

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

June 25, 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 June 25, 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, except 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 and Ryan Paul 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.; Kathy Haight, Lee Hill, Alan Rivaldo, Tiffany Chance and Doug Stuart, residents of the District; Scott Foster of 360 Professional Services, Inc.; Randy Wilburn of the Law Offices of Randall Wilburn; 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. Director Campbell recognized Mr. Hill, who updated the Board on several projects he had been working on and thanked Mr. Fadal for leading the way on getting the right-of-way areas mowed, noting that the County and City had followed suit.

Director Campbell then recognized Mr. Stuart, who noted that the District's home page stated that a burn ban was in effect. He added that the County burn ban had been lifted on April 3rd, but he had seen continuous signs and felt misled. Mr. Stuart then reported that his neighbor at 904 Low Brim Cove had had an inoperable vehicle towed to his house. Mr. Stuart requested that the District have it removed. He also stated that his neighbor's chain link fence, which was built between their properties, was built out of fence remnants. Ms. Littlefield advised Mr. Stuart that the District did not have Architectural Control Committee authority, but could send the neighbor a letter if his fence was not in compliance with the covenants. Mr. Stuart stated that, as a resident, he had never burned anything on his residential property, but, as a commercial business owner, he had had the need to burn brush and formerly he would have assumed that the information on the District's website was correct. Director Campbell advised Mr. Stuart that the District would have the error corrected.

Director Campbell stated that, as there were no Board member announcements, the Board would next consider appointing a director to fill the vacancy created by the resignation of Director Gray. Director Campbell noted that, based on prior discussion, he felt the District had a superior candidate. Director Richter then moved appointment of Kathy Haught to fill the vacancy created by the resignation of Director Gray. Upon second by Director Amaro, the Board voted unanimously to appoint Ms. Haught to fill the vacancy. Ms. Haught then took her Oath of Office and, after discussion, upon motion by Director Amaro and second by Director Richter, the Board voted unanimously to approve the Sworn Statement, Oath of Office and Bond for Director Haught. The other Board members welcomed Director Haught to the Board.

Director Campbell stated that the Board would next consider the election of officers. Director Richter moved that the Board appoint Director Amaro as Treasurer and Director Haught as Assistant Secretary, and otherwise retain the same slate of officers. Upon second by Director Amaro, the motion was unanimously adopted.

Director Campbell stated that the Board would next consider approving the consent items on the Board's meeting agenda: the minutes of the May 28, 2013 Board meeting and a revised District Registration Form. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the consent items.

Director Campbell then recognized Deputy Kinnard for purposes of receiving the District's security report. Deputy Kinnard reported he hadn't received any major crime reports and that burglaries were down in the District. He stated that he had been asked by the Brookfield Homeowner's Association ("HOA") to have a little more presence, including at the pool, and so he had had the deputies do that. Deputy Kinnard confirmed that the HOA had a lifeguard on duty and added that his department would be doing its best to help keep her comfortable. He reported an increase in family violence, but a decrease in property crimes. He added that the HOA was having a security camera installed. Director Amaro asked for an update on the burglary cases that had been discussed at the last Board meeting. Deputy Kinnard stated that some of the cases were still in the District Attorney's office and some had been resolved on a plea bargain basis, which were largely the juveniles. In response to a question from Director Martinez, Deputy Kinnard stated that he did not feel the deputies needed an increase in patrol hours at this time. He stated that there had been a personnel change, and that he was working on selecting a new deputy who would do a good job for the District. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the payment to the Travis County Sheriff's deputies as set forth on the updated cash activity report attached as **Exhibit "B"**. Director Amaro then inquired if a more detailed form of report could be used as a template to improve the quality of reporting from the deputies since there was going to be a personnel change. Deputy Kinnard stated that he would work on encouraging the deputies to provide more detail. Director Amaro noted that there would need to be a change in the membership of the Security Committee due to Director Gray's resignation.

