

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

March 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 March 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; Robert Anderson 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.; Lee Hill and Alan Rivaldo, residents of the District; Dick and Jann Brown, representing HURF; Jim Nias, representing Village @ Northtown, Ltd.; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

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 approving the minutes of the February 13, 2013 and February 26, 2013 Board meetings. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the minutes.

Director Campbell then recognized Deputy Kinnard for purposes of receiving the District's security report. Deputy Kinnard reported that he was pleased to announce that the crime statistics were much improved over the prior month, with only four burglaries in Brookfield. He also reported that he had assisted Mr. Anderson in apprehending an individual who had been bypassing the District's water meter. Deputy Kinnard also reported that he had followed up on a complaint regarding an aggressive loose dog. Director Richter then moved approval of the payments to the Travis County Sheriff's deputies. Upon second by Director Martinez, the motion was unanimously adopted.

Director Campbell stated that the Board would next receive the landscape maintenance report and recognized Mr. Fadal. Mr. Fadal presented the plant of the month, Yellow Bells or Esperanza. He stated that the District had received just enough rain to green up, and explained that there was a movement to encourage native plants along creek edges, in the riparian zones, because it improved water quality and reduced erosion, and that TexaScapes was continuing this effort during the spring. Mr. Fadal stated that two replantings had been done in connection with the reforestation effort. Ms. Oliver stated that there had been a report of fire ant activity. Mr. Fadal stated that his crews would treat for ants. Director Campbell inquired if Yellow Bells was pet friendly, and Mr. Fadal stated that he believed it was. Mr. Anderson asked for the contact information for the A&M lab and Mr. Fadal agreed to provide it.

Director Campbell then stated that the Board would next receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver stated that she had filed a police report on the stolen trash collector fence, and a detective had been assigned to the case. She also reported that the Villas at Tech Ridge apartments landscaping suit had been resolved, and Directors Campbell and Amaro confirmed that the appearance of the complex was much improved. Ms. Oliver then presented three purchase requests. She explained that the first request, attached as **Exhibit "B"**, was for a crossover ladder. Director Richter stated that this was a safety issue and moved approval of the purchase request. Upon second by Director Martinez, the Board voted unanimously to approve the purchase. Ms. Oliver then recommended purchase of additional Mutt Mitts, noting that, if the District ordered at this time, it would receive two free dispensers as indicated in **Exhibit "C"**. Mr. Rivaldo stated that there was no Mutt Mitt dispenser in the Wildflower Park. Director Richter moved approval of the purchase, with additional authorization of up to \$1,000 to install the two additional dispensers along the trail. Ms. Oliver then reviewed the request for purchase of additional pond signage, attached as **Exhibit "D"**, which, she noted, was recommended by the District's engineer. Upon second by Director Gray, the Board voted unanimously to authorize the purchase of the additional pond signage as well as the purchase of the Mutt Mitts and the expenditure of up to \$1,000 for the installation of two additional dispensers along the trail.

Director Campbell stated that the Board would next conduct its annual review of the District's Water Conservation and Drought Contingency Plan. After discussion, upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the Resolution Confirming Annual Review of Water Conservation and Drought Contingency Plan attached as **Exhibit "E"**.

Director Campbell then advised the Board that Mr. Foster had been unable to attend, but that he had indicated that he had no action items to present. Director Richter stated that the Parks Subcommittee needed to meet with Mr. Foster about finishing out the playscape projects. Director Campbell stated that Mr. Foster was expecting additional information from the City of Austin on the force main project. Director Amaro stated that he had looked at the layout for the second phase of the apartments and that the layout appeared to be consistent with the Board's approval.

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 “F”** 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. He noted that these included a transfer to the bookkeeper’s account to cover the activity for the prior month, as well as a transfer from the District’s lock box account to the operating account. Mr. Douthitt stated that he had forwarded the surplus funds analysis to Ms. Allen and that she was getting final approval from Ms. Polumbo, the District’s bond counsel. He stated that Ms. Allen had requested that he obtain Board approval, subject to Ms. Polumbo’s approval, of the transfers listed on **Exhibit “F”**, noting that these would be transferred to reimburse the general fund. Mr. Douthitt stated that this would leave approximately \$1,900,000 to pay the cost of the force main project. He then reviewed the disbursements that were being presented for approval, and called the Board’s attention to the payments that had been added since the packet date. He noted that these included a payment for a bond for the District’s tax assessor-collector. Mr. Douthitt reported that the District was still ahead of plan with regard to its budget, noting that this generally came from cost savings and higher than anticipated wastewater revenues. Director Gray inquired about the tax assessor-collector’s bond and Ms. Littlefield explained that this was a State law requirement because the County Tax Assessor-Collector handled District funds and, specifically, the District’s tax collections. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the payment of the bills and invoices and the transfers as presented, with the transfers to the District’s general fund from the capital projects funds being subject to Ms. Polumbo’s approval.

Director Campbell then recognized Mr. Anderson for purposes of receiving the general manager’s report. Mr. Anderson reviewed his report, noting that he had no 90-day delinquent accounts and only five write-offs to present. He stated that all lab results were satisfactory. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the write-offs listed on **Exhibit “G”**.

Director Campbell stated that the Board would next discuss the District’s identity theft prevention program and recognized Mr. Anderson. Mr. Anderson confirmed that the program was effective and stated that he had no incidents to report and that no changes to the program were recommended. Upon motion by Director Gray and second by Director Amaro, the Board voted unanimously to approve the Resolution Confirming Annual Review of Identity Theft Prevention Program attached as **Exhibit “H”**.

