

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

February 24, 2015

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 24, 2015, 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 following members of the Board were present, as follows:

Robin Campbell	-	President
Brenda Richter	-	Vice President
Kathy Haught	-	Secretary
Felix Amaro, Jr.	-	Treasurer
Chris Capers	-	Assistant Secretary

Also present at the meeting were Mona Oliver, the District's on-site manager and covenant administrator; Robert Anderson of Crossroads Utility Services, LLC ("*Crossroads*"); Allen Douthitt of Bott & Douthitt, PLLC; Scott Foster of 360 Professional Services, Inc.; Deputy Oscar Gonzales of the Travis County Sheriff's Department; Richard Fadal of TexaScapes, Inc.; Jana Edwards of McCall, Parkhurst and Horton, PLLC; Cheryl Allen of Public Finance Group, LLC; Teresa Scott-Tibbs, Alan Rivaldo, and Lee Hill, residents of the District; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Campbell called the meeting to order at 5:45 p.m. and asked if there were any residents present who wished to address the Board. Mr. Hill stated that he had noticed that another refunding was on the agenda and inquired how much the savings would be and whether the refunding would extend the term of the debt. Ms. Allen explained that it would require some time to obtain City approval for the refunding and the savings would depend on interest rates at the time the bonds were sold. She stated that the refunding would not extend the term of the debt and that, based on projected interest rates, the District would realize a substantial savings in interest costs.

Ms. Scott-Tibbs then addressed the Board and stated that extra bags of trash and leaves were no longer being picked up and also inquired whether a painting on a garage door was going to be allowed to remain. Director Campbell explained that the covenants varied from section to section within the District and sometimes things existed that the District had no power to do anything about. He stated that the District had looked into it and determined it really did not have any authority to do anything

about the painting. He stated that the terms of the collection of solid waste had changed recently. Ms. Oliver explained that Texas Disposal Systems ("TDS") would pick up one or two extra bags, but, for larger amounts of leaves, residents would need to call TDS to arrange a bulky waste pick-up. Director Haught explained that there had been changes in the District's contract with TDS in order to keep the price at the same level. She added that bulky waste pick-ups had to be coordinated with TDS, but this could be done twice a year at no additional cost. Ms. Oliver stated that, if there were large amounts of refuse in front of a home, she could write it up as a covenant violation and also advise the resident at the address that they could arrange a bulky waste collection by contacting TDS. Director Campbell asked that Crossroads put information about bulky waste pick-ups on the back of the District's utility bills again and Mr. Anderson agreed to do so. Mr. Hill stated that there was a vacant house in his neighborhood that had left a large quantity of abandoned furniture and asked what could be done about it. Ms. Oliver stated that TDS could pick this up if the abandoned material was not left on the lot, but was located at the street. Director Campbell encouraged Ms. Scott-Tibbs to contact Ms. Oliver with any other questions. Director Amaro noted that the District did still provide semi-annual clean-up days and suggested that this also be publicized.

Director Campbell then stated that the Board would discuss the District's Unlimited Tax and Revenue Refunding Bonds, Series 2015 and recognized Ms. Allen. Ms. Allen presented the refunding analysis attached as **Exhibit "B"** and explained that the District had another refunding opportunity which included about \$830,000 in bonds that had not been refunded the prior year as well as about \$5,910,000 in bonds that were now eligible for refunding. Ms. Allen stated that she had discussed this with the City, and noted that the average annual savings was a little over \$30,000 per year. She noted that the City required that any refunding realize a 4.25% net present value savings and that this refunding would result in a 6.18% savings. She explained that the refunding required an application through the City and that she was encouraging the City staff to implement a new process to confirm the savings, but not take such a lengthy period of time to accomplish the approval. She also explained that the savings she was projecting were net of costs and reviewed the costs summarized in her analysis. Director Campbell stated that he had met with Ms. Allen and was very happy with the projected savings if they could be achieved. He stated that he had confirmed that none of the proposed refunded bonds had previously been refunded. Director Amaro then asked if any of these bonds were covered by the United States Securities and Exchange Commission ("SEC") Municipalities Continuing Disclosure Cooperation ("MCDC") initiative or if this refunding would change the monitoring period. Ms. Edwards responded that the specific MCDC initiative the District had previously addressed had ended, and it was not clear what the on-going activities of the SEC would be. Ms. Allen stated that this would not open the District to having to do the analysis once again and confirmed that she did submit all required information on an annual basis.

