

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

June 26, 2007

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on June 26, 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 Zeniecki and Director Campbell, thus constituting a quorum. Also present at the meeting were Mike Morin of ECO Resources, Inc.; Sam Jones of Sam Jones Consulting, Inc.; Mona Oliver of Wells Branch Municipal Utility District; Richard Fadal of TexaScapes, Inc.; David Armistead of the Wildflower Homeowners' Association; Mike Fisher of Pate Engineering, Inc.; Brenda Searle-Sung of KB Homes; Beverley Masri, a resident of the District; Cheryl Allen of Southwest Securities and Sue Brooks Littlefield of Armbrust & Brown, L.L.P. Jim Nias, a representative of Village @ Northtown, Ltd. and Deputy Keith Kinnard of the Travis County Sheriff's Department arrived later.

Director Kowis called the meeting to order at 6:00 p.m., and stated that the Board would first consider approving the minutes of the May 22, 2007 Board meeting. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the minutes.

Director Kowis then recognized Ms. Masri, for purposes of receiving citizens' communications. Ms. Masri indicated that she was a resident of Meadow Pointe Subdivision, and had received a restrictive covenant violation letter regarding her above-ground pool. She stated that she had covered the pool and maintained her back yard. She stated that she did not want to keep the pool filled at this time, because she was gone from home a fair amount and there were many under-supervised children in her neighborhood. She noted that the subdivision fence behind her home was low at the corner and that she was interested in raising the fence, but a masonry fence would be very expensive. Director Richter stated that the Park Subcommittee was interested in raising this section of the fence. She asked Ms. Littlefield to confirm that the District had the authority to do this and stated that, if the Park Subcommittee could proceed with the work under its authority, it would do so, and would place the item on the agenda for the July

Board meeting. She asked that Ms. Littlefield keep her informed on the status of her research on the matter, and Ms. Littlefield agreed to do so.

There being no announcements by Board members, Director Kowis stated that the Board would next consider tax and budget matters for the 2007-2008 fiscal year. She noted that it was time for the Board to appoint a budget subcommittee. After discussion, the Board agreed that Director Richter and Director Kowis would serve on the Budget Subcommittee. Mr. Morin indicated that he had already started work on a preliminary budget.

Director Kowis then stated that the Board would consider taking action regarding bond-related items on the meeting agenda, in connection with the District's proposed \$6,005,000 Unlimited Tax and Revenue Bonds, Series 2007. She recognized Ms. Allen, who stated that the District's consultants expected to receive the Staff Memorandum on the District's bond application from the Texas Commission on Environmental Quality shortly. She stated that she had brought a Preliminary Official Statement to the Board for review, which was a draft document which was needed in order to submit the District's request for approval of the bond issue to the City of Austin. She stated that, after City review, the Preliminary Official Statement would be updated and could be brought back to the Board or to a subcommittee for final approval. After discussion, the Board agreed that Director Richter and Director Kowis would serve as the subcommittee to approve the Preliminary Official Statement in its final form.

Ms. Allen then requested that the Board authorize the District's consultants to implement the review process with the City of Austin. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to do so.

Ms. Allen then presented the Resolution Permitting Financial Advisor to Bid on the District's Unlimited Tax and Revenue Bonds, Series 2007, attached as **Exhibit "B"**, and requested the Board's approval, noting that this would allow her firm to submit a bid on the District's bonds. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the Resolution.

Ms. Allen then requested that the Board approve the Resolution Approving Preliminary Official Statement and Authorizing Distribution of Preliminary Official Statement and Publication of a Notice of Sale of Bonds and Payment of the Attorney General Bond Review Fee attached as **Exhibit "C"**, and requested Board approval of the Resolution, subject to final approval of the form of the Preliminary Official Statement by the Board's designated subcommittee. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to do so.

The Board then reviewed the engagement letter with Peña Swayze & Co., L.L.P. for a report on reimbursable costs in connection with the bond application. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the engagement letter attached as **Exhibit "D"**.

