

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

July 22, 2014

THE STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS           §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on July 22, 2014, 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, constituting a quorum, were present:

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

Director Alex Martinez and Director Robin Campbell were 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; Deputy Keith Kinnard of the Travis County Sheriff's Department; Jana Edwards of McCall Parkhurst & Horton, LLP ("*MPH*"); Richard Fadal of TexaScapes, Inc.; Scott Foster of 360 Professional Services, Inc.; Lee Hill, Alan Rivaldo and Erica and Trent Lang, residents of the District; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Richter called the meeting to order at 5:46 p.m. and asked if there were any residents present who wished to address the Board. She then recognized Mr. and Mrs. Lang, 13911 Lampting Drive. Ms. Lang stated that her topic was front-yard fences in the MeadowPointe neighborhood. Mr. Lang distributed the information attached as **Exhibit "B"**, and Ms. Lang explained that they had constructed a front-yard fence and so were in violation of the covenants and would like to petition the neighborhood to amend the covenant for the whole neighborhood. Ms. Lang reviewed the information that had been distributed and stated that she felt it would justify an exemption. She stated that there were two existing front-yard fences in the neighborhood and that they had already had several dogs come at them while in their yard. She stated that the fence provided protection for them and their small dogs as it was not flimsy and would stand up to wear and tear. She added that they had tried to keep the fence at 48 inches for visibility. Ms. Lang presented photos of their previous property which she noted showed mature landscaping and explained that they would landscape extensively at this property as well and felt the fence would be lovely once they had the time to do this. Director Richter asked if they were owners or renters and Ms. Lang confirmed that they were owners. Ms. Lang stated that they would really like to pursue the amendment of the covenants, noting that this was desirable for parents with small children and she was willing to take this on for the whole neighborhood. She added that the fence was a sizable investment but that she realized their mistake was not the District's problem.

Director Richter stated that she and Director Amaro were members of the District's Covenant Subcommittee and would normally review covenant-related matters and recommended that the Board defer this matter to the Subcommittee. Director Haught moved to authorize the Covenant Subcommittee to work with Ms. Lang to develop a resolution. Upon second by Director Amaro, the motion was unanimously adopted.

Mr. Hill then addressed the Board and stated that if the District was going to the County for additional security, he would encourage that this be proactive rather than reactive. He added that, if there was a vehicle parked on the street with expired tags, it shouldn't be incumbent upon him to report it to get it tagged. He stated that his neighborhood was rarely patrolled because it was a lower crime area. Mr. Hill encouraged the patrol of the Lakes neighborhood and his neighborhood once or twice a week. Deputy Kinnard responded that the vehicle Mr. Hill had reported had an expired registration, but had temporary tags and so was legally parked and there was nothing the Sheriff's Department could do. He stated that he didn't know why the County allowed this. Deputy Kinnard stated that the inspection requirement only applied to vehicles that were being moved. Director Haught asked that the reports clarify where in the neighborhood the deputies were driving. Deputy Kinnard stated that the deputies made loops and looked for problem areas, but that there was not a specific route.

Director Richter then recognized Ms. Edwards to discuss the United States Securities and Exchange Commission ("SEC") Municipalities Continuing Disclosure Cooperative Initiative ("MCDC Initiative"). Ms. Edwards presented the information attached as **Exhibit "C"**, and advised the Board that the MCDC Initiative was a first of its kind program and explained that the SEC oversaw all bond disclosure requirements. She stated that the MCDC Initiative allowed issuers to self-report if it had made material misstatements in offering documents by stating that the issuer had complied with continuing disclosure requirements when, in fact, they had not. Ms. Edwards stated that the SEC was also offering this program to bond underwriters, with a \$500,000 cap on any penalty. Ms. Edwards explained that, as a result, there was a potential conflict between the underwriters and the issuers. She stated that the District's financial advisor had done a cursory review of the bond issues that were covered, which were those bonds issued between 2009 and the present. She stated that the District's official statements stated that the District was in material compliance, and there were two components that needed to be reviewed: material event notices - such as rating changes - and continuing disclosure filings. Ms. Edwards stated that the concern would be that during the downturn, there were rating changes and insurers going "under". She stated that the District had quite a few bond issues that were rated and insured and that with an issuer such as the District, the question on whether to do additional research was basically a cost-benefit analysis. Director Amaro asked if the District would have had a reasonable expectation that any material events would have been reported. Ms. Edwards explained that the District would not necessarily have received a notice from a municipal bond insurer of a material event affecting the insurer in order to make the required filing. Director Richter then moved that the Board approve the review by MPH at a cost of \$4,500. Director Haught seconded the motion. Director Amaro asked for confirmation that this would include the issues going forward, noting that the District was relying on what the consultants presented that the District was in compliance. Ms. Edwards agreed, but stated that this review would provide assurance as there was always a possibility that something was missed. After being put to a vote, the motion failed.