Ms. Allen then introduced Ms. Edwards, who presented the Order Authorizing the Issuance of Northtown Municipal Utility District Unlimited Tax and Revenue Refunding Bonds; Authorizing the Levy of an Ad Valorem Tax in Support of the Bonds; Entering into a Paying Agent/Registrar Agreement, a Bond Purchase Agreement and an Escrow Agreement; Approving an Official Statement; Establishing the Procedures for Selling and Delivery of the Bonds; and Other Matters Related to the Issuance of Bonds

attached as **Exhibit “C”**. She noted that the Order designated a pricing officer and authorized the pricing officer to go out in the market to refund the District’s bonds when it was prudent to do so, based on parameters established by the Board. She explained that the parameters included not extending the term of the bonds, a minimum savings of 4.25% and a maximum amount of bonds that could be refunded. Director Amaro noted that he and Director Campbell had been established as the Finance Subcommittee and asked what the procedure would be. Ms. Allen stated that the application would be processed through the City and she would get back with the Subcommittee members before proceeding. Ms. Edwards then explained that the other action items were to authorize the District’s financial advisor to apply for a municipal bond rating and municipal bond insurance and approve the payment of Attorney General bond review fee, noting this was 1/10 of 1%. She asked that the maximum amount be authorized, but noted that only the required fee would be submitted and this would be determined on the date of the sale. After discussion, upon motion by Director Richter and second by Director Haught, the Board voted unanimously to approve the Order, as presented; to approve the applications for a bond rating and bond insurance; and to authorize the payment of the fee to the Attorney General in connection with the refunding.

Director Campbell stated that the Board would next consider approving the minutes of the January 27, 2015 Board meeting. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the minutes.

Director Campbell then stated that the Board would receive the District’s security report and recognized Deputy Gonzales. Deputy Gonzales stated that, for the month of January, there had been no significant criminal activity. He noted that there had been one burglary and that the Sheriff’s Department had a good lead on a suspect. Deputy Gonzales noted that there had been an auto theft on Spring Heath and one other burglary reported, but that, although the burglary had affected a resident, it had not occurred within the District. He stated that the deputies were doing a good job and that they were enjoying the work and were motivated. Director Haught stated that it was evident that the patrols were effective. Deputy Gonzales noted that Spring Break was coming up and that the deputies would be gearing up to deal with kids who were bored. Ms. Oliver stated that the deputies were doing a great job of communicating with the residents and educating them. Deputy Gonzales stated that there was a lot of interest within the Sheriff’s Department in working for the District and so he could be selective.

Director Campbell then stated that the Board would receive the landscape maintenance report and recognized Mr. Fadal. Mr. Fadal stated that his crews were looking forward to spring. He recommended postponing action on the soccer fields and stated that he would bring a recommendation for maintenance and improvement of the fields to the Board at its next meeting. He then reviewed the status of several historical proposals. After discussion, the Board directed Mr. Fadal to close out Proposal No. 8373, noting that the remaining work would be revisited in the future. Mr. Fadal then presented Proposal No. 8716, attached as **Exhibit “D”**, and pointed out one correction which was that a tree referenced as a Black Oak was a Black Willow. Ms. Oliver stated that these trees were too large to be removed by the District’s staff. Director Richter moved approval and, upon second by Director Haught, the Board voted unanimously to approve the Proposal. Mr. Fadal then presented the plant of the month, Fringe Tree,

which he stated was an introduced plant that would grow three to eight feet tall. He stated that it was a low water user when mulched and worked well in adaptive landscapes, noting that the foliage was colorful and attractive. He stated that it was a moderately fast grower. He then reviewed the landscape maintenance report attached as **Exhibit “E”** and stated that all work was on target.

