

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

February 23, 2016

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 23, 2016, 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"**.

The following members of the Board were present, constituting a quorum:

Robin Campbell	-	President
Brenda Richter	-	Vice President
Chris Capers	-	Assistant Secretary
Felix Amaro	-	Treasurer

Director Kathy Haught was absent. Also present at the meeting were Mona Oliver, the District's on-site manager and covenant administrator; District employee Earnest Robles; Robert Anderson of Crossroads Utility Services, LLC ("Crossroads"); Allen Douthitt of Bott & Douthitt, PLLC; Richard Fadal of TexaScapes, Inc. ("TexaScapes"); Deputy Oscar Gonzales of the Travis County Sheriff's Department; Lee Hill, a resident of the District; and Sue Brooks Littlefield of Armbrust & Brown, PLLC ("A&B").

Director Campbell 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 Campbell stated that the Board would next consider the consent items on the Board's meeting agenda: the minutes of the January 26, 2016 Board meeting and the Seventh Extension of the Interlocal Agreement between Northtown Municipal Utility District and the City of Austin relating to solid waste and recycling services for the Lakes at Tech Ridge Development attached as **Exhibit "B"**. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the consent items.

Director Campbell stated that the Board would next receive the security report and recognized Deputy Gonzalez. Deputy Gonzalez reported that January had not been bad from a crime perspective. He stated that there had been an auto theft on Golden Flax and that there were no leads at this time. He added that there had been a burglary off Tea Leaf, where the perpetrator entered through the rear of the house. Deputy Gonzalez also stated that there had been a burglary reported on Cambourne, but they had no cooperation from the complainant and so the matter had been closed. He noted that there had also been a theft on Sweet Leaf and Elderberry, but noted that he did not have any details and had just received an online report. Deputy Gonzalez noted that there had been a couple of criminal mischief cases reported as well. He stated that there had been a burglary of a vehicle reported, but that there had been no signs of forced

entry and so it was likely the vehicle had not been locked. He added that information on the perpetrator had been obtained, but that the complainant had refused to cooperate. Deputy Gonzalez then reported that the auto business complaint was being addressed, noting that the residents had been warned and ticketed, and the traffic enforcement division would get involved, if necessary. He reported that he had hired a new deputy who was familiar with the area and would start the following week.

Director Campbell then stated that the Board would next receive the landscape maintenance report and recognized Mr. Fadal. Mr. Fadal presented the plant of the month, Dutch Tulip, noting that it came from the same area from which many xeriscape plants originated, in Asia, and that there were 75 wild varieties. He added that the tulip had arrived in the Netherlands in 1594 and had arrived in the United States around 1854-1860. Mr. Fadal then reviewed the landscape maintenance report, attached as **Exhibit "C"**, and noted that about 1½ to 2 inches of rain had been received the prior evening. He reviewed the winter maintenance activities performed by his crews and reported on the status of work on the proposals previously approved by the Board. Mr. Fadal stated that he would meet with Mr. Foster and the Parks Subcommittee on the next stage of work on the detention ponds before the next Board meeting.

Director Campbell then stated that the Board would receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver called the Board's attention to her monthly report, attached as **Exhibit "D"**. She stated that the District had been reimbursed for damage to the District's fence by the driver's insurer, USAA. Ms. Oliver then reviewed the covenant report, noting that the prior tenant at 303 Segovia had moved and that the resident who had complained about an auto repair business on Darjeeling had indicated that no further activity had occurred after the District's letter had been sent. Ms. Oliver then requested authorization to purchase an adjustable height stand-up desk and floor mat. Ms. Littlefield recommended that the Board grant Ms. Oliver discretion to make purchases of this type, noting that the Board could set a budget for expenditures and review them in arrears at each meeting. Ms. Oliver then reviewed her prior purchases for the office and for park supplies. She noted that ordinarily her expenditures were around \$500 per month for maintenance items. The Board then discussed what a reasonable amount would be to set for a proposed expenditure budget. Director Campbell stated that, if there was a more significant expenditure that was outside the norm, Ms. Oliver could take it to the subcommittee consisting of Directors Haught and Director Richter for concurrence. Director Amaro moved to authorize Ms. Oliver's expenditure of up to the \$2,000 per month for office, maintenance and other expenses, with the directive that she bring any unusual expenditure to the subcommittee for concurrence. Upon second by Director Capers, the motion was unanimously adopted. Ms. Oliver then called the Board's attention to the Texas Disposal Systems' report, noting that recyclable materials had decreased. The Board discussed variables in the amounts of trash and recyclables, noting that the Solid Waste Subcommittee had agreed to monitor the numbers. Ms. Oliver also reported that there had been 33 bulky waste pick-ups so the residents were utilizing the service. Director Campbell asked if the District could utilize 1-800-stamps and Ms. Oliver responded that there wouldn't be a savings, since the District would have to buy the equipment and the staff had to go to the Post Office to check the box anyway.

Director Campbell stated that the Board would next discuss park matters.

Director Richter noted that the Parks Subcommittee had nothing to report, although the Subcommittee had done a trail tour the prior month. Ms. Oliver reported that there had been no damage to the trails from the recent rains. Mr. Robles stated that the drainage improvements had worked perfectly and commended Mr. Foster for the changes that were made. Director Campbell stated that the Signage Subcommittee would meet in order to move forward with the signage for the entry to the pavilion for addressing purposes.

