

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

July 24, 2012

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 July 24, 2012 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, thus constituting a quorum. 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; Richard Fadal of TexaScapes, Inc.; Scott Foster of 360 Professional Services, Inc.; Deputy Keith Kinnard of the Travis County Sheriff's Department; Kathy Haight, a resident of the District; and Sue Brooks Littlefield of Armbrust & Brown, PLLC. Alan Rivaldo and Lee Hill, residents of the District, and Ian Asselstine and Pat Patterson of the Tech Ridge multi-family project arrived later.

Director Campbell called the meeting to order at 5:49 p.m. and stated that the Board would first receive resident communications and Board member announcements. There being no resident communications, Director Campbell announced that he had attended a meeting with representatives of several other local districts and some of Crossroads' personnel, including Mr. Anderson, about pending wholesale rate increases by the City of Austin (the "*City*"). He stated that Mr. Anderson would discuss this further under his report. Director Richter stated that she understood the District was facing a substantial wholesale rate increase. Mr. Anderson confirmed this and stated that the City staff's proposal was totally contrary to what their appointed rate study committee had recommended. He stated that part of the City's incentive for the increase was a bond rating issue, noting that, under the proposal, the District's base water rate would go from \$1,052 to over \$15,000 per month. Mr. Anderson added that the gallonage water rate would decrease slightly, but that this would not offset the rate increase. Director Gray agreed, noting that it would result in about a 7.7% water rate increase. Director Richter asked what the impact would be on the average resident. Mr. Anderson responded that this analysis had not yet been done. Director Gray stated that he thought it would be about a \$7.00 per month increase. The Board discussed the basis for the City staff's proposal, including the City's concerns about under-recovering due to water conservation measures reducing usage. Mr. Douthitt stated that this

change would necessitate an adjustment in how the District billed its customers in order to avoid the same risk of under-recovering. Mr. Douthitt stated that he understood the City was not following the terms of a rate settlement reached years previously. Director Campbell advised the Board that Mr. Anderson was monitoring the situation for Crossroads and asked if the Board also wanted him to remain involved on behalf of the District, noting that any action would have to come back to the Board. The Board concurred that Director Campbell should remain involved.

Director Campbell stated that the Board would next consider approving the election-related items on the Board's supplemental meeting agenda. He noted that the Notice of Deadline to File Application for a Place on the Ballot, attached as **Exhibit "B"**, had been posted and also placed on the website. He called the Board's attention the Order Calling Director Election for November 6, 2012 attached as **Exhibit "C"** and stated that the other items were to authorize the District's legal counsel to give notice of the Director Election for November 6, 2012 as well as to file a Voting Rights Act submission with the U.S. Department of Justice. After discussion, upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the Order and to authorize Ms. Littlefield to give the required notice and make the submission to the U.S. Department of Justice.

Director Campbell stated that the Board would next consider approving the minutes of the June 26, 2012 Board meeting. After discussion, upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the minutes.

Director Campbell then stated that the Board would consider approving the proposal from McCall Gibson Swedlund Barfoot PLLC for the audit of the District's financial statement for the fiscal year ending September 30, 2012 attached as **Exhibit "D"**. Director Campbell noted that the Board had been quite satisfied with the auditor's work the prior year. After discussion, upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the proposal.

Director Campbell stated that the Board would next receive a report on the District's website and web-hosting account. Director Campbell noted that the District's account was coming up for renewal in the fall and, in the past, the District had realized substantial savings by going with a multi-year arrangement. He explained that the increase in term from a year to five years would decrease the monthly rates by about \$4.00 per month, from \$9.00 to approximately \$5.00 per month. After discussion, the Board authorized renewal of the web hosting account through a multi-year contract as proposed by Director Campbell.

