

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

April 26, 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 April 26, 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, except Director Martinez, 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"); Crystal Kaylakie of Southwest Securities; Richard Fadal of TexaScapes, Inc.; Scott Foster of Kimley-Horn & Associates, Inc., Lee Hill and Alan Rivaldo, residents of the District; Ian Asselstine of TechRidge Multifamily Residential, L.P.; and Sue Brooks Littlefield of Armbrust & Brown, PLLC. Ronnie Stafford of TBG Partners and Allen Douthitt of Bott & Douthitt, PLLC 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 recommended that the District repair the fence adjacent to the pond where there had been a traffic accident. Director Richter responded that this repair was in process. Director Richter encouraged any Board members who wished to attend the summer CASE conference in June to submit their registrations soon. Mr. Anderson stated that he would coordinate the registration for any Board members who wished to attend and Director Richter requested that he do so for her.

Director Campbell stated that the Board would next consider approving the consent items on the Board's meeting agenda: the minutes of the March 22, 2011 Board meeting; the proposal from McCall Gibson Swedlund and Barfoot PLLC for a report on reimbursable costs for the District's \$5,150,000 Unlimited Tax Bonds, Series 2011, attached as **Exhibit "B"**, and the Paying Agent/Registrar Agreements with BOKF, N.A. d/b/a Bank of Texas attached as **Exhibit "C"**. 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 presented the District's foreclosure report, noting that there had been three foreclosures in March, and a total of seven for the calendar year. Director Richter expressed dismay that one foreclosure had been for less than half of the taxable value. Ms. Kaylakie then explained that her firm had circulated a draft of the Preliminary Official Statement for the upcoming District bond issue to the District's consultants for review and comments before submitting the application for approval of the bond issue to the City of Austin. Ms. Kaylakie pointed out that one page of the Texas Commission on Environmental Quality ("TCEQ") order had been omitted from the copy included in the meeting packet and provided that information for the Board's review.

Director Campbell then recognized Deputy Kinnard for purposes of receiving a report regarding District security. Deputy Kinnard reported that he had issued several citations for leash law violations during the month, which had upset several residents. He stated that he had talked to the residents in question many times previously, with no improvement in the situations, before issuing the citations. Deputy Kinnard also reported that there had been a problem with someone taking a vehicle into the District's pavilion to unload for a party. He confirmed that the resident had driven over the curb to do this and that he had cautioned them that they could have damaged the District's sprinkler system. He also reported that there had been quite a few disturbances which the deputies had responded to throughout the District over the prior month. Deputy Kinnard noted that, when construction started up again, it required additional controls to avoid vandalism of construction equipment. He suggested that the Board streamline the security patrol process, because the deputies were now involved in many activities and were spread thin as a result. He inquired as to the Board's priorities for patrols in the District. Director Gray stated that his priorities were the residential neighborhoods and the parks and asked for Deputy Kinnard's recommendations on the best patrol hours. Deputy Kinnard responded that, during the day, the effort was to curtail burglary of residences and, during the early morning hours, the effort was to curtail burglary of vehicles. He stated that park activities were best monitored in the late afternoon through the early evening hours. Director Richter stated that she felt there had to be a combination of patrol hours. Director Campbell suggested a rolling type of concentration, which emphasized one particular aspect of crime prevention at a time. Director Gray added that he would like to encourage patrols in the late afternoons when school was out. Deputy Kinnard reported that a resident in Wildflower was very concerned about graffiti on a building on Howard Lane that faced the Wildflower alleyway, but that there was nothing the District could do as the property was not within the District or owned by the District. Director Amaro stated that it might be possible to analyze the crime statistics in order to determine if there was a pattern which could be addressed through the patrol hours. Deputy Kinnard stated that he had had this done by a crime analyst, but there was no clear pattern. After discussion, Director Amaro and Director Gray agreed to serve as the Security Subcommittee to help coordinate security and enforcement action. Mr. Hill suggested that City of Austin Code Enforcement be contacted about the graffiti at 500 Howard Lane, if it was located in the City. Ms. Oliver stated she understood that the property was not within the City, but agreed to determine if any jurisdiction had authority and, if so, to advise the resident with the complaint so he could follow up with the correct entity. The Board then discussed patrol hour scheduling with Deputy Kinnard and the desirability of community policing as currently

