

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

April 27, 2010

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 April 27, 2010, 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, and Director Gray, thus constituting a quorum. Also present at the meeting were Jesse Kennis and Mona Oliver of Wells Branch Municipal Utility District; Robert Anderson and Allen Lindemann of SWWC Services, Inc. ("SWWC"); Allen Douthitt of Bott & Douthitt, P.L.L.C.; Scott Foster and Michael Mott of Kimley-Horn & Associates, Inc.; Ronnie Strafford of TBG Partners; Richard Fadal of TexaScapes, Inc.; Deputy Keith Kinnard of the Travis County Sheriff's Department; Crystal Kaylakie of Southwest Securities; Lee Hill, a resident of the District and Sue Brooks Littlefield of Armbrust & Brown, L.L.P.

Director Campbell called the meeting to order at 5:47 p.m. and stated that the Board would first consider approving the consent items on the Board's meeting agenda: the minutes of the February 18, 2010 and March 23, 2010 Board meetings; the Amended Order Establishing Service Rates, Charges and Tap Fees and Adopting Rules and Policies with Respect to the District's Water, Wastewater and Drainage Systems attached as **Exhibit "B"** and the Second Amendment to the Contract for Maintenance and Operation of Retail Utility System attached as **Exhibit "C"**. Upon motion by Director Martinez and second by Director Henderson, the Board voted unanimously to approve the consent items.

Director Campbell then recognized Mr. Anderson, who introduced Allen Lindemann to the Board, noting that Mr. Lindemann was the District's chief operator. Director Campbell welcomed Mr. Lindemann to the meeting and then introduced the District's consultants and the Board members to Mr. Lindemann.

Director Campbell then recognized Deputy Kinnard, for purposes of receiving the District's security report. Deputy Kinnard reminded the Board that it had previously approved a key monitoring system, which allowed the monitoring of the deputies' rounds within the District. He stated that there had been a significant vandalism situation, which had occurred right after a deputy had made his rounds, which the key monitoring system, when fully implemented, would

help avoid in the future. He stated that the vandalism, which had included destruction of the volleyball net and other damage, had occurred in the early morning hours. Deputy Kinnard reported that a deputy had arrested the perpetrators of a number of burglaries in the Brookfield area. Director Richter requested a detailed report on when the deputies were on their rounds and where, noting that the Board received inquiries about this regularly. Deputy Kinnard stated that the monitoring system would be operational by the first of May and that he would provide this information for the next Board meeting. Deputy Kinnard stated that the reported water theft was still under investigation and that his Department would be back in contact with Mr. Anderson as the case developed. Deputy Kinnard stated that the deputies were monitoring a disturbing the peace complaint that had been received, but had not observed any problem. He stated that the complaining resident should call 911 and make a record of the incident. Director Campbell asked if more patrol hours were needed and Deputy Kinnard responded that he didn't believe that was necessary and that the monitoring system would allow the hours to be used more efficiently. Upon motion by Director Henderson and second by Director Martinez, the Board voted unanimously to approve the payment of the invoices payable to the Sheriff's Department for security services, as set forth on the cash activity report.

Director Campbell then stated that the Board would receive a report under the Interlocal Agreement with Wells Branch Municipal Utility District and recognized Mr. Kennis. Mr. Kennis distributed the proposals attached as Exhibits "D" and "E", noting that these had been prepared in response to requests from the Park Subcommittee. Director Richter reminded the Board that there was an erosion problem at the creek in Stoney Creek Park and that the proposal to shore up the creek bed, at a cost of \$1,246.35, would resolve this problem. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the proposal. Director Richter then reviewed the fence rehabilitation proposal, noting that there were two options, one of which was to install mini-mesh fencing material, which would result in increased cost but would match the existing fence. She explained that the second option was to include an interior fence with a gate installed on a concrete base, which would make it more difficult to access the area. Director Martinez stated that he felt the mini-mesh would make the access more challenging, and made sense. Director Richter explained that the modified fencing would restrict the access without fencing the entire area. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the proposal for the mini-mesh fencing at a cost of \$4,233.14.