Director Campbell then recognized Deputy Kinnard for the security report. Deputy Kinnard reported that there had been quite a few disturbances in the District recently, on both sides of the park, including some fighting, some burglaries, and criminal mischief at the elementary school. Deputy Kinnard stated that the Sheriff's Department also had identified some suspects in the recent residential burglaries. He mentioned that there had been a conflict between neighbors over the use of a basketball goal, and stated that he was going back to visit the complainant after the meeting. Deputy Kinnard also reported that an aggravated assault had occurred by Cambourne. He stated that the same vehicle had been involved in other incidents and the

perpetrators had now been apprehended. He stated that this incident was gang-related. Director Richter moved approval of the payments to the deputies set forth on the updated cash activity report attached as **Exhibit “E”**. Upon second by Director Gray, the motion was unanimously adopted. Director Amaro reported that he had observed an individual leaving Brookfield preparing to dump a load of trash and had called it in to the Sheriff’s Department and had also called in a “road rage” incident.

Director Campbell then stated that the Board would receive the on-site manager’s report and recognized Ms. Oliver. Ms. Oliver reported that, in connection with the clean-up days, on June 2nd residents had filled 15 dumpsters and on June 9th residents had filled 11 dumpsters. She stated that the staff would work some early morning hours during the hot summer, as recommended at the prior meeting. Ms. Oliver reported that the District’s TML insurance had been renewed with no increase in rates. She also reported a roof leak at the office that had been repaired by the landlord. She stated that the Mutt Mitt bags had been delivered, and the jon boat had been purchased at a lower cost than originally projected. She stated that she had ordered the trailer and paid 1/2 down, adding that it would be delivered in about two weeks. Ms. Oliver presented the purchase request attached as **Exhibit “F”** for sand to refill the Stoney Creek Park volleyball court and diggers. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the purchase of the sand. Ms. Oliver requested approval of a check for this purchase as payment was due on delivery and the Board agreed to authorize the payment. Ms. Oliver stated that she had met with the Restrictive Covenant Subcommittee on 13809 Spring Heath and, as it was not in compliance, she had recommended proceeding with litigation for lawn maintenance and debris if not in compliance by July 30th. Ms. Oliver called the Board’s attention to the burn ban signs approved by the Subcommittee. She added that Stage 1 water rationing was now in effect, and so she had purchased new signs to announce that as well. Director Campbell noted a confusing reference on the signage and agreed to create a new email address to address this. Director Richer stated that a disc golf course user had complained about the maintenance schedule and had also volunteered to mow the course. Director Richter stated that the Park Subcommittee had reviewed the course’s condition after the complaint was received and didn’t recommend changing the mowing schedule. Ms. Oliver also reported that the soccer fields had been closed for the reseeding and maintenance work that had been authorized previously.

Director Campbell then recognized Mr. Fadal for purposes of receiving the District’s landscape maintenance report. Mr. Fadal presented the report attached as **Exhibit “G”**. He stated that the Northtown entry lights had been repaired and were working well. He stated that the July rains had washed quite a bit of debris into the creeks and knocked down some deadfall, which had delayed the soccer field top-dressing. He stated that his crews were watering the fields more, as permitted by the variance that was previously granted. He stated that he expected the seed to germinate in two or three weeks. Ms. Oliver asked when the fields would be reopened and he responded that he expected it to be around six weeks, noting that there needed to be enough growth so he could mow it twice before the reopening. Mr. Fadal reported that quite a few trees had died from the drought. Director Richter called the Board’s attention to the emergency agenda posting attached as **Exhibit “H”**, and presented the proposal for dead tree removal attached as **Exhibit “I”**. She explained that removal of the trees was an emergency due to their location in the 50-acre park and the health and

safety issue that was presented. She stated that there would be additional tree removal proposals presented at the August meeting. Director Richter moved approval of the proposal. Mr. Fadal stated that there were trees that were falling or in danger of falling, adding that a lot of the trees that had suffered due to the drought had a disease that caused them to rot from inside out and created the falling hazard. Mr. Rivaldo asked if the trees that were going to be removed were marked. Mr. Fadal responded that the largest and most hazardous ones had been marked. Mr. Rivaldo reported that there were also some dead trees in the dog park. The Board directed Ms. Oliver to meet with Mr. Rivaldo to identify the trees he was concerned about. After further discussion, Director Gray seconded the motion, which was unanimously adopted. Mr. Fadal then presented a branch of Texas Cedar Elm, noting that it had low mortality during the drought.