Director Campbell stated that the Board would next receive the landscape maintenance report and recognized Mr. Fadal. Mr. Fadal stated that, due to the hot and dry weather, TexaScapes was increasing the irrigation levels, and the winter grasses were dying out and the summer grasses would be taking over. He added that TexaScapes had applied an organic fertilizer and turned the mulch, and would be hand-

watering trees and plants as necessary in the summer cycle. Mr. Fadal stated that special pond maintenance was scheduled to start in the next few days. He presented Purple Fountain Grass as the “plant of the month”, and stated that it was considered an annual in this area as it would freeze back. Director Richter commended the TexaScapes crews’ work on the stump-grinding effort.

Director Campbell then stated that the Board would receive the on-site manager’s report and recognized Ms. Oliver. Ms. Oliver presented the staff maintenance report and stated that she did not have any directives from the prior month. She presented photos showing the before and after of the stump grinding effort, and added that there had been 400 plus stumps removed, which had taken four days to complete. She stated that the Covenant Subcommittee had approved going forward with suit on 118 Wild Senna for an unmaintained roof and on 13913 Golden Flax for fence maintenance and a trash can.

Ms. Oliver then presented the information on the proposed employee 401K plan attached as **Exhibit “C”**. Director Amaro reported that the Subcommittee had met with EIP, a consultant, to review the plans available for the District’s employees to determine what was realistic for an entity of the District’s size. He stated that the District could provide a 401K, which, after a period of required employment, would allow the District to match. He stated that the fees were surprisingly low. Director Amaro noted that EIP provided a training process, and that the employees would have the option to receive guidance or to make their own investment selections. He stated that this appeared to be the best option for the District at this point. Director Richter called the Board’s attention to the fee structure and estimated costs. Director Richter thanked Ms. Littlefield for providing the referral to this company. Director Amaro stated that the Subcommittee recommended a minimum one-year work requirement and then a year after that to be eligible for vesting and to allow for withdrawal for catastrophic situations, but not offer loans. Director Richter asked that Mr. Douthitt include a line-item in the next budget to provide for this program, and he agreed to do so. Director Richter then moved approval of the 401K proposal as outlined on **Exhibit “C”**. Upon second by Director Martinez, the motion was unanimously adopted. Mr. Hill asked what percentage would be matched and Director Richter stated that it would be 5%.

Director Campbell then recognized Mr. Foster for purposes of receiving the engineer’s report. Mr. Foster presented his report, attached as **Exhibit “D”**, and noted that TexaScapes would begin the pond maintenance work soon and expected it to be completed by the end of summer. Mr. Foster stated that he had completed site planning work for the force main project and would finalize the proposed alignment for the Subcommittee to evaluate. Mr. Foster stated that he was monitoring the Fish Tract, which was a development near Dessau and Fish Lane, and was working with the City of Austin on an easement and other issues that could impact the District. He stated that the project was planned for single-family residential south of the creek, and higher density north of the creek. Director Campbell noted that Mr. Foster and Ms. Littlefield were still working with the City to attempt to coordinate an easement for District wastewater facilities that would be required in the future.

Director Campbell then recognized Mr. Douthitt for purposes of receiving the bookkeeper’s report. Mr. Douthitt stated that he had meet with Director Amaro as the

District's new representative for review of bills. He presented the updated cash activity report attached as **Exhibit "B"** 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, noting that these included a transfer from the District's operating account to the manager's account, from the District's Logic account to the operating account and from the District's lock box account to the TexPool operating account. He reviewed the invoices that he was recommending for approval, and advised the Board that Texas Disposal Systems had increased its invoice, but the CPI adjustment had been miscalculated and so he had had that invoice corrected. Mr. Douthitt 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. Mr. Douthitt stated that the District was still holding retainage for G Creek, as it had not yet achieved revegetation. Upon motion by Director Martinez and second by Director Amaro, the Board voted unanimously to approve the payment of the bills and invoices and the transfers as presented, with the exception of the payments to the Sheriff's deputies previously approved.

Director Campbell then recognized Mr. Anderson for purposes of receiving the general manager's report. Mr. Anderson introduced Mr. Paul, the operator for the District. Mr. Anderson apologized that he had not yet met with the Board's Subcommittees on security deposits or the Crossroads' contract. The Board agreed that Director Campbell and Director Richter would serve on both subcommittees. Mr. Anderson then reviewed his report, attached as **Exhibit "E"**, noting that the District currently had 2,870 active connections. He stated that the District had experienced an 8.32% water gain. Director Campbell expressed concern about the on-going water gain. Mr. Anderson stated that the City had tested the master meters and found them to be accurate. Mr. Anderson stated that the District had no 90-day delinquent accounts. He requested approval of the write-offs attached as **Exhibit "F"**. Upon motion by Director Martinez and second by Director Richter, the Board voted unanimously to approve the write-offs.

