

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

June 28, 2016

THE STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS           §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on June 28, 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"**.

The following members of the Board were present, constituting a quorum :

Robin Campbell	-	President
Brenda Richter	-	Vice President
Chris Capers	-	Assistant Secretary

Director Kathy Haught was absent and Director Felix Amaro arrived later. 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; Lee Hill, a resident of the District; and Sue Brooks Littlefield of Armbrust & Brown, PLLC ("A&B"). Richard Fadal of TexaScapes, Inc. 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 thanked the Sheriff's Department for its responsiveness in connection with a recent vandalism complaint. He also inquired about the purpose of the special meeting of the Board that had been scheduled. Director Campbell explained that a special Board meeting had been planned for June 30<sup>th</sup> to discuss policy matters, but that it would be rescheduled as Director Haught would not be able to attend on that evening.

Director Campbell then stated that the Board would consider approving the consent items on the Board's meeting agenda: the minutes of the May 24, 2016 Board meeting and the Resolution Adopting Amended District Code of Ethics and Financial Investment, Travel and Professional Services Policy, Amended Investment Strategies and List of Qualified Brokers attached as **Exhibit "B"**. Upon motion by Director Richter and second by Director Capers, the Board voted unanimously to approve the consent items.

Director Campbell stated that the Board would next receive the security report and recognized Deputy Gonzalez. Deputy Gonzalez reported that there had been a number of vehicle burglaries recently and that there had also been a vehicle stolen after the owner had lost his keys somewhere in the District. He stated that the vehicle was

quickly recovered. At this time, Director Amaro arrived at the meeting. Deputy Gonzalez reported that there had also been a burglary of a residence, in which the burglar had entered through an open garage, and an incidence of criminal mischief in which damage had been caused by an individual with a BB gun. He stated that criminal activity was not bad for the summer months. Ms. Oliver then reviewed the expenses that had been incurred for National Night Out, noting that she had bought thank you cards to send to the companies and individuals who had made contributions towards the purchase of door prizes for the event. Director Amaro stated that he would have a report on the plans for the National Night Out at the next meeting.

Director Campbell stated that the Board would next receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver called the Board's attention to her monthly reports, attached as **Exhibit "C"**, and pointed out the expenditure for the District's annual purchase of Mutt Mitts. She noted that the Solid Waste Subcommittee had requested a report on missing carts, which Texas Disposal Systems ("**TDS**") had agreed to provide. Ms. Littlefield inquired about a recent report of missed pickups and conflicting information that had been received from TDS in response to the residents' complaints. Director Capers reported that TDS management had addressed the problem by making some staffing changes. Ms. Oliver then explained that TDS was placing yellow tags on recycling containers if they contained contaminated recyclable materials. The Board discussed providing additional resident education on what materials were recyclable. Director Capers suggested that information be provided at the National Night Out event. Ms. Oliver reported that the District's clean-up day events had experienced a lot of resident participation, with 16 containers filled on June 4 and 14 containers filled on June 11. The Board agreed that the residents should be reminded of the curbside bulky waste collection option since the District was endeavoring to phase out the clean-up day events. Ms. Oliver then advised the Board that she had mailed the annual payment to the Boy Scouts for their assistance with the District's clean-up days.

Director Campbell stated that the Board would next discuss median and right-of-way maintenance. Director Capers stated that the Subcommittee had not yet met and Ms. Oliver added that the Subcommittee meeting was scheduled for July 19<sup>th</sup>.

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

Director Campbell then recognized Mr. Foster, who presented his report, attached as **Exhibit "D"**. He stated that the Village@Northtown had asked him to continue to review its plans, and that Mr. Lind was to update him on the defective detention pond after he returned from vacation. He reported that he had been contacted by HPI Real Estate Services with a request that the District release a drainage easement that affected a tract of land located outside the boundaries of the District. He stated that he had reviewed the plans and determined that the easement was no longer needed by the District. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the Release and Termination of Drainage Easement attached as **Exhibit "E"**, conditioned upon the applicant's payment of the District's expenses incurred in processing the release. He then presented the proposal from TexaScapes, Inc. for erosion controls and repairs attached as **Exhibit "F"**. He

