

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

November 27, 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 November 27, 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, thus constituting a quorum. Also present at the meeting were Mike Morin of ECO Resources, Inc.; Mary Bott of Pena Swayze & Co., L.L.P.; Richard Fadal of TexaScapes, Inc.; David Armistead of the Wildflower Homeowners’ Association; Deputy Manley of the Travis County Sheriff’s Department; Linda Loup of Southwest Securities; Mona Oliver of Wells Branch Municipal Utility District 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 the consent items on the Board’s meeting agenda: the minutes of the October 22nd and October 25th Board meetings and the Resolution Confirming Annual Review of District Code of Ethics and Financial Investment, Travel and Professional Services Policy attached as **Exhibit “B”**. After discussion, upon motion by Director Henderson and second by Director Campbell, the Board voted to approve the consent items, with Director Kowis abstaining from the vote on the minutes due to her absence, but otherwise with all Directors present and voting “yes”.

There being no citizens communications and no announcements by Board members, Director Kowis stated that the Board would next receive the security report, noting that Deputy Kinnard had been unable to attend the meeting and Deputy Manley was attending in order to provide the Board with a report. Deputy Manley advised the Board that he had been back on patrol only a short time, but that things had been relatively quiet in the District. He stated that he had taken a report of a burglary at a residence at night during the previous week, and explained that the resident had been present at the time, but apparently had left the door open and fallen asleep on the couch. He stated that there had been another similar burglary a few weeks before, but that the resident had pursued the burglar, who had dropped the items which were taken. Director Kowis inquired whether a change in hours or the times of day for the patrols needed to

be made due to the fact that school would be out soon for the Christmas holidays. Deputy Manley indicated that children within the District seemed to be out at all hours of the day and night, and that he did not think that the hours of patrol would make a significant difference. Director Kowis asked that Deputy Manley remind Deputy Kinnard of the change of the next meeting date to December 18th.

Director Kowis stated that the Board would next consider a revised Order Establishing Service Rates, Charges, Tap Fees and Adopting Policies with Respect to the District's Water, Wastewater and Drainage Systems in order to adjust industrial waste permit fees, and to pass through the increase in the charges payable to Texas Disposal Systems. Upon motion by Director Campbell and second by Director Henderson, the Board voted unanimously to approve the revised rate order attached as **Exhibit "C"**.

Director Kowis stated that the Board would next consider approving an Order Establishing Industrial Waste Regulations, and Establishing Fees and Policies, and Procedures Relating to Industrial Waste. Director Zeniecki expressed concern about the continuing increase in the cost of water and wastewater services. Director Kowis acknowledged that the cost of services was going up, and noted that the District did not make money on either water or wastewater service, and was only passing through its own cost increases. After further discussion, upon motion by Director Zeniecki and second by Director Campbell, the Board voted unanimously to adopt the Order attached as **Exhibit "D"**.

Director Kowis stated that the Board would next consider taking action regarding the District's \$6,005,000 Unlimited Tax and Revenue Bonds, Series 2007. Ms. Loup advised the Board that the District had received the Texas Commission on Environmental Quality's purchase authorization, a copy of which is attached as **Exhibit "E"**. Ms. Littlefield and Mr. Morin confirmed that DR Horton had paid its receivable due to the District, and had also re-established the escrow deposit which the Board had required in the amount of \$2,000. Ms. Bott then distributed the Report on Reimbursable Cost attached as **Exhibit "F"** and reviewed it with the Board. She stated that the report was substantially the same as the draft which had been included in the Board's meeting packet, but that there had been some changes which had been requested by Ms. Littlefield, including the disallowance of certain legal fees and the update of KB Homes' name. Ms. Littlefield presented the Conveyances of Existing Facilities and Bills Paid Warranties attached as **Exhibits "G" and "H"**. After discussion, Director Campbell moved that the Board accept the Conveyances of Facilities and Bills Paid Warranties as presented and authorize the disbursement of funds in accordance with Ms. Bott's report. Upon second by Director Zeniecki, the motion was unanimously adopted. Mr. Morin then requested authorization to wire transfer funds in accordance with the disbursement summary included in the Report on Reimbursable costs. Upon motion by Director Zeniecki and second by Director Campbell, the Board voted unanimously to authorize the wire transfer of the funds as proposed.

