

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

December 16, 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 December 16, 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 Richter, who arrived later, thus constituting a quorum. Also present at the meeting were Sam Jones of Sam Jones Consulting, Inc.; Mary Bott of Peña Swayze & Co., L.L.P.; Mike Morin of SWWC Services, Inc.; Mona Oliver and Jesse Kennis of Wells Branch Municipal Utility District; Scott Foster of Kimley-Horn and Associates, Inc.; Jay Howard of Texas Disposal Systems; Brad Sanders, representing the Wildflower Homeowners' Association and Sue Brooks Littlefield of Armbrust & Brown, L.L.P. Deputy Keith Kinnard of the Travis County Sheriff Department and his canine partner, Cora, and Jim Nias, representing 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 approving the minutes of the November 25, 2008 Board meeting. Upon motion by Director Henderson and second by Director Martinez, the Board voted unanimously to approve the minutes.

Director Campbell then noted that, as Deputy Kinnard had not yet arrived at the meeting, the Board would receive citizens' communications. There being none, Director Campbell recognized Mr. Foster, and stated that the Board would consider taking action regarding a proposal from Kimley-Horn and Associates, Inc. relating to the park site plan and related development. Mr. Foster introduced himself to the Board, noting that he had worked on Phase I of the District's park project, and had attended the Board meeting in order to present his proposal for work on Phase II of the park project. He stated that he had worked with Ms. Littlefield and Director Richter on the contract and scope, and presented the proposed agreement attached as **Exhibit "B"**. He noted that, in connection with scheduling, it would be more challenging to process the proposed site plan exemption through the City at this time due to the holidays, but he would begin work on the exemption before year-end and, once that task was completed, would move into the Phase II development site plan for submittal to the City by the end of January. Mr.

Foster advised the Board that he recommended obtaining a geotechnical report, which would cover the entire site, and would be able to be used again when future improvements were made. Ms. Littlefield explained that she had worked with Mr. Foster and Director Richter to clarify the scope, and that it would include designing and permitting the entire parking lot as well as the ultimate detention pond required for the development of the site. She noted that she, Director Richter and Mr. Foster agreed that this would be more cost-effective, and that she had also discussed the revised scope with Director Campbell, who was in concurrence. Mr. Foster explained that the revised scope of work would be performed for a fee of \$31,700, plus \$4,200 in expenses, and thus the increased amount would be \$35,900. After discussion, Director Henderson moved that the Board engage Kimley-Horn Engineers for the work in question, and approve the proposal as presented. Upon second by Director Martinez, the motion was unanimously adopted. Director Henderson then moved that the Board authorize the Park Subcommittee to retain a geotechnical engineer to perform the boring work recommended by Mr. Foster at a cost not to exceed \$4,000. Upon second by Director Gray, the motion was unanimously adopted.

Director Campbell stated that the Board would next receive a report under the Interlocal Agreement with Wells Branch Municipal Utility District, and recognized Mr. Kennis. Mr. Kennis presented the project report attached as **Exhibit "C"** and reviewed it with the Board. He advised the Board that he or Mr. Williams would be bringing a proposal on the continuation of the fence project to the next meeting. He also advised the Board that the Wells Branch crews had begun pond maintenance work and finished installing inlet screens for the control of trash at the ponds. Director Campbell inquired about the rye seeding noted on the report, and Mr. Kennis stated that seed had been placed in areas of disturbance in the 50 acre park. He confirmed that this was not work that was already being done by Mr. Fadal under his landscape maintenance contract. Mr. Kennis also advised the Board that Wells Branch's staff was doing the additional agenda postings which had been requested. Director Campbell inquired how many agendas were being posted, and Mr. Kennis stated that there were seven agendas being posted, but noted that they did not have enough letters to include the additional lettering on all of the posting boards.

Director Campbell then noted that Deputy Kinnard and Cora had arrived at the meeting, and recognized Deputy Kinnard for his security report. Deputy Kinnard stated that a Neighborhood Watch had been activated in the Brookfield subdivision, and that there had been a light turnout, but significant interest. He pointed out that there was no Neighborhood Watch program active in old Northtown or Wildflower, and stated that he felt the program would be a benefit to those neighborhoods. He confirmed that the Sheriff's Department would provide coverage of the District from December 19th through the 31st, with the exception of Christmas Day. Ms. Littlefield suggested getting an article on the Neighborhood Watch program for the website, and Deputy Kinnard agreed to encourage Mr. Kopecky, the coordinator from Brookfield, to provide information to Director Campbell for posting. Deputy Kinnard reported that there was still a problem with burglaries of residences in the Brookfield subdivision.

Director Campbell then recognized Ms. Oliver for purposes of receiving a restrictive covenant report. Ms. Oliver advised the Board that the two yard maintenance violations which had been discussed at the prior Board meeting had been resolved. She also noted that she had received some complaints regarding the mural on the garage door located at 13807 Cambourne. The Board discussed Brookfield covenant enforcement, and confirmed that the District would

pick up enforcement activities at the litigation stage if there was a need to do so, but that the homeowners' association must provide the appropriate backup. Mr. Sanders advised the Board that there was nothing new to report with regard to violations in the Wildflower subdivision, and stated that he felt that the residents were trying to address the problems, but it was a slow process.