Ms. Oliver then reported on covenant violations at 13800 Cambourne and 14212 Sumatra Lane and recommended that the Board proceed with enforcement action. She noted that there was trash and debris stored in public view at 13800 Cambourne and that the owner had not responded to repeated notices. She stated that the house at 14212 Sumatra Lane was owned by a bank, which had not responded to the notices which had been sent. Ms. Littlefield reminded the Board that it had requested that several final notices be translated into Spanish. Ms. Littlefield recommended that a cover letter, consisting of a paragraph in Spanish advising the recipient that, if they needed assistance with translating the notices they had received, they could contact designated individuals at her office, be sent instead of an entire translation of the notice letters, as this would be more cost-effective. After discussion, the Board agreed that the proposed cover letter should be provided instead of translating the entire notices, to postpone taking action on the violation at Sumatra until a "for sale" sign was put up or other action taken by the bank, and to send an additional follow-up letter to the address on Cambourne.

The Board then discussed the vandalism which had occurred at the volleyball court and several Board members questioned whether it made sense to continue to replace equipment that was continually damaged by vandalism. After discussion, Director Martinez moved approval of the replacement of the net, bumpers and pole at the volleyball court, at a cost of approximately \$600. Director Richter seconded the motion, which was unanimously adopted. Ms. Oliver agreed to coordinate the replacement.

Director Campbell then recognized Mr. Fadal for purposes of receiving the landscape maintenance report. Mr. Fadal advised the Board that his maintenance crews had intentionally mowed around the wildflower areas to allow the areas to seed. He also reported that his crews had completed the repair of the ruts and damage to the landscaping at the lift station. Ms. Littlefield reported that the City of Austin was processing this repair invoice for payment. Mr. Fadal also reported that he had met with resident Tim Hissam, who had expressed an interest in planting a few native trees and casting out some wildflower seed. Director Richter presented the proposal from Mr. Hissam attached as **Exhibit "F"**, and explained that Mr. Fadal had confirmed that this proposal would not adversely affect what his crews were doing. She recommended that the Board authorize Ms. Littlefield to prepare a license agreement to allow the planting on District property. Mr. Fadal added that Mr. Hissam had also offered to provide containerized native plants for replanting on District property and suggested that the Board authorize him to be the point of contact for this. Director Richter stated that Mr. Hissam was very receptive to Mr. Fadal's suggestions and she appreciated his interest in working with the District on these proposed projects. Director Richter moved that the Board designate Mr. Fadal as the point of contact with Mr. Hissam on the planting proposals, give Mr. Fadal authority to decide what plants would be most practical, and approve a license agreement for the proposed trees to be planted on District property. Upon second by Director Martinez, the motion was unanimously adopted. Director Richter then advised the Board that the Park Subcommittee had authorized the installation of 19 coral honeysuckles along the chain link fence on Lantern Drive adjacent to Settler's Meadow as a pilot project. Mr. Hill offered to provide assistance with watering of the honeysuckle if needed. Director Martinez inquired if there was any vegetation planned along the fence on Heatherwilde and Mr. Foster responded that there was no suitable area available for landscaping.

Director Campbell then recognized Mr. Foster for purposes of receiving the engineer's report. Mr. Foster advised the Board that it had been determined that it would not be possible to do the sodding around the park parking lot as a change order due to statutory limits and so this work would be postponed until completion of the construction work. Mr. Foster confirmed that the District had received a release of lien from the paving subcontractor on the project and that he had authorized payment of the contractor. He reported that, in connection with the Lakes at Northtown, Section 3, he had received a request for a variance, but that he had advised the owner that it would not be recommended for approval, due to potential erosion problems. Mr. Foster stated that he anticipated that Lakes at Northtown, Section 4, would be brought to the Board for approval in June. He stated that there had been progress on the Heatherwilde/Wells Branch Parkway improvements, and that he anticipated all outstanding completion items to be provided in the near future.

Mr. Foster then reminded the Board that he had been asked to do a cost-benefit analysis for the proposed irrigation wells in Stoney Creek Park. He reviewed his report, attached as **Exhibit "G"**, and stated that his conclusion was that the wells would ultimately save the District

substantial money after four to five years. He noted that a significant initial capital outlay was required, but that there would be a cost savings since no potable irrigation water would be required over a long period of time. He recommended that the Board consider approving the installation of the wells and the use of well water in the park based on the ultimate cost savings. Director Richter stated that a big factor, even though the project would not break even for five years, was to provide a water source even in the event of a drought, which would provide protection for the District's landscaping. She stated that she believed this justified the capital outlay. Director Henderson confirmed that the Park Subcommittee recommended moving forward with the water well option. Director Campbell noted that a well was also required for a make-up water source under the water rights permit. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve proceeding with the well option, including preparation of specifications for two wells and related irrigation systems, one well for the Stoney Creek Park and one for the Wildflower Park, at a cost not to exceed \$8,000. Mr. Foster pointed out that Dessau Fountains had made the requested payment for the lift station repairs after receiving a letter from the District's attorney.