Director Campbell stated that the Board would next receive the on-site manager’s report and recognized Ms. Oliver. Ms. Oliver distributed her monthly report, attached as **Exhibit “F”**, and reviewed it with the Board. She stated that she and Ms. Littlefield had followed up on the Deleon claim and had returned a claim report to the insurer. Ms. Littlefield reported that the vehicle owner’s daughter had called her office to make a settlement proposal and recommended accepting the proposed payment of the damages over time. The Board concurred with the recommendation. Ms. Oliver then reported that a portion of the flooring in the office would be replaced as part of the District’s tenant finish allowance received in conjunction with the renewal of the District’s lease. Ms. Oliver then reviewed the prior year’s clean-up day costs and stated that the Board would need to determine how many dumpsters it wished to provide. The Board discussed increasing the number of containers to 30 due to the change in solid waste services, and also discussed passing out a reminder about the two curbside bulky waste pick-ups provided to each residence under the District’s solid waste contract. The Board also discussed the hours of the clean-up days and Director Haught stated that her inclination was to leave the hours as they had been in the past, 9:00 a.m. to 2:00 p.m. Ms. Oliver recommended scheduling the clean-up days for June 6 and 13, so the dates could be scheduled with TDS and the Boy Scouts. After discussion, the Board agreed to retain the same hours for the clean-up days and Ms. Oliver agreed to schedule as directed.

Director Richter then distributed the aerial of the park attached as **Exhibit “G”**. She explained that she and Director Haught, as the Park Subcommittee, had met with Mr. Foster and Ms. Oliver to discuss one item that had been included in the park budget, a metal storage building that was proposed for the fenced outdoor storage area. She stated that this would be used to store ATVs, trailers and other equipment. She stated that it would have a concrete floor and be very industrial in appearance, but would keep the equipment secure. Director Richter stated that this would require some additional services from Mr. Foster, including processing the permit with the City of Austin. She recommended directing Mr. Foster to bring a professional services agreement for this work to the next meeting, and the Board agreed. Mr. Foster stated that the project would need to be bid but, after discussion, it was clarified that the cost would be less than \$50,000 and so bids would have to be solicited from three sources, but the project would not need to be advertised for bid.

Director Campbell then recognized Mr. Foster for purposes of receiving the engineer’s report. Mr. Foster presented his report, attached as **Exhibit “H”**. He stated that, while there were several development projects on the agenda, only the small mixed use project at the corner of Heatherwilde and Howard had recently had any significant activity. Mr. Foster then reported that there were several activities that needed to be undertaken to implement the District’s stormwater management plan. He presented the proposal attached as **Exhibit “I”** and noted this proposal covered public education

activities and reporting requirements. He noted that, due to the increase in routine maintenance, the ponds were in much better condition than they had been in the past. Upon motion by Director Amaro and second by Director Capers, the Board voted unanimously to approve the proposal. Mr. Foster then reported that the contractor's retainage had been released on the force main project and he was now working to obtain release of the fiscal posting from the City of Austin. Mr. Foster then reminded the Board that he had been working with Mr. Douthitt to develop a surplus funds application, noting that the application had been revised slightly, and explained that the remainder of the surplus funds were proposed to be used for maintenance projects on previously approved bonded projects. He recommended approval of the revised Resolution Authorizing Application to the Texas Commission on Environmental Quality for the Use of Surplus Funds attached as **Exhibit "J"**. Upon motion by Director Amaro and second by Director Richter, the Board voted unanimously to do so.