Director Campbell then stated that the Board would consider taking action regarding park development matters. Director Richter advised the Board that Mr. Fadal would not be present due to a conflict, but stated that the deadfall clean-up had much improved the appearance of the creek area. She noted that Mr. Fadal was expecting to begin the lift station revegetation work soon, and would be meeting with the Park Subcommittee to clarify the work that needed to be done around the entryway.

Director Campbell then stated that the Board would receive a report from the District's bookkeeper, and recognized Ms. Bott. Ms. Bott presented the updated cash activity report attached as **Exhibit "D"** and reviewed it with the Board. She noted that this updated report included three additional checks for invoices which had been received after the date of preparation of the Board's meeting packet. She noted that the City of Austin invoice for water and wastewater services in the amount of \$142,519.50 had been received by fax earlier in the day, and that this invoice needed to be paid. She also requested approval of a transfer in the amount of \$25,000 to the District's manager account. Ms. Littlefield inquired whether Ms. Bott had received all of the records from the prior bookkeeper, and she responded that she had not, but that this was not currently presenting a problem. Director Campbell noted that there was a check included on the list of bills and invoices to pay a pay estimate which would be presented later in the meeting. Mr. Jones confirmed that he was recommending approval of the pay estimate. After discussion, Director Henderson moved that the Board approve the payment of the bills and invoices as presented and the transfer, as requested. Upon second by Director Richter, the motion was unanimously adopted.

Director Campbell then stated that the Board would receive a report from the District's general manager. Mr. Morin stated that the District had reportedly experienced a large water loss, and that he had initially felt it was related to the Tech Ridge meter. He stated that he had re-checked the meter and found that the numbers were wrong, as they were based on dollars rather than gallons, and that he had recalculated the loss which had reduced it substantially. He stated that the City of Austin had recalibrated the meters, and he felt that the problem had been corrected. Mr. Morin then presented information related to 90-day receivables and, after discussion, the Board agreed that the information in question was too voluminous to be readily absorbed at the Board meeting, and directed Mr. Morin to provide the information in a concise format for the next meeting packet for consideration at the Board's January meeting. Director Campbell expressed concern regarding numerous charges of \$3.97 and/or \$24.50 on the 90-day receivables list. Mr. Morin stated that this was a prorated amount based on the date of termination of service. Mr. Morin provided the Board with an update on the status of the repairs to the lift station, noting that the contractor had installed a temporary transducer, and subsequently switched it out with an upgraded one, but had not gone through his office. He stated that he still had some questions because Keystone Construction, which was doing the work on the connecting line, stated that there was a problem with wastewater backflowing into the line. He also stated that he had still not paid the invoice to the company which had caused the problem initially, and was not ready to do so because he was still dealing with this issue. Mr.

Morin reported that 625 delinquent letters had gone out notifying residents of scheduled termination of service, which was higher than usual. He advised the Board that the T-Mobile site lease was being deferred until January for consideration, and also advised the Board that the Lakes at Tech Ridge had paid the penalties due on the water charges that had been paid late, and that he had notified Kay Taylor that the winter-averaging period had begun and would keep an eye on the Tech Ridge usage. Director Campbell inquired whether water losses were factored in during winter-averaging, and Mr. Morin stated that they would be. The Board expressed its concern with regard to the District's winter-average being based on unreliable data. Mr. Morin stated that, after his adjustments, the District was only experiencing a small loss, which was acceptable. Director Campbell inquired as to the pledge information which he had requested at the prior meeting, and Mr. Morin stated that his company did not have good tracking information for this. He stated that he was working on implementing procedures so that these matters could be tracked in the future.

Director Campbell then stated that the Board would receive a report from the District's attorney and recognized Ms. Littlefield. Ms. Littlefield reported that some progress had been made with regard to the Brookfield wet ponds, and that Ms. Rickman of her office had confirmed that the homeowners' association had begun maintenance work, and that the City of Austin inspector had been onsite. She presented the amendment to Inspection Services Agreement with Capitol Environmental, d/b/a Gulf Coast Compliance, attached as **Exhibit "E"**, and recommended approval. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the amendment.

Director Campbell then stated that the Board would consider taking action on the Lakes at Tech Ridge irrigation meter accounts. Mr. Morin indicated that he had not yet received an increased security deposit from the Lakes at Tech Ridge. Ms. Littlefield suggested that the Board defer collecting the additional security deposit until the winter-averaging period was concluded, noting that this would provide additional incentive to the customer to keep its usage low during this time. After discussion, the Board agreed and directed Mr. Morin to communicate this to Ms. Taylor. He agreed to do so.

Director Campbell then stated that the Board would receive a report from the District's solid waste contractor and recognized Mr. Howard. Mr. Howard presented the Consumer Price Index adjustment information attached as **Exhibit "F"**, and noted that, based on this adjustment, the District's costs for solid waste services would increase to \$12.71. Director Campbell inquired why the Consumer Price Index adjustment was calculated on a cumulative basis, and Ms. Littlefield explained that the formula and the original contract were structured this way. After discussion, upon motion by Director Gray and second by Director Henderson, the Board voted unanimously to approve the Consumer Price Index adjustment.

