

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

June 28, 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 June 28, 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 Amaro, 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"); Allen Douthitt of Bott & Douthitt, PLLC; Scott Foster of Kimley-Horn & Associates, Inc.; Lee Hill, Kathy Haught, John Holiman and Pedro Medina, residents of the District; and Sue Brooks Littlefield of Armbrust & Brown, PLLC. Jim Nias, representing Village @ Northtown, Ltd., 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. There were no citizens' communications. Director Richter thanked Mr. Foster and Deputy Kinnard for their presentations at the CASE summer conference, noting that both had represented the District and its programs very well.

Director Campbell stated that the Board would next consider approving the consent items on the Board's meeting agenda: the minutes of the May 24, 2011 Board meeting and the Amendment No. 1 to Recycling and Solid Waste Disposal Services Agreement attached as **Exhibit "B"**. 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 not receive a report from the District's financial advisor as it had been determined that the proposed refunding bond issue was not feasible at the present time and the District's 2011 bond issue was still under review at the City.

Director Campbell then recognized Deputy Kinnard for purposes of receiving a report regarding District security. Deputy Kinnard reported that criminal activity in the District during June had not been too bad, although there had been some graffiti incidents. He stated that his office was looking at some deterrent steps, including the possible use of a camera in the affected areas. He stated that some of the badge sensors were missing, and noted that he had advised his officers not to scan their cards when there were individuals around. Director Gray thanked Deputy Kinnard for the email reports he had provided to the Security Subcommittee, which he stated had been very helpful. Deputy Kinnard reported that he was working with the condominium project's management on derelict vehicles within the complex. He stated that he had received a lot of information at the CASE conference and encouraged the Board members to attend the conference in 2012. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the Agreement Regarding Use of Private Vehicle for Uniformed Off-Duty Peace Officer Patrol and Protection Service attached as **Exhibit "C"** and related automobile liability insurance through TML, as summarized on **Exhibit "D"**. Director Campbell asked if Deputy Kinnard's insurance company was aware of his commercial use of the vehicle and Deputy Kinnard confirmed that it was. He stated that he would add the District as an additional insured as required by the agreement. 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 set forth in the bookkeeper's report attached as **Exhibit "E"**.

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 reviewed documentation regarding a resident's concern over his neighbor's parking next to his home and was working on this with Ms. Littlefield. She stated that the graffiti on Howard Lane had been painted over. Ms. Oliver confirmed that signs notifying the residents of the closing of the soccer fields had been posted, but added that the signs were apparently being removed by residents and the fields used on the weekends. She called the Board's attention to her monthly expense report, attached as **Exhibit "F"**, and the maintenance report, attached as **Exhibit "G"**. She also reported that the District's burn ban signs were being stolen, and that she had only a few replacements left. Director Gray suggested providing Ms. Oliver with \$500 per month for supplies independent of the park supplies expense account and moved that the Board authorize Ms. Oliver to purchase up to \$500 per month of office supplies and receive reimbursement, in addition to the park expense allowance. Upon second by Director Richter, the Board voted unanimously to approve the additional expense allowance. Director Richter then presented the proposal for purchase of a computer for Mr. Robles' use, attached as **Exhibit "H"**. She moved approval of the proposal at a cost not to exceed \$665. Upon second by Director Martinez, the Board voted unanimously to approve the purchase. Director Richter then stated that there were no dog waste receptacles at Battenburg Lane and moved approval of the purchase of three additional receptacles at a cost not to exceed \$1,174.81, as set out in the proposal attached as **Exhibit "I"**. Upon second by Director Martinez, the motion was unanimously adopted. Ms. Oliver then recommended that the Board authorize the purchase of five additional sets of vehicle magnets and presented the proposal attached as **Exhibit "J"**. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to authorize the purchase. Ms. Oliver then reviewed the condition of the property at 110 Wild Senna, noting that the owner had reported that the home was in

foreclosure, but the condition continued to deteriorate. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to authorize Ms. Littlefield to contact the Wildflower Property Owners Association to see if it had the power to maintain the property at the owner's expense and, if so, to authorize the clean up by means of an agreement with the Association.

Director Campbell stated that the Board would next discuss District staffing, including employee benefits and personnel policies and recognized Director Gray. Director Gray reported that he and Director Richter had obtained a proposal from Texas Municipal League for employee health insurance, and reviewed the cost breakdown attached as **Exhibit "K"**. He reviewed the differences between the plans and premiums, and stated that his preference, based on his analysis of the out-of-pocket expenses as summarized on the cost breakdown, was for the P75 plan, noting that the only downside was cost in the event of a catastrophic event. He stated that the major issue was the deductible. He also explained that August 1st was the beginning of each plan year. Director Martinez stated that he agreed with the analysis of the deductible and inquired about the co-pay. Director Gray stated that there was no co-pay under the P75 plan, but the employee would pay 30% of the cost per visit, which he noted was generally less than \$20, based on the lower rates negotiated by the insurer. He reviewed the recommendations for other coverages, including the cost of dependent coverage which he explained he proposed be shared 50/50. Mr. Hill stated that he felt employees who worked outside needed this type of coverage. Director Gray stated that he would like to receive Board approval of the plan and authorization to sign any necessary paperwork to bind the coverage effective August 1st. Director Richter stated that her only concern was the cost of 30%, but added that she understood Director Gray's analysis and, based on that, moved approval of the plan and authorization for Director Gray or, in his absence, her, to execute any related documents required to bind the coverage. Director Martinez and Director Campbell concurred with this recommendation based on the apparent advantages of the coverage. Upon second by Director Martinez, the motion was unanimously adopted. Director Campbell thanked the subcommittee for its work on the coverage and the thorough report.