Director Kowis then stated that the Board would consider the Tax-Assessor-Collector representation letter. Ms. Littlefield noted that, following the sale of the bonds, the District had received the letter attached as **Exhibit "I"**. She noted that she had not had any prior contact with the Tax-Assessor-Collector's office regarding this matter, and had contacted Ms. Allen and Ms. Polumbo, who had indicated that there had been some confusion on the part of the individual at the Tax-Assessor-Collector's office who had sent the letter, that the differences were based on

the District's use of audited numbers and were not substantial. She presented the response from Ms. Allen attached as **Exhibit "J"**. The Board thanked Ms. Littlefield for her report.

Director Kowis then stated that the Board would receive a report under the Interlocal Agreement with Wells Branch Municipal Utility District. Ms. Oliver advised the Board that Mr. Williams' plane had been delayed, and that he would not be able to attend the meeting. She distributed photos of graffiti placed on the new bridge and the pond off of Lantern, and confirmed that Wells Branch's maintenance crews were using the graffiti paint as previously authorized, to cover the graffiti. Director Henderson stated that an individual in Pflugerville had recently been arrested who had had a shed in his backyard with the same tags utilized on the District's facilities. He suggested the Ms. Oliver contact the Pflugerville Police Department to see if the situations were related. The Board agreed that Ms. Oliver should refer the matter to Deputy Kinnard, so that he could contact the Pflugerville Police Department. Director Zeniecki asked that Ms. Oliver be sure to make a police report any time graffiti was encountered, so that there would be a record and the opportunity for prosecution. She agreed to do so. Director Richter concurred, and suggested that Ms. Oliver report these incidents by contacting Deputy Kinnard. Ms. Oliver agreed. The Board agreed that it did want the graffiti to be covered as quickly as possible, as was Wells Branch's current practice, but also wanted a report of the incidents to be made, so that they could be documented.

Director Kowis then recognized Mr. Fadal, for the purpose of receiving the landscape maintenance report. Mr. Fadal reviewed his report, a copy of which is attached as **Exhibit "K"**, and advised the Board that the overseeding had been completed and the District's winter color had also been installed. He stated that his crews had also removed loose debris and deadfall from the creek area. Director Kowis then stated that the Park Subcommittee wished to present the proposal for the Stoney Creek Park Rough Clearing Phased Plan, attached as **Exhibit "K"**. She explained that the costs indicated were not the entire cost of the cleaning of the 50 acre park, but would be a starting point, working from the boundary of the existing District park. Director Kowis stated that she was pleased with the proposal, which was for the first of two phases. She stated that she felt that, by the December meeting, Mr. Fadal's crews would have made a lot of headway on this project. Director Kowis also stated that, prior to completing any improvements within the park, she felt it was necessary to have the park surveyed, to be sure that the Board knew where the boundary lines were. After discussion, Ms. Littlefield stated that she believed it would be less expensive to have a surveyor locate and flag the pins along the south boundary and whatever other boundaries were in question. After discussion, Director Henderson moved that the Board approve the proposal for the rough clearing, and authorize the Park Subcommittee to engage a survey crew to locate the boundaries of the 50-acre park tract. Upon second by Director Campbell, the motion was unanimously adopted. The Board agreed that the boundary location should be coordinated with Mr. Fadal, as he was most familiar with the areas which were in question. Director Richter requested that Mr. Fadal document the appearance of the 50 acre park both before and after his clearing work, and he agreed to do so. Director Kowis then advised the Board that she also had a concern regarding the boundary of the Wildflower Park, due to the location of some survey stakes which appeared to go through part of the park and cut-off the trail. Ms. Littlefield stated that she had not been able to determine why the stakes were located on the District's property, but that it appeared that the District's trail was within the dedicated park property, although there might be a slight encroachment along the eastern property line. She noted that she was meeting with the Village at Northtown's attorney the following day, and would discuss this issue with him at that time. She stated that she felt that,

even if there was a slight encroachment, the issue could be resolved as the Village at Northtown would be dedicating additional park land to the District in the future.