Ms. Littlefield then noted that the Board had asked that the revised Order Establishing Rules and Regulations Governing Parks and Recreational Facilities and Greenbelt, including Wet Pond, Facilities attached as **Exhibit "H"** be placed on the agenda, noting that this included changes requested by the Parks Subcommittee. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the revised Order.

Mr. Foster then presented the proposed contracts for the McCallen Pass fencing project, attached as **Exhibits "I" and "J"**. He reported that the permit application for the fence had been submitted to Travis County and explained that one area of fence was being removed, which was covered by one contract, and that the second contract was for installation of the new fence. He stated that a proposal was also included for investigation of some stockpiled fencing that had been discovered, which the contractor would have to evaluate to determine if it was useable. He stated that, if so, the company had agreed to provide a credit. Mr. Foster recommended approval of the contracts, at a total contract amount of \$81,934.45. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the contracts as recommended. Director Richter inquired when Mr. Foster anticipated starting construction and he responded that he anticipated it would begin in the middle of May. Mr. Foster then reported that it was his understanding that all of the T-boxes for the disc golf course would be required to be ADA compliant, and so he had revised the plans to address this requirement. Director Richter stated that Mr. Foster would minimize the amount of trail in order to address this new requirement before the project was put out for bid. Mr. Foster then stated that, as previously discussed, his firm had been asked to provide a proposal for a pedestrian crossing for the Village @ Northtown. He advised the Board that the Village @ Northtown had provided an escrow to cover the cost of this work. Mr. Foster requested approval to do the work under District engineering, but stated that he would separately detail the work so it could be charged against the escrow. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to authorize Mr. Foster to proceed on this basis.

Mr. Foster then updated the Board on the status of the work done by his firm on the options for replacement of the Dessau Force Main. Mr. Foster presented the preliminary report attached as **Exhibit "K"**, and Mr. Mott explained that there had been four main options reviewed to potentially address the problem with the force main. He stated that his staff was still waiting

on some information from the City of Austin, and so did not have a final recommendation at this time. Mr. Mott stated that the first option was to utilize a package wastewater plant that was owned by the City to divert some of the flows from the force main, but added that the City could not provide any long-term commitment. Mr. Mott stated that this was not a viable option and so he did not recommend that it be further considered. He stated that the second option was to replace the existing force mains. He noted that the apparent cause of the corrosion was hydrogen sulfide gas. He added that, although these force mains were constructed about 23 years ago, they were designated as “temporary”. He added that the 14-inch force main was only put into use about nine years ago, when the East lift station was completed, but that the 12-inch force main had been in use for 23 years. He explained that there were some construction challenges due to the location of the force mains within Dessau Road. Mr. Mott stated that the third option presented by the City was to divert flows from the 12-inch force main to the McCallen Pass Interceptor. He stated that it was not clear at this time whether the City actually had capacity in the McCallen Pass Interceptor and that this would need to be determined before pursuing this option. Mr. Mott explained that there was a need to provide an immediate solution to address the failing line, but that the City might ultimately build the long-planned Harris Branch Interceptor. He reminded the Board that the diversion of flows to the East Lift Station had been previously analyzed by his firm, but had not been recommended because of the high cost. He explained that the City had asked that this option be re-evaluated, and had indicated that the City would consider granting the District a variance to the design specifications which would reduce some of the costs and difficulty of the project. He added that this option would position the District well for the future. He called the Board’s attention to the cost analysis included in his report and reviewed the various costs with the Board. Ms. Littlefield pointed out that the Board could consider what was most cost-effective in the short term and, if the City preferred a more expensive option, look to the City for cost participation. Director Richter expressed concern with any delay in replacing the line. Ms. Littlefield pointed out that the District would not be able to proceed with any option immediately and so would be facing the potential of a repair cost. She reminded the Board that, to address this possibility, Mr. Anderson had developed an emergency response plan, which Mr. Anderson confirmed was in place.

