

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

July 26, 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 July 26, 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. Also present at the meeting were Deputy Keith Kinnard of the Travis County Sheriff's Department and his daughter, Kayla Kinnard; 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; Cheryl Allen of Southwest Securities; Richard Fadal of TexaScapes, Inc.; Scott Foster of Kimley-Horn & Associates, Inc., Lee Hill and Alan Rivaldo, residents of the District; Tom Stanfield of DeNucci Constructors; Brooks Reilly, President of the Brookhaven Neighborhood Association; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

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 resident communications. Director Gray announced that he might be a few minutes late to the August meeting, but would be in attendance.

Director Campbell stated that the Board would next consider approving the consent items on the Board's meeting agenda: the minutes of the June 28, 2011 Board meeting; the Resolution Establishing Offices and Meeting Places of the Board of Directors of Northtown Municipal Utility District and Establishing Locations for the Posting of Notice of Meetings of the Board attached as **Exhibit "B"** and the Amended Paying Agent/Registrar Agreements with BOKF, N.A., d/b/a Bank of Texas for the District's Unlimited Tax and Revenue Refunding Bonds, Series 2004 and Unlimited Tax and Revenue Bonds Series 2006, 2007, 2009 and 2010, attached as **Exhibit "C"**. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the consent items.

Director Campbell stated that the Board would next receive a report from the District's financial advisor and recognized Ms. Allen. Ms. Allen stated that the rate of foreclosure in the District had slowed during 2011, noting that this was the case across the County. She advised the Board that the District's bond application was scheduled to be approved by the City of Austin the following Thursday, and noted that the Bond Subcommittee would bring the recommended sizing for the issue to the Board at its August meeting. Director Gray stated that the Bond Subcommittee wanted to make a decision on the issue in conjunction with the budget and to be sure that all of the Board members had a full understanding of the implications. He noted that the Bond Subcommittee was also going to recommend a special meeting of the Board in advance of the August meeting. Director Richter stated that she and Director Martinez would work on the park budget items in advance of the special meeting. Director Gray suggested that the special meeting be scheduled in about two weeks. After discussion, the Board agreed to schedule a special meeting on Tuesday, August 9th at 5:45 p.m. Ms. Allen stated that her firm was continuing to monitor interest rates, but that a bond refunding was not currently feasible. She also announced that Ms. Kaylakie would be leaving Southwest Securities at the end of August to stay home with her daughter.

Director Campbell then recognized Deputy Kinnard for purposes of receiving a report regarding District security. Deputy Kinnard reported that there had not been too much criminal activity in the District during July, although there had been some graffiti at the pavilion restroom. Ms. Oliver reported that this had already been addressed, noting that the materials selected for the pavilion had been easy to clean. Deputy Kinnard stated that there had been a report of an explosion and chemical smell on Lampting, and that it had been someone who had used too much lighter fluid while grilling, but there had been no injuries and no damage.

Deputy Kinnard also reported that there had been a surveillance operation in the District and that a fugitive charged with underage solicitation had been arrested. Deputy Kinnard then introduced Brooks Reilly, the President of the Brookhaven Neighborhood Association, who stated that the Association would like to start working with the District on items of mutual concern. Director Richter noted that the District had a Security Subcommittee that could work with the Association, particularly on assuring that patrols were in the locations where they were needed. Mr. Reilly stated that Tudor House was the corridor of crime in their neighborhood. Director Gray stated that he and Director Amaro agreed that this was a key area. Deputy Kinnard stated that he was meeting with the Association's board the following night. Mr. Reilly stated that the Association no longer had its own security, although he was working with Deputy Kinnard on providing some supplemental patrols. Ms. Oliver stated that she would also like to talk to Mr. Reilly about covenant enforcement in his community. 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 as set forth on the bookkeeper's report attached as **Exhibit "D"**.