provided. Director Gray stated that he would like to receive more reporting based on the badging system which had been installed throughout the District and Deputy Kinnard agreed to provide this. Deputy Kinnard stated that he didn't feel as much monitoring was needed around the pavilion because of the security camera system installation. Mr. Anderson commended Deputy Gonzales, noting that he had ridden with him one evening and that he was impressed that he knew the area and the residents. Director Gray agreed to contact Deputy Kinnard to arrange a meeting with the Security Committee as quickly as possible in advance of the May patrol scheduling. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the payments to the Travis County Sheriff's Department as set forth on the updated cash activity report attached as **Exhibit "D"**.

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 obtained a restroom key for Deputy Kinnard, but added that the restrooms would not open with the key in the evening hours due to the electronic locking system. Director Richter stated that this undermined the whole purpose of the key. Mr. Stafford responded that the locking system was a part of the design and that the key had just been added by the contractor, but would not override the locking system. He stated that the system could be manually overridden. Director Richter stated that she would review her notes, as she felt this was not correct. Ms. Oliver then reviewed various proposals for removal of four existing monument signs. Director Amaro inquired about the condition the site would be left in once the work was completed. Mr. Anderson pointed out that the low bidder had agreed to remove the concrete and restore the existing grade. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the proposal from T Bar M Land Services attached as **Exhibit "E"**. Director Campbell pointed out that the timing of the removal would need to be coordinated with the installation of the new signs. Ms. Oliver agreed to coordinate the work and the timing, in conjunction with Director Campbell. Ms. Oliver then reported that the resident at 110 Wild Senna had come to the Board several months previously and asked for additional time for a fence repair, but now had advised her office that he was getting divorced and being foreclosed on and did not intend to make the repair. The Board instructed that a letter be sent to the property owner and the lender that the Board would authorize suit at the next meeting if the issue was not addressed by that time.

Director Richter then presented the proposed purchasing protocol attached as **Exhibit "F"**. Director Campbell asked Ms. Oliver if this authority was sufficient, and she confirmed that it was, so long as the monthly Board meeting meal was not included as a cash expenditure. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the protocol. Director Gray then presented the personnel policies, including holiday schedule, personal time off policy, and bereavement time off policy, attached as **Exhibit "G"**. Director Gray noted that this was not a complete policy, but established the holiday schedule, which he felt was important to get in place. He stated that the bereavement policy was fairly standard. Director Campbell inquired whether personal time off included sick and personal time off and Director Gray confirmed that it did. Director Amaro inquired whether the bereavement period should be extended if travel was outside the State. Director Gray noted that an additional three days could be added, but would be unpaid. Mr. Hill

suggested that the Board consider allowing more time if it was a close relative. Director Gray then moved that the Board adopt the holiday schedule as presented, and the balance of the proposal as an interim policy only, with the understanding that the remaining items would be subject to reconsideration by the Board. Upon second by Director Richter, the Board voted unanimously to do so.

Ms. Oliver then presented a proposed T-shirt design for staff uniforms and reviewed the pricing for long-and short-sleeved shirts. Director Richter stated that she and Ms. Oliver recommended ten shirts for each employee, noting that the minimum order was 20 shirts. After discussion, the Board agreed that Ms. Oliver was authorized to purchase up to 60 shirts, with a fixed number being issued to each employee upon their hiring and additional shirts, up to a total of 10, being issued after their probationary period passed, and with a requirement that the shirts be checked out and returned upon termination of employment. The Board also directed that this purchase include one shirt for each director.

Ms. Oliver reported that the Boy Scouts had begun painting the address numbers for Wildflower and would be submitting their expense receipts for reimbursement. She stated that the District Clean-Up Days would be June 4 and June 11 and that she would coordinate them with Mr. Anderson. The Board discussed the locations for the dumpsters, including the lack of a suitable location in Settler's Meadow.

