

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

February 26, 2013

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 26, 2013, 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 roll was called of the members of the Board:

Robin Campbell	-	President
Brenda Richter	-	Vice President
Scott M. Gray	-	Treasurer
Alex Martinez	-	Secretary
Felix T. Amaro, Jr.	-	Assistant Secretary

All of the Directors were present, thus constituting a quorum. Also present at the meeting were Mona Oliver, the District's on-site manager and covenant administrator; Andrew Hunt of Crossroads Utility Services, LLC ("*Crossroads*"); Allen Douthitt of Bott & Douthitt, PLLC; Deputy Keith Kinnard of the Travis County Sheriff's Department; Richard Fadal of TexaScapes, Inc.; Scott Foster of 360 Professional Services, Inc.; Lee Hill, a resident of the District; Jim Nias representing Village @ Northtown, Ltd.; and Sue Brooks Littlefield of Armbrust & Brown, PLLC. Ryan Perry, representing Doris Baker, a property owner adjoining the District, and Alan Rivaldo, a resident of the District, arrived later.

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. Mr. Hill thanked Ms. Oliver for checking on the neighborhood after the recent high winds. He noted that there had been a lot of damage and suggested a 60-day hiatus on covenant enforcement. Director Amaro acknowledged the concern regarding repairs after the storm. Mr. Hill also stated that he was uncomfortable with the idea of the District requiring a 20-foot easement in connection with the Village @ Northtown's revised land plan and felt it would be a taking. Director Campbell thanked him for his comments, noting that there was a lot of history related to the land plan, and that the Subcommittee had just met once again with Mr. Nias to discuss the Board's concerns about access.

There being no further comments, Director Campbell stated that the Board would next consider approving the consent items on the Board's meeting agenda: the minutes of the January 22, 2013 Board meeting and the Fifth Extension of the Interlocal Agreement between Northtown Municipal Utility District and the City of Austin

attached as **Exhibit “B”**. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the consent items.

Director Campbell stated that the Board would next discuss the District’s office, including the lease agreement. Director Richter moved that the Board authorize Director Gray and herself to initiate discussion of renewal of the lease and to investigate other lease options, noting that any action would come back to the Board.

Director Campbell then recognized Deputy Kinnard for purposes of receiving the District’s security report. Deputy Kinnard reported that there had been a number of burglaries in the District, and that there was a fairly clever set of burglars active in the community. He stated that one homeowner had come home early and found two black males in his house. He stated that the owner had called 911 and that he had personally responded to the call, but that he had been unable to locate the individuals. Deputy Kinnard added that the burglars had fed the homeowner’s dog a package of bologna. He stated that he had checked a nearby drainage area and found a backpack with some of the stolen property in it, and that he felt that the suspects had run across Dessau Road and probably lived in that area. Deputy Kinnard stated that the Sheriff’s Office had authorized a supplemental undercover patrol. He reported that criminal mischief reports were down, and that the burglaries were concentrated in Brookfield. Director Richter then moved approval of the payments to the Travis County Sheriff’s deputies. Director Gray seconded the motion, which was unanimously adopted.

Director Campbell stated that the Board would next receive the on-site manager’s report and recognized Ms. Oliver. Ms. Oliver stated that she had completed her directives from the last Board meeting, and noted that the maintenance report was in the packet. Ms. Oliver reported that the chain link from the trash collector fence in the Ceylon Tea pond had been stolen. She stated that the staff would be replacing the chain link the following week. Ms. Oliver reported that a resident had called to ask about the new masonry fence and also to express his appreciation for the park improvements. Director Amaro asked that Deputy Kinnard convey his compliments to Deputy Roper for his detailed reports, and Deputy Kinnard agreed to do so.

