

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

July 23, 2013

THE STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS           §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on July 23, 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
Alex Martinez	-	Secretary
Felix T. Amaro, Jr.	-	Treasurer
Kathy Haught	-	Assistant Secretary

All of the Directors were present, 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.; Scott Foster of 360 Professional Services, Inc.; Jonah Mankovsky of Bury+Partners, representing the Villas at Tech Ridge; and Sue Brooks Littlefield of Armbrust & Brown, PLLC. Lee Hill, a resident of the District, 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 being none, Director Campbell stated that the Board would next consider approving the consent items on the Board's meeting agenda: the minutes of the June 25, 2013 Board meeting; the Resolution Approving Change in Bank Signatories and Change Certificate (LOGIC accounts) attached as **Exhibit "B"**; the Resolution Approving Change in Signatories and Change in Certificate (Bookkeeper's account) attached as **Exhibit "C"**, and the Resolution Approving Change in Bank Signatories and Change Certificate (General Operating, Park and Interest and Sinking accounts) attached as **Exhibit "D"**. 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 that there had been very little criminal activity in June and over the past month, and that this was contrary to historic trends. He stated that there had been a little family violence and very little criminal activity. He stated that he was very pleased and happy to report this to the Board. 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 check register attached as **Exhibit "E"**.

Director Campbell stated that the Board would next receive the landscape maintenance report and recognized Mr. Fadal. Mr. Fadal stated that he was still predicting hot and dry weather for the next month and presented Old Mexico Prickly Pear as the plant of the month, noting that it was perfect for hot weather. Mr. Fadal stated that his crews were slightly behind on maintenance due to the rains as some areas were still a little wet. He reported that he and Ms. Oliver had done a park tour and put up the "grow zone" signs. Mr. Fadal also reported that his crews had also started the use of their water wagon to hand water some of the new tree plantings. He stated that the grow zones were helping to stabilize the creek banks.

Director Campbell then stated that the Board would next receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver presented the staff maintenance report and stated that she had no directives. She noted that the Board needed to appoint trustees for the District's employee retirement plan. Director Richter explained that she and Director Amaro recommended that a Board member or members be appointed. Director Richter then moved that she, Director Amaro and Ms. Oliver be appointed to serve on the Retirement Subcommittee and that Director Amaro, as the Board Treasurer, be authorized to sign any related documents. Upon second by Director Amaro, the motion was unanimously adopted.

Director Campbell then recognized Mr. Foster for purposes of receiving the engineer's report. Mr. Foster presented his report, attached as **Exhibit "F"**, and advised the Board that he had talked to the engineer for the Harris Ridge project and anticipated that work would begin soon to resolve the pond construction issues. Mr. Foster explained that the force main replacement project was ongoing and that not much rock had been encountered at the depth the line would go in and so he would prepare final alignment and cost estimate for presentation at the August Board meeting.

Director Campbell then recognized Mr. Douthitt for purposes of receiving the bookkeeper's report. Mr. Douthitt presented the updated bookkeeper's report attached as **Exhibit "G"** 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, including a transfer from the District's operating account to the manager's account and a transfer from the District's TexPool operating account to the Chase operating account. He stated that he had met with Director Amaro to review the bills and then reviewed the invoices that he was recommending for approval and the payments that had been made out of the manager's account. He stated that the District was ahead of plan with respect to the budget, noting that most of the favorable variance related to unexpended park budget items. He requested approval of the bond payments that would become due in August. The Board discussed the timing for the Budget Subcommittee to meet to develop the draft budget that would be presented in August. Upon motion by Director Amaro and second by Director Richter, the Board voted unanimously to approve the payment of the bills and invoices, and transfers as presented, with the exception of the payment to the Sheriff's deputies previously approved, and to approve the bond payments.

Director Campbell then recognized Mr. Anderson for purposes of receiving the general manager's report. Mr. Anderson reviewed his report, attached as **Exhibit "H"**, noting that the District currently had 2,873 occupied active connections. He stated that the District had an 8.91% water gain, and no 90-day delinquent accounts. He then requested approval of the four write-offs listed on **Exhibit "I"**. Upon motion by Director Amaro and second by Director Richter, the Board voted unanimously to approve the write-offs. Mr. Anderson then called the Board's attention to a proposed amendment to the District's rate order and explained that the Board's subcommittee had met and proposed to raise the cap on the maximum deposit that could be required for customers who were repeatedly delinquent. He explained that the District only had a write-off percentage of about .3%, and Director Richter stated that the subcommittee felt that the rest of the community should not be penalized for a few customers who chose not to pay their bills. Mr. Anderson stated that they also recommended changing the terminology for the disconnect fee to "administrative reconnect fee". Director Martinez expressed concern about having no cap on the amount of the deposit that could be required. Director Richter stated that she didn't feel it was fair for the rest of the residents to subsidize someone who didn't pay their bills, and added that Mr. Anderson had the authority to grant an extension in hardship cases. After discussion, upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the amended rate order attached as **Exhibit "J"**. Mr. Anderson then advised the Board that the District had lost a pump in the low flow lift station, which had been caused by a failure of the starter. He reminded the Board that it had authorized him to get pricing for this repair and stated that he had gotten pricing, including two soft starts, which would save electricity and wear and tear on the starters. He stated that the total pricing was about \$47,000, which was slightly under his initial estimate of \$50,000, although it was possible that some additional repairs would be identified in the course of the work. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the repair. Mr. Anderson then advised the Board that, on Lift Station No. 2, he had to have the wet well pumped out about three times a week, which got very expensive. He reminded the Board that it had been investigating alternatives to the "Muffin Muncher" and explained that the installation of a stainless steel deflector plate at a cost of about \$4,000 had been identified as an option. Director Haught inquired if this was standard protocol and Mr. Anderson stated that it was and was the least expensive option. Mr. Anderson then advised the Board that the second pump at the lift station was experiencing an impeller failure and it would cost about \$17,000 to repair it. Mr. Foster stated that the impeller repair was a maintenance item. Director Richter suggested looking at increasing the maintenance budget and Mr. Douthitt agreed that he would do this. Upon motion by Director Richter and second by Director Haught, the Board voted unanimously to approve the proposed expenditures for the deflector plate and impeller repair. Mr. Anderson then advised the Board that the District had received notice from the City of further manhole deterioration in Dessau Road, and explained there were two other lines feeding into the manhole and so he had originally questioned the City's determination that this was caused by flows from the District. He stated that, after reviewing the City's analysis, he felt this was a good analysis and that he was comfortable that the City's analysis was correct. He stated that it was due to the length of the run to get to the manhole, which was not a controllable factor. Mr. Anderson then presented the notice of violation from the City attached as **Exhibit "K"** and explained that Crossroads had increased the chemicals and was working with the City to try to resolve the problem, but