Director Campbell then stated that the Board would receive a report from the District's landscape contractor and recognized Mr. Fadal. Mr. Fadal distributed a photograph of a large tree which had broken and fallen over in the Wildflower area, and noted that this tree had been removed with the Park Subcommittee's approval. He stated that his crews had completed the Gaston Sheldon pond repairs and top-dressed the area. Mr. Fadal also reported that the grass in the dog park was a rye/fescue mix which had not survived due to the lack of irrigation, and stated that a new ground cover was needed. Director Richter stated that the Park Subcommittee had asked him to look into alternatives and to determine if the dog park needed to be closed temporarily while this issue was addressed. Director Richter then reviewed proposals for the repair of the MeadowPointe sign lighting, and recommended approval of the Option 2 proposal attached as **Exhibit "H"**. Mr. Fadal explained that he recommended this proposal because it moved the lighting much closer to the signs and provided a higher quality fixture that he expected would last longer and provide brighter light. He noted that this would require additional conduit and would therefore cost more. Director Campbell stated that he also preferred Option 2. Director Richter moved approval of Option 2. Director Amaro agreed, noting that these fixtures looked more substantial, and seconded the motion. After further discussion, the Board voted unanimously to approve the proposal.

Director Campbell stated that the Board would next receive a report from the District's engineer and recognized Mr. Foster. Mr. Foster advised the Board that he had completed his directives, and noted that the developer of the Lakes at Northtown, Section 4, had not yet requested acceptance. Mr. Foster stated that there were multiple items that needed to be addressed on the Tech Ridge multi-family development and added that he had reviewed the plans and was prepared to approve them once the required easements were granted, subject to any Subcommittee requirements.

Mr. Stafford then stated that he needed to meet with the Park Subcommittee regarding a system for monitoring the irrigation wells, noting that he felt a monitoring system could provide additional information. Mr. Anderson agreed to evaluate Mr. Stafford's recommendation in conjunction with the Park Subcommittee. The Board then reviewed a notice from the TCEQ regarding the drought, and discussed the fact that the notice mentioned a possible curtailment of water rights which could affect the District's on-line ponds. Mr. Foster reported that there had been excellent results from the implementation of the District's pond maintenance plan. He added that he felt the cost savings and work that had been done were a definite success story. Director Richter asked if Mr. Foster was pleased with the results of TexaScapes' work on the ponds and he confirmed that he was.

Mr. Foster then reported on the status of the lift station project and noted that his staff was nearing completion of the City review process. He requested approval of a check for the \$10,671.74 fiscal posting required by the City. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve a check for the fiscal posting. Mr. Foster then reported that he anticipated proceeding with advertisement for bids for the project before the next meeting and asked for authorization to proceed with the advertisement. Upon motion by Director Gray and second by Director Richter, the Board voted unanimously to do so. Mr. Foster recommended that a meeting be scheduled with the Board's Subcommittee, consisting of Director Martinez and Director Campbell, to review the water master plan and water/wastewater mapping projects. The Subcommittee members agreed and Mr. Foster agreed to coordinate the meeting. Mr. Foster reported that the Harris Ridge Boulevard extension project was under construction and agreed to schedule a meeting with the Park Subcommittee on the tree removal that was planned in the course of construction. Director Richter asked that the contractor's payment for any water used be addressed with the contractor and Mr. Foster stated that it would be. Mr. Foster stated that he had received one bid for the Heatherwilde fence project and that he was still evaluating the bid. He stated that the project budget was around \$60,000, and that the various options could affect the ultimate cost. The Board directed that Director Gray contact a resident who had refused to grant an easement for the fence unless the Board reimbursed her for her wooden fence and, if she continued to refuse to grant an easement, directed that a follow-up letter be sent to the resident, as well as to the neighbors adjacent to her home, stating that the project would proceed but the masonry fence would stop at her property line. Ms. Littlefield agreed to review the tax plats of the area to verify there was not an alternative to the easement based on adjoining property ownership.