Director Kowis then stated that the Board would receive a report regarding restrictive covenant enforcement matters. She recognized Mr. Armistead, who stated that he had some information regarding the survey stakes on the Wildflower Park, and had been told by one of the property owners that the owners were surveying the property. He reported that two garages had been built, which looked appropriate to the neighborhood. He complained that the goats at 13809 Spring Heath Road were still there, and requested that the Board take action to remove them. Ms. Littlefield pointed out that the filing of a lawsuit was on the agenda for Board consideration later in the meeting. Mr. Armistead reported that three fence replacements had been completed during the prior month. He inquired as to the status of the Wildflower soccer goals which had previously been authorized to be purchased, and the Board requested that Ms. Littlefield contact Mr. Williams to determine the status, and let Mr. Armistead know when they could be expected to be installed. Ms. Littlefield agreed to do so.

At 6:20 p.m., Director Kowis stated that the Board would convene in executive session in order to receive legal advice regarding restrictive covenant matters. At 6:35 p.m., the Board reconvened in open session, and Director Kowis announced that no action had been taken during executive session. The Board then discussed reports of a number of licensed day cares operating within the District, and agreed that Ms. Littlefield should send a letter to all individuals who held a license for day care operations within the District's boundaries and advise them that running a business within the District was a violation of the applicable restrictive covenants. Upon motion by Director Richter and second by Director Zeniecki, the Board voted unanimously to authorize the initiation of lawsuits with regard to the violations at 13801 Lampting Drive and 13809 Spring Heath Road.

Director Kowis stated that the Board would next consider park development matters, and reported that the Wells Branch Municipal Utility District Board of Directors had approved an amendment to its interlocal agreement with the District which would implement the park grant and construction management staffing previously discussed by the Board. The Board reviewed the amendment attached as **Exhibit "L"** and, after discussion, upon motion by Director Henderson and second by Director Campbell, voted unanimously to approve it.

Director Kowis stated that the Board would next receive a report from the District's general manager. Mr. Morin reported that he had delayed purchasing the lettering for posting information on the new District signs, pending the Board's confirmation that it wished to have so many signs with the Board's meeting information on them. He stated he had implemented the "Positive Pay" system through Chase Bank, as previously authorized by the Board. He stated that the District did have some accounts with other banks. After discussion, the Board confirmed that it wished the Compass Bank account to be closed. Mr. Morin indicated that he felt that the "Positive Pay" system would be beneficial, and that he felt the costs would be reasonable as well.

Mr. Morin then presented the list of write-offs attached as **Exhibit "M"**, and recommended approval. Upon motion by Director Zeniecki and second by Director Henderson, the Board voted unanimously to approve the write-offs. The Board then discussed the schedule for cutoffs during the holidays and, after discussion, Director Richter moved that the Board

direct Mr. Morin to waive the December cutoff date, and delay cutoffs until the regular January cutoff date. On second by Director Henderson, the motion was unanimously adopted.

Mr. Morin then presented the list of bills and invoices received by the District, as set forth on the check register attached as **Exhibit “N”**, and the supplemental check register attached as **Exhibit “O”**. He stated that Director Henderson had reviewed all of the invoices, and recommended approval. Director Henderson confirmed this, and moved that the Board approve the payment of the bills and invoices as presented. Upon second by Director Zeniecki, the motion was unanimously adopted.

Mr. Morin then presented the investment report attached as **Exhibit “P”** and, upon motion by Director Campbell and second by Director Henderson, the Board voted unanimously to approve the investment report.

Director Richter reported that she had looked at the lighting at the lift station and bridge, as requested at the prior Board meeting, and had asked Mr. Morin to research a couple of options and bring back a report to the Board. She stated that one of the options was to install more high-powered lighting, which would light up the creek area. She also noted that there were some existing power poles in the area, which might be an option for installing the lighting.

