

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

March 22, 2011

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 March 22, 2011, 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

and all of the Directors were present, thus constituting a quorum. Also present at the meeting were Deputy Keith Kinnard of the Travis County Sheriff's Department; 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; Crystal Kaylakie of Southwest Securities; Richard Fadal of TexaScapes, Inc.; Scott Foster of Kimley-Horn & Associates, Inc., Kathy Haught, Lee Hill, and Alan Rivaldo, residents of the District and Sue Brooks Littlefield of Armbrust & Brown, PLLC. Ronnie Stafford of TBG Partners arrived later.

Director Campbell called the meeting to order at 5:45 p.m. and welcomed everyone present to the Board's new meeting space. He thanked the transition committee for its work on setting up the space so efficiently. He 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 approving the consent items on the Board's meeting agenda: the minutes of the February 22, 2011 Board meeting and the Amended Resolution Establishing Offices and Meeting Places of the Board of Directors and Establishing Locations for the Posting of Notices of Meetings of the Board 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 receive a report from the District's financial advisor and recognized Ms. Kaylakie. Ms. Kaylakie first presented the foreclosure report attached as **Exhibit "C"**, noting that there had been two foreclosures in February, resulting in a total of four for the fiscal year to-date. She then explained that her firm was recommending that the Board consider changing paying agents on the District's bonds because Wells Fargo Bank had moved its corporate trust services department to Minneapolis. Ms. Kaylakie stated that the staff from Wells Fargo

had all moved to Bank of Texas, and that these individuals were all familiar with her firm's processes and that she had confidence in them. She stated that there would be no penalty associated with the termination of the existing agreement, and that there would be no increase in the service charges as a result of the change. Ms. Kaylakie explained that her firm, together with Armbrust & Brown, PLLC and McCall Parkhurst & Horton, L.L.P., was already working on a new agreement with Bank of Texas for some other districts and that the negotiations were going smoothly. Upon motion by Director Gray and second by Director Richter, the Board voted unanimously to authorize the District's attorney and financial advisor to take all necessary action to change the District's paying agent from Wells Fargo Bank to Bank of Texas.

Ms. Kaylakie then explained that the next step in the bond approval process was to submit an application to the City of Austin for approval of the sale of the bonds. She noted that, after City approval was obtained, she would come back to the Board before proceeding. Ms. Kaylakie presented the financial analysis attached as **Exhibit "D"**, and explained that she had received a \$426,333,095 updated assessed valuation estimate. She reviewed the cash flow statement, based on this estimated value, calculated using a projected interest rate of 6%, noting that she anticipated the bonds would be sold at a lower rate. She explained that, based on these assumptions, the District's debt service tax rate would increase to \$0.5524. She then reviewed the analysis of the impact this debt service rate would have on the District's operations and maintenance tax rate. Director Richter stated that she was concerned about the potential decrease in the operations and maintenance tax and the negative effect on the District's revenues when the District's expenses for operations and maintenance were going up. She asked if the Board had the ability not to proceed with the sale. Ms. Littlefield stated that this was always in the discretion of the Board, and that it could also elect to sell less than the full amount of the bonds authorized. Director Campbell noted that this step simply continued the process which the District had initiated, but did not commit the District to sell the bonds. Director Gray stated that it might be possible to eliminate the portion of the bonds which were proposed to be used for the District's lift station project by funding this cost out of funds on hand, which would also reduce the District's interest expense. Director Richter stated that she would like the District's Bond Subcommittee to evaluate the projections and come up with some alternative scenarios. Director Campbell reminded the Board that the District also had a new apartment complex which was about to begin development that was not included in the estimated value which had been presented. Upon motion by Director Richter and second by Director Gray, the Board voted to adopt the Resolution Authorizing Application to the City of Austin for Approval of Proposed Unlimited Tax and Revenue Bonds, Series 2011, attached as **Exhibit "E"**.