Mr. Anderson then presented the agreement with T-Tech attached as **Exhibit "G"**, which he explained would allow the District's customers to pay by e-check or bank draft. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the agreement.

Director Campbell then recognized Director Richter for purposes of receiving a report on park development matters. Director Richter stated that there was no Subcommittee report. Director Campbell stated that he had comments on the proposed revised park rules and noted that he felt the "no camping or fires without approval" should be removed, as it was inconsistent with dawn to dusk park hours. He also pointed out that the amounts were reversed for money that was refundable and non-refundable in one place. Director Richter requested that the rules be tabled until the next Board meeting.

Director Campbell stated that there were no developer or landowner reports, but that he wanted to update the Board on the Villas at Tech Ridge, the first apartment complex in the District. Director Campbell reported that he, Ms. Oliver and Director Amaro had met with an engineer for the project to get clarification on some proposed site changes and that one item they had discussed was that, in the center of complex,

they were proposing to take down a carport and put up a 10-car garage. He stated that they also wanted to put in a maintenance building and the Subcommittee had expressed a problem with the style. Director Campbell stated that they had come back with additional masonry that improved the look. He also reported that the Subcommittee had found that two garages shown on the plan, backing up to Howard Lane, were actually carports. Director Campbell stated that it was the Subcommittee's desire to keep the carports back from the roadway and explained that the Subcommittee had recommended some changes to the elevations for the carports, but the developer had declined to make any changes. Director Richter stated that she felt the rules should be applied consistently and she supported the request made of the developer. Director Campbell noted that Ms. Oliver was instrumental in coordinating many of the Subcommittee meetings.

Director Campbell stated that the Board would next convene in executive session to receive legal advice regarding director matters and rate challenge matters. At 6:46 p.m., the Board convened in executive session pursuant to Section 551.071 of the Texas Government Code for purposes of receiving legal advice regarding director items. At 6:52 p.m., the Board reconvened in open session and Ms. Littlefield stated that, due to Director Haught's employment with the City of Austin, Director Haught would be submitting a conflict affidavit and abstaining from the discussion or vote on any matters involving the City of Austin. At this time, Director Haught excused herself from the meeting.

At 6:53 p.m., the Board reconvened in executive session pursuant to Section 551.071 of the Texas Government Code for purposes of receiving legal advice regarding the City of Austin wholesale water and wastewater rates and joint rate challenge. At 7:04 p.m., the Board reconvened in open session and Director Campbell announced that no action had been taken in executive session.

Director Campbell then reported that the Board had received legal advice on Director items and the rate challenge. He noted that the working group on the rate challenge had discussed engaging a public relations firm. Director Richter moved that the Board agree to pay a 14% share of the cost of engaging a public relations firm, for a trial run of three months at \$700 per month, and Director Amaro seconded the motion. Director Campbell noted that the public relations firm would also be soliciting additional participation in the rate challenge. Director Richter stated that the next three months were critical. Director Campbell clarified that the District would only be participating in this cost if the other districts participated as well. After discussion, Directors Campbell, Richter, Martinez and Amaro voted to authorize participation in the cost of engaging a public relations firm for three months at a cost of \$700 per month, with Director Haught out of the room and abstaining from the discussion and the vote.

Director Campbell reported that he had been on a full park tour and commended the District's staff, consultants and the Parks Subcommittee for their efforts to provide a park of such a high quality.

Ms. Oliver then distributed a photo of a cut-out from a fence and asked if the Board wished to pursue the matter as a covenant violation. Mr. Hill identified the cut-out as a "dog window". After discussion, the Board declined to pursue the matter as a violation.

There being no further business to come before the Board, the meeting was adjourned.

Date: _____.

(SEAL)

Alex Martinez, Secretary
Board of Directors