

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

January 22, 2019

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on January 22, 2019, at the Wells Branch Tech Center, 1421 Wells Branch Parkway, Suite 106, Pflugerville, 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”**.

All of the Directors were present, as follows:

Brenda Richter	-	President
Robin Campbell	-	Vice President
Chris Capers	-	Secretary
Lee Hill	-	Assistant Secretary
Felix T. Amaro, Jr	-	Treasurer

Also present at the meeting were Mona Oliver, the District manager; Richard Fadal of TexaScapes, Inc.; Allen Douthitt of Bott & Douthitt, PLLC (“*Bott & Douthitt*”); Andrew Hunt of Crossroads Utility Services, LLC (“*Crossroads*”); Deputy Oscar Gonzalez of the Travis County Sheriff’s Department; and Sue Brooks Littlefield of Armbrust & Brown, PLLC (“*A&B*”).

Director Richter called the meeting to order at 5:45 p.m. and stated that the Board would first receive resident communications and Board member announcements. There being none, Director Richter stated that the Board would next consider approving the minutes of the December 18, 2018 Board meeting. Upon motion by Director Capers and second by Director Hill, the Board voted unanimously to approve the minutes.

Director Richter then stated that the Board would discuss District security. Deputy Gonzalez reported that, for the month of December, there had been one theft and one vandalism incident and two vehicle burglaries – one of an unlocked vehicle and one by forced entry. He stated that the one vandalism incident included a broken window and also an incident of paint. Director Richter stated that the resident had reported several vandalism incidents since the first of the year, noting that the home was located in Brookfield. Deputy Gonzalez stated that there had been one report in December and he would see if there had been additional reports in January. Director Hill inquired if he was aware of the shooting in Brookfield the prior weekend, and Deputy Gonzalez responded that he was unable to add anything to the report that had been in the news at this time.

Director Richter then stated that the Board would consider landscape maintenance matters. She recognized Mr. Fadal, who presented the plant of the month, Thimble Cactus, which he explained was from Central Mexico and was the smallest of all cacti. Mr. Fadal reported that his crews continued to perform winter activities and had turned off all irrigation except what was necessary for the new trees and the seasonal color. He then called the Board's attention to the proposal attached as **Exhibit "B"** for tree planting in Wildflower Park, noting that the final tree locations would be subject to approval by the District Manager since all locations needed to be reasonably close to a water source for irrigation. Upon motion by Director Campbell and second by Director Hill, the Board voted unanimously to approve the proposal.

Director Richter stated that the Board would next receive the District manager's report and recognized Ms. Oliver. Ms. Oliver noted that she had been directed to look into the erosion under the new fence and stated that Mr. Foster had notified the fence contractor of the issue. She then presented her monthly report, attached as **Exhibit "C"**, and reviewed it with the Board. She stated that Concretex had completed its very short punch list and had done a very nice job for the District. She confirmed that this work had been along Howard Lane. She reported that the Covenant Subcommittee had authorized Mr. York of A&B to proceed with six lawsuits, and reviewed the summary attached as **Exhibit "D"**. She noted that these were repeat violators who had received numerous notices from the District.

Ms. Oliver then reported that a storm had come through and caused a lot of erosion and debris to accumulate. Ms. Oliver requested authorization to proceed with a repair of the gabions at a cost not to exceed \$24,000. Upon motion by Director Capers and second by Director Hill, the Board voted unanimously to authorize Ms. Oliver to proceed with the repair, at a cost not to exceed \$24,000.

Ms. Oliver then reported that a significant repair or possible replacement to the well cistern was required. After discussion, Director Hill moved that the Board authorize the Park Subcommittee to proceed with repair or replacement of the cistern with a fiberglass cistern at a cost not to exceed \$100,000 and move \$100,000 plus a contingency of 20% from reserves to cover the expenditure. Director Amaro seconded the motion. Director Campbell clarified that the motion was for fiberglass, not metal or plastic, and Directors Hill and Amaro concurred. Director Hill requested that the cistern be an appropriate color. Ms. Oliver explained that the brick would have to be removed to make the replacement or repair. After further discussion, the motion was unanimously adopted.

Ms. Oliver stated that she had not heard anything further from the Wildflower Homeowners' Association regarding its maintenance request.

