

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

March 27, 2012

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 27, 2012 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, except Director Amaro and Director Gray, 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"); Michael DeMotte of Kimley-Horn & Associates, Inc. ("Kimley-Horn"); Allen Douthitt of Bott & Douthitt, PLLC; Richard Fadal of TexaScapes, Inc.; Scott Foster of 360 Professional Services, Inc.; Alex Clarke of Longaro & Clarke; Deputy Keith Kinnard of the Travis County Sheriff's Department; Lee Hill and Kathy Haught, 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 stated that the Board would first receive resident communications and Board member announcements. There being none, Director Campbell stated that the Board would consider approving the minutes of the February 28, 2012 Board meeting. Upon motion by Director Martinez and second by Director Richter, the Board voted unanimously to approve the minutes.

Director Campbell then stated that the Board would receive the security report and recognized Deputy Kinnard. Deputy Kinnard stated that he had forwarded a report on incidents the prior month to the Security Subcommittee, noting that he felt the gang activity was being moved out of the park, but there were still issues in Brookfield and so patrol efforts would now be concentrated there. He stated that graffiti incidents had decreased, but that he anticipated increased activity with the warmer weather. Director Richter moved approval of the payments to the Sheriff's deputies as set forth on the updated bookkeeper's report attached as **Exhibit "B"**. Upon second by Director Martinez, the motion 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 Deputy Kinnard had checked on 1901 Golden Flax, but that no vehicles had been on the street, so there was nothing the deputies could do. She reported that there were quite a few trees down in the parks, one of which was fairly large and had been removed from the power line in Stoney Creek Park. She stated that she had requested that the Park Subcommittee approve the purchase of the chainsaw described on the purchase order attached as **Exhibit "C"**, but, because the cost slightly exceeded the Subcommittee's authority, she was now requesting Board approval of the purchase. Upon motion by Director Martinez and second by Director Richter, the Board voted unanimously to approve the purchase. Ms. Oliver then reported that the restrictive covenant alert regarding yard maintenance had been sent out to the residents on bright yellow paper with the March 23rd bills. Ms. Oliver reminded the Board that the residents at 15101 Lantern had constructed an extension above their fence. Director Martinez stated that he didn't have an objection as he felt it served a purpose. Director Richter stated that she agreed, since it was a medical issue. The Board agreed that no enforcement action would be pursued. Ms. Oliver then reported that the Restrictive Covenant Subcommittee had approved filing suit against the owners of 1307 Segovia. Director Richter reported that the resident had stated that she would not repair the four pickets. Ms. Oliver reported that the District's staff had removed the burn ban signs from the parks, since the burn ban had been withdrawn by Travis County. Director Martinez asked if the barbeque grills would be put back in. Ms. Oliver stated that she was still evaluating this, because some of the trees near the grill locations had died and might present a fire hazard. Director Richter asked that Ms. Oliver report on how many grills had been reinstalled at the next Board meeting.

Director Campbell then reported on his directives, noting that the audit was now posted on the website. He also reported that he and Director Amaro had met with Ms. Loup of Southwest Securities on the proposed bond refunding and that, with the Subcommittee's approval, Ms. Loup was proceeding with a potential refunding. He indicated that it would be a couple of months before the Board would know if the District could go forward with the refunding.

Director Campbell then recognized Mr. Fadal for purposes of receiving the District's landscape maintenance report. Mr. Fadal stated that he had brought a plant named by the Wildflower Center as "Invasive Plant No. 1", which was from Eastern Europe and Northern Africa. He stated that it was an early germinator, was crowding out many local wildflowers and was known as Mediterranean Mustard or "Bastard Cabbage". Mr. Fadal then reported that he expected to have a great spring. He stated that there was some wear-and-tear around the picnic tables and the soccer fields, but that the Parks Subcommittee would be looking at this in a park walk-through that was being scheduled for sometime in April.

Director Campbell then stated that the Board would consider taking action regarding engineering services. Director Campbell reported that he and Director Martinez had met with representatives of Kimley-Horn and 360 Professional Services, Inc., and that the Subcommittee recommended that the Board accept Kimley-Horn's resignation as the District's engineer effective as of the date of the Board meeting and approve an engineering services agreement with 360 Professional Services, Inc. Upon

motion by Director Martinez and second by Director Richter, the Board voted unanimously to accept Kimley-Horn's resignation as set out in the agreement attached as **Exhibit "D"** and approve the Engineering Services Agreement with 360 Professional Services, Inc. attached as **Exhibit "E"**. Director Campbell noted that Kimley-Horn would still be involved in projects for the District and would be periodically updating the District's water and wastewater master plans, as the Subcommittee was very pleased with the quality of this work and wanted to keep that continuity. He noted that this decision took some discretion away from 360 Professional Services, Inc., but the consensus was that the Subcommittee wanted Kimley-Horn to do this work.