Director Campbell then recognized Deputy Kinnard for purposes of receiving a report regarding District security. Deputy Kinnard reported that there had been quite a few issues which he and the other deputies had had to address over the past month. He stated that there had been damage to a District fence resulting from a traffic accident. He said he had done quite a bit of research, had found it was a "leaving the scene" accident and he had now identified the vehicle and had a case number so Ms. Oliver could follow up with the driver's insurance company. Deputy Kinnard then stated that, in connection with the pavilion security camera system, there had been quite a few difficulties experienced due to miscommunications, but that he had now met on-site

with the contractor to clarify the camera placement. He explained that two cameras had now been correctly installed, but the one on the roof was still not installed correctly, as it needed to be mounted on a swivel to provide 360° monitoring. Deputy Kinnard stated that it was an excellent system and would provide very clear photographs. He assured the Board that the installation would be complete by the end of the week, and agreed to notify Ms. Oliver when it was done. He stated that he would also work with Ms. Oliver to assure that both of them were trained on the system's operation. Deputy Kinnard advised the Board that he had been able to locate the management company for the Parkway condominium project, Gary Edwards at GLE Properties. He stated that the management company was now getting vehicles removed from the alleyways, noting that all of the duplexes were part of the same project under this same management company. Deputy Kinnard also reported that the Sheriff's Department had "baited" a car in an attempt to identify the individuals who were responsible for burglaries of vehicles in the District, but that this had not been successful. He also reported that the deputies had made several arrests and felt that one of the individuals was involved in the burglaries. Deputy Kinnard then reported that the owner of a black Marquis that was parked on District property had agreed to remove it after he had contacted the owner. He requested a key to the pavilion restrooms. Ms. Oliver agreed to provide him with a key once she received them from the contractor. Deputy Kinnard then stated that, due to gas prices going up, the County was discussing raising the prices for use of vehicles from \$15 per hour and explained that, as he was authorized to have a police vehicle, he had purchased a 2006 Crown Victoria police vehicle, which would allow use of one vehicle rather than eight for the District's patrols. He stated that this would be used by all the deputies, detectives and contractors and the price under the contract would remain the same. Deputy Kinnard also reported that the Sheriff's Department had a new confidential informant working with them on identifying gang members. He stated that the City of Austin Police Department was also working its dogs in the District's parks. He indicated that the deputies had been able to identify the owners of the pit bulls which had been reported to be running loose and that he had given a final warning to the owner of a brown Chow that had been allowed to run loose in Wildflower. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the payments to the deputies set forth on the updated bookkeeper's report attached as **Exhibit "F"**.

Director Campbell then stated that the Board had been notified that there might be a large influx into the disc golf course, and expressed concern about parking and traffic. Deputy Kinnard stated that the deputies could assist with parking and traffic control, and that he felt the use of the area was positive. Director Richter stated that there were problems with the heavy use of the facility, partly due to inadequate trash cans being available.

Director Campbell stated that the Board would next receive a report from the District's on-site manager and recognized Ms. Oliver. Ms. Oliver stated that she had completed her directives, including installing locks on the internal office doors. She stated that she had discussed the covenant issues with Mr. Burleson, who had attended the last meeting, and they had agreed that he would move his fence to screen the materials he currently had stored in the open. Ms. Oliver stated that Mr. Fadal had addressed the missing sprinkler head. She stated that the transition from Wells Branch was now complete. Director Campbell stated that, considering the relationship over the

term of the Interlocal Agreement, it had been a disappointing wrap-up and end to the relationship. He stated that the District's staff had done an excellent job in getting the transition completed. Director Campbell added that the new office was temporary space and that, ultimately, the Board hoped to have a permanent administrative facility in the District. Ms. Oliver reported that she was beginning work on covenant enforcement action again, and that there were many violations that needed to be addressed. Ms. Oliver suggested that the Board consider establishing some level of purchasing authority for the office to facilitate minor purchases between meetings. Director Gray and Director Richter agreed to work on developing a purchasing protocol so that purchases could be made directly by Ms. Oliver and tracked by the District for record-keeping purposes. Director Richter then advised the Board that the District needed to purchase additional trash cans for the park system, and presented the information attached as **Exhibit "G"**. Director Martinez stated that, with the increased use of the parks, there was additional trash throughout the park system and agreed that additional trash cans were needed. Director Richter moved approval of the purchase of ten additional trash cans and, upon second by Director Martinez, the motion was unanimously adopted.