the District was at the critical mass for the chemical that was being used. He added that the City had suggested injection of an alternative chemical that included magnesium, but the difficulty with this chemical was that it required a large tank that would keep the magnesium stirred up or it would create additional maintenance issues. Mr. Anderson stated that they had suggested an alternative chemical, but the City had not approved it and so now he was looking at yet another option.

Director Campbell stated that the Board would next receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield reviewed the schedule for adoption of the budget and tax rate and reminded the Board that the August and September meetings were important ones. She asked that the Board members contact her office if they would be unable to attend either of those meetings.

Director Campbell then stated that the Board would discuss the District's subcommittee appointments. Director Richter noted that this was primarily to replace positions open due to resignation of Director Gray. She then moved that the following changes be made:

Director Haught and Director Richter to be on the Lease Subcommittee

Director Richter and Director Campbell to be on the Wholesale Subcommittee

Director Amaro and Director Haught to be on the Security Subcommittee

Director Martinez and Director Campbell to be on the Signage Subcommittee

Director Amaro and Director Campbell to be on the Investments Subcommittee

Delete the Ad Hoc Subcommittee

Director Martinez and Director Haught to be on the Solid Waste Subcommittee

Director Campbell and Director Amaro to be on the Budget and Finance Subcommittee

After discussion, upon second by Director Martinez, the motion was unanimously adopted.

Director Martinez then reported on a meeting of Signage Subcommittee with TBG personnel and stated that Mr. Fadal would work directly with the sign fabricator and TBG. He then discussed map updates, including replacing the sign at the entry to the 50-acre park, and a new monument sign. Director Martinez stated that he anticipated bringing a mock-up to the next Board meeting. Director Richter requested that costs be provided to Mr. Douthitt for the 2014 budget for the sign and the trail markers.

Director Campbell then recognized Director Richter for purposes of receiving a report on park development matters. Director Richter presented the information attached as **Exhibit "L"** relating to the District's multi-use fields. She discussed maintenance issues and stated that the top dressing of the larger field had allowed it to remain in better condition. She stated that the smaller field was not in good condition

as it had not gotten the same level of attention. Director Richter added that the soil was clay and both fields were heavily used. She explained the work would require closing the field for several months in order to allow the field to be re-turfed and added that the staff had been closing the larger field after any significant rain, which would also be done on the smaller field in the future. Director Richter stated that Mr. Fadal would also make any changes required to the irrigation system. She pointed out that the District had not done many of its park projects for the year and that park expenditures were significantly under budget. She also presented the proposal for the top dressing of the larger field attached as **Exhibit “M”**. Director Richter then moved approval of both proposals. Upon second by Director Martinez, the motion was unanimously adopted.

Director Campbell stated that the Board would next discuss the Contract for Maintenance and Operation of Retail Utility System with Crossroads Utility Services, LLC. Director Campbell stated that a subcommittee consisting of himself and Director Richter had met with Mr. Anderson to clean up some of the responsibilities and also revise the contract price. He stated that the increase was not significant based on inflation and the services provided. Ms. Oliver pointed out that District staff called in the street light repairs. Director Richter then moved approval of the Contract with the deletion of the street light repair calls. Director Amaro seconded the motion. Upon being put to a vote, the motion was unanimously adopted.

Director Campbell then reported that the rate challenge coalition had hired Three Point Partners, which was starting an interface with the Austin City Council and media on the City’s wholesale water and wastewater rates and the joint rate challenge.

Director Campbell stated that the Board would next receive reports from developers’ and landowner’s representatives. Director Campbell recognized Mr. Mankovsky, and reminded the Board that the Development Subcommittee had been working with the developer to address the masonry on the maintenance building and issues with the two proposed carports right against Howard Lane. He stated that they had asked for aesthetic improvements to those carports and the response had been to just eliminate them from the plan, as the developer decided they would be too expensive. Director Campbell recommended approval of the plan as revised. Mr. Foster asked Mr. Mankovsky about the status of the related site plan amendment with the City. Mr. Mankovsky stated that they would amend the site plan on a parallel track. Director Richter then moved approval of the site plan revision attached as **Exhibit “N”**, provided that the site plan on file with the City of Austin was amended consistently. Upon second by Director Amaro, the motion was unanimously adopted.

Ms. Littlefield then presented the easements that had been requested from Mr. Nias on behalf of Village@Northtown, Ltd., attached as **Exhibits “O”** and **“P”**. Mr. Foster confirmed these easements were necessary under the District’s water master plan. Upon motion by Director Amaro and second by Director Richter, the Board voted unanimously to approve the easements.

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

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

(SEAL)

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Alex Martinez, Secretary  
Board of Directors