

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

February 27, 2007

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 February 27, 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 and Director Kowis, thus constituting a quorum. Also present at the meeting were Mike Morin of ECO Resources, Inc.; Ken Heroy and 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; Cesar Langston, Corey Zollinger, and Theresa Flores and her daughter, residents of the District; and Sue Brooks Littlefield of Armbrust & Brown, L.L.P.

Director Campbell called the meeting to order at 6:03 p.m., and stated that the Board would first consider approving the consent items on the Board's meeting agenda: the minutes of the January 23, 2007 Board meeting; the Secretary's Certificate and Resolutions Regarding Accounts for Compass Bank and JP Morgan Chase Bank attached as Exhibits "B" and "C", respectively; and the Secretary's Certificate and Resolutions Regarding Manager's Account for JP Morgan Chase Bank, a copy of which is attached as Exhibit "D". After discussion, upon motion by Director Zeniecki and second by Director Richter, the Board voted unanimously to approve the consent items.

Director Campbell then stated that the Board would receive citizens' communications. He recognized Cesar Langston, who stated that he was a resident of the District and lived on Lantern Drive. He stated that he was present to complain about noise in the area in which he lived, Settler's Meadow Subdivision. Director Campbell stated that he understood that Mr. Langston's complaint was about a neighbor's barking dog, and Mr. Langston stated that this was the case and distributed information regarding his property taxes and an excerpt from the restrictive covenants applicable to his subdivision. He stated that he had obtained the restrictive covenants from the Wells Branch office, and that what he was distributing was not the entire document. He stated that he had provided his tax receipt to show the money he paid to live in the District and stated that he was upset that he was not getting any help from the District on this

matter. Director Zeniecki inquired whether Mr. Langston had contacted the Sheriff's Department, and Mr. Langston stated that he had. He stated that his master bedroom was in the back of his house and that the barking dog was disturbing his sleep, and that he did not understand why, when he had brought this matter to the Board's attention and the owner had not had any consideration for him, nothing was being done. He stated that he had previously complained about a dog on Saddlegirth, and this complaint had been addressed by the Sheriff and the District had sent a letter. He stated that he now had the same problem with another neighbor and the Sheriff's deputies had said that they could not do anything, as they could not issue a ticket to the dog, which he was well aware of. He stated that the captain had also told him to take the problem to "District 2" which was the wrong precinct, and that he had been referred to Precinct 1 for the filing of paperwork. He stated that the Assistant District Attorney had said that there was nothing that they could do, and that he had also contacted his State Representative and been told to go back to Precinct 1. Ms. Littlefield explained that the District had limited power to enforce restrictive covenants, which was tied specifically to the preservation of property values within the District. She stated that the District's primary functions were to provide water, wastewater, and drainage services, and noted that the restrictive covenants were imposed by the developer of Mr. Langston's subdivision and not by the District. After a lengthy discussion, Mr. Langston demanded the return of the paperwork which he had previously provided and stated that he believed the District should be about more than property values. Following an exchange of words with Corey Zollinger, he left the meeting. Director Campbell next recognized Mr. Zollinger, who stated that he was the resident with the dog Mr. Langston was complaining about. He stated that he kept the dog in at night, and that his wife was home during the day and brought the dog in whenever it barked. He stated that he was concerned about his neighbors, and that he had contacted Mr. Langston when he had initially made the complaint and made every effort to appease him. He stated that he had obtained letters from his immediately adjacent neighbors indicating that the dog was not a problem, copies of which are attached as Exhibits "E" through "H" respectively. Mr. Zollinger stated that he believed that Mr. Langston was confusing his dog with other dogs in the neighborhood.

Mr. Zollinger advised the Board that there was graffiti in the District drainage area adjacent to the future extension of Wells Branch Parkway and, after discussing the location of the graffiti and agreeing that it would be more visible once the roadway was extended, the Board requested that the Park Subcommittee identify the location specifically and work with Mr. Williams to see that it was removed. Mr. Zollinger then left the meeting.