Director Richter then explained that the District had some material which needed to be stored on-site. She recommended that the leftover fencing from the Wildflower fence project be erected to enclose a 20' by 30' storage yard to provide a storage area with a locking gate for a supply of mulch and crushed granite. She recommended that this be installed in the area behind the dog park. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the expenditure of \$3,250 for the enclosure. Ms. Oliver stated that she had sent out a letter notifying the MeadowPointe residents of the proposed fence project, and had been contacted by one resident who was unhappy because she had recently replaced her fence and wanted to discuss possible compensation. The Board agreed that this was unfortunate timing, but confirmed that no compensation could be provided.

Director Campbell then stated that the Board would receive the landscape maintenance report and recognized Mr. Fadal. Mr. Fadal reviewed his report, attached as **Exhibit "H"**. He stated that all of the District's park and greenbelt areas were being well-maintained. He expressed concern about the impact of the current drought on the vegetation, and noted that the current predictions were that the drought would continue through June. Mr. Fadal stated that even the irrigated areas would be affected by a prolonged drought. He then presented the proposal for top-dressing a work area of the 50-acre park, attached as **Exhibit "I"**. Director Richter moved approval of the proposal. Director Martinez explained that this was just the area leading up to the park and seconded the motion, which was unanimously adopted. Mr. Fadal stated that the landscape lights at MeadowPointe were out and suggested that the Park Subcommittee look at the current installation and determine whether a repair or replacement was the best option.

Director Campbell stated that the Board would next receive a report from the District's engineer and recognized Mr. Foster. Mr. Foster presented Change Order No. 4 for Lakes at Northtown, Section 4 attached as **Exhibit "J"**. The Board inquired why this additional silt fence had not been anticipated at the time bids were taken and Mr. Foster stated that additional silt fence was required by the City at the time of final plan approval. Ms. Littlefield stated that she believed this cost was not eligible for

reimbursement, if the change order was the result of the project being bid before the plans were approved. After discussion, no action was taken by the Board on the Change Order.

The Board then discussed the status of the Lakes Boulevard multifamily project and Ms. Littlefield explained that the attorney for the project had advised her that the developer wished to request variances to the existing restrictive covenants which had been required by the Board at the time the project was initially approved. After discussion, the Board agreed that Director Campbell and Director Amaro would serve as the subcommittee to review the requested variances and bring back a recommendation to the Board. Mr. Anderson expressed concern that the current deposit would not be sufficient to cover the cost of the required inspections. Ms. Littlefield agreed to put the rate order on the next agenda to address this.

Mr. Stafford then presented photographs showing underground and aboveground tank system options for the Stoney Creek Park wells, attached as **Exhibit “K”**, and reviewed the cost estimates for each. Several Board members raised concerns regarding the aesthetics of the tank and its potential visual impact on the park. Director Richter noted that the aboveground tank would be screened, but she did not believe it was visually unappealing. She noted that the underground system would have less visual impact, but would cost significantly more. Director Martinez stated that he had initially been concerned about the appearance of the aboveground tank, but he didn't feel that the cost difference justified an underground system, especially since the long-term maintenance would also be more expensive. Mr. Fadal agreed and stated that he felt the visible tank also provided the residents with information that the Board was using well water and not drinking water for landscape irrigation. Mr. Foster agreed with the recommendation of an aboveground system. Director Richter then moved that the Board proceed with Well No. 3 in Wildflower Park, as depicted on the attached **Exhibit “L”**, and the aboveground tank storage system. Director Martinez noted that there was an option to do a stone enclosure of the tank which would make the tank more visually appealing. The Board agreed that stone veneer at the bottom or all the way up the tank should be included as an alternate item in the bid documents, and Mr. Stafford agreed to include these upgrades as alternates. Director Martinez then seconded the motion on the floor, which was unanimously adopted.

