

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

April 24, 2007

THE STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS           §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on April 24, 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 Henderson, thus constituting a quorum. Also present at the meeting were Mike Morin of ECO Resources, Inc.; Sam Jones of Sam Jones Consulting, Inc.; Don Williams of Wells Branch Municipal Utility District; Richard Fadal of TexaScapes, Inc.; Deputy Keith Kinnard of the Travis County Sheriff's Department; David Armistead of the Wildflower Homeowners' Association; Ryan Beard of Texas Disposal Systems; and Sue Brooks Littlefield of Armbrust & Brown, L.L.P. Chip Boyd, of KB Home, and Jim Nias, representing the Village @ Northtown, Ltd., arrived later.

Director Kowis called the meeting to order at 6:00 p.m., and stated that the Board would first consider the consent items on the Board's meeting agenda: the minutes of the March 27, 2007 Board meeting and a revised District registration form. Upon motion by Director Campbell and second by Director Zeniecki, the Board voted unanimously to approve the consent items.

There being no citizens' communications, Director Kowis announced that, due to Director Henderson's absence, the Board would postpone discussion of the new customer brochure.

Director Kowis then recognized Mr. Williams, who distributed photographs of the drainage improvement work which was being done in the park, and noted that it was still not dry enough to get a large truck in the area, which would be required to complete the job. Director Richter requested that Mr. Fadal update the resident who had contacted the District regarding the drainage problem, and he agreed to do so. Mr. Williams indicated that approximately eight loads of sandy loam would be trucked in and placed in the depressed area. Director Richter noted that the Park Subcommittee would be meeting sometime after May 17, and would have a further report at the next Board meeting. Mr. Williams updated the Board on the status of maintenance of the Ceylon Tea pond, noting that the completion of this work would occur after the anticipated rainfall. He also explained that the supervisor for the fence contractor was supposed to be in the

District on the following Monday or Tuesday to survey what remained to be done to complete the fencing. He stated that the District still had 505 feet of fence contracted for, plus certain repairs. Director Richter stressed that this work should be completed before the next Board meeting, and Mr. Williams indicated that this was the contractor's commitment. Mr. Williams noted that there was an entire page of new restrictive covenant violations in the Board's report, and that three violations had been referred to the District's attorney for action.

Director Kowis then recognized Mr. Armistead, who stated that the port-a-potty currently located within Wildflower should be gone by the following day. He stated that the house was being remodeled. He reported that he had cited the resident for the blue tarp on Golden Flax, who had ignored both a courtesy card and a 10-day letter. He stated that this violation would be referred to the District's attorney. Director Richter inquired about the other house which also had a tarp up, and Mr. Armistead indicated that the resident had had to move out because the plumbing had burst and, now that the work was being completed on the house, he felt the tarp would be removed.

Director Kowis then recognized Deputy Kinnard for the security report. Deputy Kinnard reported that there had not been as much criminal activity observed in the month of April as in the prior month. He stated that there had been a quick response to the report of vehicles on the District's trails.

Director Kowis then recognized Mr. Beard, who distributed the quarterly solid waste report attached as Exhibit "B", plus the customer care log attached as Exhibit "C". He stated that there had been a problem with a resident reporting a stolen cart, and then two carts appearing at the resident's home for pick-up the next month. Ms. Littlefield suggested that the Board work out a billing solution for this, and the Board agreed that an additional charge should be imposed if a resident had two carts, whether due to their request or due to a fraudulent report of a stolen cart. Mr. Beard indicated that a manager would be on duty for the District's clean-up day, and assured the Board that there would be no problem with the coordination of the clean-up day.

Director Kowis then stated that the Board would receive a report regarding park development matters. Director Richter advised the Board that all currently pending park projects were being addressed by Mr. Williams and Mr. Fadal.

Director Kowis then recognized Mr. Fadal, for purposes of receiving a landscape maintenance report. Mr. Fadal stated that he had completed all projects which had been assigned to TexaScapes, Inc., including the removal of debris from the creek. He stated that maintenance was challenging due to the rain and rapid vegetative growth. He stated that some areas had been too wet for machine mowing. Director Richter explained that the Park Subcommittee had directed that areas where wildflowers were growing not be mowed until after they had an opportunity to seed. Mr. Fadal indicated that he was working on the Northtown District signs, and expected to have some completed and ready for placement shortly. The Board agreed that the Park Subcommittee should work with Mr. Fadal to identify the locations for the signs which it preferred, and that Mr. Fadal should relay that information to Ms. Littlefield so that she could confirm that the District had the right to install the signs, either through an easement or license agreement.