Director Campbell then stated that the Board would consider taking action regarding the District’s residential plumbing inspection program. Ms. Littlefield called the Board’s attention to the fee increases described on **Exhibit “I”**. After discussion, upon motion by Director Gray and second by Director Richter, the Board voted unanimously to approve the revised Plumbing Services Agreement with Roadrunner Inspection Services attached as **Exhibit “J”** and the Amendment to Order Establishing Service Rates, Charges and Tap Fees and Adopting Rules and Policies with Respect to the District’s Water, Wastewater and Drainage Systems attached as **Exhibit “K”**.

Director Campbell stated that the Board would next discuss park development matters and recognized Director Richter, who stated that she had nothing to report.

Director Campbell then recognized Ms. Littlefield for purposes of receiving the attorney's report. Ms. Littlefield advised the Board that Mr. Brown was present in order to address the Board about HURF's successful effort to challenge the City of Austin's outside-the-city electric rate increase. Mr. Brown advised the Board that the PUC staff had evaluated all of the information submitted and had determined that the City was passing through many inappropriate charges to the electric customers and had essentially torn Austin Energy's case to shreds. He stated that, as a result, early in the process, the Austin Energy lawyers had determined it would be wise to settle the case rather than have the appeal move forward to the Commissioners. Director Amaro left the meeting at 6:25 p.m. Mr. Brown noted that HURF's complaint was over the suburban rates, which required the higher tiers to subsidize the lower tiers, and primarily affected the suburban homes, which were generally larger than the inner-city homes. He noted that the top tier rate exceed \$0.16 per kilowatt hour. Mr. Brown explained that the final settlement provided that, outside the city, there would be three tiers only, so the top rate was now \$0.13 and then became flat, while customers inside the city would pay more, depending on consumption. He stated that the monetary value of the settlement was between \$5,000,000 and \$6,000,000 per year and, while this was not a significant amount to the City, it was an important statement to the City. Mr. Brown advised the Board that the total cost of the challenge was approximately \$200,000, and that the outlying MUDs and WCIDs had contributed largely to this effort. He requested additional funding to allow payment of the professionals who had handled the appeal. Mr. Hill stated that he felt a contribution of \$3,500 to \$5,000 was appropriate, noting that there were fewer people in larger houses in this District. Mr. Rivaldo concurred. Director Gray stated that he would feel comfortable with a contribution of \$3,000. Director Campbell stated that the Board had initially supported this effort because it felt it was a legitimate cause and obviously it had been successful. He stated that he felt that an additional \$5,000, the same amount originally invested, was appropriate. Director Martinez agreed, and noted that he was very pleased with the successful result and the statement that it made to the City. Director Richter then moved that the Board approve additional funding of \$5,000. Upon second by Director Martinez, the motion was unanimously adopted.

Ms. Littlefield then presented the Addendum to Exhibit "A" to the Rebate Services Agreement with BLX Group and explained that it would include the District's 2012 bond refunding in the analysis. Upon motion by Director Gray and second by Director Martinez, the Board voted unanimously to approve addendum attached as **Exhibit "L"**. Ms. Littlefield then reported that the District had received a notice of a class action settlement relating to certain credit card processing fees, but that it appeared, based on discussions with Mr. Anderson, that the assembly of information might cost more than any potential settlement proceeds. After discussion, no action was taken.

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 not had a formal meeting, but he had had a discussion with Mr. Wilburn on the telephone and the recommended action was to proceed with filing of a formal appeal. Director Campbell noted that Mr. Wilburn had asked that the

Board confirm that it was in favor of moving forward. After discussion, the Board agreed that it wished to move forward.

Director Campbell then stated that the Board would discuss personnel matters. Director Richter moved that the Board approve a 6% salary adjustment for Ms. Oliver effective March 1, based on her excellent performance. Upon second by Director Gray, the motion was unanimously adopted. Director Campbell advised those present that this action was pursuant to the Board's review of Ms. Oliver at the prior meeting. Director Gray reported that he was in discussions with a potential supplier of retirement plans for the District's employees, noting that finding a supplier had been difficult due to the small employee base.

Director Campbell stated that the Board would next discuss the Contract for Maintenance and Operation of Retail Utility System with Crossroads Utility Services, LLC. After discussion, the Board agreed that Director Martinez and Director Campbell would serve as the subcommittee to renegotiate the agreement, as its current term expired July 31, 2013.

Director Campbell then recognized Director Richter, who moved that the Board authorize any Directors who wished to and the on-site administrator to attend the Summer CASE Conference. Upon second by Director Gray, the motion was unanimously adopted.

Director Campbell stated that the Board would next receive reports from developers' and landowners' representatives, and recognized Mr. Nias. Mr. Nias reminded the Board that, at its last meeting, the Board had approved the proposed land plan change for the Village @ Northtown subject to a covenant, which he had submitted. After discussion, the Board confirmed that its Subcommittee, consisting of Directors Martinez and Campbell, would be authorized to finalize and execute the Covenant.

Mr. Douhitt reported that the City of Austin was scheduled to approve the District's bond refunding and that Ms. Allen had requested that an item be placed on the Board's next meeting agenda.

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

Date: _____.

(SEAL)

Felix T. Amaro, Jr., Assistant Secretary
Board of Directors