Director Campbell then stated that the Board would receive the landscape maintenance report and recognized Mr. Fadal. Mr. Fadal introduced the plant of the month, Texas Mountain Laurel. He noted that the Mountain Laurel was blooming now, as it was an early bloomer. In response to a question from Mr. Hill, Mr. Fadal stated that the seed pods were toxic, noting that Sago Palms also had highly toxic seed pods. Mr. Fadal stated that the Lower Colorado River Authority (“LCRA”) weatherman was predicting a dry spring and a normal summer, neither of which was going to be very helpful for the landscaping. He stated that he recommended one good watering a week until the area got a half of an inch of rain. Ms. Oliver thanked TexaScapes’ crews for responding quickly to the need to remove a tree that had fallen during the recent high winds. Director Amaro noted that the fact there were not more fallen trees due to the high winds was partially due to all of the tree work that had been done previously and Mr. Fadal agreed. Director Martinez then reviewed the reforestation proposal attached as **Exhibit “C”**, noting that the area was behind Trail Head No. 1 and the reforestation would provide a nice entryway and staging area for the disk golf course. He stated that

the second proposal, attached as **Exhibit “D”**, was for the area around the pumphouse and would make the area more aesthetically pleasing. Director Richter moved approval of the proposals and Director Amaro seconded the motion. Upon being put to a vote, the motion was unanimously adopted, with Director Campbell abstaining from the vote and the other Directors voting “yes”.

Director Campbell then recognized Mr. Foster for purposes of receiving the engineering report. Mr. Foster presented Pay Estimate No. 3 for Lakes at Northtown Section 5, attached as **Exhibit “E”**, and stated that the City of Austin had issued its acceptance letter and he was waiting to receive the County’s approval. Director Richter moved that the Board approve the Pay Estimate and accept the project for operation and maintenance, contingent upon receipt of the final paperwork. Upon second by Director Amaro, the motion was unanimously adopted. Mr. Foster then reported that the final work was being done on the Wildflower and MeadowPointe Park improvements, and recommended approval of Pay Estimate No. 3, attached as **Exhibit “F”**. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the Pay Estimate.

Mr. Foster then stated that he had been working with Mr. Douthitt’s office to reconcile the outstanding surplus funds, noting that there would be approximately \$1,800,000 available for future projects and that a portion of the funds that could be used to reimburse the operating account for expenses previously authorized. Mr. Douthitt confirmed that the proposed reimbursement would be discussed with the District’s bond counsel. Mr. Foster reported that the MS4 permit was still being delayed, as the new rules had not yet been promulgated. He stated that the District’s staff was working on some of the pond repairs that had been identified and Mr. Fadal would be preparing proposals to address other items. Mr. Foster reported that he had met with the subcommittee on the force main project and identified another possible alignment alternative, noting that the cost estimate ranged from \$1,500,000 to \$2,200,000. Director Campbell noted that, due to the non-responsiveness of some of the property owners, going up Harris Ridge might still be the best alternative, but Mr. Foster was also looking at other options outside of the right-of-way.

Director Campbell then recognized Mr. Douthitt for purposes of receiving the bookkeeper’s report. Mr. Douthitt presented the updated bookkeeper’s report attached as **Exhibit “G”** and reviewed it with the Board. He reviewed the action list on page one of his report, including the funds transfers he was recommending for approval. Mr. Douthitt also recommended closing a Sovereign Bank CD and moving the funds back to the TexPool Park Fund Account. He then reviewed the disbursements that were being presented for approval, and called the Board’s attention to the additional payments that had been added since the packet date, including a payment to the City of Austin for meter purchases and the final audit expense payment. Mr. Douthitt also reviewed the manager’s checks that had been written since the last meeting, noting that there were several items approved at the last meeting as well as deposit refunds and utility payments. He reported that the District was still ahead of plan with regard to its budget, noting that water sales were up slightly and the balance was generally due to the delayed timing of expenditures. Upon motion by Director Richter and second by Director

Amaro, the Board voted unanimously to approve the payment of the bills, invoices, and transfers as presented.

Director Campbell stated that the Board would next discuss park development matters and recognized Director Richter, who stated that there was more and more resident activity in the park, which was very exciting. Director Amaro agreed and stated that he hoped the activity helped with the crime issue. Director Richter commended the District's staff for its attention to the maintenance of the park.

Director Campbell then recognized Mr. Hunt, who stated that he was filling in for Mr. Anderson, who had a conflict. Mr. Hunt noted that there was a slight water gain for the year, which he stated was excellent. He reviewed the billing report and called the Board's attention to the 90-day delinquent accounts. He stated that Mr. Anderson would bring some of them back to the Board for write-off, adding that at least one was due to a leak. Mr. Hunt then recommended approval of the write-offs listed on **Exhibit "H"**. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the write-offs. Mr. Hunt advised the Board that the Academic House had paid its past-due account balance.