Director Kowis then recognized Mr. Morin, for purposes of receiving a report from the District's general manager. Mr. Morin distributed the flyer on the District's clean-up day

attached as Exhibit “D”, and stated that he was recommending that the same dumpster locations be used as in the previous year. He stated that the Boy Scouts had agreed to assist with the clean-up activities, and recommended that they be paid \$1,000 for their services. Upon motion by Director Richter and second by Director Zeniecki, the Board voted unanimously to approve the payment to the Boy Scouts. Mr. Morin then distributed the updated list of bills and invoices attached as Exhibit “E”, and reviewed it with the Board. He stated that Director Henderson had reviewed all of the invoices except the last three appearing on the updated report. Director Kowis noted that the per diem to Director Henderson, check number 7516, would need to be voided due to his absence from the meeting. Ms. Littlefield stated that the refund of the Pulte deposit, check number 7565, would need to be voided as the amount was incorrect, and there were legal fees which needed to be deducted before the refund was made. Ms. Littlefield suggested that the Board approve a check to Pulte with two signatures, so that the refund could be made once the charges were netted out. After discussion, Director Richter moved that the Board approve the payment of the bills and invoices as presented, with the exception of checks number 7516 and 7565, and the addition of check number 7572 with two signatures, payable to Pulte Homes. Upon second by Director Campbell, the motion was unanimously adopted.

Mr. Morin then updated the Board on the status of the repairs to the District’s low flow lift station, noting that one manhole had had to be cleaned out, since a number of rocks had been placed in it. He also stated that the lift station fence had been damaged, and stated that he believed it had been kicked in. Director Richter disagreed, stating that she believed the damage had been caused by a vehicle and explained that the damage appeared to have been caused by a vehicle bumper running down the length of the fence. Director Richter asked that Mr. Morin be absolutely certain that his conclusion was correct, and stated that, if the fence had been damaged by a vehicle, the Board would want Mr. Morin to pursue the responsible party. Mr. Morin then advised the Board that, during the prior month, the City of Austin had turned off several valves within the District without providing any notice to his office. He stated that there had been a master meter with no registration and, after having the meter checked by the City, the City had admitted that it had opened another valve, resulting in water being directed through another master meter. He stated that he was working with personnel at the City of Austin to address this issue. After discussion, the Board directed Ms. Littlefield to send a letter to the City of Austin, requiring that the City coordinate with the District manager on any activities which affected the District’s water supply or water pressure, and prohibiting the City from tampering with or manipulating the District’s facilities without coordinating with the District manager.

Mr. Morin then indicated that there had been some confusion regarding the metering for the condo units which were being construction by Continental Homes, and explained that there would be an approximately 90-day delay in getting the meters which were required. Ms. Littlefield explained that the metering system which Continental Homes proposed would have the customer meters at the boundary of the project and that the project would have internal sub meters. She noted that the customer meters were not master meters, and would not be reimbursable by the District. She also explained that some of the District’s rate order provisions did not contemplate this kind of arrangement and, for example, the District would need to add a provision for individual solid waste containers. The Board agreed that Ms. Littlefield and Mr. Morin should review the rate order and bring back a recommended revision to address the billing situation with regard to the condo units.

Mr. Morin then reviewed the list of write-offs, attached as Exhibit "F", with the Board. After discussion, upon motion by Director Richter and second by Director Campbell, the Board voted unanimously to approve the write-offs. Mr. Morin then presented the transfer letter attached as Exhibit "G", and requested its approval, plus the transfer of an additional \$50,000 to the same account. Upon motion by Director Richter and second by Director Zeniecki, the Board voted unanimously to approve the transfers, as requested.

Director Kowis then recognized Ms. Littlefield, for purposes of receiving a report from the District's attorney. Ms. Littlefield updated the Board on the status of directives from the prior meeting, and then reviewed a proposed revised Order Adopting Amended and Restated Drought Contingency and Water Emergency Plan. She noted that there were no substantive changes to the plan, which was simply being updated. Director Campbell suggested that an appeals committee be appointed in the order, rather than providing a mechanism for an appointment of an appeals committee if the District found itself in a water emergency situation. After discussion, upon motion by Director Campbell and second by Director Kowis, the Board voted unanimously to approve the Order Adopting Amended and Restated Drought Contingency and Water Emergency Plan, including a revision recommended by Director Campbell, a copy of which is attached as Exhibit "H". Ms. Littlefield advised the Board that no action was required with regard to authorizing the City to review the site development permit plan for the Lake at TechRidge, as this property was already within the City's jurisdiction under the Interlocal Agreement which had previously been approved. She also reminded the Board that action on the District's rate order had been deferred until the next Board meeting.