Mr. Foster then advised the Board that he, the Park Subcommittee, Mr. Fadal and Ms. Oliver had met on continuing the implementation of the District's pond maintenance program. He presented the proposal from TexaScapes attached as **Exhibit “M”** and stated that this was within the District's budget and he recommended its approval. Mr. Foster stated that, with the District's staff maintenance, the overall cost of the project had come in under budget to this point. Director Richter moved approval of the proposal and, upon second by Director Amaro, the motion was unanimously adopted.

Mr. Foster stated that his staff was in the process of addressing City of Austin comments on the lift station upgrade project, and that Travis County staff had approved it, subject to relocation of the median cut. He stated that this change had been made. Mr. Hill requested the name of the County reviewer and Mr. Foster agreed to provide it to him.

Mr. Foster reported that the water and wastewater maps were in process and added that he had no further information on the Harris Ridge Boulevard extension project.

Director Campbell then stated that the Board would discuss park development matters and recognized the Park Subcommittee. Director Richter stated that she would bring an updated park development budget to the next meeting. She stated that the pavilion contractor had made significant progress over the past week, and called the Board's attention to the punch list attached as **Exhibit "N"**. She stated that the Park Subcommittee believed the project was substantially complete. Mr. Stafford agreed, noting that the pavilion was now being used by the public and that he recommended declaring substantial completion, noting that, at this point, the contractor would provide the keys to the facility. He stated that the final pay estimate would be presented at the next meeting and, at that time, he would recommend final acceptance of the project. Mr. Stafford recommended that the Board allow the Park Subcommittee to authorize him to issue a final acceptance letter once all of the punch list items were completed. Director Richter moved that the Park Subcommittee be authorized to confirm final acceptance upon completion of the punch list items and that the Board confirm substantial completion of the project as of this date. Upon second by Director Martinez, the motion was unanimously adopted.

Mr. Foster then stated that, after reviewing the MeadowPointe fence project on-site, he recommended bidding the project with an alternative for stone columns and an option to add additional fencing in the future, as summarized on the attached as **Exhibit "O"**. He stated that he hoped to have bids for the Board's review at its April meeting. Director Campbell stated that the sign location in front of the fence had raised the Signage Subcommittee's interest in maintaining the consistency of the wall as a backdrop because it provided a strong visual. Mr. Foster agreed to maintain this as an option in the bid documents. Director Richter then moved that the Board authorize Mr. Foster to go out to bid, with the option to add additional fencing for a two-year period and an option to remove the stone columns or the rock wall. Director Martinez seconded the motion, which was unanimously adopted.

Director Campbell stated that the Board would next receive a report on District signage. He reported that he and Director Gray had met with Mr. Raudabaugh on the locations for the four entryway signs which were being replaced. He stated that fabrication of the signs for these four locations was underway and they might be ready for installation in three weeks. He noted that the old signs would need to be removed, as this work was not included in the pricing. Mr. Anderson agreed to work with Ms. Oliver to identify options for removal. Mr. Fadal stated that he would also contact the original fabricator, who might be interested in retrieving them for the steel. Director Campbell noted that the District had no entry sign at the north entry to the District and suggested that the Board consider locating a sign in that area, as well as possibly in the Lakes area, in the future.

Director Richter noted that the District was required to install a sign in connection with the close-out of the Lower Colorado River Authority ("**LCRA**") grant. Director Richter moved that the Board authorize the Signage Subcommittee to contract for fabrication and installation of the required sign. Upon second by Director Martinez,

the motion was unanimously adopted. Director Campbell reported that Mr. Raudabaugh was also going to develop a sign which could be placed in the front of the building on Board meeting nights.