Ms. Allen then requested Board approval of the Resolution Requesting Updated Appraised Value attached as **Exhibit "E"**, noting that this would provide the District with an assessed valuation closer to the proposed bond sale date. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the Resolution.

Ms. Allen then reviewed proposals from various banks to serve as the District's paying agent/registrar in connection with the District's 2007 bonds. Ms. Allen recommended Wells Fargo Bank, noting that this was the paying agent/registrar on all of the District's existing bond issues. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to appoint Wells Fargo Bank as the District's paying agent/registrar for the 2007 bonds.

Director Kowis then recognized Ms. Oliver, for purposes of receiving a report under the Interlocal Agreement with Wells Branch Municipal Utility District. The Board directed Ms. Oliver to obtain an estimate on the cost to raise the masonry fence behind Ms. Masri's house to the height of the remainder of the fence, and to provide this information to the District's Park Subcommittee. Ms. Oliver agreed to do so. Ms. Oliver then reported that the new fence was complete. Director Richter inquired about the portion of the fence which had not been completed behind several homes, and Ms. Oliver indicated that those residents did not want the fence to be placed behind their homes. She advised the Board that spare fencing material was being stored at the Wells Branch Office and would be available for repairs. The Board discussed a restrictive covenant violation reported at 13726 Lampting Drive relating to the fence and, after discussion, agreed to address the matter further in executive session.

Director Kowis stated that the Board would next receive a report from the Wildflower Homeowners' Association regarding restrictive covenant matters. Mr. Armistead addressed the Board, and reported that taxable values in Wildflower were going up. He asked for the Board's guidance on the parking situation in Wildflower, noting that restrictive covenants prohibited parking in the street, and that the Association was working with Travis County to designate areas as "no parking" areas. Director Kowis advised Mr. Armistead that the Board had made a determination years previously that it was not going to enforce the restrictive covenant prohibiting "on-street parking", because the houses in Wildflower had been built without locking back doors so residents could not enter through their sliding glass doors when they parked in the alleys. Mr. Armistead indicated that the County had offered to designate one side of the Wildflower streets "no parking" areas, because the fire chief had stated that the streets were too narrow, with "on street" parking, to allow an outrigger on a fire truck to be used. The Board agreed that it believed that the Association was handling the "no parking" situation appropriately.

Director Kowis then recognized Mr. Fadal, for purposes of receiving a report regarding landscape maintenance. The Board discussed the clean up of the Meadow Pointe and Wildflower park areas, and agreed that both areas looked very nice. Mr. Fadal stated that there were still problems with algae growing in the wet ponds, and stated that he was researching solutions. He also stated that it was hard to keep the grass green because of the rains, stating that he expected to have some problems with brown patches in the coming months. Director Richter reminded Mr. Fadal that the Board needed a cost estimate for cleaning the Merseyside and Harris Ridge ponds at the bridge. Director Kowis reported that the Park Subcommittee would not recommend proceeding with the LCRA Park Grant Contract until everything was in hand to move forward. She stated that she and Director Richter were evaluating how to implement the grant, noting that she expected it to be a minimum of six months before the Park Subcommittee brought the matter back to the Board for action.

Director Kowis then recognized Mr. Morin, for purposes of receiving the general manager's report. Mr. Morin presented an updated write-off list, a copy of which is attached as **Exhibit "F"**, and reviewed it with the Board. Director Richter asked Mr. Morin to confirm that ECO Resources was not returning deposits to individuals who were on the write-off list, and he stated that they were not. After discussion, upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the write-offs.