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 deducted the sales tax from the Saber invoice as directed by the Board, and that the locks had been installed on the pavilion restrooms. She presented the monthly maintenance report, attached as **Exhibit "E"**, and also reported that the ATV was

supposed to be delivered by the end of August. Ms. Oliver presented the purchase order attached as **Exhibit “F”** for the purchase of granite and stated that she would like to have a stockpile of this material. Director Richter moved approval of the purchase order. Upon second by Director Gray, the motion was unanimously adopted. Ms. Oliver then presented a comparison of different projectors, noting that several Board members had expressed an interest in purchasing a projector similar to the one provided by Director Gray. Director Richter stated that there was no urgency, but noted that several Directors had borrowed Director Gray’s projector for meetings. Director Amaro explained that there was a website that was available which compared different products, CNET.com, and also recommended checking products’ Amazon ratings. The Board directed that Ms. Oliver compare the products using this system. Director Gray suggested that the projector be installed permanently in the ceiling, noting that it would be more professional and less likely to be damaged if it was installed. After discussion, the Board directed that this be brought back to the Board at the next meeting, after the reviews were checked. Mr. Hill stated that this type of projector would need to be larger and be able to be installed and project upside down. Mr. Reilly stated that he would provide Ms. Oliver with the names of contractors who could do this type of installation. The Board also discussed purchasing a retractable screen.

Ms. Oliver then advised the Board that the covenant violation at 14009 Merseyside had been resolved and she reviewed a photograph of 13917 Golden Flax, and noted that a final notice of impending litigation, in English and in Spanish had been sent. Ms. Littlefield stated that her office could send one more letter in plain language explaining specifically what the problems were and what the result would be if the issues were not addressed. The Board instructed that Ms. Littlefield send this letter, and enclose photographs of the issues that had been noted with the letter. The Board then discussed the covenant violations at 812 Tapestry. Ms. Littlefield reported that the property was now owned by Sun Trust Mortgage, and agreed to try to locate the property manager for the mortgage company.

Ms. Oliver advised the Board that the staff was watching some Texas Municipal League safety videos recommended by Ms. Littlefield’s office. She noted that the staff was taking frequent breaks, which she felt were necessary to protect them while it was so hot. Director Richter then reported that, when the District had hired staff, she felt there was some ambiguity left as to Ms. Oliver’s authority with regard to the staff. She stated that she and Director Gray felt that Ms. Oliver had authority to give raises at her discretion, but that she wanted to confirm this. The Board confirmed that Ms. Oliver would have the authority, within the pay scales approved by the Board and within the budget line items, to approve staff raises. Director Amaro stated that there did need to be a good documentation trail and good reporting. Director Martinez inquired when the pay scales would be reviewed, and the Board agreed that this should occur periodically within the budget process. Director Amaro stated that pay scales based on market usually were not reviewed annually, although salaries, which were based on performance, would be reviewed annually. Ms. Oliver stated that the staff was very excited about the District’s benefits, and that this meant a lot to the staff. Director Gray noted that the insurance coverage would be renewed annually in August and so would be reevaluated the following year. Director Gray stated that he would also like to move forward on worker’s compensation insurance. Ms. Littlefield stated that she believed this had already been obtained, prior to the time any staff had been hired. Director

Richter moved to authorize Ms. Littlefield to confirm this coverage and, if it was not in place, to obtain it. Upon second by Director Gray, the Board voted unanimously to adopt the motion.

Director Campbell then stated that the Board would receive a report from the District's landscape contractor and recognized Mr. Fadal. Mr. Fadal reviewed his report, attached as **Exhibit "G"**, and stated that the Meadow Pointe lighting had been installed. Director Amaro inquired about soccer field maintenance. Mr. Fadal stated that, due to the drought, it was very difficult to keep plants healthy since irrigation was designed to provide supplemental watering, and not a sole supply. He explained that it was necessary to break up the mulch in the flower beds because, when it was this dry, the mulch crusted over and kept water from penetrating. He stated that his crew was also spraying some plants with an antitranspirant, to keep plants from losing some of their moisture. Mr. Fadal said they were also treating hot spots with seaweed or Medina and hand-watering some areas. He stated that they were also managing undesirable weeds like King Ranch Blue Stem, poison ivy, ragweed and bloodweed. The Board agreed that Ms. Oliver should try to keep people off the soccer fields during the month of August.

