

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

June 24, 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 June 24, 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 Martinez, who arrived later, thus constituting a quorum. Also present at the meeting were Mike Morin of SWWC Services, Inc.; Sam Jones of Sam Jones Consulting; Dick Cowan of Alliance Association Management representing the Wildflower Homeowners' Association; Don Williams and Mona Oliver of Wells Branch Municipal Utility District; Deputy Keith Kinnard of the Travis County Sheriff's Department; Richard Fadal of TexaScapes, Inc.; Mary Bott and Allen Douthitt of Peña Swayze & Co., L.L.P.; Doug Stewart, a resident of the District; Jim Nias and Catherine Eliza of Jackson Walker LLP, representing the Village @ Northtown, Ltd.; and John Bartram 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 approving the minutes of the May 27, 2008 Board meeting. Upon motion by Director Henderson and second by Director Richter, the Board voted unanimously to approve the minutes.

Director Campbell then recognized Mr. Fadal, for the purpose of receiving the landscape maintenance report. Mr. Fadal presented his maintenance report, attached as **Exhibit "B"**, and reviewed it with the Board. He stated that the District's parks were in good shape, but beginning to suffer from the hot and dry weather. Mr. Fadal then presented the proposal, attached as **Exhibit "C"**, for the removal of stumps and dead trees from the Stoney Creek Park Phase 1 project. After discussion, upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the proposal. Mr. Fadal then reported that he was working with the Park Subcommittee on design ideas for street entryway landscaping and signage. Director Richter stated that the plan was to include these projects in the District's budget for the upcoming fiscal year and encouraged the other Board members to forward any thoughts or comments to the subcommittee for consideration. Mr. Fadal then presented the

proposal, attached as **Exhibit “D”**, for Phase 3 of the Merseyside greenbelt/creek clean-up. At this time, Director Martinez arrived at the meeting. Mr. Fadal explained that some of the proposed work could be completed or funded by Dessau Fountains, which was pursuing a “supplement environmental project” with the Texas Commission on Environmental Quality (“**TCEQ**”) in order to offset some of the fines imposed for its wastewater spill. However, Mr. Fadal noted that TCEQ approval could take 30-45 days. Director Richter expressed frustration with the delay, noting that she was inclined to proceed without involving Dessau Fountains, but recommended that Mr. Fadal’s proposal be referred to the Park Subcommittee in order to discuss the status of Dessau Fountains’ supplemental environmental project in more detail with Mr. Carlton and that the subcommittee be authorized to proceed as appropriate. After discussion, upon motion by Director Henderson and second by Director Gray, Director Richter’s recommendation was approved unanimously. Mr. Fadal concluded by stating that he would schedule tours of the park clean-up projects later in the year, once the weather cooled.

Director Campbell then inquired whether there were any citizens’ communications. There being none, Director Campbell stated that the Board would next consider taking action regarding the Dessau Fountains wastewater treatment plant. Mr. Jones first presented Pay Estimate No. 2 from Excel Construction in the amount of \$36,081.46, a copy of which is attached as **Exhibit “E”**, representing 29% completion of the wastewater interceptor and lift station improvements. He noted that the project was on schedule and recommended approval of the pay estimate. Upon motion by Director Henderson and second by Director Richter, the Board voted unanimously to approve the pay estimate. Mr. Bartram then reviewed the memorandum, attached as **Exhibit “F”**, prepared by Mr. Carlton of his office, summarizing the status of the construction and clean-up efforts. He concluded by noting that Mr. Carlton was working with Dessau Fountains regarding the damage done to the sidewalks in the Parkside subdivision, but that no update was available at this time. Mr. Morin reported that Dessau Fountains’ contractor had also run over the fence leading to the lift station in that area and that he had instructed the contractor to repair the fence. The Board directed Mr. Jones to ensure that the fence was repaired to his satisfaction.

Director Campbell then recognized Deputy Kinnard, for purposes of receiving the security report. Deputy Kinnard first introduced “Cora”, his K-9 partner, and explained that she was one of the department’s best drug and tracking dogs. He then presented his report, a copy of which is attached as **Exhibit “G”**, noting that several street lights were out. He also stated that there had been several incidents of unleashed dogs in the parks and that his deputies were issuing warnings for the first violation and a ticket for the second. Director Richter encouraged Deputy Kinnard and Cora to visit the District’s new dog parks, which were nearing completion.

