

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

June 1, 2010

THE STATE OF TEXAS §
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COUNTY OF TRAVIS §

A special meeting of the Board of Directors of Northtown Municipal Utility District was held on June 1, 2010, at the Wells Branch Indoor Recreation and Conference Center located at 3000 Shoreline 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
Alex Martinez	-	Secretary
Bill Henderson		Treasurer
Scott M. Gray	-	Asst. Secretary

and all of the Directors were present, thus constituting a quorum. Also present at the meeting was Steve Held of Crossroads Utility Services, LLC.

Director Campbell called the meeting to order at 5:02 p.m., and stated that the purpose of the meeting was to discuss District operations services and the related contract and recognized Mr. Held. Mr. Held provided a synopsis of his work experience and summarized the focus of his company, emphasizing localized customer service and the ability to effectively partner with district boards. He then provided the history of his company, stating that they had officially opened their doors as of May 1, 2009, with their first customer being Wells Branch Municipal Utility District. He stated that they now had 16 total customers and a staff of 29 employees. He added that, of the 29 employees, three were general managers, including himself, for certain districts. Mr. Held stated that, if the District chose to contract with his company, they would be open to a contract of similar form and substance to the District's current "Maintenance and Operations" contract with Southwest Water Company, or modifying that contract form as needed. Director Campbell then stated that it would be a prerequisite for the District to determine who the general manager for the District would be and Mr. Held responded that this would definitely be an option.

Several Board members then alluded to the gap in communications that had been experienced when Crossroads came into existence and the lack of professional interest shown in the District. Mr. Held responded that there had been litigation issues with Southwest Water Company and a temporary restraining order that was in effect as of July 2, 2009. He summarized the continued litigation due to the proposed permanent injunction by Southwest Water. Mr. Held stated that these litigation issues were the reason behind his company's wariness in pursuing new business during that time. He stated that, now that they were past the

legal issues, he felt it was a good time to start discussions. Director Richter asked about the location of Crossroads' office and who would serve as customer points of contact. Mr. Held responded that all of their facilities were housed at their Round Rock location, at 2601 Forest Creek Dr., and that they had a 5,700 square foot facility, of which 1,500 was dedicated warehouse space. He stated that Crossroads also had an on-site billing department which was open from 8:00 a.m. to 5:00 p.m., Monday through Friday. Director Martinez stated that the District had a large Spanish-speaking customer base and inquired if Crossroads had adequate bilingual customer service representatives. Mr. Held stated that they had more than one staff member who was fluent in Spanish and that this would not be a problem. Director Richter expressed a concern about obtaining a high level of customer service and inquired if Crossroads would be willing to agree to a Service Level Agreement similar to the Wells Branch Municipal Utility District contract stipulations. Mr. Held stated that this would definitely be available, and could be discussed further if contract negotiations were continued. Director Gray asked what the potential contract cost increases would be from year to year, and whether the increases would be tied to the Consumer Price Index. Mr. Held stated that he had some flexibility in this regard. The Board agreed to table this for later contract discussions, if needed. Director Gray then inquired if Crossroads had proper liability insurance coverage. Mr. Held stated that they currently met or exceeded all insurance requirements and that their coverage included \$1 Million in general liability and \$2 Million in crime policy coverage. Director Campbell inquired if Crossroads adhered to the "red flag" identity protection program and Mr. Held stated that they did and that they worked towards aggressively identifying and avoiding fraud and avoiding write-offs. Director Richter asked what the current and future payment options were for customers. Mr. Held stated that the current options were mail, walk-in service and credit card over the phone with CSR. He added that future options would include Compass Bank lockbox services, internet credit card payments, grocery store payment via Western Union at locations such as HEB, online check payment and check by phone payment via Compass Bank. He added that Compass Bank had three processing facilities in Texas, but that they would be limited to the Houston branch as the other two were not available. The Board thanked Mr. Held for his time and willingness to meet and he left the meeting.

After a brief discussion, the Board directed that Directors Richter and Campbell, as the committee which had worked on the negotiation of the existing operations services agreement, meet and confer with Ms. Littlefield on operations services and the related contract. There being no further business to come before the Board, upon motion by Director Henderson and second by Director Gray, the meeting was adjourned at 6:10 p.m.

(SEAL)

Alex Martinez, Secretary
Board of Directors

Date: _____