Director Kowis then recognized Mr. Jones, for purposes of receiving a report from the District's engineer. Mr. Jones reviewed his report, a copy of which is attached as Exhibit "I". He stated that no pay estimates or change orders required Board action at this meeting, and confirmed that the District had received authorization to make emergency repairs to the District's lift station, as set forth in the letter from the Texas Commission on Environmental Quality attached as Exhibit "J". He stated that the project had not yet been begun, but was scheduled to begin the following week. He stated it would require approximately two weeks to complete, and noted that the contractor had agreed to have someone on-site 24 hours a day during the pump-around period. Mr. Jones reported that the change order on the bypass piping project was still pending at the Texas Commission on Environmental Quality, noting that the change order would be approximately \$48,000 and was required in order to relocate a tap on a 36 inch main. He explained that the cost was significant because the tap would be under pavement. He stated that the bond application had been circulated for comments, and that he expected it to be filed the following week. Mr. Jones then presented the proposal for additional services related to the change order from Pate Engineering, attached as Exhibit "K". Director Kowis noted that this proposal was for \$5,000 and was for work which had already been done relating to the change order. She noted that the entire project had been more expensive than the Board had anticipated, and explained that she had asked for more detail regarding the engineering services which had been provided. She explained that she wanted a detail of who had performed services, and for how much money, and a detail of the services provided. Director Campbell and Director Kowis expressed concern about getting proposals for additional services after the fact, and agreed that all proposals should be approved before the work was done. Director Kowis noted that there had been a series of supplemental proposals on this project, and stated that she felt strongly that the Board should receive more notice and more detail regarding the work involved. She explained that the Board relied on its consultants when items were brought to the Board for approval, and

she expected any consultant who presented an item to the Board for action to have reviewed it in detail and asked any questions that needed to be asked. She stated that the Board was relying on its consultants to represent the District's interests, and that she wanted to be assured that the consultants were doing this. She stated that she would expect a recommendation from Ms. Littlefield on any contract, from Mr. Jones on any proposal for engineering services, and from Mr. Morin on anything to do with the operation of the District's systems. She stated that she felt strongly that there should have been more detail provided to the Board regarding the change order, the cost, and the engineering work required. She stated that she wanted to understand what was done and why it was done, and to be assured that the cost was reasonable. After further discussion, Director Richter moved that Director Campbell and Director Kowis be authorized to review a detail relating to the engineering services in question and, if they found it to be in order, to approve the proposal and authorize its payment. Upon second by Director Zeniecki, the motion was unanimously adopted.

Director Kowis then stated that the Board would receive a report from developers' and landowners' representatives. Ms. Littlefield presented the Agreement for Street Lighting Service with TXU Electric Delivery Company ("TXU") attached as Exhibit "L", and noted that the District currently only had street lighting contracts with the City of Austin, but that KB Homes planned to use TXU instead. She stated that she had required the developer to execute the agreement relating to the services attached as Exhibit "M", which assured the District that the street light facilities would be installed at no cost to the District. She recommended that, with this in hand, the Board approve the Agreement for Street Lighting Service with TXU. After discussion, upon motion by Director Zeniecki and second by Director Campbell, the Board voted unanimously to approve the Agreement for Street Lighting Service with TXU.

Ms. Littlefield also advised the Board that she and Director Campbell had been working on the amendment to the restrictive covenant which had been requested by the Morgan Group. She noted that she had initially proposed an additional amendment which would allow only the affected landowner to execute future amendments, but that the process had become so cumbersome due to changes requested by the landowner's attorney that she no longer recommended this course of action. She stated that she and Director Campbell had both agreed on an amendment which would address the specific site plan changes requested by the Morgan Group, a copy of which is attached as Exhibit "N". She noted that Director Campbell had already been authorized to execute the amendment and no further Board action was required.

Director Kowis then recognized Chip Boyd of KB Home, who reported on the status of development by KB Home within the District.

Director Kowis then recognized Jim Nias, who stated that the Village @ Northtown expected to have the Wells Branch Parkway extension under construction by late summer or early fall, and apologized for the delay in getting the utility construction agreement documents to Ms. Littlefield for review. Director Kowis stated that the delay was not a problem, as the Board would not expect Ms. Littlefield to present these documents to the Board for approval until she had adequate time to review them.

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

Date: \_\_\_\_\_.

(SEAL)

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Brenda Richter, Secretary  
Board of Directors