Director Campbell then stated that the Board would receive a report from the District's landscape contractor. Director Richter noted that Mr. Fadal was not in attendance, but had submitted a proposal relating to the pond work maintenance project which would be presented by Mr. Foster.

Director Campbell then recognized Mr. Foster for purposes of receiving the engineer's report. Mr. Foster reviewed his report, attached as **Exhibit "L"**. He stated that his directives had been completed. He then recommended conditional acceptance of Lakes at Northtown Section 4, noting that the project had received City acceptance and was awaiting County acceptance. He recommended that the acceptance be conditioned upon finalization of County acceptance. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to do so. Mr. Foster stated that he had received no updates on the Lakes multifamily development. He reviewed the work on the Harris Ridge Boulevard extension project and advised the Board that the well project was out to bid, and that bids would be opened on the July packet date and so the recommendation on award would be provided as a supplement. Director Richter thanked Mr. Foster, Mr. Anderson and Mr. Fadal for their input on the well

project. Mr. Foster stated that work on the pond maintenance plan was coming to a close, and reminded the Board that the larger maintenance projects were currently out to bid and would be presented for Board approval at the July meeting. He reviewed the proposal from TexaScapes for maintenance of the last five small ponds, attached as **Exhibit “M”**, and recommended approval. Director Richter moved approval of the proposal. Upon second by Director Martinez, the Board voted unanimously to approve the proposal. Mr. Foster then reviewed the bid tabulation and recommendation of award for the low flow lift station project, attached as **Exhibits “N” and “O”**. He stated that his firm had reviewed the low bidder’s qualifications and inquired about the differences between the two bids and recommended award to the low bidder, Forsythe Brothers Infrastructure, LLC. Mr. Foster noted that, as there had only been two bidders, it was more difficult to evaluate the differences between the two bids. He confirmed that the low bidder had been advised that the Board would not be inclined to approve any change orders. Director Campbell confirmed that he had questioned the cost differences, but that Mr. DeMotte and Mr. Foster had reviewed the differences and recommended the award. Upon motion by Director Martinez and second by Director Richter, the Board voted unanimously to approve the award of the contract as recommended by the District’s engineer. Mr. Foster explained that the project cost was lower than anticipated because the City had not required several high-ticket items. Mr. Anderson noted that the next major project would be the replacement of the pumps at Lift Station 2. Mr. Foster stated that he anticipated presenting the water master plan and mapping projects at the July Board meeting.

Mr. Foster then explained that the District was still awaiting receipt of several easements required for the MeadowPointe fence project. Director Campbell noted that there was a question as to whether the Board should again contact the residents who had not responded, and provide the letter in Spanish as well as English. After discussion, the Board directed that this be done. Mr. Foster then updated the Board on the low water pedestrian bridge, noting that his office had evaluated the options and determined that the bridge would have to be 250 feet long due to the quantity of water that, on occasion, passed in this location. He noted that this would cost dramatically more than originally anticipated and would also create an aesthetic issue. Director Richter and Director Martinez stated that they recommended abandoning the project as a result of this determination.

Director Campbell then stated that the Board would discuss park development matters and recognized Director Richter. Director Richter reviewed the monthly expense report attached as **Exhibit “P”**, noting that the Subcommittee had approved the removal of three dangerous trees and purchase of a measuring wheel to measure the trails. Director Richter then reminded the Board that it had been determined that the electronic door locks to the pavilion restrooms could not be overridden to allow use by the deputies when they were on patrol and presented the proposal for an electronic access system, attached as **Exhibit “Q”**, which she noted would allow the deputies to use a code to access the restrooms. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the access system as recommended, and directed Ms. Oliver to delete the sales tax from the payment. Director Richter then requested that the Board members review the draft revisions to the modified park rules prepared by the Park Subcommittee and provide their input on the proposals before the rules were finally presented. After discussion, the Board agreed

that any comments would be forwarded to Ms. Oliver. Director Richter stated that Ms. Oliver had done a lot of research on the rules implemented elsewhere. Several Board members expressed concern about the use of the District's facilities by non-residents. Director Richter asked that the Signage Subcommittee review the Park Subcommittee's proposals for park-related signs for discussion at the July Board meeting.