Director Campbell then recognized Theresa Flores, who stated that she was a resident of Meadow Pointe Subdivision and that she had been notified that she needed to repair her fence, which had damaged pickets. She stated that she was currently undergoing chemotherapy, and was not able to address the fence at this time. She also stated that residents who backed up to her fence were causing the breakage by bouncing a basketball off it. She also complained about roosters being kept in a residence adjacent to her home, and about the continued breakage of her fence as well as loud music being played all weekend. Ms. Oliver agreed to follow-up on the roosters, Ms. Littlefield agreed to contact Deputy Kinnard about the problem with the residents next door breaking the fence with a basketball. Ms. Flores' daughter stated that the signs with the information for the next District meetings were not being updated, and the Board agreed to address the matter. Ms. Flores also stated that the light at the Meadow Pointe entry was not working and the Board directed Mr. Morin to make the repair. At this time, Ms. Flores and her daughter left the meeting.

Director Campbell stated that the Board would next receive a report under the Interlocal Agreement with Wells Branch Municipal Utility District. The Board directed Ms. Oliver to extend Ms. Flores' compliance date until after the March meeting, and she agreed to do so. Director Zeniecki reported a vehicle with flat tires on Connor Downs, and Ms. Oliver agreed to investigate.

Director Campbell then recognized Mr. Armistead, who distributed information showing that property values in Wildflower were increasing, noting that this was the first gain in four years. The Board commended him on his work on preserving property values within the neighborhood. Mr. Armistead also reported that he was working with Ms. Heyer, Wildflower Homeowners' Association's attorney, regarding requiring the replacement of fences as a mass project. After discussion, the Board noted that, while it appreciated the Homeowners' Association's effort on this, the District would probably not pursue covenant enforcement if individuals could not afford to replace a fence within the time period established by the Homeowners' Association.

Director Campbell then stated that the Board would not receive a security report, as Deputy Kinnard was unable to attend. He noted that he had not received a crime statistics report for the website, and Mr. Morin agreed to coordinate with Deputy Kinnard on obtaining this information.

Director Campbell then stated that the Board would receive a report regarding park development matters and the Landscape Maintenance Report. Director Richter reported that she and Director Kowis had been meeting with Mr. Fadal regarding improvements of the Wildflower entryway and upgrading the District's signs and bulletin boards. She reviewed the proposals attached as Exhibits "I" through "K", respectively, and noted that the Park Subcommittee recommended approval of all three proposals. Director Campbell inquired as to the total cost and whether all of these would be payable out of the park fund. Director Richter confirmed that the proposals would be paid out of the park fund. Director Campbell suggested that the Board take up the three proposals separately, and the Board agreed. Director Richter then moved that the Board approve Proposal No. 6665 for a new sign wall at the Wildflower entryway, a copy of which is attached as Exhibit "I". Upon second by Director Zeniecki, the motion was unanimously adopted. Director Richter then moved that the Board approve Proposal No. 6651 for the Wildflower entryway landscaping and irrigation, a copy of which is attached as Exhibit "J". Upon second by Director Zeniecki, the motion was unanimously adopted. Director Richter then moved that the Board approve Proposal No. 6666 for the District signs and bulletin boards, a copy of which is attached as Exhibit "K". Upon second by Director Zeniecki, the motion was unanimously adopted. Mr. Fadal thanked the Board for approval of the proposals, and noted that his Landscape Maintenance Report, a copy of which is attached as Exhibit "L", was in the packet.

Director Campbell then stated that the Board would receive a report from the District's general manager, and recognized Mr. Morin. Mr. Morin distributed his response to the management letter prepared in connection with the District's audit, a copy of which is attached as Exhibit "M". Director Richter stated that the Board did not expect the auditor to raise this issue again, since Mr. Morin was confirming that it had been properly addressed. Mr. Morin agreed. The Board then reviewed the write-offs, set forth on the list attached as Exhibit "N". Director Richter inquired whether these write-off amounts included administrative charges, and

Mr. Morin stated that they did, but that in the future only actual District costs would be written off, and no penalties or reconnect charges which had not actually been incurred. Director Zeniecki noted that one of the write-offs was from an account which had been finalized over a year ago. Mr. Morin confirmed that this write-off did date from March of the prior year, and stated that it had been noted during the audit process. Director Campbell inquired regarding a write-off for a property management company, stating that, if the management company had continued business in the District, he did not think it was proper to write-off the amount. The Board agreed. After discussion, Director Richter moved that the Board approve the write-offs as presented, with the exception of the write-off for Hometec. Director Campbell noted that there was a deposit refund for the same company on the list of bill and invoices, which would need to be held. Mr. Morin apologized for the oversight. Upon second by Director Zeniecki, the write-offs, with the exception of the write-off for Hometec, were unanimously approved. Mr. Morin then presented the transfer notice attached as Exhibit "O" and requested approval. Upon motion by Director Richter and second by Director Zeniecki, the Board voted unanimously to approve the transfer, as presented. Mr. Morin then distributed the updated list of bills and invoices attached as Exhibit "P", and noted that the bills and invoices had been reviewed by Director Henderson. After discussion, Director Richter moved that the Board approve payment of the bills and invoices as presented, with the exception of check numbers 7385, 7401 and 7489. Upon second by Director Zeniecki, the motion was unanimously adopted.

