

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

May 24, 2016

THE STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS           §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on May 24, 2016, 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"**.

All of the members of the Board were present, as follows:

Robin Campbell	-	President
Brenda Richter	-	Vice President
Kathy Haught	-	Secretary
Chris Capers	-	Assistant Secretary
Felix Amaro	-	Treasurer

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"); Scott Foster of 360 Professional Services, Inc.; Allen Douthitt of Bott & Douthitt, PLLC; Deputy Oscar Gonzalez of the Travis County Sheriff's Department; and Sue Brooks Littlefield of Armbrust & Brown, PLLC ("A&B").

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 April 24, 2016 Board meeting. Upon motion by Director Richter and second by Director Capers, the Board voted unanimously to approve the minutes.

Director Campbell stated that the Board would next receive the security report and recognized Deputy Gonzalez. Deputy Gonzalez stated that the April property crime report was outstanding, showing only one report of criminal mischief. He stated that he attributed the decline in activity to the deputies' focus on the criminal elements in the area, but that he expected an increase when the kids got out of school. Ms. Oliver confirmed that the Security Subcommittee had approved a handout for the deputies to provide to residents asking for special security services. Ms. Oliver noted that the National Night Out event was scheduled for September 17<sup>th</sup> and she was already reaching out to some people to participate. She stated that the related expense report was included in the Board's meeting packet.

Director Campbell then stated that the Board would receive the landscape maintenance report attached as **Exhibit "B"** and recognized Mr. Fadal. Mr. Fadal introduced the "critters of the month", the coral snake and the rattlesnake. He provided

photographs of the snakes for the Board's information and stated that districts with creeks were more likely to have these types of snakes, but that they were very active and more aggressive in the months of May and June. He then presented the plants of the month, Prairie Verbena and Blackfoot Daisy. He stated that the rains were keeping TexaScapes' crews very busy with mowing and pruning. Mr. Fadal then presented the proposals for poison ivy treatment and for the annual overseeding and top dressing of the soccer fields attached as **Exhibits "C"** and **"D"**, and stated that the cost for this work was in the District's budget. He stated that his crews would do the topdressing as weather permitted and explained that the rain was affecting the process since it was affecting the availability of compost as well as saturating the ground. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the proposals.

Director Campbell then stated that the Board would receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver called the Board's attention to her monthly report, attached as **Exhibit "E"**. She reviewed her directives and stated that she and Mr. Fadal had met and reviewed all of the medians that the Board might consider including in a license agreement. Director Haught stated that she felt the Parks Subcommittee would want to look at the medians on site and Director Richter agreed. Ms. Oliver confirmed that she had contacted the County via email and had also discussed the maintenance issues with the Travis County Public Works Department. She reviewed the related memo attached as **Exhibit "F"**. Director Richter expressed concern that the County was not being held accountable for the safety of the District's residents, and added that her concern was not the clippings left behind when the County mowed, but actual safety due to high weeds. Director Capers stated that he was also concerned about the appearance of the medians. After discussion, the Board agreed that Director Capers and Director Haught would serve on a subcommittee to develop a policy that identified factors to consider in determining what areas should be considered for maintenance by the District and to make a recommendation on the medians and right-of-way areas to be included in a license agreement with the County to allow the District to maintain them.

Ms. Oliver then reported that Texas Disposal Systems ("**TDS**") had missed at least 35 recycling pick-ups, apparently due to operator error. She noted that a meeting with the Solid Waste Subcommittee had been scheduled and the issue was addressed quickly. Ms. Oliver noted that the Clean-up Days had been scheduled for the first two Saturdays in June and that the logistics had been planned with the Boy Scouts and Mr. Robles. She added that she anticipated that the Clean-up Days would go very smoothly. Director Haught asked to see the hand-out on bulky waste pick-ups, as she wanted to make sure it was clear that residents had other options. Ms. Oliver stated that the hand-out had been printed and there was also a postcard for TDS to leave when residents left bulky waste at the curb.

Director Richter stated that the Parks Subcommittee had nothing to report.

Director Campbell then recognized Mr. Foster, who presented his report, attached as **Exhibit "G"**. He stated that the Edenbrook Multifamily permit had expired and so this project could be deleted from the Board's meeting agenda. He stated that

the Heatherwilde project had received an extension, but he understood there was an access problem. Mr. Foster reported that he had prepared the summary attached as **Exhibit “H”** identifying 14 projects that had been included in the District Fence and Facility Assessment. He stated that these projects were in four groups: infrastructure—lift station, including fencing, access and driveway; pond—including replacing fence and adding a concrete footer to prevent weeds from growing up; park—replacing fencing; and entryway—Wells Branch Parkway, including fencing adjacent to the mobile home park. Mr. Foster noted that the idea was to have consistent styles and lower maintenance fences such as wrought iron and fencecrete. He stated that the Wells Branch Parkway fence would require about 40 easements or, alternatively, the fence could be included in the proposed license agreement. He pointed out that this was an expensive undertaking. Director Amaro stated that the project had a high value in terms of aesthetics, and noted that the cost would increase if it were done piecemeal. He commended Ms. Oliver and Mr. Foster for their research into possible types of fences. Director Richter asked how long a project of this type would take and Mr. Foster responded that, if done all at once, probably nine months. Director Richter asked if this would be budgeted for 2017. The Board discussed timing and noted that it would likely take several months to do the preliminary work. The Board then discussed possible sources of funds. Ms. Littlefield and Mr. Douthitt pointed out that the District would not be able to use surplus bond funds for park or right-of-way fencing. Director Richter then moved that the District’s Infrastructure Subcommittee move forward with this project. Upon second by Director Capers, the motion was unanimously adopted. The Board then discussed the options to obtain easements or to construct the fencing within the right-of-way under a license agreement, as well as the pros and cons of both approaches. Mr. Foster stated that he could bring a proposal to the Board in June for preparing the bid documents and the Board directed that he do so. Mr. Foster then reported that he had met with the City of Austin staff and that the staff was generally favorable to some kind of pedestrian bridge.

