

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

June 23, 2015

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on June 23, 2015, 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 following members of the Board were present, constituting a quorum:

Brenda Richter	-	Vice President
Kathy Haught	-	Secretary
Felix Amaro, Jr.	-	Treasurer
Chris Capers	-	Assistant Secretary

Director Robin Campbell was absent. 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; Richard Fadal of TexaScapes, Inc.; Deputy Oscar Gonzales of the Travis County Sheriff's Department; Lee Hill and Ernest Robles, residents of the District; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Richter called the meeting to order at 5:45 p.m. and asked if there were any residents present who wished to address the Board. Mr. Hill thanked the Board for the staff's quick response to the damage from the recent storm. He then reminded the Board that the District was coming into tax season and encouraged the Board to start reducing the tax rate based on the increased appraisals, noting that he wanted to start focusing on the amount actually needed to pay for operations since, in 2021, the District would start paying down its debt.

Director Richter then asked if there were any Board member announcements. Director Capers stated that he felt the CASE conference was an excellent conference and encouraged the entire Board's attendance. Director Richter stated that one of the most highly-rated speakers was Ronnie Moore, an engineer who had been recommended by Ms. Littlefield.

Director Richter stated that the Board would next consider approving the minutes of the May 26, 2015 Board meeting. Upon motion by Director Capers and second by Director Haught, the Board voted unanimously to approve the minutes.

Director Richter then stated that the Board would receive the District's security report. Deputy Gonzales reported that there had been a lot of criminal activity in May,

including an auto theft on Connor Downs. He stated that there had been a series of incidents caused by a single juvenile, including an auto theft and burglaries. Mr. Hill stated that the public needed to know about juveniles who were problems in the neighborhood so they could contact the judges. Deputy Gonzales also stated that there had been a series of residential burglaries in which the residences' back yard gates had been left unlocked. He stated that the deputies were now putting this information in their reports. Deputy Gonzales reported that there had also been burglaries of vehicles, broken windows of vehicles and miscellaneous criminal mischief. He stated that, with kids out of school, criminal activity was increasing. **Director Haught asked about identifying a designated location for Craigslist transactions. Ms. Oliver stated that she would contact the Pflugerville police department.**

Director Richter then stated that the Board would receive the landscape maintenance report and recognized Mr. Fadal. Mr. Fadal presented the plant of the month, Hardy Hibiscus, noting that this plant was not a native, but was very winter hardy and good for three or four years. He then reviewed the landscape maintenance report attached as **Exhibit "B"** and stated that all work was on target and that his staff was spending most of its time mowing and pruning after the recent rains. Mr. Fadal noted that he estimated 300 to 400 cubic yards of tree debris had been removed after the storms. Mr. Fadal advised the Board that the District was about a month behind on top-dressings, noting that the manufacturers were behind schedule as well, but that he planned to complete this work by the end of the week.

Director Richter stated that the Board would next receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver reviewed her monthly report, attached as **Exhibit "C"**, with the Board. She presented a purchase order for Mutt Mitts and receptacles and requested approval. Director Richter moved approval of the purchase order and Director Haught seconded the motion, which was unanimously adopted. Ms. Oliver reported that the District had filled 16 dumpsters in week one and 14 in week two of the Clean-Up Days and added that bulky trash pickup fliers had been distributed to all residents. She recommended compensation to the Boy Scouts in the amount of \$1,600 for work on manning the Clean-Up Day sites. Director Haught stated that the Boy Scouts had not been there at the time she went to make a drop off, but she had determined she had come too early and added that she appreciated that the staff had gone by to verify their presence. Mr. Hill stated that he had taken some large items and the Boy Scouts had assisted him in getting the stuff out of his truck. Director Haught moved approval of the payment to the Boy Scouts and, upon second by Director Amaro, the motion was unanimously adopted. Ms. Oliver confirmed that the graffiti at Village @ Northtown detention pond had finally been removed. Director Capers asked what area around Heatherwilde and Wells Branch Parkway the District was responsible for mowing. Ms. Oliver responded that this was the County's maintenance responsibility. Director Capers noted that the County was currently doing a pretty good job and Director Richter pointed out that Mr. Hill stayed in communication with the County on this issue.

Director Richter then distributed the proposal from TexaScapes attached as **Exhibit "D"** for an irrigation wiring repair and explained that there were two irrigation-related issues in the 50-acre park. She stated that the smaller of these could

be repaired by Mr. Fadal's crews under this proposal. Director Richter stated that the Parks Subcommittee recommended approval of the proposal and explained that the 50-acre park had a 91-station irrigation system. She stated that the larger problem that needed to be repaired would require hiring a specialist as Mr. Fadal's irrigator had not been able to locate what caused the system outage. After discussion, the Board agreed to authorize the work for a not-to-exceed cost of \$10,000 and to authorize payment through a bookkeeper's check, with the requirement that the warranty be in favor of the District. Director Richter moved approval of the proposal and the larger repair on the conditions stated. Upon second by Director Haught, the motion was unanimously adopted.