Mr. Morin then reviewed the bills and invoices received by the District, as set forth on the updated check register attached as **Exhibit "G"**. Mr. Morin reported that Director Zeniecki had reviewed all of the invoices except the payment to Pumps Unlimited. The Board discussed the payment due to Superior Concrete for the fencing, Director Kowis suggested holding the check until Mr. Morin evaluated the amounts paid to date, to be sure that the invoice received was the correct balance due. Ms. Littlefield suggested approving the payment, subject to Mr. Williams' and Mr. Morin's review and approval, and their reconciliation of the payment with the terms of the contract, noting that she believed that payment was due within a certain period of time of receipt of the invoice. After discussion, upon motion by Director Henderson and second by Director Richter, the Board voted unanimously to approve the payment of the bills and invoices as set forth on the updated check register, with the exception of check number 7667 to Director Zeniecki, which would be voided due to his absence. The Board directed Mr. Morin to transfer the remaining balance of the Chase interest and sinking fund account into the District's debt service account, and he agreed to do so. Director Richter noted that the letter regarding the de-activation of the account was dated May 1st, and stated that she expected correspondence from the District's banks to be put in the Board's meeting packets sooner in the future. Mr. Morin then reviewed the transfers, as set forth on **Exhibit "H"**, and requested Board approval. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the transfers, as presented.

Mr. Morin stated that he had changed his mind about what he wanted to do on the "towing" signs, noting that the towing company wanted a towing contract with a ten-day cancellation clause, with the necessary signs being leased to the District by the company. After discussion, the Board directed Mr. Morin to work with Ms. Littlefield on the matter. Mr. Morin stated that the City of Austin wanted to do a test in anticipation of switching Settler's Meadow over to City of Austin wholesale service, and noted that this would affect water pressures in the Gaston/Sheldon and Meadow Pointe subdivisions. Director Kowis asked whether the test would result in a noticeable change to the residents, and Mr. Morin indicated that the pressure would still be within State guidelines, but would be reduced from about 66 psi to 45 psi. He stated that he did not expect it to be noticeable. Mr. Jones concurred. The Board agreed that, if it would not be a significant drop in pressure, then the District's residents did not need to be notified of the test. Mr. Morin indicated that the test was scheduled for July 2. After further discussion, Director Richter moved that the Board approve the testing, as requested, based on the Board's understanding that the pressure drop would not be significant. Upon second by Director Henderson, the motion was unanimously adopted.

Mr. Morin then noted that Director Zeniecki had identified a leak in the park, and that a City of Austin line was affected. Director Richter and Director Kowis stated that they had previously observed this leak, and did not feel that any action by the Board was necessary, since a City of Austin line was involved and the City had been notified.

Director Kowis then stated that the Board would receive a report from the District's attorney. Ms. Littlefield noted that she had prepared a Revised Order Establishing Water and Wastewater Service Rates, Recycling and Solid Waste Disposal Rates, Charges and Tap Fees and Adopting General Policies with Respect to the District's Water, Wastewater and Drainage Systems, which included a revision to address the non-separately metered residential units in Parkside project and the escrow for industrial waste permit inspections. A copy of the Revised Order is attached as **Exhibit "I"**. Director Kowis noted that the Board had previously authorized her to review the Order on behalf of the District, and stated that she recommended the revisions. Ms. Littlefield stated that Mr. Morin had also reviewed the revisions, and had approved them. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the Order, as presented.

Ms. Littlefield then reminded the Board that it had previously authorized her to pursue a license agreement with the City of Austin for improvements for the Wildflower entryway and the Howard Lane right-of-way. She noted that the City of Austin had very stringent requirements for licensing agreements, and stated that the Board would be required to present engineered plans or plans prepared by a landscape architect, which were not currently available. Director Kowis stated that she and Director Richter had discussed the matter, and recommended that the Board not proceed with the license agreement, because the procedure would be cost-prohibitive. After discussion, upon motion by Director Richter and second by Director Henderson, the Board voted unanimously not to move forward with the license agreement.