Director Campbell then recognized Mr. Douthitt, who presented the updated cash activity report attached as **Exhibit “I”**. He recommended approval of transfers from the District’s operating account to the manager’s account, from the District’s Logic account to the operating account, and from the lockbox account to the operating account as listed in his report. He then reviewed the Director and vendor payments that were being presented for approval. Mr. Douthitt stated that the City of Austin invoice reflected the new rates and had been reviewed by Mr. Joyce. He called the Board’s attention to the payments that had been made out of the manager’s account since the last Board meeting, noting that these were primarily deposit refunds, and reviewed the additional payments that had been added to the report since the packet date. After further discussion, upon motion by Director Amaro and second by Director Richter, the Board voted unanimously to approve the payment of the bills and invoices and the transfers as recommended.

Director Campbell then recognized Mr. Anderson for purposes of receiving the general manager’s report. Mr. Anderson presented Crossroads’ report, attached as **Exhibit “J”**. Mr. Anderson noted that the District had 2,957 occupied single-family connections, a total of 3,838 accounts, and an estimated population of 10,116 as of April. He reported that the District had received satisfactory lab results for its water samples

during the prior reporting period, there had been no main line repairs during the month of May, the lift station chemical system retrofit had been completed, a new sampling site had been worked out with the City, the customer grinder pump on Lampting had been decommissioned, and the District had a reported 6.34% water loss during the prior reporting period. Mr. Anderson then called the Board's attention to the write-offs set forth on **Exhibit "K"** and recommended approval. He stated that the larger one included high usage for three months. He also reviewed the Water Conservation Plan Annual Report attached as **Exhibit "L"**, noting that this report was required to be filed with the Texas Water Development Board. Mr. Anderson advised the Board that Crossroads' contract expired in July and that he would be bringing a proposal for a renewal back to the Board. Ms. Littlefield recommended that the Board appoint a subcommittee to work on the contract proposal and bring a recommendation back to the Board. The Board agreed that Directors Capers and Campbell would serve on a subcommittee to work on Crossroads' contract renewal. Director Haught requested an explanation of the difference between "real" and "apparent" losses, as indicated in the annual report. Mr. Douthitt pointed out that real losses were 19 million gallons. Mr. Anderson confirmed that the "real" losses represented actual lost water, the cost of which was borne by the customers of the system. Ms. Littlefield pointed out that the percentage water loss was under 10%, which was within industry standards. Mr. Douthitt agreed and added that the cost of this lost water was about \$51,000. Director Haught stated that this magnitude of loss was not acceptable. After discussion, upon motion by Director Richter and second by Director Amaro, the Board voted to approve the write-offs with Directors Campbell, Richter, Capers and Amaro voting "aye" and Director Haught voting "no".

Director Campbell stated that the Board would next discuss the wholesale rate case. Ms. Littlefield presented the engagement letter from Enoch Kever attached as **Exhibit "M"** and explained that this appellate firm had been recommended by the District's rate counsel. Director Richter stated that this firm was recommended because of its appellate expertise and also explained that meetings were currently occurring with the Austin City Council. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the engagement letter. Director Campbell expressed his appreciation for Director Richter's representation of the District on the ad hoc rate subcommittee.

Director Campbell then stated that the Board would receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield stated that she had completed her directives from the previous month. She explained that the District could improve the security lighting on Golden Sunrise near the retention pond since the District held an easement over the entire pond. She recommended that the Board develop a policy to handle the evaluation of requests for additional lighting. Deputy Gonzalez stated that he did not feel lighting would provide much of a deterrent effect. After discussion, the Board agreed that the Security Subcommittee would be charged with developing a policy to address requests for additional security lighting. Ms. Littlefield then recommended that the Board consider establishing a policy regarding subcommittee composition and an appointment protocol to ensure all Board members were able to participate in matters that were highly significant to them. She stated that rotating committee memberships might be desirable, as well as periodic reviews of committee composition.

She reminded the Board that a committee only had the power that was delegated to it by the Board and added that it would be more appropriate to post a meeting and ensure all interested Board members could participate in the discussion of a topic if it meant a Board member would feel excluded from the discussion. She also recommended that the Board develop a policy for use of the District office and meeting place since after-hours usage would involve additional staff time. The Board agreed to hold a special meeting between the District's regular June and July meetings to discuss these proposed policies.

Director Campbell noted that there were no developers or landowners present wishing to address the Board. There being no further business to come before the Board, the meeting was adjourned.

(SEAL)

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Kathy Haught, Secretary  
Board of Directors

Date: June 28, 2016