Director Campbell then stated that the Board would receive a report under the Interlocal Agreement with Wells Branch Municipal Utility District. Mr. Williams addressed the Board, and reviewed photographs of the progress of construction of the sports fields and trails. He stated that he expected work to be 50% complete by August. He stated that he had investigated the report that the lights at the entrance to the MeadowPointe subdivision were out, and had determined that the transformer had burned out. He recommended that the transformer be replaced and that the existing bulbs be replaced with low voltage bulbs, the total cost of which he estimated to be approximately \$800. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to authorize Mr. Williams to replace the transformer and bulbs. Mr. Williams then reported that someone had installed a silt fence across the green space

and trails in the park behind the Wildflower Subdivision and asked whether the property ownership issue in this area had ever been resolved. The Board recalled that Ms. Littlefield had previously researched this matter, but referred the issue back to her office for further investigation based on Mr. Williams' new information.

Director Campbell then stated that the Board would receive a restrictive covenant status report, and recognized Ms. Oliver, who reviewed her directives with the Board. She reported that the chain link portion of the fence next to 903 Lothian Cove had been replaced, but that the neighbor remained unhappy with the fence work in general. Mr. Bartram then reviewed the status of the alleged violation at 15321 Mandarin Crossing, which involved a fence and gate in a state of disrepair. He explained that the District's covenant enforcement process had run its course and that the next step would be the initiation of a lawsuit. After discussion, upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to authorize initiation of a lawsuit with respect to this matter. Director Campbell then inquired whether there was a report from the Wildflower Homeowner's Association. Mr. Cowan introduced himself and stated that his company had recently been retained by the Wildflower Homeowner's Association for management and covenant enforcement services. He stated that he did not have a formal report for this meeting because the files were still in the process of being transferred to his office, but that he looked forward to getting up to speed and working with the Board going forward. Director Richter asked whether the District had been paying the Homeowner's Association for enforcement for the last few months when it did not appear that much had been done. Director Campbell noted that payment had been made last month and stated that payment this month was, in his opinion, legitimate since the Homeowner's Association was taking affirmative steps to engage a professional company to handle enforcement. The Board concurred.

Director Campbell stated that the Board would next consider taking action regarding park development matters. Director Richter advised the Board that the Park Subcommittee expected the dog parks to be open by the end of June. She stated that the Subcommittee had contemplated naming one of the parks in honor of Texana Kowis, a former director who was very fond of her dogs. Director Campbell directed the Subcommittee to consider this proposal in more detail and bring a formal recommendation back to the Board. Director Campbell then asked whether the dog parks would have seating, and Director Richter confirmed that they would. Mr. Morin inquired whether the dog parks would have litter bags and receptacles for the owners to clean up after their dogs, adding that he would be the one who would field all complaints. Director Richter confirmed that appropriate disposal bags and receptacles would be provided. Director Richter concluded by reporting that the next phase of park development would include the soccer fields and trail tie-ins.

Director Campbell then recognized Mr. Morin for purposes of receiving the District general manager's report. Mr. Morin presented his report and advised the Board that water loss was approximately 8%. He then reviewed the write-off list attached as **Exhibit "H"**. Upon motion by Director Henderson and second by Director Gray, the Board voted unanimously to approve the write-offs. Mr. Morin then reported that cut-offs had been delayed for a day due to a computer glitch, but that, at last count, there were 188 connections scheduled for termination. He then stated that Clean-Up Day had been a huge success and that Texas Disposal Systems and the Boy Scouts had performed commendably. Mr. Morin then presented the bills and invoices received by the District, as set forth on the check register attached as **Exhibit "I"**. He stated that

he had no transfers to present. Director Henderson stated that he had reviewed the invoices and moved that their payment be approved. Upon second by Director Richter, the Board voted unanimously to approve the payment of the bills and invoices. Director Gray then raised questions regarding the line items for bulk water purchases and management services in the budgeted statement of revenues and expenditures, noting that these numbers did not appear to be consistent with prior months'. Director Campbell expressed serious concern regarding the recurring errors in the manager's report. He noted that the Board was relying on Mr. Morin to have reviewed the report prior to the meeting and to alert the Board to any inconsistencies, and that he did not feel that this was being done when there were obvious errors. Mr. Morin stated that he would have his accounting staff review these items and correct them as necessary.