Mr. Morin then advised the Board that his corporate office had approved the amended Management Services Agreement between the District and SWWC, the new ECO Resources entity. Ms. Littlefield confirmed that the proposed contract, a copy of which is attached as **Exhibit “Q”**, had been reviewed and revised by John Bartram of her office, with input from Director Kowis and Director Richter. Director Kowis and Director Richter recommended approval of the contract. Director Campbell noted that the time for submission of an invoice by the management company differed from the policy previously established by the Board. Mr. Morin indicated that this was not material, as invoices were submitted to his office anyway. Ms. Littlefield pointed out that, if the District exercised its option to change bookkeeping companies, it could present a problem if the management company’s invoice was submitted only five days before the Board meeting, instead of the 10 days required by the Board’s policy. After discussion, upon motion by Director Richter and second by Director Zeniecki, the Board voted unanimously to approve the agreement, with the change in the due date for invoices to 10 business days before each Board meeting, and with the requirement that the invoices be submitted to the District’s bookkeeper. A copy of the approved agreement, revised to reflect this change, is attached as **Exhibit “R”**.

Mr. Morin then advised the Board that his company’s customer services department had been transferred to Houston, but that this change would not be apparent to the District’s customers.

Director Kowis then recognized Ms. Littlefield for purposes of receiving the attorney’s report. Ms. Littlefield reviewed her directives from the previous Board meeting, and also advised the Board that, by its terms, the Wet Pond Monitoring Agreement with the City of Austin had terminated. She noted that she understood the City was removing its monitoring equipment. The Board directed Mr. Fadal to confirm that the equipment had been removed properly, and that no damage had been done to the District’s property as a result of the removal. He agreed to do so and to report back to the Board at the next meeting. Ms. Littlefield stated that she had not received any comments yet on the Interlocal Agreement for solid waste services to

KB Homes' out-of-district service area, but hoped to have a final agreement for the Board's consideration at the next meeting. She presented the Settlement and Release Agreement regarding the fence repair attached as **Exhibit "S"**, and noted that Mr. Morin had reviewed it and confirmed the information that was included. Upon motion by Director Campbell and second by Director Henderson, the Board voted unanimously to approve the Agreement as presented.

Director Kowis then recognized Mr. Jones, for purpose of receiving the engineer's report. Mr. Jones reported that the change order for the Dessau Fountains project had been signed by the contractor, and presented the copy attached as **Exhibit "T"**. He stated that he had not yet received the approved form of restrictive covenant agreement for the Lakes Boulevard (Lakes at Tech Ridge) project, and Ms. Littlefield advised the Board that she had received the proposed document, and would review it prior to the next meeting. Mr. Jones reported that he had received the final pay estimate for the Pflugerville bypass piping project, a copy of which is attached as **Exhibit "U"**. He recommended approval of the pay estimate and acceptance of the project. Mr. Jones also reported that the waterline through the Village at Northtown's property was still under design, and explained that the developer's engineer had changed the elevation of the roadway, and had not notified Mr. Fisher, which would result in additional changes being required to the District's plans. He stated that Pate Engineering was requesting approval of up to \$5,500 in additional fees in order to complete the project. After discussion, Director Henderson moved that the Board authorize the proposal attached as **Exhibit "V"**, not to exceed \$5,500. Upon second by Director Campbell, the motion was unanimously adopted.

Mr. Jones then presented Pay Estimate No. 1 for the Lakes at Northtown Section 2, a copy of which is attached as **Exhibit "W"**. He stated that the project was 29% complete. Upon motion by Director Henderson and second by Director Zeniecki, the Board voted unanimously to approve the pay estimate. Mr. Jones also reported that Dessau Fountains had made the deposit which was required in order for the District to proceed with the improvements under the Tri-Party Agreement. He stated he had instructed Mr. Fisher to give notice to proceed with the project. Mr. Jones then presented the proposal to perform professional engineering services for preparation of a storm water permit application attached as **Exhibit "X"**. He stated that the proposal was on an hourly basis, with an estimated budget of \$11,000. After discussion, Director Kowis moved that the Board approve the proposal, but direct Mr. Jones to adhere strictly to the budget and to attempt to obtain model plans from the Texas Commission on Environmental Quality and the City of Pflugerville in order to reduce the District's cost. Upon second by Director Campbell, the motion was unanimously adopted.

There being no further business to come before the Board, the meeting was adjourned at 7:35 p.m.

Date: _____.

(SEAL)

Brenda Richter, Secretary
Board of Directors