Director Kowis then stated that the Board would receive a report from the District's engineer. Mr. Jones presented Pay Estimates No. 1 through 4 for Brookfield Estates, Phase 5 and Phase 6, copies of which are attached as **Exhibits "J"** through **"M"**, respectively, and recommended approval of the pay estimates and acceptance of the project for operation and maintenance. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to do so. Mr. Jones reported that there was no change in the status of Lake Boulevard/Lakes at Tech Ridge project, and that he was meeting with Bury & Partners Engineering the following day to obtain additional information from them. He presented Pay Estimate No. 3 for the bypass piping project, a copy of which is attached as **Exhibit "N"**, 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, as recommended.

The Board then discussed the status of the extension of Wells Branch Parkway through the Village @ Northtown, and Mr. Fisher confirmed that he had received everything that he needed on the alignment and was proceeding with the plans for the waterline.

Mr. Jones then presented Pay Estimate No. 2 for the Lakes at Northtown, Phase 1, a copy of which is attached as **Exhibit "O"**, and recommended approval. He stated that he had also received a change order, but needed additional information, and requested that the change order not be considered at this time. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the pay estimate.

Mr. Jones reported that the improvements to the low flow lift station were now all functional, and that the remaining issues were primarily revegetation. He presented Pay Estimate No. 1, a copy of which is attached as **Exhibit "P"**, and recommended approval. Director Kowis inquired whether the 10% retainage would cover landscaping repair that was

needed, and Mr. Jones confirmed that it would. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the pay estimate. Mr. Jones then presented Change Order No. 1 for the low flow lift station rehabilitation project, a copy of which is attached as **Exhibit “Q”**. Director Kowis explained that this change order was to include a repair to a damaged pipe that was discovered during the work that had previously been authorized. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the change order.

At this time, Deputy Kinnard arrived at the meeting, and Director Kowis recognized him for purposes of receiving a security report. Deputy Kinnard reported on drug-related law enforcement activity within the District.

Director Kowis then recognized Mr. Fisher, who confirmed that he had received everything that he needed from Consort, Inc. and was working on the plans for the Wells Branch Parkway water line. He stated that he also met with the City of Austin on the plans for the Dessau Fountains project, and had received minor comments. He stated that he expected to revise the plans within the next week, and to receive final plan sign off by the end of July. He reported that the bypass piping tap was scheduled for July 10, and stated that he expected it to take about two weeks for the final clean up. Director Kowis noted that the District had approved the final invoice, but that Mr. Morin would be holding the check until she and Director Campbell authorized the release of the funds upon final completion of all of the work.

Director Kowis then stated that the Board would receive reports from developers’ and landowners’ representatives. She recognized Jim Nias, representing the Village @ Northtown. Mr. Nias reported that he had the executed Utility Construction Agreement, in the form approved by himself and Ms. Littlefield, which had been signed by his client. He stated that he was still working on obtaining Village @ Northtown’s lenders approval of the agricultural waiver and the water, sewer and drainage agreement, but anticipated having both of these two documents to Ms. Littlefield within the week.

Director Kowis then recognized Ms. Searle-Sung, who reported that the slabs for KB Home’s model homes had been poured, and that her company expected to start development of Section 2 in October. She indicated that the price of the units was in the \$180,000 range, and that the homes were between 2,000 and 3,000 square feet. Ms. Littlefield noted that she had received KB Homes’ approval of the agreement relating to street lighting contract, and presented the contract with the electrical supplier attached as **Exhibit “R”** for the Board’s approval. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the street lighting contract.

At 7:30 p.m., Director Kowis announced that the Board would convene in executive session, for purposes permitted by Section 551.071, *Texas Government Code*, in order to receive legal advice regarding restrictive covenant matters. At 7:47 p.m., the Board reconvened in open session, and Director Kowis announced that no action had been taken during executive session. Director Kowis then directed Ms. Littlefield not to move forward with the proposed “no parking” signs along the park, and also not to proceed with the lawsuit relating to the fence at 13726 Lampting Drive.

There being no further business to come before the Board, the meeting was adjourned at 7:50 p.m.

Date: _____.

(SEAL)

Brenda Richter, Secretary
Board of Directors