Director Campbell stated that the Board would next receive the engineering report. Mr. Foster presented his report, attached as **Exhibit “J”**, and advised the Board that Lakes at Northtown Section 5 was still under construction, which was going well. He stated that the new Pflugerville ISD elementary school would open its doors in August. On the low flow lift station, he reported that only minor clean-up items remained on the flow meter. He presented the revised change order attached as **Exhibit “K”** for the well project. Mr. Foster stated that the contractors had found some debris that had clogged the pumps and the wells had needed to be jetted out. He explained that the original change order was around \$33,000, but that he and TBG had met with the contractor and came up with a different approach, reducing the cost to \$18,018. He recommended approval, noting that there was not much of a choice as they needed to clean out the pumps and the well. Director Richter thanked Crossroads, Mr. Foster and TBG for identifying a cost-effective solution to this issue, and asked that Mr. Foster relay the Board’s appreciation to TBG. He added that, based on the nature of the project, he recommended that the Park Subcommittee be authorized to approve further clean up, if necessary. Director Richter stated that the problem had resulted because the well had been sitting for a year and the concern was, if they found something unexpected, the Subcommittee needed some authority to address it. She added that this would only be done upon an engineering recommendation if something else went wrong. Mr. Foster stated that this would provide flexibility if there were any other unforeseen circumstances. Director Amaro stated that he felt this approach would be more efficient and cost-effective. Director Richter moved approval of the Change Order and Subcommittee authorization to approve the expenditure of up to \$15,000 on any additional work recommended by the District engineer. Upon second by Director Gray, the motion was unanimously adopted. Mr. Foster then presented Pay Estimate No. 3 for the masonry work, attached as **Exhibit “L”**. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the Pay Estimate. Mr. Foster then advised the Board that, in connection with the Wildflower and MeadowPointe Park projects, the plans were complete and he was working with the Park Subcommittee on furnishings. He stated that he had filed for a site plan exemption and requested authorization to move forward with bidding, noting that he anticipated the cost to be between \$120,000 and \$150,000. He stated that he expected the bids to be presented for approval of a contract award in September, and to move forward with construction in October. Director Richter noted that this would mean the expenses would be in the next year’s budget. Upon motion by Director Martinez and second by Director Richter, the Board voted unanimously to authorize Mr. Foster to proceed with

bidding the project. Mr. Foster then called the Board's attention to proposal for preparation of an Application for Release of Surplus Funds attached as **Exhibit "M"**, noting that, based on prior discussions, he proposed to subcontract with Eddie DeRusse and Mike Byrne for a portion of the work. He noted that his firm would do research on old projects to try to find an efficient manner to release the funds. Ms. Littlefield requested that he and Mr. Douthitt coordinate with bond counsel due to the tax implications of funding old projects. The Board agreed and directed Mr. Douthitt to do so. Director Martinez moved that the Board approve the proposal with the stipulation noted, and upon second by Director Gray, the motion was unanimously adopted.

Director Campbell then recognized Mr. Douthitt for purposes of receiving the bookkeeper's report. Mr. Douthitt reviewed his updated report, attached as **Exhibit "E"**, with the Board. He reviewed the proposed transfers summarized on page one of his updated report, including a transfer from the District's operating account to the manager's account, from the District's Logic operating account to the checking account, from the District's lock box account to the TexPool operating account and from the District's park account to the park checking account. He also requested approval of the bond payments coming due in September as summarized in his report. Mr. Douthitt advised the Board that the CD in the park account was maturing and recommended moving the funds to Sovereign Bank at .65%. He called the Board's attention to the payments that had been added to the list of bills and invoices since the date of the packet, noting that he had received a request for payment from Kimley-Horn and Associates, Inc. ("*Kimley-Horn*") for work on the low flow lift station project. Mr. Foster recommended approval of the invoice. Mr. Douthitt reviewed the customer refunds and other activity in the manager's account, including the payment to the Boy Scouts approved at the prior Board meeting. He stated that the District was over budget year to date, but that timing was an issue. He stated that his company was actively working on the City rate issue and was discussing the increase with a rate analyst and also looking at legal counsel options. Upon motion by Director Amaro and second by Director Richter, the Board voted unanimously to approve the transfers, bond payments and the payment of the bills and invoices, as presented, including the payment to Kimley-Horn, with the exception for the payments previously approved to the Sheriff's deputies.