Director Campbell then stated that the Board would discuss other District signage. Director Campbell noted that the four entryway signs had been installed. He stated that they looked very nice, but added that Ms. Oliver had pointed out that there were some imperfections that needed to be corrected as punch list items. Director Richter then inquired about space on the signs for posting of the Board's meeting agenda. Director Campbell reminded the Board that it had determined not to post agendas on roadside signs since these would neither be safely accessible or readable. After discussion, the Board directed that the agenda only be posted at the park and the District office, in addition to the County courthouse.

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 "E"** and reviewed it with the Board. He recommended approval of the transfers set forth on page one of his report. Mr. Douthitt also requested approval to renew the District's Ironstone Bank CD in the amount of \$245,000. Mr. Douthitt advised the Board that the District had received park fees for the Lakes Boulevard multifamily project, and had also received the connection fees related to the project. He advised the Board that the City of Austin water and wastewater invoice had not yet been received, but added that no penalties were being assessed as the delay in payment was due to the timing of the City's billings. Mr. Douthitt pointed out that the final payment for the entry signs was on the list for approval, and recommended that the Board approve the payment, but direct him to hold it until the punch list items mentioned by Director Campbell were addressed. Mr. Douthitt then reviewed the bills and invoices, and called the Board's attention to the bills added since the packet date. Upon motion by Director Gray and second by Director Richter, the Board voted unanimously to approve the payments, with the exception of the per diem to Director Amaro, which would be voided due to his absence from the meeting, and the checks previously approved to the Travis County Sheriff's Department, and with the directive that Mr. Douthitt hold the payment to Capital Architectural Signs until its release was approved by Ms. Oliver, and to approve the transfers and investments as presented.

Mr. Douthitt then presented a proposed amendment to the District's 2011 budget and reviewed it with the Board. He stated that the revised budget had been reviewed by the Board subcommittee consisting of Directors Gray and Campbell, noting that the primary changes were due to the termination of the interlocal agreement with Wells Branch Municipal Utility District and the furnishing and staffing of the District office. He noted that one unknown was the funding for the lift station project and whether this cost would come out of bond funds or out of the general fund. Director Richter stated that the landscape contingency should not be reduced in the budget, and Mr. Douthitt agreed to change the number back to the original amount. Director Campbell stated that the newsletter mailout line item should also be reduced as the glossy brochure would not be sent out in the current year. Mr. Douthitt agreed to make this change. Upon motion by Director Gray and second by Director Richter, the Board voted

unanimously to adopt the Resolution Adopting Amended Budget, attached as **Exhibit “R”**, incorporating the budget as finally amended.

Director Campbell then recognized Mr. Anderson for purposes of receiving a report from the District’s general manager. Mr. Anderson reviewed his report, a copy of which is attached as **Exhibit “S”**. He stated that the District had not been set up on AVR during the current month and apologized for the delay, but noted that there were still operating issues that needed to be addressed. Mr. Anderson then reviewed the billing report, and presented the write-off list attached as **Exhibit “T”**. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the write-offs. Mr. Anderson then reported that Crossroads would cost-participate in the next year’s glossy consumer confidence report, as mentioned by Director Campbell, noting that it would include more information than the standard report. Director Gray stated that he wouldn’t personally be in favor of spending much money on the report. The Board agreed that this would be discussed before being implemented.

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 May meeting. She advised the Board that Wells Fargo Bank had refused to release the District’s bond files until they were paid a termination fee of \$500 per issue, even though this was not provided for in their contracts. She explained that transferring the records was time-sensitive, and that Mr. Douthitt had concerns about the handling of the upcoming bond payments. Ms. Littlefield suggested paying the fees under protest in order to obtain the release of the files. Ms. Littlefield also explained that the District had received a request to consent to the transfer of an insurance policy related to the District’s 2007 bonds, but that the District had no rights with respect to that insurance. She recommended that the Board approve the letter attached as **Exhibit “U”** in response. Director Richter then moved that the Board approve the payment of the termination fees under protest and authorize the issuance of Check No. 4262 in the amount of \$2,500 to cover these fees for the five bond issues affected and to approve the letter to CIFG Assurance North American, Inc. Upon second by Director Martinez, the motion was unanimously adopted.

Director Campbell stated that the Board would next receive reports from developers’ and landowners’ representatives and recognized Mr. Nias. Mr. Nias noted that there were a number of easements required by Village@Northtown on the agenda for approval. He stated that he had been working with Patrick Carlson of Ms. Littlefield’s office and Mr. Foster in connection with the easements, and noted that he had five which he had brought for approval, but there was one additional easement which he had just received from the engineers. He asked that the Board authorize the acceptance of the easements, subject to Mr. Foster’s and Mr. Carlson’s approval. Mr. Foster stated that he wasn’t prepared to formally recommend approval until he had an opportunity to review the plats and meet with the engineers. After discussion, Director Gray moved that the Board approve acceptance of the easements subject to the District’s consultants’ normal due diligence, and review and approval by Armbrust & Brown, PLLC and Kimley-Horn and Associates, Inc. Upon second by Director Richter, the motion was unanimously adopted.

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

Date:_____.

(SEAL)

Alex Martinez, Secretary
Board of Directors