

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

September 25, 2007

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 25, 2007, at the Wells Branch Community Center, 2106 Klattenhoff Drive, Austin, Texas. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the Notice is attached as **Exhibit "A"**.

The roll was called of the members of the Board:

Texana Kowis	-	President
Robin Campbell	-	Vice President
Brenda Richter	-	Secretary
Michael Zeniecki	-	Assistant Secretary
William E. Henderson	-	Treasurer

and all of the Directors were present, except Director Richter, who arrived later, thus constituting a quorum. Also present at the meeting were Mike Morin of ECO Resources, Inc.; Cheryl Allen of Southwest Securities; Mona Oliver and Don Williams of Wells Branch Municipal Utility District; Sam Jones of Sam Jones Consulting, Inc.; Deputy Keith Kinnard of the Travis County Sheriff's Department; Brenda Searle-Sung of KB Homes; Richard Fadal of TexaScapes, Inc.; David Armistead of the Wildflower Homeowners' Association and Sue Brooks Littlefield of Armbrust & Brown, L.L.P.

Director Kowis called the meeting to order at 5:45 p.m., and stated that the Board would first consider approving the minutes of the August 28, 2007 Board meeting. Upon motion by Director Campbell and second by Director Henderson, the Board voted unanimously to approve the minutes.

There being no citizens' communications and no announcements by Board members, Director Kowis recognized Ms. Oliver, for purposes of receiving a report regarding restrictive covenant enforcement. Ms. Oliver indicated that she had received a report of a day care operating at 13721 Merseyside Drive. After discussion, the Board requested that Ms. Littlefield determine whether a day care was registered at that address.

At 5:50 p.m., Director Richter arrived at the meeting. Mr. Williams addressed the Board, and reviewed his directives from the prior Board meeting. He noted that the security brochures had been completed and delivered to Deputy Kinnard, and that a proposal for algae control for the District's wet ponds was included in the meeting packet. A copy of the proposal is attached as **Exhibit "B"**. Mr. Williams noted that there were cat tails in the ponds which also needed to be thinned, and stated that that service was included in the scope of work which would be provided under the proposal. Director Kowis and Director Richter recommended approval of the proposal as presented. After discussion, Director Richter moved that the proposal be approved

and, upon second by Director Zeniecki, the motion was unanimously adopted. Director Richter requested that Mr. Williams advise the Board if, during any month, services covered by the proposal were not needed, and he agreed to do so. Mr. Williams reported that there were two permanent soccer goals in place at Stoney Creek Park, but that he had been unable to locate any additional goals. Director Kowis requested that Mr. Williams obtain a price for permanent goals to be installed in the Wildflower Park. Director Richter inquired whether the rock wall had been completed behind the Masri residence, and Mr. Williams stated that it had. Director Zeniecki noted that the fence matched the existing masonry wall and looked good. Mr. Williams reported that he had removed graffiti from the wet pond, located at Wells Branch Parkway, and Director Richter suggested that the Board get a price for concrete paint to cover up graffiti, as this was a recurring problem. Mr. Williams agreed to obtain a price for the paint, and concurred that this would be a good solution to the problem. Mr. Williams then presented the proposal for adding fill to the play ground wells attached as **Exhibit "C"**. Director Kowis pointed out that this was significantly more expensive than had been anticipated, and moved that the Board approve the installation of wood mulch as an interim step, and authorize the Park Subcommittee to pursue a permanent solution. Upon second by Director Richter, the motion was unanimously adopted. Mr. Williams noted that he had begun installation of rock barricades, to prevent parking on park property, but that he would need to obtain additional rocks for this purpose. Director Richter moved that the Board authorize the Park Subcommittee to approve up to \$2,000 for cost of rocks to be used for barricades at the park. Upon second by Director Campbell, the motion was unanimously adopted.

At 6:00 p.m., Director Kowis announced that the Board would conduct a public hearing on the District's 2007 tax rate. She advised those present that the Board proposed to adopt a total tax rate of \$0.75 per \$100 assessed valuation, which was the same rate which the Board had adopted in the past several years. She 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 Kowis announced that the public hearing would be closed.

The Board then reviewed an Order Levying Taxes and, after discussion, Director Richter moved that the Board adopt a \$0.75 tax rate and approve the Order Levying Taxes attached as **Exhibit "D"**. Upon second by Director Zeniecki, the motion was unanimously adopted, with all Directors present and voting "yes".

Director Kowis then recognized Mr. Armistead, for purposes of receiving a report regarding Wildflower Homeowners' Association restrictive covenant matters. Mr. Armistead reported on the fences which were being installed and continued work he was doing to enforce yard maintenance requirements. He commended the Board on the appearance of the new District signage. Mr. Armistead noted that there was a shed on Lampting right behind the detention pond, which was in Meadowpointe, adjacent to the Park. The Board requested that Ms. Oliver investigate. In response to a question from Mr. Armistead regarding soccer goals for Wildflower Park, Director Kowis responded that Mr. Williams was working on obtaining pricing for the goals. Mr. Armistead advised the Board that he was working with the Boy Scouts to have addresses repainted in the Wildflower alleys.