Director Campbell then recognized Mr. Anderson for purposes of receiving the general manager and utility operator's report. Mr. Anderson reported that the District had 2,812 active connections, all samples were satisfactory, there had been a 6.82% water loss, and there were no 90-day delinquencies. He requested approval of the write-offs attached as **Exhibit "N"**. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the write-offs. Mr. Anderson then explained that the 3.5 multiplier used in calculating population was derived from the engineering report prepared at the time of creation of the District. Mr. Anderson then requested approval to have preventive maintenance work done quarterly on the older lift stations' generators under the proposal attached as **Exhibit "O"**. He stated that Crossroads ran tests on the generators every week. Director Gray asked what additional value this proposal provided. Mr. Anderson explained this was preventive maintenance. Mr. Rivaldo stated that this was similar to engine maintenance on your car. Director Martinez moved approval of the proposal and, upon second by Director Amaro, the motion was unanimously adopted.

Director Campbell stated that the Board would next receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield called the Board's attention to the proposed schedule for the adoption of the 2012-2013 tax rate. Mr. Douthitt stated that he would schedule a meeting of the Budget Subcommittee. Director Richter asked Ms. Oliver to notify Mr. Fadal that he needed to get information on landscaping costs for the next fiscal year to the Parks Subcommittee so they could be addressed in the budget.

Director Campbell then stated that the District would receive reports from developers' and landowners' representatives and recognized Mr. Asselstine and Mr. Patterson of Tech Ridge multi-family project. Director Campbell noted that the developers were planning their next phase of apartment development, noting that the density had been predetermined. He stated that there was an issue with one building that was located too close to the road, noting that the developer had prepared excellent renderings to depict this project. Mr. Asselstine explained that the property was 16 acres with 309 units, which was less units per acre (20.93) due to the increase in density on the prior tract. He added that the property would have a few additional benefits, including a dog park and a triangle or pocket park to provide a community gathering area. Mr. Asselstine added that the project would be heavily landscaped and would not be gated, which was the same as with the prior project. He explained that they were requesting a variance to allow 32% masonry and reminded the Board that it had previously approved a reduction in overall masonry, with more masonry along Lakes Boulevard. Mr. Asselstine stated that this masonry would be stone, which would provide a visual change from Phase 1, which was brick. He also requested a setback variance to 27 1/2 feet from the curb. Mr. Patterson noted that the first phase was back further because parking divided the street from the buildings. Director Amaro stated that he felt the developer had addressed the District's needs by upgrading the landscaping and providing the park area. Director Campbell stated that, between the landscaping and the elevations, he felt the project provided a strong image next to the road. Mr. Patterson then reviewed the fence design and landscaping plan, noting that it included emphasis on evergreen trees and pointing out the stone wraps on the columns for the fence. Director Amaro stated that he was very pleased with the collaborative work with the developer and felt comfortable that the Subcommittee knew what the project would look like when it was built. Director Campbell concurred, noting that the high quality visuals provided a great amount of assurance. Director Richter moved that the Board approve, and authorize the Subcommittee to finalize and execute, an amendment to the Restrictive Covenant to allow the project to proceed with the variances requested. Upon second by Director Amaro, the motion was unanimously adopted. Director Campbell then requested formal approval of Amendment No. 4 to Restrictive Covenant for Phase 1, attached as **Exhibit "P"**. Upon motion by Director Amaro and second by Director Richter, the Board voted unanimously to approve the Amendment.

There being no further business to come before the Board, upon motion by Director Richter and second by Director Martinez, the meeting was adjourned.

Date:_____.

(SEAL)

Alex Martinez, Secretary
Board of Directors