Director Campbell stated that the Board would next discuss the City of Austin's wholesale water and wastewater rates. Director Campbell reported that the Rate Challenge Subcommittee had nothing to report, as there had not been any further meetings. Director Campbell noted that the District had also received an update on the electric rate challenge. Ms. Littlefield advised the Board that Dick Brown had requested additional funds for the electric rate challenge and asked if the Board wished this request to be placed on the next meeting agenda. The Board agreed that Mr. Brown's request for additional funds for the rate challenge should be included on the Board's next meeting agenda.

Director Campbell stated that the Board would next receive reports from developers' and landowners' representatives. He reported that the Land Use Subcommittee had met with Mr. Nias prior to the meeting and was sending Mr. Nias back to his client to discuss the need for parking for the District's maintenance personnel on the retail site at the time it was developed. Director Amaro inquired if there would still be access provided and Director Campbell responded that this was still under discussion. Director Gray noted that the park space would be nicely developed and he felt it would add value to the development. Mr. Nias stated that the difficulty would be policing an agreement for limited shared parking and Ms. Littlefield concurred. She noted that the District would be receiving park fees related to the development that could be used to provide parking on the eight acre tract. Mr. Nias stated that the property owner would be willing to give the District the option to require an access easement, noting that it could either be at the front or rear of the development. Mr. Nias stated that the developer would need to be able to "put" the option for the easement to the District and the Board agreed. Mr. Nias concurred that the parking for the maintenance crew would still be necessary. Director Gray stated that he felt that, if the District was going to require an access easement, it would need to be 20 feet at the rear, although it could be narrower if it was in the front and more integrated into the development. Upon motion by Director Richter and second by

Director Amaro, the Board voted unanimously to authorize the Subcommittee to finalize a resolution approving the land use plan on this basis.

Director Campbell stated that the Board would next consider the request by Mr. Perry related to the Baker Tract. Mr. Perry reviewed a map of the property with the Board and explained that he was trying to be proactive. He stated that Ms. Baker owned five acres with a 3,000 square foot house on it, which was on septic and a well. He stated that they were trying to sell the property to a developer with the front planned for commercial and the balance for multifamily. He stated that he was present to see if the District had an interest in either annexing or purchasing the property. Ms. Littlefield asked if he had contacted the City of Austin about the annexation. He stated that he had, but the Utility Department had not been too supportive of the idea. Mr. Perry then inquired about the District's interest in purchasing the property. Director Richter stated that, after seeing the experience of retrofitting an old home for an office, she would not support that idea. Director Campbell stated that it would be a very expensive option. Director Richter stated that she preferred the District's existing office. Director Amaro stated that the property served no existing need for the District. Director Richter added that she felt it would also create a security issue. Mr. Perry thanked the Board for its time and encouraged the Directors to contact him if the Board had an interest.

Director Campbell then stated that the Board would convene in executive session to discuss personnel matters as authorized by Section 551.074, Texas Government Code, and to receive legal advice under Section 551.071, Texas Government Code. He noted that the time was 7:00 p.m. At 7:15 p.m., the Board reconvened in open session and Director Campbell stated that no action had been taken during executive session.

Director Richter asked that items be placed on the next meeting agenda to allow discussion of the CASE summer conference and approving a retirement plan for the District's employees.

Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to authorize Ms. Oliver to proceed with obtaining workers compensation coverage for the Sheriff's deputies through TML.

Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to appoint Director Martinez and Director Richter to serve as the subcommittee to develop a recommendation for a pay adjustment for Ms. Oliver, based on her excellent performance, effective as of March 1.

Director Amaro then moved that the Restrictive Covenant Subcommittee be authorized to negotiate with Mr. Kuntz if he made a proposal to settle the District's outstanding judgment related to 808 Tapestry; provided that any settlement would be subject to the Board's approval. Upon second by Director Gray, the motion was unanimously adopted.

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

Date: _____.

(SEAL)

Alex Martinez, Secretary
Board of Directors