **Exhibit “V”**, and reported that DR Horton had put up the erosion controls which the Board had requested and had addressed the immediate problem at the pond at Harris Ridge Blvd. and Sebastian Bend. Mr. Jones then presented his proposal for permitting of the on-channel reservoirs within the District, a copy of which is attached as **Exhibit “W”**. Director Richter requested that Mr. Jones revise the proposal to include the estimated hours and to either call out the permitting fees specifically or include them in the cost of the proposal, and moved that the Board authorize the Park Subcommittee to review and, upon approval, execute the proposal on behalf of the District. Director Martinez seconded the motion, which was unanimously adopted.

Ms. Littlefield advised the Board that the District had received the Declaration of Easement and Restrictive Covenant for the Lakes Boulevard (Lakes at Tech Ridge) Ponds which had been discussed for several months. Ms. Littlefield pointed out that the Declaration, a copy of which is attached as **Exhibit “X”**, obligated the owner to maintain the ponds, and provided the District with enforcement rights. She noted that it appeared that the property owner had not paid the attorney’s fees relating to this document, as the escrow report included in Mr. Morin’s report did not show any legal invoices being charged against the escrow. Mr. Morin agreed to research the matter. After further discussion, Director Henderson moved that the Board accept the Declaration and approve the project, subject to the terms of the Declaration and the property owners’ obligation to maintain the ponds, and subject to Mr. Jones’ confirmation that all of the wet pond facilities in the Lakes at Tech Ridge were included in the scope of the Declaration. Upon second by Director Martinez, the motion was unanimously adopted.

Mr. Jones reported that the District’s Small Municipal Separate Storm Sewer System Permit Application was in process. He then reviewed a notice from the Travis County

Transportation Natural Resources Department regarding the updated flood plain map for Travis County. Mr. Jones provided a copy of the updated flood plain map for the District's records, and advised the Board that the flood plain within the District appeared to be restricted to the park areas. He stated that he had done an overlay, and that only two duplex lots appeared to be potentially impacted, but added that the line on the map was very wide and imprecise. Mr. Jones indicated that he had discussed the matter with Tom Anker of DR Horton, who had confirmed that Gray Jansing and Associates had inspected the map and confirmed that the two duplex lots were not affected by the flood plain.

Mr. Jones then reported that he had received Pay Estimates No. 4, 5 and 6 for the improvements under the Tri-Party Agreement with Dessau Fountains Estates, copies of which are attached as Exhibits "Y" through "AA", respectively. He noted that there had been a problem pulling a mandrel through the line, but that the City of Austin staff had confirmed that it had used the wrong size of mandrel and so the test would need to be run again. He recommended approval of the Pay Estimates, as presented. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to do so. After discussion, the Board reiterated that Mr. Fadal should delay the installation of the landscaping around the lift station until Mr. Jones authorized him to proceed. Mr. Jones reported that Dessau Fountains had approved a contract to make its connection to the lift station, and also reported that one section of sidewalk still needed to be repaired, but stated that he recommended deferring the repair until Dessau Fountains completed its work. Mr. Jones also reported that Mr. Carlton of Ms. Littlefield's office had obtained an extension of the deadline to complete a smoke test under the agreement with Dessau Fountains Estates.

The Board then discussed water and wastewater services to Settler's Meadow, and Ms. Littlefield reported that she had contacted Michael Inabinet, the project manager for the Travis County roadway improvements, and inquired as to the status of the Wildflower Trail repair. She noted that there had apparently been some miscommunication between his office and Mr. Jones, but that their proposal was to lower the berm and reconstruct the trail in the same area, including over a slight rise where the berm was located. She noted that she had recommended that Mr. Inabinet meet with the Park Subcommittee and Mr. Jones on site to confirm the acceptability of the proposal. After discussion, the Park Subcommittee agreed to meet with the representatives of the engineering firm on the following Tuesday at 5:00 p.m. to discuss the trail repair. Mr. Jones then advised the Board that Pate Engineering was recommending award of the contract for the wastewater waterline project to serve Settler's Meadow to the low bidder, Schroeder Construction Company, in accordance with the bid tabulation attached as Exhibit "BB". Director Richter stated that she was concerned about the prices, which varied fairly widely on some items. Mr. Jones agreed, and stated that Pate Engineering had talked to Schroeder Construction Company and confirmed that it was comfortable with its bid prices. Director Campbell noted that Pate Engineering had also pointed out the bid discrepancies in its letter of recommendation, attached as Exhibit "CC". After further discussion, Director Richter moved that the Board approve the award of the contract to Schroeder Construction Company, as recommended, subject to the requirement that there not be any change orders for this project unless they were initiated by the Board. Upon second by Director Henderson, the motion was unanimously adopted. Mr. Jones then reported that the City of Austin had informed him that it would not be testing the valves in the two pressure zones, and that it was comfortable with the master meter readings that were being presented. Mr. Jones also noted that Pate Engineering had requested approval of a check to the City of Austin for inspection fees in connection with the