At 7:50 p.m., Director Campbell stated that the Board would take a five minute recess. At 7:55 p.m., the Board reconvened in open session. Director Campbell stated that the Board would next receive the bookkeeper's report and recognized Mr. Douthitt. Mr. Douthitt presented the updated bookkeeper's report attached as **Exhibit "F"** and recommended the funds transfers summarized on page one of his report. He stated that the District was 98% collected on its taxes for the current year. Mr. Douthitt reviewed the payments being presented for approval, and noted that he would confirm that the payment to the sign fabricator was a 50% deposit on four signs as the invoice had included a note that it was for two signs. He asked if the Board was prepared to release final payment to Wells Branch Municipal Utility District and the Board confirmed that it was. Mr. Douthitt called the Board's attention to the payments added after the packet date, as indicated on his report. He recommended approval of the expense reimbursement to Director Richter, noting that she had provided back-up information. Mr. Douthitt stated that the District was on budget for the fiscal year, although there were some park capital items that would be coming in. He called the Board's attention to the staff and office related line-items and stated that he recommended a mid-year budget revision to incorporate these, and the Board concurred. Upon motion by Director Gray and second by Director Amaro, the Board voted unanimously to approve the payment of the bills and invoices, except the payments to the deputies previously approved, and the transfers as presented.

Director Campbell then recognized Mr. Anderson for purposes of receiving a report from the District's general manager. Mr. Anderson reviewed his report, noting that all test results had come out fine and that the District's water loss was 1.94%. He stated that there was only one 90-day delinquent account, but requested approval of the write-offs list attached as **Exhibit "P"**. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the write-offs. Mr. Anderson then reviewed his directives, noting that some payments had been in the payment drop-box on cut-off day. He stated that there had only been 28 cut-offs the prior month. Director Richter asked how this could be possible and Mr. Anderson explained that Crossroads contacted the customers before the customers were cut-off. Mr. Anderson stated that the AVR system implementation had been deferred until April 1. He stated that he would not put a flier into the customers' bills until the AVR system was implemented, but had notified the residents of the drop-box on the last set of bills. He stated that he had adjusted the bills of three customers who had experienced leaks during the freeze. Mr. Anderson stated that there had been a pump failure on the lift station located at Tudor House and Dessau. He explained that it was estimated that it would cost about \$15,000 to repair the pump. He noted that he had contacted Mr. Foster and that they would be bringing back a proposal to upgrade these pumps, which were a high maintenance expense. He explained that lift station maintenance expense would be higher as a result of this failure.

Mr. Anderson then explained that a customer had valved-around a removed meter to restore service. He explained that he had backbilled the customer approximately \$1,400, and had contacted the Sheriff's office but, because the actual

customer had been out of the country and had indicated that his roommate had been responsible for the theft of service, it was not clear if they would be able to press charges.

Director Campbell then stated that the Board would receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield stated that her directives had been completed, except for development of a new audit protocol, which she would carry over. Ms. Littlefield then reported that the resident of 13917 Golden Flax Trail had contacted Lisa Rickman of her office regarding an Abstract of Judgment filed by the District in 2002 relating to a default judgment taken in a covenant action in 2001. She explained that the judgment was originally for \$564.40, but that, with interest, the amount now due to the District was \$1,093.43. Ms. Littlefield stated that the resident's lender had notified the resident that the existence of the lien was a default and had threatened foreclosure, and the resident had now inquired whether the District would discount the amount due, or accept a payment plan. The Board discussed the matter and authorized Ms. Littlefield to negotiate a payment plan on the interest only, provided that the amount of the original judgment was paid in a lump sum and confirmed that the lien would not be released until the total amount due was paid.

At 8:28 p.m., Director Campbell stated that the Board would next convene in executive session as permitted under Section 551.071, Texas Government Code, in order to receive legal advice from the District's attorney regarding park development matters. The Board reconvened in open session at 8:54 p.m. and Director Campbell announced that no action had been taken during executive session. There being no further business to come before the Board, upon motion by Richter and second by Amaro, the meeting was adjourned.

Date:_____.

(SEAL)

Alex Martinez, Secretary
Board of Directors