Director Richter then stated that the Board would discuss District office matters. Ms. Oliver explained that the District Office Subcommittee recommended renewing the Tech Center office lease for a shorter term, three years, with an optional extension period and a six-month notice of termination. She stated that Mr. Whitt of A&B had contacted the landlord and this proposal was under discussion. The Board concurred with the direction recommended by the subcommittee. Director Richter stated that the

subcommittee felt three years was the time period needed to transition to the District's own office building, but the one-year renewal would provide a safety net. Director Campbell stated that the land was the greatest unknown. Director Hill stated that the drainage improvements would need to be completed first. Ms. Oliver then requested authorization to move forward with the process to select an architect for the District office. Upon motion by Director Amaro and second by Director Campbell, the Board voted unanimously to do so. Director Richter stated that Mr. Foster would be bringing a proposal for his services related to this process to the Board.

Director Richter stated that the Park Subcommittee had nothing to report.

Director Richter then stated that the Board would next receive the engineer's report. Ms. Oliver stated that Mr. Foster had been unable to attend the meeting and presented Mr. Foster's report, attached as **Exhibit "E"**, on his behalf.

Director Richter then recognized Mr. Douthitt for purposes of receiving the bookkeeper's report. Mr. Douthitt presented the updated cash activity report attached as **Exhibit "F"** and reviewed it with the Board. He recommended approval of a transfer by check from the District's JP Morgan Chase Bank operating account to the JP Morgan Chase Bank manager's account in the amount of \$16,600; a transfer from the District's Compass Bank lockbox account to the JP Morgan Chase Bank operating account in the amount of \$75,000; a transfer from the Logic tax account to the Logic general operating account in the amount of \$1,540,144.32; and a transfer from the District's Logic tax account to the Logic debt service account in the amount of \$1,150,000, listed on page one of his report. He noted that the District had received a healthy amount of tax collections in December. He called the Board's attention to the payments that would be coming due on the District's bonds, as noted on page one of his report. Mr. Douthitt stated that the District continued to receive questionably low utility bills from the City of Austin. He stated that he recommended payment, but with the caveat he was certain the billings were not correct. He pointed out the invoices for the fence and trail work noted on the report, as well as the annual Texas Commission on Environmental Quality regulatory assessment fee. Mr. Douthitt reported that the District was ahead of budget for the month. Mr. Douthitt then reviewed the payments that had been made out of the bookkeeper's account during the prior month, noting that these had primarily been utility payments, deposit refunds, and other time-sensitive payments. He then reported that there had been two PayPal charges that had hit the District's manager's account, and he had been unable to make timely contact with Chase Bank regarding the charges. He recommended closing this account and opening an account with a bank with a Positive Pay system. He explained the advantages of such a system to the Board. After discussion, upon motion by Director Hill and second by Director Amaro, the Board voted unanimously to approve the transfers, the bond payments, and the payment of the bills and invoices as presented, and to authorize closing the existing Manager's Account and setting up a new Manager's account with Positive Pay as recommended. Director Campbell and Director Hill requested that a new depository resolution with ABC Bank and any documents required for the Positive Pay system be added to the next month's agenda.

Director Richter then recognized Mr. Hunt for purposes of receiving the operations manager's report. Mr. Hunt reviewed Crossroads' report, attached as **Exhibit "G"**, noting that all lab results had been satisfactory. He noted that there had been a water gain again the preceding month, and noted that Mr. Anderson felt this was due to a problem with the master meter. He stated that there were similar problems in Wells Branch Municipal Utility District. Mr. Hunt then called the Board's attention to the write-offs listed on **Exhibit "H"**, totaling \$1,486.30. He provided the backup information and explained that one resident had had a high usage and then moved out of the District and another resident had a high usage and refused to pay the bill. He requested approval of the write-offs. After discussion, upon motion by Director Amaro and second by Director Campbell, the Board voted unanimously to approve the write-offs.

Mr. Hunt then reminded the Board that it was required to conduct an annual review of the District's identity theft prevention program under the Federal government's "red flag rules" which were designed to protect the District's customer information. He reported that the District's identity theft prevention program continued to be effective and there had been no incidents of identity theft in the District. He stated that he had no recommended changes to the program at this time. Mr. Hunt then directed the Board's attention to the Resolution Confirming Annual Review of Identity Theft Prevention Program attached as **Exhibit "I"** and requested approval. Upon motion by Director Campbell and second by Director Hill, the Board voted unanimously to approve the Resolution. Director Hill suggested establishing a separate account just for deposit refunds as an additional security matter. Ms. Littlefield agreed to place an item to do so on the next meeting agenda and Mr. Douthitt agreed to bring the paperwork to establish this account to the next Board meeting.