Mr. DeMotte then reported that the low flow lift station project was still in process and called the Board's attention to the report attached as **Exhibit "F"**. He noted that the generator had been installed and was scheduled to be tested the following Monday. Mr. DeMotte stated that the remaining repair items related to the force main break had been completed, with the exception of revegetation. He explained that he had asked the contractor to coordinate revegetation with Mr. Fadal and his staff to be sure the irrigation system was installed properly. He reported that the installation of a wet well washing system was also scheduled for Monday. Mr. DeMotte stated that the final item was installation of a flow meter that had been delayed in shipment. Mr. Demotte confirmed that the contractor had still not submitted a pay estimate. Mr. Anderson stated that the contractor had also not submitted a pay estimate for the force main repair. Ms. Oliver inquired when the silt fence would be removed and Mr. DeMotte stated that this would occur after the revegetation was complete. Director Campbell asked how long the generator would operate, and Mr. DeMotte responded that it was designed to cover the average power outage for the area. Mr. DeMotte then reported that he and the Park Subcommittee had identified several punch list items for the MeadowPointe fence project, some of which were issues with staining and minor repairs. Ms. Oliver confirmed that the restaining had been completed, and that it looked better, but that she had identified one inconsistent area. Director Richter asked that the Park Subcommittee be authorized to approve the release of the payment upon satisfaction of the punch list items. Mr. DeMotte stated that he had received two additional Pay Estimates and one Change Order. He stated that one Pay Estimate was for 100% completion, less retainage, and the other Pay Estimate was the final, including release of retainage. He stated that the Change Order was negative because the quantity had decreased. He stated that no action was needed, and requested that these items be put on the agenda for the next Board meeting.

Mr. Foster then addressed the Board and thanked the Board for choosing to retain his new firm as the District's engineer. He reported that he had received a request from the Texas Commission on Environmental Quality ("TCEQ") to sign off on the District's MS4 application, and asked for authorization to execute the form on behalf of the District. Director Richter moved approval. Upon second by Director Martinez, the Board voted unanimously to authorize Mr. Foster to sign off on the MS4 application. Mr. Foster then reported on the Lakes at Northtown Section 5, and recommended that KB Homes be authorized to enter into a contract with the apparent low bidder for utility infrastructure in accordance with the letter of recommendation attached as **Exhibit "G"**. Director Richter asked if the developer understood that the District would not generally entertain change orders and he confirmed that he had advised the developer's engineer of this. Director Richter moved approval of the award as recommended. Upon

second by Director Martinez, the motion was unanimously adopted. Mr. Foster then reported that the Oaks on Lakes Boulevard apartment project proposed to begin Phase 2 of the project, noting that Phase 1 was under construction. He stated that he anticipated construction on Phase 2 would begin in late summer. Mr. Foster then reported that the Harris Ridge Boulevard construction project was essentially complete and presented Pay Estimate No. 5, attached as **Exhibit “H”**, and recommended approval. He stated that a walk-through was scheduled with the County on Monday, which, hopefully, would allow acceptance for the entire project except the pond facilities. He stated that, if this was done, the school would be allowed to begin their connections, and added that the City was taking the lead on this. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the Pay Estimate. Mr. Foster then reported that the contractor’s bond and insurance for the well project were now in place and the notice to proceed had been issued earlier in the day. Director Richter stated that there should be no impact on the timing of the project per Mr. Rush. Mr. Foster stated that, based on the contract timeline, the contractor should be done by late June. Mr. Foster then presented the proposal for construction phase services for the well project attached as **Exhibit “I”**, and confirmed that the intent was that the District not incur any additional expenses due to the change in engineering representatives. Upon motion by Director Martinez and second by Director Richter, the Board voted unanimously to approve the proposal. Mr. Foster then reported that he had been contacted by Ms. Littlefield about potentially realigning an extension of the MeadowPointe fence project. He noted that the County license process was expensive, and that there was an “economies of scale” issue. Director Richter added that the Parks Subcommittee did not recommend proceeding at this time due to the cost, and suggested that the District take the issue up with the next year’s budget. She pointed out that the engineering fees for the license alone would cost 20% of the existing MeadowPointe project costs and added that this expense had not been allowed for in the approved project budget. Director Richter stated that there was an additional issue as well, because some additional residents along the proposed extension had now replaced their wooden privacy fences. Ms. Littlefield stated that she would contact the County to see if there was any way the District could get a variance for the extension. Director Campbell thanked Mr. DeMotte and Kimley-Horn for their professional handling of the transition in engineering services.