Mr. Morin then reported that sizeable waterline leaks had been discovered at the Lakes at Tech Ridge apartments, which explained why the irrigation meters had been registering very high usage. He stated that the apartment complex was approximately \$50,000 in arrears at this time and had requested an adjustment to the water bill. However, Mr. Morin pointed out that, because the property manager had utilized the irrigation meters during the winter-averaging period, the District was now paying the City of Austin more for wastewater than it was collecting from its customers. Mr. Morin recommended that the apartment complex's bill not be reduced, as he could find no justification for doing so. The Board concurred and directed Mr. Morin to advise the apartment complex that its utility bills needed to be current by the next Board meeting. Mr. Morin agreed to do so and stated that he would include water rationing information in the next bill.

Mr. Morin then reported that he had met with representatives of the Texas Municipal League to review the District's assets and facilities so that insurance rates could be set for the following year. He also reported that he had provided the City of Austin the information it had requested on the capital recovery fees, which would allow the City to continue its reconciliation analysis. He stated that a meeting with the City had been scheduled for the following week to discuss this issue in more detail. Mr. Morin concluded by reporting that all valves had been closed on the Lakes at Tech Ridge master meter and that the meter was now registering, but not as much as would be expected. He stated that he would check the check-valve and report back to the Board.

Director Campbell then stated that the Board would consider taking action regarding management and bookkeeping services. He stated that the Subcommittee, consisting of himself and Director Richter, was recommending that the Board engage Peña Swayze & Co., L.L.P. as the District's bookkeeper and that this matter be referred back to the Subcommittee to work out the details of the bookkeeping contract and correlating revisions to the management services contract. After discussion, upon motion by Director Richter and second by Director Henderson, the Subcommittee's recommendation was approved unanimously. Ms. Bott thanked the Board and stated that she was looking forward to working for the District.

Director Campbell then stated that the Board would receive a report from the District's engineer. Mr. Jones first reviewed his directives, noting that the park maintenance map had been updated. Director Richter requested that a copy of the map be emailed to all of the Board members and that Mr. Jones bring a reduced-size color copy for each Director to the next meeting. Mr. Jones agreed to do so. Mr. Jones stated that he had no further pay estimates or change orders to present for approval. He stated that he and Mr. Morin would be meeting with

the City of Austin the following week to discuss future water and wastewater needs. He then reported that the easement and restrictive covenant for pond maintenance at the Lakes Boulevard project was still not resolved and that it was his understanding that Ms. Littlefield was following up on this. Mr. Jones then noted that the detention pond in the Lakes at Northtown, Section 1 was not ready for inspection. With respect to the Small Municipal Separate Storm Sewer System permit, he noted that the District's application and Stormwater Management Plan were still pending at the TCEQ. Regarding the District's 2008 bond application, Mr. Jones noted that he was still waiting on additional information from D.R. Horton. Mr. Jones concluded by reporting on water and wastewater service to Settlers Meadow. With respect to the related water line, he noted that HNTB was still working with Cash Construction Company on a change order to reduce the District's cost. With respect to the related wastewater line, he stated that he would authorize Pate Engineers to proceed with the award of the contract now that Dessau Fountains was proceeding with its phase of construction. The Board concurred.

Director Campbell next announced that the Board would receive a report from developers and recognized Mr. Nias. Mr. Nias first introduced Ms. Eliza, noting that she had recently joined his firm as a land use consultant after being in the planning and review department at the City of Austin for many years. He then reviewed the status of development of the Village @ Northtown project, noting that his clients had been working with Travis County to extend Wells Branch Parkway and Heatherwilde Boulevard through the property. He stated that construction on these extensions had begun approximately two weeks previously. He then stated that his clients had submitted a revised preliminary plan and final subdivision plat for the project to the City of Austin earlier in the week and would be making those submittals to the District as well. Mr. Nias explained that his clients would like to amend the approved land use plan for the project in order to decrease the multi-family use and increase retail use, and requested a meeting with a subcommittee to review the proposed amendment in more detail. After discussion, the Board appointed Directors Campbell and Martinez to serve on a subcommittee for this purpose and directed Mr. Nias to contact Ms. Littlefield to schedule the requested meeting. Director Campbell asked whether a fire station was still planned for the project, and Mr. Nias confirmed that it was.

At 7:36 p.m., Director Campbell stated that the Board would convene in executive session, in order to receive legal advice from the District's attorney and discuss personnel matters, as permitted by Sections 551.071 and 551.074 of the Texas Government Code. At 8:04 p.m., the Board reconvened in open session, and Director Campbell stated 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