Director Haught then moved to authorize the Finance Subcommittee consisting of Directors Amaro and Campbell to meet within ten days and authorize MPH to proceed if it determined it was appropriate to do so. Upon second by Director Amaro, the motion was unanimously adopted.

Director Richter stated that the Board would next consider approving the consent items on the Board's meeting agenda: the minutes of the June 24, 2014 Board meeting and the Resolution Expressing Official Intent to Reimburse Certain Costs (force main project) attached as **Exhibit "D"**. After discussion, upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the consent items.

Director Richter stated that the Board would next discuss recycling and solid waste services. Director Haught stated that the Solid Waste Subcommittee was very close to finalizing the new solid waste and recycling contract and had made a lot of progress. She reviewed some of the open issues and explained that Texas Disposal Systems' representative had refused certain existing contract terms and generally made the negotiations difficult. After discussion, Director Amaro moved that the Board authorize the Solid Waste Subcommittee to approve a month-to-month extension or a monthly extension of the existing contract pending finalization of a new contract. Upon second by Director Haught, the motion was unanimously adopted.

Director Richter then stated that the Board would receive the District's security report and recognized Deputy Kinnard. Deputy Kinnard stated that burglaries of residences were down, due to the many proactive things being done by the contract officers working with patrol officers noting that the deputies had responded when a call of an individual with a gun in Lakes at Northtown was received. He stated that the deputies were able to detain the individual but had determined that the gun was a pellet gun. Director Haught inquired, when residents called the non-emergency number, whether dispatch sent the call to the regular patrol or to the deputies on duty for the District. Deputy Kinnard responded that, if the call was not a 911 call, such as a call about a loose dog, then dispatch would send an officer and someone would assign themselves to take the call if it was a priority call. He added that low priority calls were left to patrol to respond to. Deputy Kinnard offered to allow Director Haught to ride along on a shift. Deputy Kinnard reported that a burglary had been called in by Director Amaro and one burglar had reported his own burglary. After discussion, Director Amaro moved approval of the payments to the Sheriff's Deputies as shown on **Exhibit "E"**. Upon second by Director Haught, the motion was unanimously adopted.

Director Richter then recognized Mr. Fadal for purposes of receiving the landscape maintenance report. Mr. Fadal presented the plant of the month, Black Diamond Crepe Myrtle. Mr. Fadal presented the landscape maintenance report attached as **Exhibit "F"** and stated that, because of the recent rains and the drought, a lot of pruning was required to keep the trees above the 8-foot canopy height. He added that the grow zones would be cut back 12 to 18 inches this month, which would allow the natives to come back. Mr. Foster advised the Board that grow zones were a priority in the MS4 permit and so the District was "ahead of the game". Director Richter asked about the status of the ramp, and Mr. Fadal stated that it had been delayed due to the rain, but that it would be done before the next meeting.

Director Richter stated that the Board would next receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver distributed her monthly report attached as **Exhibit "G"**. She stated that there had been one graffiti incident on July 2<sup>nd</sup> and that Deputy Kinnard was investigating the incident. She stated that there had also been a graffiti incident in the ladies restroom in the park and that this had also been reported to the Sheriff's Department. Ms. Oliver stated that there were a number of lawn violations noted due to the recent heavy rains.