Director Campbell then stated that the Board would consider appointing a subcommittee to negotiate the renewal of the District's solid waste services agreement. Ms. Littlefield explained that the prior subcommittee had had a more difficult chore, as there had been performance problems with regard to the District's clean-up days, but that the performance issues had been addressed. After discussion, the Board agreed that Directors Gray and Martinez would serve as the Solid Waste Subcommittee to renegotiate the contract. Director Richter noted that she would be happy to discuss any questions the subcommittee might have regarding the

prior renewal with them. Director Martinez requested that Ms. Littlefield email the existing contract to the subcommittee, and she agreed to do so.

Director Campbell stated that the Board would next consider taking action regarding the District's 2008 bond application. He noted that he had been discussing the status of the District's bond application with Ms. Allen, who had indicated that she would bring the materials which needed to be filed with the City of Austin to the next Board meeting. Mr. Jones indicated that the staff memorandum from the Texas Commission on Environmental Quality ("TCEQ") had been received, and was fairly clean. The Board then discussed the bond market and the District's contractual obligation to reimburse the developer, and expressed concern regarding the impact of the higher bond interest rates currently being received on the District's ability to sell the entire approved amount of bonds.

Director Campbell then recognized Mr. Jones for purposes of receiving the engineer's report. Mr. Jones presented the explanation from Pate Engineering regarding the additional charges for its services for the Settler's Meadow project, attached as Exhibit "G". After discussion, upon motion by Director Henderson and second by Director Martinez, the Board voted unanimously to approve the Pate Engineering Proposal for Additional Services – Construction Plan Update attached as Exhibit "H".

Mr. Jones reported that the TCEQ had issued a draft notice for publication relating to the District's Small Municipal Separate Storm Sewer System permit application, but that Ms. Arias had discovered errors in the notice, and so TCEQ was reissuing the notice, which would then be published. He stated that he hoped they would get the revised notice before the end of year. Mr. Jones reported that Keystone Construction, the contractor who had been retained by Dessau Utilities to complete the wastewater plant connection, was close to completion. The Board requested that Ms. Littlefield obtain an explanation of the process for decommissioning the plant, as it was concerned regarding possible contamination at the time the plant was shut down. Mr. Jones reported that the TCEQ had asked about the ultimate source of water for filling of the on-channel reservoirs. After discussion, the Board agreed that Mr. Jones should address this question as he proposed, and confirm that a source of potable water for fill water would be available if necessary. Mr. Jones noted that the District had never used water to fill the ponds in the past.

Mr. Jones then presented Change Orders No. 3, 4 and 5 in connection with the Settler's Meadow/Heatherwilde Boulevard project, copies of which are attached as Exhibits "I" through "K" and advised the Board that he recommended approval of the change orders. He stated it was to the advantage of the District that the utilities be installed before completion of the roadway, since this would avoid damaging the new pavement of the roadway in the future, as would be required if construction was deferred. He stated that the total amount of the work was less than ten percent of the contract price. Ms. Littlefield noted that the contract price was for non-eligible facilities, being the roadway, and she felt that the TCEQ might have some questions regarding the change orders, since the utility projects had not been bid. She stated that Mr. Jones felt that it was appropriate for the Board to approve the change orders, but that the Board would not, by doing so, necessarily be agreeing to reimburse the developer for the cost and that any reimbursement would be subject to TCEQ approval. After discussion, Director Richter moved that the Board approve the change orders as presented, with the understanding that the Board was not, by approving the change orders, agreeing to reimburse the developer, and that any

reimbursement would be subject to approval by the TCEQ. Upon second by Director Gray, the motion was unanimously adopted

Director Richter then noted that the repairs to the Wildflower Trail had still not been completed and asked when that work would be done. Mr. Jones responded that he understood the contractor was waiting to complete the utility installation in the area.

Mr. Jones then presented Pay Estimate No. 2 for the Settler's Meadow wastewater project, a copy of which is attached as **Exhibit "L"** and Change Order No. 2, a copy of which is attached as **Exhibit "M"**. He pointed out that the City of Pflugerville had agreed to pay the cost of the change order in the amount of \$1,500, as the work was required due to the improper location of some Pflugerville water lines. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the pay estimate and change order.

At 7:22 p.m., Director Campbell announced that the Board would convene in executive session for purposes permitted by Section 551.071 of the Texas Government Code, in order to receive legal advice regarding matters on the Board's meeting agenda. At 7:31 p.m., the Board reconvened in open session, and Director Campbell announced that no action had been taken during the executive session. Director Richter then moved that the Board authorize the District's attorney to send a letter to the residents at 13807 Cambourne, thanking them for repainting their garage door, but advising them that the District had received several complaints regarding the nature of the repainting from some of their neighbors who felt the mural adversely affected their home values and constituted a nuisance, and requesting that the door be painted in a neutral color, compatible with their home and others in the neighborhood. Upon second by Director Henderson, 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)

Scott M. Gray, Secretary
Board of Directors