Mr. Morin then reported that the water loss had increased over the previous month, to approximately 15%. He said he had no explanation for this, and felt there might be a leak that needed to be searched for. Mr. Morin indicated that he did not recommend leak detection unless the loss continued. After discussion, the Board directed Mr. Morin to continue to monitor the situation closely. The Board directed that Mr. Morin's staff should walk the lines within the District to search for wet areas which would indicate a leak, and Mr. Morin agreed that this would be done. Mr. Morin then stated that the low flow lift station was going to require a substantial repair, noting that as he had reported at the previous meeting, one line had separated and, in the course of repairing this line, his crews had found that the wet well was full of rocks. He stated that the line had been repaired and the rocks removed, but that it had been determined that the pedestal that the pump had been sitting on had deteriorated, causing the pump to settle and be damaged. He stated that, overall, the concrete inside the lift station was in poor condition. He noted that the lift station would be coming off-line in approximately 2010, and, after consulting with Mr. Jones and Mr. Heroy, their recommendation was to rehabilitate the lift station, as it would likely only remain in service for a short period of time. Mr. Heroy presented the capital project map attached as Exhibit "Q", noting that this map indicated that the City would be taking the lift station off-line within the time frame projected. After discussion, the Board agreed that it was imperative that the District move forward swiftly to repair the lift station. Mr. Jones indicated that it might be possible to obtain Texas Commission on Environmental Quality approval of having this work done without advertising for bid. In response to a question from Ms. Littlefield, he indicated that three bids on uniform specifications would be requested if this alternative was approved. After further discussion, Director Richter moved that Mr. Jones be authorized to prepare specifications for rehabilitation of the lift station, subject to his submittal of a proposal for the work to her for approval before proceeding. Upon second by Director Zeniecki, the motion was unanimously adopted, and the Board authorized Director Richter to review and approve Mr. Jones' proposal for the work in question. The Board further agreed that, if it was necessary to do so, it would hold a special meeting in order to make sure the repairs were not delayed. The Board discussed the work that would need to be done by

ECO Resources to take the lift station off-line during the time repairs were being effected and agreed that ECO should submit a proposal to the District for this work at the next meeting.

Mr. Morin then advised the Board that he had been informed of an illegal connection on Flatter's Way, noting that one of ECO's employees had found a hose connected from one house to the neighbor's house. He stated that he had contacted Ms. Littlefield regarding the matter, and obtained direction, but that, when he had gone back out to the District, the hose had been disconnected and the resident had since reestablished legal service. Mr. Morin also noted that it had been brought to Ms. Littlefield's attention that the District's management contract with ECO Resources, Inc. needed to be modified in order to address a tax issue. He stated that Ms. Littlefield had sent out a proposed revised contract, and that Director Kowis had suggested putting this on the next meeting agenda and allowing a subcommittee to work on the contract in the interim and to bring a recommendation back to the Board. After discussion, Director Richter moved that the Board refer the matter of the modification to ECO Resources, Inc.'s contract to a subcommittee consisting of Director Kowis and herself, since they had worked on the original contract with ECO. Upon second by Director Zeniecki, the Board unanimously agreed that Directors Kowis and Richter should negotiate a revision to ECO Resources' contract, and bring a recommendation to the Board at the next meeting.

Director Campbell then recognized Ms. Littlefield, for purposes of receiving a report from the District's attorney. Ms. Littlefield reviewed her directives from the previous Board meeting, and also called the Board's attention to a request for information on the District's water conservation program which had been received from the City of Austin, a copy of which is attached as Exhibit "R". She noted that the District did have a water conservation plan, but that it had been brought to her attention in responding to the City's inquiry that the water conservation plan needed to be updated. She stated that an updated plan would be placed on the agenda for the Board's approval at the next meeting. Ms. Littlefield noted that, while she anticipated that the District would have no problem with agreeing to adopt and enforce strict water conservation requirements, the City of Austin's proposal for an amendment of the Consent Agreement requested that the Board agree to a penalty, which she felt the Board would have difficulty doing. The Board concurred, but directed that an updated conservation plan be placed on the next agenda for consideration. Ms. Littlefield also noted that she had included information in the Board's meeting packet on the Texas Commission on Environmental Quality's notice regarding total maximum daily load for bacteria in Gilleland Creek, but that she had confirmed with the District's operator that this did not affect the District.