Director Campbell then stated that the Board would discuss park development and recognized Director Richter. Director Richter presented the updated park budget attached as **Exhibit "I"**, noting that the cost of the signage for the Lower Colorado River Authority ("LCRA") grant had not been included in the budget. Director Richter reported that all equipment previously authorized to be purchased, as well as all in-stock items, had been installed in the District parks. Director Richter stated that there were eight punch-list items outstanding related to the pavilion project, and added that she was not happy that the final pay estimate, attached as **Exhibit "J"**, had not been submitted to the Park Subcommittee in advance of the Board's meeting packet going out. She suggested that the Board authorize the Park Subcommittee to approve the final

payment and release of retainage subject to satisfactory completion of the eight outstanding items. Director Campbell agreed that this would be the most efficient approach. After discussion, Director Richter moved that this authority be granted to the Park Subcommittee. Upon second by Director Amaro, the Board voted unanimously to adopt the motion. Director Richter then called the Board's attention to the tracking report for Park Subcommittee authorized park-related expenditures, attached as **Exhibit "K"** and explained that this would be provided to the Board on an on-going basis.

Director Campbell then stated that the Board would discuss District signage. He noted that the District had had a very short period of time to complete the LCRA grant acknowledgement sign, but that this sign had been completed and installed at a total cost of \$970. Mr. Douthitt agreed to process the related invoice for payment. Director Campbell then reported that it would be only a few more weeks until the new entry signs would be installed and that, once the location of the park signs and related wording was approved, any new park signs could be ordered with the same design. The Park Subcommittee agreed to work with Ms. Oliver to identify any signs which would need to be ordered in bulk. Director Campbell expressed his appreciation for TBG Partners' assistance in coordinating the installation of the signs. Ms. Oliver asked if the LCRA grant sign was graffiti resistant and could be power-washed and whether there was additional paint to paint over any graffiti. The Board agreed that these were good questions and requested that Ms. Oliver consult with Jeff Raudabaugh at TBG Partners in order to get the answers. The Board authorized Mr. Douthitt to write a check for the cost of the LCRA grant sign out of the manager's account.

Director Campbell then recognized Mr. Douthitt for purposes of receiving the bookkeeper's report. Mr. Douthitt presented the updated cash activity report attached as **Exhibit "D"** and reviewed it with the Board. He reviewed the transfers and investments as summarized on page 1 of his report, and noted that he recommended closing the JPMorgan Interest and Sinking Funds Account, which was no longer used. He noted that he had met with Director Gray to review all of the invoices prior to the Board meeting. Mr. Douthitt pointed out that he would need to void Check No. 4136 to Director Martinez due to his absence from the meeting. Mr. Douthitt noted that there were a significant number of customer refund checks which hadn't been written out of the manager's account, and stated that he had confirmed that these were due. Director Richter stated that there would be some additional office set-up expense which she would submit for reimbursement the next month. Mr. Rivaldo inquired about the criteria for investments and Mr. Douthitt briefly explained the requirements of the Public Funds Investment Act. Mr. Douthitt stated that he would meet with the Budget Subcommittee prior to his next meeting with Director Gray to approve bills and invoices and would present a budget amendment at the next meeting. Upon motion by Director Gray and second by Director Richter, the Board voted unanimously to approve closing the JPMorgan account as proposed; to approve the payments as presented, with the exception of the per diem to Director Martinez, and the checks previously approved to the Travis County Sheriff's Department and with the check to G. Creek to be held until approved for release by the Park Subcommittee; and to approve the transfers and investments 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 the District had 2851 active connections and that the water loss was being reported at 17%, but that he anticipated this was just a timing issue. He pointed out that the overall average water loss was under 5%, which was excellent. Mr. Anderson reported that all test results had come out satisfactory. Mr. Anderson then reviewed the list of write-offs attached as **Exhibit "L"**. He reported that the District's Identity Theft Prevention Program was working as designed and he had no recommended changes. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the write-offs as presented and the Resolution Confirming Annual Review of Identity Theft Prevention Program attached as **Exhibit "M"**. Mr. Anderson and Ms. Oliver confirmed that they were receiving many utility payments in the District's drop box.

Director Campbell then stated that the Board would receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield presented the Amended 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 "N"**, noting that it updated the deposit requirement to cover the cost of inspections, as discussed at the last meeting. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the revised Order.