Director Kowis then recognized Deputy Kinnard, for purposes of receiving a security report. Mr. Kinnard presented the report attached as **Exhibit "E"**.

Director Kowis then stated that the Board would consider park development matters. She reported that the Park Subcommittee was working on moving forward with the park grant and obtaining a manager for the District's park construction. She stated that the Park Subcommittee had met with Mr. Fadal and Mr. Williams about sending out a request for proposals for a grant manager/park construction manager. She stated that, after their discussion, she felt the most cost-effective solution might be to expand the District's agreement with Wells Branch, and to pursue an option by which Wells Branch would hire more staff and a manager to work directly on Northtown projects. The Board concurred that its relationship with Wells Branch had served the District very well. Director Henderson stated that he felt this sounded like a good option, and inquired whether the Park Subcommittee had discussed this with Wells Branch's Board of Directors. Director Kowis stated that they had not, as she felt that they should receive feedback from the Board before approaching Wells Branch. Director Zeniecki stated that the Board had a good working relationship with Mr. Williams and, as the relationship was working so well, he felt this was a good idea. Director Campbell stated that he also liked the idea, and appreciated the work Wells Branch did for the District. He stated that he preferred not to have a third party involved when Wells Branch and Mr. Fadal already worked together so well. After discussion, the Board concurred that the Park Subcommittee should move forward with discussions with the Wells Branch Board of Directors. Director Richter requested that the Board also authorize the Park Subcommittee to proceed with a request for proposal for a park manager/construction manager if Wells Branch was not interested in pursuing the alternative. The Board concurred that the Park Subcommittee should begin this process, if needed.

Director Kowis then recognized Mr. Fadal, for purposes of receiving the landscape maintenance report. Mr. Fadal reported that landscape maintenance was going very well, and also reported that 11 of the District's signs had been manufactured and that signs had been installed at several locations. He stated that the signs which included posting boards would be re-keyed before the next Board meeting, in order to accommodate the need to post the Board's meeting agendas. Director Campbell suggested installing one of the additional signs at the entry into the District from the extension of Wells Branch Parkway. After discussion, the Park Subcommittee agreed to meet with Mr. Fadal on additional signage locations.

Director Kowis then stated that the Board would receive a report from the District's general manager. She noted that the deputies' invoices were not in the Board's packet due to a miscommunication. She requested that the Board approve them as additional bills and invoices, despite the fact that they had not been included. Mr. Morin indicated that Director Henderson had reviewed all of the additional bills and invoices. Mr. Williams noted that there were a significant number of invoices from Wells Branch Municipal Utility District being presented tonight, and that some of the invoices had not been submitted in a timely manner. He stated that this would not occur in the future. Director Kowis stated that she felt she had been paid already for mileage for the August 25th Board meeting, and Mr. Morin indicated that she had not. He then reviewed the bills and invoices received by the District, as set forth on the check register attached as **Exhibit "F"** and the supplement attached as **Exhibit "G"**. Director Henderson noted that he had not approved the payment of the Wells Branch Municipal Utility District invoices, as he was not familiar with the services in question. Directors Kowis and Richter agreed that the invoices were in order and should be paid. After discussion, Director Henderson moved that the Board approve the bills and invoices, as presented. Upon second by Director Zeniecki, the motion was unanimously adopted.

Mr. Morin then advised the Board that the invoice payable by JC Evans had been paid, and that he had met with the fencing contractor regarding the defective work which had been identified by Director Richter. He stated that the contractor indicated that the fence had been damaged and repaired after completion. After discussion, the Board directed Director Richter to inspect the fence and make a recommendation regarding payment.

Mr. Morin then stated that he was working with the District's depository regarding the implementation of the "Positive Pay" system, and noted that he expected this to cost significantly more than he had originally anticipated. After discussion, the Board agreed that Director Henderson should continue to work with Mr. Morin on this matter, and bring back a recommendation to the Board at its next meeting. Mr. Morin stated that he had had a long talk with the City of Austin's representatives regarding the high increase in the District's wholesale rates, and that he understood that the increase in wastewater charges was due, in large part, to a higher allocation of inflow and infiltration to the District. He presented the write-offs attached as **Exhibit "H"** and, upon motion by Director Henderson and second by Director Campbell, the Board voted unanimously to approve the write-offs. Mr. Morin then presented the transfer letter attached as **Exhibit "I"**, and requested approval. Upon motion by Director Henderson and second by Director Campbell, the transfer was unanimously approved.