wastewater line project, and Mr. Morin noted that this had been included in the list of bills and invoices, and had been previously authorized for payment.

Mr. Jones then presented the request for consent to the vacation of right-of-way for Heatherwild Boulevard, attached as **Exhibit “DD”**. He stated that he did not see any problems with the requested vacation, and noted that the County was only asking for the Board’s concurrence. After discussion, upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to concur with the vacation, as requested.

Mr. Jones then presented the request for an amendment to Sam Jones Consulting’s engineering services agreement attached as **Exhibit “EE”**. He noted that this would increase his firm’s compensation from \$1,500 to \$1,800 a month, and increase the hourly rate schedule. After discussion, upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the requested amendment. Ms. Littlefield agreed to draft the necessary amendment and bring it back to the Board for approval at the next meeting.

Mr. Jones then advised the Board that he had received plans for a neighboring project, Harris Ridge Condominiums. Director Campbell recognized Mr. Risher, who presented the plans for the condominium project. He explained that the project was outside the District’s boundaries, and that the homeowners’ association would maintain all of the landscaping, exteriors and roofs within the project. He stated that the project included a landscaped entryway, and that the entryway would be located within the District, although the actual project was located within the City of Austin’s jurisdiction. Ms. Littlefield noted that she had advised Mr. Risher that, in order for the City of Austin to provide irrigation water within the District’s boundaries, an interlocal agreement would be required. Mr. Risher agreed, and stated that the developer would either take District irrigation water or pursue an interlocal agreement, whichever was simpler. The Board discussed the potential impacts of the project on the District’s park system, as well as the fact that the greenbelt area within the project would connect to the District’s parks. After discussion, the Board agreed that the District would cooperate with Mr. Risher in connection with identifying the most cost-effective alternative for providing irrigation water to the project, but requested that he discuss with Mr. Mitchell, the president of his company, the possibility of working with the District with regard to the connecting park improvements, especially due to the likelihood that residents of the condominium project would utilize the District’s park facilities.

Director Campbell then recognized Ms. Loayza, who advised the Board that the Village @ Northtown was hoping for City Council action to extend its preliminary plan on the following Thursday. She requested that the subcommittee which had been appointed to work on this project schedule a meeting prior to the next Board meeting in order to review the revised land use plan which had previously been presented, in hopes of obtaining approval of the necessary documentation to proceed with that plan. Director Campbell noted that the Board still had a standing subcommittee on this matter, consisting of himself and Director Martinez. After discussion, Director Campbell and Director Martinez agreed to meet with Ms. Loayza the following week and to coordinate a place and time for the meeting via email. Ms. Loayza requested that her item be placed back on the Board’s meeting agenda for the scheduled October 28th meeting, and the Board agreed that it would be left on the agenda, as requested.

The Board then returned to the discussion of selection of a District auditor, and Director Henderson stated that he had checked the references for Maxwell Locke and that the people he had talked to were very pleased with their services. Mr. Morin agreed that Maxwell Locke did a good job. Director Campbell stated that he felt McCall Gibson's proposal was more responsive to the District's request for proposal. Mr. Jones stated that he had worked with McCall Gibson when he was with the Texas Commission on Environmental Quality, and that the firm had been very helpful in work on the water district accounting manual. After further discussion, Director Henderson moved that the Board retain the firm of Maxwell Locke to perform the District's 2008 audit. Upon second by Director Martinez, the motion was unanimously adopted.

At 8:40 p.m., Director Campbell announced that the Board would convene in executive session for purposes permitted by Section 551.076 of the Texas Government Code, in order to discuss personnel matters, and Section 551.071 of the Texas Government Code, in order to receive legal advice regarding legal matters contained on the meeting agenda. At 9:15 p.m., the Board reconvened in open session, and Director Campbell announced that no action had been taken during the 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