Director Richter then stated that the Board would receive the Finance Subcommittee's report on the audit of the District's financial statements for the fiscal year ended September 30, 2018. Director Campbell stated that he, Director Amaro and Mr. Douthitt had met with the District's auditor to review the audit report and the auditor had again given the District a clean opinion. He stated that the audit would be posted to the District's website and that any Board member could contact the auditor, Ms. Martin, if they had any questions about the audit. He stated that the subcommittee recommended approval of the audit report and the representation letter attached as **Exhibit "J"** and to authorize filing of the audit report. Upon motion by Director Hill and second by Director Capers, the Board voted unanimously to do so.

Director Richter then stated that the Board would discuss the District's security deposit refund policy. Director Campbell distributed the information attached as **Exhibit "K"**. He stated that the subcommittee recommended that a process be established that would allow a customer to request a deposit refund consistent with the information presented. Director Hill suggested including a provision that there could be no late payments in the prior 24-month period. After discussion, the Board agreed to include a provision that there could be no more than one late payment in the prior 24-month period in order for a customer to be eligible for a refund. The Board directed Crossroads to determine if the resident who had previously made the request that the

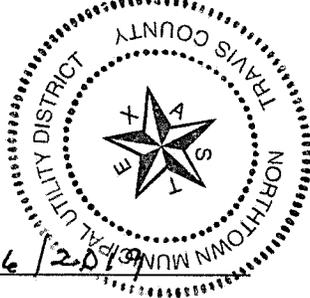
Board re-evaluate its policy, was eligible for a refund and, if so, then issue a refund. Mr. Hunt asked if the Board wanted to issue a refund check or give the customer a credit on their next bill, adding that a credit would be easier for Crossroads to process. Upon motion by Director Capers and second by Amaro, the Board voted unanimously to approve the proposed policy with a requirement that there be no more than one late payment in the prior 24-month period, and to issue the refund by giving the customer a credit on their bill instead of issuing a refund check.

There being no developers' or landowners' representatives present to address the Board, Director Richter stated that the Board would next receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield reviewed the Resolution Confirming Annual Review of Written Procedures for Post Bond Issuance Federal Tax Compliance attached as **Exhibit "L"** and the Resolution Confirming Annual Review of Code of Ethics, Financial Investment, Travel and Professional Services Policy and Amending List of Qualified Brokers attached as **Exhibit "M"**, noting that no changes were recommended other than the update of the list of qualified brokers contained in the District's financial policies. Upon motion by Director Campbell and second by Director Capers, the Board voted unanimously to approve the Resolutions.

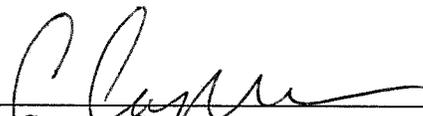
Director Richter stated that the Board would next discuss personnel matters, including the District Manager's salary adjustment. Director Amaro reported that, based on consistent performance and a quality review, it was recommend that an additional 3% increase in the District Manager's salary be approved. Upon motion by Director Capers and second by Director Campbell, the Board voted unanimously to approve the salary increase.

There being no further business to come before the Board, upon a motion by Director Amaro and second by Director Hill, the Board voted unanimously to adjourn.

(SEAL)



Date: 2/26/2019


Chris Capers, Secretary
Board of Directors

CERTIFICATE OF PROVISION OF NOTICE OF MEETING FOR
NORTHTOWN MUNICIPAL UTILITY DISTRICT
TO THE TRAVIS COUNTY CLERK'S OFFICE

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

I, Brian K. Gilbert, hereby certify that at 1:16
P.m. on Jan. 18, 2019, I provided two (2) copies of the attached
notice of meeting of the Board of Directors of Northtown Municipal Utility District to the Travis
County Clerk's office located at 5501 Airport Blvd., Austin, Texas for subsequent posting in
accordance with Section 551.054 of the Texas Government Code.

I understand that the attached notice was provided to the County Clerk in order to
comply with the Open Meetings provision of Chapter 551 of the Texas Government Code and
that the Board of Directors of Northtown Municipal Utility District will rely on this certificate in
determining whether the provisions of Chapter 551 of the Government Code have been satisfied.

Witness my signature this 18 day of January, 2019.

Brian K. Gilbert
Printed Name: Brian K. Gilbert
Company: Capitol Concier