Director Campbell then stated that the Board would discuss park development matters and recognized Director Richter. Director Richter stated that the MeadowPointe and Wildflower playscapes needed to be replaced and recommended that the Board request a proposal from 360 Professional Services, Inc. for services related to the demolition and construction. After discussion, the Board agreed and requested that Mr. Foster provide a proposal for consideration at the next Board meeting. Director Richter then commended the District’s staff for its fine work in response to the recent storms.

Director Campbell stated that the Board would next receive a report from the District’s Signage Subcommittee. Director Campbell stated that he and Director Martinez had not yet met, but would do so soon. Director Richter stated that the Park Subcommittee had noticed that the Northtown sign at the MeadowPointe entry had moved slightly and asked that it be checked. The Board directed Ms. Oliver to contact the sign company and ask them to check on the sign.

Director Campbell then stated that the Board would receive a report from the Compensation Subcommittee. Director Richter stated that the Subcommittee recommended a five percent salary adjustment for Ms. Oliver. Upon motion by Director Richter and second by Director Martinez, the Board approved the pay adjustment with an effective date of March 1, as agreed at the February Board meeting.

Director Campbell then recognized Mr. Douthitt for purposes of receiving the bookkeeper's report. Mr. Douthitt reviewed the updated bookkeeper's report attached as **Exhibit "B"** with the Board. He also reviewed the proposed transfers summarized on page one of his updated report. Mr. Douthitt reported that Director Amaro had attended one special meeting for which he was due a per diem, and recommended that, instead of voiding his per diem check, he be authorized to revise the date. He explained that Crossroads' invoice included charges related to the force main break, noting that this did not include the contractor's charges, but did include charges for Crossroads' crews and the pump-and-haul charges. Director Campbell confirmed that he had reviewed the Kimley-Horn invoices and had no objections to them. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the transfers and the payment of the bills and invoices, as presented, except for the payments previously approved to the Sheriff's deputies.

Director Campbell then recognized Mr. Anderson for purposes of receiving the general manager and utility operator's report. Mr. Anderson advised the Board that he had followed up with the low flow lift station contractor and his responsiveness had since improved significantly. He reported that the District had 2,815 occupied residences and that all test results were satisfactory. Mr. Anderson reported that the lost water report showed a 6% gain for the month. He stated that he had one write-off to present, in the amount of \$420, attached as **Exhibit "J"**. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the write-off. Mr. Anderson then reported that the District's identity theft prevention program was effective and being followed by his company. He confirmed that there had not been any incidents of identity theft and added that he did not recommend any changes to the policy at this time. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to adopt the Resolution Confirming Annual Review of Identity Theft Prevention Program attached as **Exhibit "K"**. Mr. Anderson then reported that, on March 4th, the TCEQ had come out to do an inspection on-site, including a review of files and tests in the field. He stated that the District received a clean bill of health, which was excellent for a district this size, and presented the letter attached as **Exhibit "L"**.

Director Campbell stated that the Board would next receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield confirmed that she had completed her directives. She stated she would contact TBG regarding the detail on their invoices before the next meeting.

Director Campbell stated that the Board would next consider a policy regarding use of District facilities for non-District meetings and activities. Director Campbell noted that this was an item that had come up at the last Board meeting, and queried whether the residents felt the facilities should be open for use by others. Mr. Hill suggested that there should be a charge for staff time, if required, but, if there was no

cost, such as for a meeting during business hours, and the use was by a non-profit, use be allowed. Ms. Oliver stated that there would be a security issue because the District's records and property were not separately secured. The Board generally agreed that there should be a distinction between District park facilities and administrative offices. The Board agreed that CASE was a benefit to the District and, especially since a Board member served on the CASE Board, CASE's Board of Directors should be allowed to meet at the District's offices. Ms. Haught stated that it was difficult to allow social activities at public offices, noting that this could be a slippery slope.

There being no further business to come before the Board, the meeting was adjourned at 6:50 p.m.

Date:_____.

(SEAL)

Alex Martinez, Secretary
Board of Directors