Director Campbell then recognized Mr. Foster, who presented his report, attached as **Exhibit “E”**. Mr. Foster stated that there had been no action on any developer items, noting that he was awaiting receipt of escrows prior to continuing his reviews. He noted that there was quite a lot of development activity around the District, but not in the District, and added that the Development Subcommittee would review this at its next quarterly meeting. Mr. Foster then presented the invoice from TCB Construction for work approved in January, attached as **Exhibit “F”**, and recommended approval of the payment. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the payment of the invoice. Mr. Foster reported that there had been no response from the Texas Commission on Environmental Quality to the District’s annual MS4 report. Mr. Foster then presented Pay Estimate No. 5 and Pay Estimate No. 6 and Final, attached as **Exhibits “G”** and **“H”**, respectively, for the trail improvements and recommended approval of Pay Estimate No. 5 and authorization for the Parks Subcommittee to approve Pay Estimate No. 6 and to release the retainage upon satisfactory vegetation being established in the disturbed areas. Mr. Foster confirmed that he had received a satisfactory TDLR inspection letter and the contractor had satisfied the punch list items. Upon motion by Director Richter and second by Director Capers, the Board voted unanimously to approve the Pay Estimate and authorization to the Subcommittee, as recommended.

Director Campbell then recognized Mr. Douthitt, who presented the updated cash activity report attached as **Exhibit “I”**. Mr. Douthitt recommended approval of a transfer in the amount of \$11,700 from the District’s Chase operating account to the manager’s Chase account and a transfer from the District’s Logic operating account to the Logic operating account in the amount of \$250,000, a transfer from the Logic park account to the Chase park account in the amount of \$100,000, a transfer from the District’s lockbox account to the TexPool operating account in the amount of \$140,000 and transfers of tax receipts from the Logic tax account to the Logic operating and debt service accounts, as indicated on page one of his report. He then reviewed the Director and vendor payments and fund transfers that were being presented for approval, noting that the per diem to Director Haught would need to be voided due to her absence. Mr. Douthitt called the Board’s attention to the additional payments that had been added to the report since the packet date and to the payments that had been made out of the manager’s account since the last Board meeting, noting that these included deposit refunds and petty cash reimbursements. Mr. Douthitt explained that the City of Austin utility bill was still fluctuating, and stated that he had processed the most recent bill for payment, but would be meeting with Mr. Joyce to do a true-up and reconciliation based on the new Public Utility Commission (**“PUC”**) approved wholesale rates. He called the Board’s attention to the two checks to TCB Construction, as previously discussed, one for Pay Estimate No. 5 that would be released and one for Pay Estimate No. 6 that would be held pending subcommittee approval as previously authorized. He stated that the

District was still running slightly ahead of plan. Upon motion by Director Amaro and second by Director Richter, the Board voted unanimously to approve the payment of the bills and invoices and the transfers as recommended. Director Campbell noted that he had received an electronic copy of the audit, but it had a problem due to the security certificate, which he understood was being addressed by Mr. Toldan so it had not yet been posted to the website. Mr. Douthitt stated that he would follow up on this as well.

Director Campbell then recognized Mr. Anderson for purposes of receiving the general manager's report. Mr. Anderson noted that the District had 2,953 occupied single-family connections, a total of 3,838 accounts, and an estimated population of 10,104 for the month of January. He added that the District had satisfactory lab results for its water samples and had a reported 8.18% water loss during the prior reporting period. Mr. Anderson then called the Board's attention to the write-offs set forth on the list attached as **Exhibit "J"** and recommended approval. He explained that these customers all had large usages before moving out. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the write-offs. Mr. Anderson explained that the Crossroads bill was a little larger, in part due to resolution of the problem with the chemical supply to the lift station. He stated that Crossroads had completed the service line to the customer on Greinert and decommissioned the customer's grinder pump, as previously authorized. Mr. Anderson noted that the Villas at Tech Ridge had been sold to a new owner and was now being managed by Alliance Management. Mr. Anderson stated that the new manager had been surprised by the amount of the security deposit and the new owner would be posting a bond in lieu of a cash deposit.

Director Campbell then stated that the Board would consider the request for financial support for monitoring out-of-City electric rates by Homeowners United for Rate Fairness attached as **Exhibit "K"**. After discussion, the Board took no action on the request. Director Richter reported that the City of Austin had filed a motion for rehearing before the PUC in connection with the rate appeal. She added that she had sent an email to the City Council reiterating the status of the rate challenge and noting that the PUC had actually increased the amount of the refund due to the districts and had inquired who was making the decisions on the case, the Council or City staff. She reported that she had received an email response from Councilmember Zimmerman, who stated that City bureaucrats made many decisions on behalf of the City and also misled the Council. Director Richter requested that a copy of the email, attached as **Exhibit "L"**, be incorporated into the minutes.

Director Campbell noted that there were no developers or landowners present wishing to address the Board. There being no further business to come before the Board, upon motion by Director Amaro and second by Director Capers, the Board voted unanimously to adjourn the meeting.

Date: March 22, 2016

(SEAL)

Kathy Haught, Secretary
Board of Directors