Director Richter then recognized Mr. Foster for purposes of receiving the engineer's report. Mr. Foster stated that construction on the Oaks at Techridge Phase II was complete and that plans for Phase 3 were under review. He stated that the water and wastewater would be coming from the City, but the developer would be paying the District parkland fees. Mr. Foster stated that he had met with another multi-family developer on a Village@Northtown tract, but utilities were not available due to the pond acceptance situation. He stated that, on a positive note, there was development ongoing. Mr. Foster stated that he had received minor comments on the MS4 permit application, and that several items were already in compliance with the master regional plan. He stated that the force main project was about 400 feet away from the existing force main and so should be connected by next week. Mr. Foster stated that he was working on the coordination of the tie-in and that it would likely be September before the line was fully commissioned. Mr. Foster stated that no complaints had been received and that great progress had been made. He then presented Pay Estimate No. 1 for the force main project, attached as **Exhibit "H"**, and recommended approval. Mr. Foster then stated that construction on the trail restoration project was underway and presented Pay Estimate No. 3 in the amount of \$108,964.91; Pay Estimate No. 4 in the amount of \$3,825 and Change Order No. 3, attached as **Exhibits "I", "J" and "K"**, respectively, and recommended approval. He stated that the work was substantially complete. After discussion, upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the Pay Estimates and Change Orders and as recommended.

Director Richter then recognized Mr. Douthitt, who presented the updated bookkeeping report attached as **Exhibit "E"**. Mr. Douthitt reviewed the funds transfers he was recommending for approval as summarized on page one of his report. He requested approval of the bond payments and then reviewed the proposed disbursements and called the Board's attention to the additional invoices that had been added to the check register since the date of his invoice review with Director Amaro. Mr. Douthitt also reviewed the payments that had been made out of the manager's account since the last meeting, noting that these were largely utility payments and customer deposit refunds for the past month. He stated that the checks to Directors Campbell and Martinez would need to be voided due to their absence from the Board meeting. Upon motion by Director Haught and second by Director Amaro, the Board voted unanimously to approve the payment of the bills and invoice, bond payments and transfers, as recommended, with the voids noted and with the exception of the payment to the Sheriff's Deputies that had previously been approved.

Director Richter then recognized Mr. Anderson for purposes of receiving the general manager's report. Mr. Anderson reviewed his report, attached as **Exhibit "L"**, and reviewed it with the Board. He noted that the District currently had 2,939 occupied active single-family connections and total of 3,007 accounts. He stated that the District

had reported a 8.85% water loss. Mr. Anderson stated that all water test results were satisfactory. He requested approval of the three write-offs set forth on the list attached as **Exhibit “M”**. Upon motion by Director Haught and second by Director Amaro, the Board voted unanimously to approve the write-offs.

Ms. Littlefield then reviewed the schedule for adoption of the District’s 2014-2015 budget and 2014 tax rate and explained that it was anticipated that the District’s certified assessed valuation would be received later than usual due to delays by the Travis Central Appraisal District, but that she did not expect this to affect the Board’s schedule to establish the proposed tax rate at its regular August meeting and to hold a public hearing and adopt the tax rate at its regular September meeting. She requested that the Board members put these meeting dates on their calendars, since it was essential that a quorum be present.

Director Richter then stated that the Board would next discuss nominations to the Board of Trustees of the Texas Municipal League Intergovernmental Risk Pool. The Board agreed that it did not wish to make a nomination.

Director Richter then stated that the Board would consider the election-related items on the Board’s supplemental meeting agenda: the Order Calling Director Election for November 4, 2014 attached as **Exhibit “N”**; the form Election Agreement with Travis County and form Joint Election Agreement for November 4, 2014 Election, including the Resolution Approving Election Agreement and Joint Election Agreement attached as **Exhibit “O”** and authorizing the District’s legal counsel to give notice of the Director Election for November 4, 2014. Ms. Littlefield presented the Notice of Deadline to file Application for a Place on the Ballot attached as **Exhibit “P”** and reviewed it with the Board. She stated that the terms of office of Directors Richter, Martinez and Haught were expiring. After discussion, upon motion by Director Amaro and second by Director Haught, the Board voted unanimously to approve the items on the supplemental meeting agenda.

There being no developers’ or landowners’ reports and no further business to come before the Board, upon motion by Director Richter and second by Director Amaro, the meeting was adjourned.

Date: \_\_\_\_\_

(SEAL)

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Alex Martinez, Secretary  
Board of Directors