Ms. Littlefield then presented the invoices for the repair costs which had been incurred by the City for pumping and hauling and for the line and manhole repairs, attached as **Exhibits “L”** and **“M”**. She stated that, after discussion with Mr. Jennings of the City, he had agreed that the City would pay TexaScapes’ invoice for the landscaping repair at the lift station in the approximate amount of \$6,000 and that the City would also absorb its own staff costs incurred for the repair, if the District would pay these invoices. She stated that she had discussed this proposal with Directors Martinez and Campbell, the Board’s designated subcommittee, and that they recommended approval of the invoices on this basis. After discussion, Director Campbell recommended that the Board approve the payment of the invoices for the repair as outlined by Ms. Littlefield. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the payment of the invoices as presented.

Mr. Foster then advised the Board that the District’s bond application was on hold pending a determination of which option for the Dessau Force Main project the Board wished to pursue. Ms. Kaylakie presented the financing options summarized on **Exhibit “N”** and reviewed the information with the Board. Director Campbell reminded the Board that this type of emergency was a prime reason that the Board had determined that a substantial General

Operating Fund balance was appropriate, noting that the District's infrastructure was aging. He noted that some of the fund balance would potentially be used for this replacement project.

Ms. Littlefield then reviewed the request for release of two temporary construction easements which had been granted at the time of construction of the East Lift Station. She noted that Mr. Foster had agreed that the easements should be released, and he concurred. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the formal release of the temporary construction easements as requested. Copies of those releases are attached as **Exhibit "O" and "P"**.

Director Campbell stated that the Board would next receive a report on park development matters. Mr. Foster reported on the status of close-out of the park construction contract. He noted that the temporary construction fence could not be removed until the contractor obtained revegetation. Director Richter stated that the contractor was doing a good job removing the small rocks which would create a landscape maintenance problem. She also stated that, as the area had not been sodded, it was likely that the Park Subcommittee would be coming back to the Board with a request for additional expenditure for sod in the future. Mr. Foster suggested allowing the Park Subcommittee to approve acceptance of the park improvements upon recommendation of the Park Subcommittee and his office. Director Richter moved that the Board approve acceptance of the park improvements as outlined by Mr. Foster. Upon second by Director Martinez, the Board voted unanimously to do so. Director Richter asked for confirmation that, once this occurred, the District could request a refund of its revegetation fiscal and Mr. Foster agreed that it could and stated that he would coordinate the request.

Mr. Stafford then addressed the Board and explained that his company was working on finalizing the plans for the park pavilion. He stated that he expected to recommend that the District go out for bid for this project at the May Board meeting. Director Richter asked that all of the Board members review the plan sets which had been provided for the pavilion project, and advise the Park Subcommittee if they had any comments. She added that, in May, she anticipated that the entire package, including replacement of the Stoney Creek park playscape equipment as an alternate, and including the disc golf course, fitness stations, pavilion and limited landscaping around the pavilion, would be included in the bid package.

Director Campbell then stated that the Board would consider the District's signage master plan. He requested that Ms. Littlefield and Mr. Anderson identify where all the District's existing posting signs were located and they agreed to do so. Director Campbell also requested that the Park Subcommittee identify where they would like the large park signage to be located, so that the Signage Subcommittee could make a recommendation at the next meeting. Director Richter requested that Ms. Littlefield and Mr. Foster determine if the District owned a piece of property at the entrance to Wildflower, which she believed would be a good location for a District sign. Mr. Foster stated that his research indicated that the District did own the corner at that location.

Director Campbell then stated that the Board would receive a report from the District's bookkeeper. Mr. Douthitt presented the cash activity report attached as **Exhibit "Q"** and reviewed it with the Board. He noted that the Board would need to void the check to Director Gray due to his absence, and called the Board's attention to the payments to Peabody Construction and Southwaste for the force main repair, as previously authorized. He reported

that the District had a certificate of deposit at Compass Bank that would mature before the next meeting and recommended that the Board consider moving the investment to IBC Bank. He asked that the Board consider approving this investment, which would improve the District's investment earnings. He stated that the only significant variance to the budget was for the force main repair costs. He advised the Board that he had added a line item to the budget for special repair items so this unusual expense could be tracked going forward. He also advised the Board that Director Henderson had confirmed that DR Horton had removed its signage as requested. He also stated that DR Horton had paid the amount due as a result of the by-pass and had signed a release as requested by Ms. Littlefield. He added that, upon receipt of this information, he had released the check to DR Horton as authorized by the Board. Mr. Douthitt also advised the Board that he had included Wells Branch's invoice on the payment list and that it was based on the new contract. Mr. Kennis confirmed that a credit for the staff not currently provided had been given. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to approve the payment of the bills as presented, including the Sheriff's payments and repair costs previously authorized, and with the per diem to Director Gray being voided, and to authorize the reinvestment of the proceeds of the certificate of deposit at IBC Bank as recommended.