stated that he believed the proposal constituted a reasonable, long-term solution and recommended approval. Upon motion by Director Richter and second by Director Capers, the Board voted unanimously to approve the proposal. Mr. Foster then presented a proposal for work by his firm in connection with the District fence and facility assessment and reminded the Board that this was a directive from the last Board meeting. He stated that he felt the proposal was all-encompassing, but noted that potentially there would be a need for 53 easements or, alternatively, a license agreement, in order to complete some of the fencing. Director Richter noted that the proposal was structured differently than proposals that had been submitted by Mr. Foster in the past and asked for details about how the revised structure had come about. Mr. Foster explained that some of the projects would potentially be reimbursable out of the District's surplus bond funds and that he had structured the proposal to improve the District's ability to track those expenditures. Director Richter inquired whether the Board would be able to tell the status of completion of each task based on Mr. Foster's billing and Mr. Foster responded that he could separate the fence and facility-related projects to make it easier to do so. Mr. Foster confirmed that he would invoice based on the percentage of completion of each task. The Board agreed that it would be easier to track if the work was done under two separate proposals, one for projects eligible for reimbursement and one for projects that were not. Director Amaro concurred that Director Richter's points were good ones. After further discussion, upon motion by Director Richter and second by Director Capers, the Board voted unanimously to authorize the Infrastructure Subcommittee to finalize and approve two proposals for the engineering work related to the fence and facility assessment, divided into the components previously discussed. Mr. Foster then reported that he was running some preliminary models relating to the pedestrian bridge study and anticipated bringing a final report to the Board at its July meeting.

At this time, Mr. Fadal arrived at the meeting and Director Campbell stated that the Board would receive the landscape maintenance report. Mr. Fadal reviewed his report, attached as **Exhibit "G"**. Mr. Fadal presented the plant of the month, *Salvia Farinacea*, which he explained was perennial when there was a lot of rain but had two dormant periods. He stated that, as a result of the rain, his crews would be treating for fire ants. He also explained that some pretty desirable creeping plants and trees were growing up in the "grow zone", but that there were also some weedy plants in the area. Mr. Fadal stated that, when plants became dormant in July and August, his crews would mow the area and attempt to mow around the saplings and desirable plants. He added that more frequent mowing was necessary in drier years because there was higher weed growth and that he felt the area would stabilize in about ten years, when the desirable natives outgrew the weeds. The Board then discussed hand-removal of rag weed. Mr. Fadal reported that the improvements the District had made to the trails had made a huge difference in stabilizing the trails. Director Amaro agreed, noting that the recent heavy rains had not damaged the trails as they had in the past.

Director Campbell then recognized Mr. Douthitt, who presented the updated cash activity report attached as **Exhibit "H"**. He recommended approval of a transfer from the District's operating account to the manager's account in the amount of \$124,850, a transfer from the District's Logic account to the Chase operating account in the amount of \$150,000, and transfer from the Compass Lockbox account to the TexPool operating

account in the amount of \$125,000 as set forth in his report. He then reviewed the Director and vendor payments that were being presented for approval and noted that the per diem to Director Haught would need to be voided due to her absence from the Board meeting. Mr. Douthitt stated that the payment to the City of Austin had been adjusted per his discussions with Mr. Joyce and pointed out an additional payment to the City was for the District's meter replacement program. Mr. Douthitt 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 that there was also a check to the State for deposit refund checks that had not cleared the bank. He stated that the District was well ahead of plan, largely due to differences in budgeted and actual wholesale water and sewer costs. After discussion, upon motion by Director Capers and second by Director Amaro, the Board voted unanimously to approve the payment of the bills and invoices, with the void noted, 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 "I"**. Mr. Anderson noted that the District had 2,958 occupied single-family connections, a total of 3,837 accounts, and an estimated population of 10,119 as of May. He reported that the District had received satisfactory lab results for its water samples during the prior reporting period, and the District had a 9.19% water loss during the prior reporting period. Mr. Anderson then called the Board's attention to the write-offs set forth on **Exhibit "J"** and recommended approval. Upon motion by Director Richter and second by Director Capers, the Board voted to approve the recommended write-offs. Ms. Littlefield reported that the District's Subcommittee had negotiated a renewal of the District's operations agreement with Crossroads and that the new agreement would be on the Board's July meeting agenda for approval.

Director Campbell stated that the Board would next discuss the wholesale rate case. Ms. Littlefield reported that the City of Austin had requested some utility information that was available in raw form from Crossroads and that she had advised Mr. Anderson to provide the raw data, which the District was obligated to do under the Open Records Act. She added that the District was not required to manipulate the data or create reports under the Act and that Mr. Anderson had provided this information to the City very promptly.

Director Campbell then stated that the Board would receive the attorney's report. Ms. Littlefield reviewed the schedule for adoption of the District's 2016-2017 budget and 2016 tax rate and requested that the Directors put the August and September Board meeting dates on their calendars, since it was essential that a quorum be present at both meetings. The Board agreed that the District's Budget Subcommittee process would begin soon. Ms. Littlefield then reported that the Travis County Tax Assessor-Collector 2016 per parcel rate for tax assessment and collection would be \$1.44 per parcel, which was \$0.10 more than the current rate of \$1.34. but still a good value due to the efficiency of and high collection rates achieved by the County Tax Assessor-Collector.

At 6:28 p.m., Director Campbell announced that the Board would convene in executive session for purposes of receiving legal advice from the District's attorney

regarding contract award issues. At 6:40 p.m., the Board reconvened in open session and Director Campbell announced that no action had been taken in executive session.

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

(SEAL)

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Kathy Haught, Secretary  
Board of Directors

Date: July 26, 2016