Ms. Littlefield then reviewed the supplemental Board meeting agenda, noting that she had posted an emergency supplement due to fire hazard issues. She noted that, due to the risk of wildfires during the drought, many entities were restricting the use of barbeque grills. Ms. Oliver agreed to determine if the District's grills could temporarily be removed from the parks and, if they could, to remove them. Director Gray suggested placing signage in each area stating that the use of barbeque grills and smoking was not allowed. Ms. Oliver agreed to work with Ms. Littlefield on language for the signage for the parks, as well as for the disc golf course on the first tee box to notify the disc golfers that smoking was not permitted on the course. The Board directed that Ms. Oliver obtain approval of the pricing for this signage with the Park Subcommittee. Director Richter stated that Crossroads and Kimley-Horn were to present information on fire prevention at the CASE breakfast on May 20th and encouraged the Board members to attend.

Director Campbell stated that the Board would next receive reports from developers' and landowners' representatives and recognized Ian Asselstine of the Oaks at TechRidge. He noted that Mr. Asselstine represented the TechRidge multi-family project and was present to address the developer's requested variances to the existing restrictive covenants. Mr. Asselstine stated that he wished to request five variances to the covenants. He stated that the first request was to replace the masonry dumpster enclosures with wooden enclosures. Director Richter expressed concern that wooden enclosures would deteriorate and inquired about maintenance for the enclosures. Mr. Asselstine responded that the property manager would provide on-going maintenance. Director Richter stated that she would like to require this in the covenants, including the requirement for the prompt removal of graffiti. Director Campbell and Director Amaro explained that they had been most concerned with the receptacles that would be located in front of the buildings and recommended that these be required to be masonry.

Director Gray recommended that all of the enclosures be masonry and stated that he felt wooden trash enclosures were never well maintained.

Mr. Asselstine then explained that he also requested an increase in the units per acre to 22.95. He stated that the overall density of the project would remain under 22, at 21.9, and explained that a higher density could be accomplished due to the fact that drainage was being provided offsite. Director Campbell stated that Mr. Foster was not concerned about the increase in density, as there would be sufficient utilities to serve the tract and added that he concurred with offsetting the density. Director Campbell then reviewed the applicant's request not to install gates, stating that the proposal was to have the facility "gate ready", but not to actually install the gates. He explained that the developer felt that gates were not an additional security protection, and the Subcommittee felt there was not an aesthetic benefit to requiring the gates.

Director Campbell then stated that the covenants currently required a stepped-back building height and prohibited a three-story building right against the road. Directors Campbell and Amaro explained that the Subcommittee was willing to change this requirement, because the set back from the street was greater than required and the buildings would be separated from the street by parking. Director Gray inquired about the distance of the set back from the road. Director Campbell responded that it was more substantial than required under the covenants, but added that he wanted a clear set back specified in lieu of a reference to a parking separation. He advised Mr. Asselstine that he needed to provide the actual distance and he agreed to do so.

Director Campbell stated that the biggest issue was the requested waiver of the 50% masonry requirement. He noted that the developer had originally requested permission to use hardy plank, but stated that the Subcommittee was not willing to recommend this. He reviewed a proposed compromise to add more masonry on the building faces adjacent to the road or neighboring homes. Director Campbell explained that he and Director Amaro were also concerned about the proposal to eliminate masonry throughout the rest of the complex, but were prepared to recommend reducing the requirement to 25% for the rest of the complex or a compromise that replaced the metal fencing with stone fencing at the front of the complex to reduce public views into the complex. Director Campbell then advised Mr. Asselstine that the Board would require submittal and approval of the required landscape plan at the time the variance was granted. The Board agreed that no boat or trailer parking should be permitted in front of the building and asked that this be added to the proposal from the property owner. Mr. Asselstine confirmed that the other property owners which were subject to the covenant had approved the proposed changes. After discussion, the Board generally agreed that either an overall 24.7 percent masonry component to the buildings or a masonry fence at the entry should be required.

After further discussion, Director Richter moved that the Board approve in concept the amendments to the covenants which were proposed, subject to approval of the final details by the Subcommittee, as outlined by Director Campbell, and preparation of final documentation by Ms. Littlefield. Director Amaro requested that Mr. Asselstine provide confirmation of approval of the proposal by the neighbors, including KB Home, and he agreed to do so. 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 Amaro, the meeting was adjourned at 8:50 p.m.

Date:_____.

(SEAL)

Alex Martinez, Secretary
Board of Directors