Mr. Morin then recommended a 5.7% increase in the District's water gallonage rates and a 10.1% increase in the District's wastewater gallonage rates, in order to pass through the wholesale rate increases from the City of Austin. Upon motion by Director Richter and second by Director Campbell, the Board voted unanimously to approve the Revised Order Establishing Services Rates, Charges and Tap Fees and Adopting Rules and Policies with Respect to the District's Water, Wastewater and Drainage Systems attached as **Exhibit "J"**, implementing those changes.

Director Kowis stated that the Board would next receive a report from the District's attorney. Ms. Littlefield advised the Board that the District's bond application would be considered by the City of Austin Water and Wastewater Commission the following day. She noted that she had received an inquiry earlier in the day regarding the status of the District's park improvements and, after discussion, the Board agreed that Director Richter should offer to give a tour of the District's park facilities to the Park Staff person who had inquired, by contacting Lisa Martinez. Ms. Littlefield reported that she had submitted a proposed Interlocal Agreement for solid waste services to KB Homes out-of-district service area, a copy of which is attached as **Exhibit "K"**, to the City of Austin, but had not yet received a response. Ms. Littlefield also advised the Board that, as noted by Mr. Williams at the prior Board meeting, the District did not currently own the Wildflower Pond site, although it did have an easement over the site. She stated that she had contacted the developer, who had agreed to convey the pond property to the District. She presented the deed attached as **Exhibit "L"** and, upon motion by Director Richter and second by Director Campbell, the Board voted unanimously to accept the dedication.

Director Kowis then stated that the Board would receive the report from the District's engineer and recognized Mr. Jones. Mr. Jones reviewed his report with the Board, a copy of which is attached as **Exhibit "M"**. He stated that he had signed the change order authorized by the Board at the previous meeting in connection with the by-pass piping project, and had not heard any more from the contractor. He stated that the tap was scheduled for October 14th at 9:00 p.m. Mr. Jones then presented Pay Estimate No. 5, a copy of which is attached as **Exhibit**

“N”, and Change Order No. 2 in the amount of \$5,224 for the Lakes at Northtown, Section 1, a copy of which is attached as **Exhibit “O”**, and recommended approval. He noted that the Change Order was for additional drains. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the Pay Estimate and the Change Order as presented.

Mr. Jones then presented the bid tabulation for the Lakes at Northtown, Section 2, a copy of which is attached as **Exhibit “P”**, and recommended award of the contract to the low bidder, Austin Engineering, in the amount of \$690,223.25. He stated that he concurred with the recommendation of the design engineer for award of the contract to the low bidder. Upon motion by Director Campbell and second by Director Zeniecki, the Board voted unanimously to approve the award of the contract as recommended.

Mr. Jones reported that the pre-purchase inspection which was required prior to the purchase of facilities funded by a bond application had been held, and that he anticipated receiving authorization soon.

Mr. Jones then reported that the prebid conference for the improvements under the Tri-Party Agreement with the City of Austin, Tex Aust Limited Partnership, Aus-Cal, L.L.C., and Dessau Fountains Estates, L.L.C. had been held, and that there had been a good turnout. He stated that, due to the tight working conditions, he anticipated a very high contract price. Director Kowis pointed out that the Board had asked that Mr. Fadal be present when the plants were removed, and Mr. Jones proposed that an allowance be included in the contract for relocating and reinstalling the plants, and that the District change order the work out of the contract and handle it directly. Mr. Jones reported that he anticipated a delay in the completion of the project because of a special type of pipe which needed to be ordered. Director Richter inquired why the pipe could not be ordered now, and Mr. Jones responded that the contractor would not order it until he was actually awarded the contract. He stated that this would require an extension of time under the Tri-Party Agreement. After discussion, the Board agreed that Mr. Jones should contact Bart Jennings at the City of Austin regarding the matter.

Director Kowis then stated that the Board would conduct a public hearing regarding the taxation of goods-in-transit. She opened the public hearing and inquired whether there was anyone present wishing to address the Board on the matter. There being no one, Director Kowis closed the public hearing. Director Campbell then moved that the Board adopt the Resolution Providing for Taxation of Goods-in-Transit attached as **Exhibit “Q”**. Upon second by Director Zeniecki, the motion was unanimously adopted.

Director Kowis then stated that the Board would receive the reports from developers’ and landowners’ representatives. She recognized Ms. Searle-Sung, who reported that Section 1 was open and that, out of 36 lots, 22 homes had already been sold. She stated that five homes were in inventory. Ms. Searle-Sung indicated that the street improvements should be completed by the end of the week and that her company hoped to have a final walk-through with the City of Austin by the end of the following week. She stated that the Section 2 plat had been recorded, and that she anticipated the preconstruction conference would occur the following week.

There being no further business to come before the Board, the meeting was adjourned, at 7:00 p.m.

Date: _____.

(SEAL)

Brenda Richter, Secretary
Board of Directors