Director Campbell then stated that the Board would receive the general manager's report and recognized Mr. Anderson. Mr. Anderson reported that the Texas Commission on Environmental Quality was continuing to review the District's dumping complaint involving the mobile home park, and was determining whether to proceed with the enforcement action as a criminal or civil matter. Director Richter expressed concern that it had been about four months and the Commission had still not responded, while the paint cans that had been improperly disposed of had been covered with dirt.

Mr. Anderson advised the Board that the Texas Commission on Environmental Quality was now requiring nine Bac-T samples, adding that apparently the Commission had just noticed that the District had over 5,000 in population. Mr. Anderson confirmed that his company had been doing the proper number of tests. He then presented the write-offs attached as **Exhibit "R"**, and requested approval of the write-offs and sending the accounts that were over \$25 to collection. Director Campbell asked if the District needed to change its policy to establish a maximum account limit of \$500 in arrears or to provide that no further services would be provided if a customer's bill exceeded the amount of the customer's deposit. He stated that, even though the District had a very tight policy, there were still customers who managed to accumulate a large account before walking away, leading to substantial write-offs. After discussion, Ms. Littlefield and Mr. Anderson agreed to review the rate order and determine if additional steps should be taken. Director Campbell then inquired about SWWC's response to the Better Business Bureau complaint which had been filed by a customer and asked why the additional deposit had been waived. Mr. Anderson responded that this had been done by a department within SWWC and that he had not approved it. Director Campbell requested that the other departments within SWWC be advised that only Mr. Anderson, as the District's manager, had the authority to waive additional security deposits required by the rate order. Mr. Anderson agreed to do so.

Director Campbell then stated that the Board would receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield reviewed the Oncor Agreement for Street Lighting Service Supplement attached as **Exhibit "S"** and explained that Oncor was providing power for

street lighting in the Lakes at Northtown, and that this supplement was required for the street lighting in Section 3. She added that, as the power poles had not yet been completed, she recommended Board approval subject to KB Homes' execution and delivery of the additional agreement attached as **Exhibit "T"**, which would assure the District that the power pole facilities were installed at their expense. After discussion, upon motion by Director Henderson and second by Director Martinez, the Board voted unanimously to approve the agreement with Oncor, subject to receipt of the developer's agreement from KB Home.

Director Campbell then stated that the Board would discuss the development of Village @ Northtown and recognized Mr. Nias. Mr. Nias reminded the Board that, as he had previously reported, he had been advised that the City of Austin would not approve all of the land plan changes his client was requesting on an administrative basis. He stated that, as a result, he had determined to process the changes in two stages. Mr. Nias reported that he was almost through processing plans for the first area, which he believed would be approved administratively. He explained that his client proposed to reduce the retail at the intersection of Wells Branch and John Henry Faulk, and add about nine acres of residential at that intersection, and replace the nine acres of retail on the other side of John Henry Faulk. Mr. Nias added that this would reduce the multi-family land use in that area. Ms. Loayza presented the map showing the changes attached as **Exhibit "U"** and reviewed it with the Board. Mr. Nias stated that he and Ms. Loayza had presented the map to the Subcommittee of Director Campbell and Director Martinez and believed they were in agreement with the changes. Director Campbell advised the Board that, although he would prefer to get all of the changes approved at a single time, this change effectively reduced density and the Subcommittee was comfortable with it. Director Richter inquired if the Village @ Northtown would be constructing John Henry Faulk, and Mr. Nias confirmed that they would be, as part of their improvements, but added that the road might be built in phases. Director Martinez moved approval of the land plan changes as presented and, upon second by Director Richter, the Board voted unanimously to do so. Mr. Nias then requested approval of the wastewater line easement attached as **Exhibit "V"**. Upon motion by Director Martinez and second by Director Henderson, the Board voted unanimously to approve the easement.

There being no further business to come before the Board, the meeting was adjourned.
8:12 p.m.

Date: _____.

(SEAL)

Scott M. Gary, Secretary
Board of Directors