Director Richter stated that Mr. Foster had been unable to attend the meeting, but called the Board's attention to his report, attached as **Exhibit "E"**. She then distributed the estimate for repair of the damage to the District's trails, attached as **Exhibit "F"**, and noted that there had been no damage to the concrete areas of the trail, but some of the decomposed granite areas of the trails had been washed out again. Director Richter stated that the Parks Subcommittee had noted that this would be the second replacement of some of the areas of decomposed granite in the last two years. She added that this proposal included repairing the sidewalk that had been stained by the chemical spill at the lift station and added a small area of trail at the volleyball courts at Stoney Creek Park. She recommended approving the engagement letter with the engineer for the preparation of the plans and bid documents attached as **Exhibit "G"** and authorizing proceeding with the advertisement and bid process for the repairs as outlined in the engagement letter. Director Haught noted that the Parks Subcommittee had made some judgment calls in developing the scope of work and that concrete had been recommended where it was felt that this was a long-term solution. Director Amaro asked if the Parks Subcommittee had discussed any changes that would be made to the flow of water when concreting more areas. Director Richter responded that Mr. Foster had taken this into account. Director Amaro stated that, with the changing weather patterns and the increased likelihood of "rain bombs", he wondered if increasing the amount of concrete trails was advisable. Director Richter noted that there were some challenges due to the impervious cover limitation and the need to balance the needs of runners and joggers. After discussion, Director Richter moved approval of the proposal and authorizing proceeding with the bid process. Upon second by Director Haught, the motion was unanimously adopted.

Director Richter stated that the Board would next discuss the use of surplus funds. Ms. Littlefield distributed the report on reimbursable costs attached as **Exhibit "H"** and explained that the District's auditor had confirmed that the amount due to KB Home Lone Star for the improvements in the Lakes at Northtown was \$663,139.22. She then presented the Conveyance of Existing Facilities and Bills Paid Warranty attached as **Exhibit "I"** and the disbursement letter attached as **Exhibit "J"**. After discussion and upon motion by Director Amaro and second by Director Haught, the Board voted unanimously to approve the report on reimbursable costs, to accept the Conveyance, and to authorize disbursement of the surplus funds in accordance with the report on reimbursable costs and disbursement letter.

Director Richter then recognized Mr. Douthitt, who presented the updated bookkeeping report attached as **Exhibit “K”**. Mr. Douthitt reviewed the proposed funds transfers summarized on page one of his report, including a transfer from the District’s operating account to the manager’s account in the amount of \$18,000; a transfer from the District’s TexPool operating account to the District’s operating account in the amount of \$200,000; a transfer from the District’s Compass lockbox account to the TexPool operating account; and a transfer from the Capital Projects 2006 fund to the 2007 fund to provide funds for payment to KB Home Lone Star as approved by the Board. Mr. Douthitt also reviewed the Director and vendor payments that were being presented for approval and noted that the per diem to Director Campbell would need to be voided due to his absence from the meeting. He called the Board’s attention to additional payments that had been added to the report since the packet date as well as the payments related to the City of Austin rate case. He also advised the Board that the District’s office rent was going to go up about \$240 per month due to the increase in the property tax on the building. The Board discussed triple-net leases and how pass-throughs under leases worked. Upon motion by Director Haught and second by Director Capers, the Board voted unanimously to approve the payment of the bills and invoices and the transfers, as recommended.

Director Richter then recognized Mr. Anderson for purposes of receiving the general manager’s report. Mr. Anderson noted that the District currently had 2,947 occupied single-family connections, a total of 3,837 accounts and an estimated population of 10,086. He added that the District had satisfactory lab results and had experienced a 14.68% water loss for the prior reporting period. He stated that the overall water loss on the annualized basis was about 8.6% and that he felt the loss was averaging out, but noted that there were variations from month to month that he was having his staff look into. Mr. Anderson then called the Board’s attention to the write-offs set forth on the list attached as **Exhibit “L”**. He noted that he had included the billing histories for the larger write-offs and requested approval of the write-offs. After discussion, upon motion by Director Amaro and second by Director Haught, the Board voted unanimously to approve the write-offs, as presented.

Director Richter then recognized Ms. Littlefield for purposes of receiving the attorney’s report. Ms. Littlefield advised the Board that the Wildflower HOA had requested permission to install “no parking, towing” signs at the Wildflower Park as outlined in the email from Lupe Serna attached as **Exhibit “M”**. She stated that the property line between the park and the adjacent alleys had not been definitively located. Ms. Oliver estimated that the cost to survey the line would be about \$3,500. Director Richter moved that the Board authorize the Park Subcommittee to spend up to \$4,000 to survey the District property line adjacent to the alleys. Upon second by Director Capers, the motion was unanimously adopted.

Ms. Littlefield then presented the engagement letter with McCall Gibson Swedlund Barfoot, PLLC for preparation of the report on reimbursable costs attached as **Exhibit “N”**. Upon motion by Director Amaro and second by Director Haught, the Board voted unanimously to approve the engagement letter.

Director Richter called the Board's attention to a notice from the City of Austin regarding its possible challenge to commercial property values and a potential delay in value certification. She then advised the Board that a resident on Darjeeling Tea had complained about bamboo growing adjacent to his fence and damaging his fence. She stated that it was ultimately determined that this was the County's property, adjacent to the Pflugerville Estates, and so the resident had been directed to contact the County.

There being no reports from developers' and landowners' representatives, and no other business to come before the Board, the meeting was adjourned.

Date: July 28, 2015

(SEAL)

Kathy Haught, Secretary
Board of Directors