Director Campbell then stated that the Board would receive a report from the District's engineer, and recognized Mr. Jones. Mr. Jones distributed an update on pond status within the District, a copy of which is attached as Exhibit "S". He also provided an updated land use exhibit, a copy of which is attached as Exhibit "T", noting that Mr. Fadal had provided some comments regarding the map. Mr. Jones agreed to transmit Director Richter an email version of the map for her review. Mr. Jones reported that there had been a problem in making a connection for the bypass piping project, because a wastewater line and a fiber optic cable were in the way of the bypass, even though these were not shown on the as-built plans. He noted that this would require a change order, in order to put the valve on the other side of the facility, but noted that he had not yet obtained the City of Austin's approval of the change. Mr. Jones requested that the Board appoint a subcommittee in order to review and approve the change order, in order to avoid a delay in the project, noting that, if the cost of the change order

exceeded \$25,000, Commission approval would also be required. After discussion, Director Richter moved that Director Kowis and Director Campbell be authorized to review and approve the change order. Upon second by Director Zeniecki, the motion was unanimously adopted.

Mr. Jones stated that he had no pay estimates or change orders to present at this meeting, and also reported that the bond application had not yet been finalized, as he had not received final cost information from DR Horton.

Mr. Jones then presented a proposal from Pate Engineering for the updated land use map, noting that, although the company had already completed the work, Mike Fisher had requested approval of the proposal after the fact. After discussion, upon motion by Director Richter and second by Director Zeniecki, the Board voted unanimously to approve the proposal attached as Exhibit "U".

Mr. Jones confirmed that the District had received funds due from Tex Aust Limited Partnership on Dessau Fountains Estates for engineering work required under the Tri-Party Agreement, and stated that Pate Engineering was proceeding with the engineering.

Mr. Jones then presented a request by NWC Howard & I35, Ltd. for a reduction in retainage. Ms. Littlefield stated that the Board was authorized to approve a request for reduction in retainage once the work was 50% complete, if it was satisfactorily progressing. After discussion, upon motion by Director Richter and second by Director Zeniecki, the Board voted unanimously to approve a request for reduction in retainage for Lakes Boulevard – Lakes at Techridge Water and Wastewater Drainage Improvements, as requested.

Director Campbell inquired whether there was any action to be taken in connection with the proposed water and wastewater services to Settler's Meadow. Ms. Littlefield noted that several inquiries had come from Travis County relating to the project, which Mr. Fisher had responded to promptly. She stated that, as a result, she believed there was some movement on finalizing the interlocal agreement which had been previously discussed with Travis County.

Director Campbell then stated that the Board would receive reports from developers' and landowners' representatives. Ms. Littlefield presented a proposed dedication deed attached as Exhibit "V", and reviewed it with the Board. After discussion, upon motion by Director Richter and second by Director Zeniecki, the Board voted unanimously to accept the dedication of Lot 45, Block D, Settler's Meadow, Section One from Pulte Homes of Texas, Inc.

Mr. Fadal then brought to the Board's attention that the updated land use map which Mr. Jones had previously distributed, indicated that the area which the District had received from Ed Wendler, Jr. was not the same area that he believed the Wildflower Homeowners' Association had anticipated was being conveyed. After discussion, the Board directed Mr. Fadal not to proceed with any improvements relating to the Wildflower entryway until Ms. Littlefield could confirm title to the tract in which those improvements would be located and obtain a license agreement from Travis County or the City of Austin, if necessary.

Director Campbell then updated the Board on the Morgan Group's request for an amendment to the restrictive covenants applicable to its property, noting that the company was requesting a reduction in masonry requirement, but that he was still in discussion with the applicant and had no recommendation to make at this time.

There being no further business to come before the Board, the meeting was adjourned at 7:47 p.m., upon motion by Director Richter and second by Director Zeniecki.

Date: _____.

(SEAL)

Brenda Richter, Secretary
Board of Directors