Director Campbell then recognized Mr. Douthitt, who presented the updated bookkeeping report attached as **Exhibit "K"**. Mr. Douthitt reviewed the proposed funds transfers summarized on page one of his report as well as the Director and vendor payments that were being presented for approval. He called the Board's attention to the additional checks that had been added to the check register since the Board's packet date and the payments that had been made out of the manager's account since the last Board meeting, noting that these were largely utility payments and customer deposit refunds for the past month. He noted that the District's taxes were approximately 96% collected. Director Amaro inquired if the District would fall within the J.P. Morgan limitation on amounts that could be transferred without payment of a fee and Mr. Douthitt stated that he was not familiar with this, but would research it. Mr. Douthitt stated that the City of Austin utility bill had not been received and recommended that the Board authorize payment of the bill with two signatures on a check and authorize obtaining a third signature upon receipt of the bill. Mr. Douthitt stated that the District was slightly behind budget which he felt was a timing issue. He called the Board's attention to the new schedule showing Director per diems as well as the payments being made to the deputies via direct deposit and the hours worked by each deputy. Upon motion by Director Amaro and second by Director Richter, the Board voted to approve the payment of the bills and invoices and the transfers, as recommended.

Director Campbell then recognized Mr. Anderson for purposes of receiving the general manager's report. Mr. Anderson stated that his directive had been to work with the lift station chemical supply company. He stated that Crossroads had delayed taking action because they had received an offer to work things out, but that they were now back to square one and so would follow up on the directive for the next Board meeting. He presented his report, attached as **Exhibit "L"**, and reviewed it with the Board. He noted that the District currently had 2,948 occupied single-family connections and a total of 3,007 accounts and that the estimated population of the District was 9,438. He added that the District had reported a 10.45% water loss for the prior reporting period and stated that the loss had increased over the past several months. He stated that, if it continued to rise, he would recommend leak detection. Ms. Littlefield suggested not delaying the leak detection effort and the Board concurred. Mr. Anderson agreed to move forward with leak detection as directed. Mr. Anderson then reported that the recoating work for the lift station was scheduled to start the following week. Mr.

Anderson stated that all water test results were satisfactory. He then called the Board's attention to the write-offs set forth on the list attached as **Exhibit "M"** and requested approval. Director Richter inquired about the largest write-off and Mr. Anderson stated that he didn't have the backup, but would provide it at the next meeting. Upon motion by Director Richter and second by Director Haught, the Board voted unanimously to approve the write-offs.

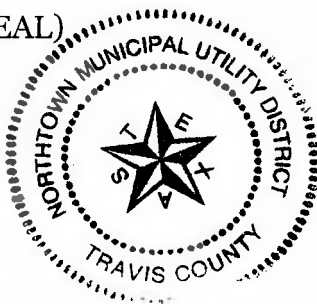
Director Campbell stated that the Board would next receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield reminded the Board that the District had adopted Written Procedures for Post Bond Issuance Federal Tax Compliance to preserve the tax-exempt status of interest on the District's bonds and, under the terms of the resolution that had adopted those procedures, was required to review the procedures on an annual basis. She stated that the District's bond counsel was not recommending any changes to the procedures. After discussion, upon motion by Director Richter and second by Director Capers, the Board voted unanimously to approve the Resolution Confirming Annual Review of Written Procedures for Post Bond Issuance Federal Tax Compliance attached as **Exhibit "N"**.


Director Campbell then stated that the Board would discuss the City of Austin wholesale water and wastewater rates and the joint rate challenges. Director Campbell stated that Mr. Wilburn had suggested proposing a settlement. Upon motion by Director Richter and second by Director Haught, the Board voted unanimously to approve the supplement to the engagement letter with Gilbert Wilburn, PLLC attached as **Exhibit "O"**.

There being no reports from developers' and landowners' representatives, Director Campbell asked if there was any further business to come before the Board. There being none, upon motion by Director Richter and second by Director Amaro, the meeting was adjourned.

Date: March 24, 2015

(SEAL)





Kathy Haught, Secretary
Board of Directors