Director Campbell then recognized Mr. Foster for purposes of receiving the engineer's report. Mr. Foster reviewed his report, attached as **Exhibit "H"**. He advised the Board that Travis County had accepted Lakes at Northtown Section 4, and that he would be issuing a letter of acceptance. He stated that he had no further information regarding the multifamily development and reported that construction was on-going on the Harris Ridge Boulevard Extension Project. He stated that the Village @ Northtown was caught up in the drought conditions impacting the pond. Mr. Foster then presented Change Order No. 1 for the Harris Ridge Boulevard Extension Project, attached as **Exhibit "I"**, noting that the correct quantities had not been included in the original bid, but that he had confirmed the bid prices. Mr. Foster then presented Change Order No. 2, attached as **Exhibit "J"**, for an extension of time, related to the same issue. Mr. Foster recommended approval of both change orders, noting that the changes were due to the way the developer was bidding the project. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the Change Orders. Mr. Foster then presented Pay Estimate No. 2 in the amount of \$304,610.40, attached as **Exhibit "K"**, and recommended approval. 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 no bids had been received for the Stoney Creek well project. He stated that he was working with TBG Partners to determine the problem, but that he understood that the recommended tank supplier had not responded to the contractors. Mr. Foster recommended holding off on the project. Tom Stanfield added that his company, DeNucci Constructors, had been interested in the project, but the specs were written suggesting one supplier and the supplier did not respond, making it impossible to bid. The Board agreed to defer action on the project and to include the project in the budget for funding in the next fiscal year.

Mr. Foster then advised the Board that he had received four bids for the pond maintenance project. He commended Mr. Fadal's work on this project. He then reviewed the bid tabulation, a copy of which is attached as **Exhibit "L"**, noting that the bids had varied greatly. Mr. Foster stated that one bid was deemed not responsive and

rejected. He stated that DeNucci Constructors appeared to be the lowest responsive bid, coming in at \$75,400. Director Richter moved that the Board approve the award of the contract to the low bidder. Director Martinez seconded the motion. Director Campbell noted that he had reviewed the magnitude of the difference in the bids and asked if Mr. Foster had thoroughly vetted the bidders. Mr. Foster confirmed that he had, noting that the District had received bids in two different ranges and the main consideration was the amount of dirt being removed. Director Richter stated that she had discussed the variance with Mr. Stanfield, and he had confirmed that he understood the scope of the work. Director Campbell stressed that not approving contractor-generated change orders was a consistent policy of the Board and Mr. Stanfield acknowledged that he understood this. After discussion, the Board voted unanimously to award the contract as recommended. Mr. Stanfield stated that he would work with Mr. Foster's office on the contract, and that he was ready to start work.

Mr. Foster stated that the contracts on the low flow lift station had been delivered for signature and that there were no major issues on the water master plan and water/wastewater mapping projects. The Board discussed the outstanding fence easement for the Meadow Pointe project and directed that the project be placed back on the agenda for the August meeting.

Director Campbell then stated that the Board would discuss park development matters and recognized Director Richter. Director Richter reported that she would have proposed revisions to the park rules to Ms. Littlefield by the end of the week, so the amendment to the rules could be placed on the Board's next meeting agenda. She stated that she had met with a representative of the Lower Colorado River Authority to close out the grant, and that the representative was very pleased with the District's project. Director Richter stated that the only outstanding item was to provide some photos.

Director Campbell then stated that the Board would discuss District signage. Director Campbell noted that the Signage Subcommittee had "mocked up" some sign templates and reviewed those with the Board. Director Richter asked for dog paws instead of "bullets" on the dog park signs. Director Gray asked that a duplicative reference to Northtown be deleted. Director Campbell stated that the cost for two dog parks signs, five park rule signs and installation was \$3,515. Director Richter asked that Ms. Oliver confirm the number of park signs needed. The Board discussed whether there would be cost savings if it ordered additional signs at one time, in order to have some in reserve for use as replacements. Director Campbell stated that he would determine what the cost difference would be. Director Richter moved that the Board order eight park rule signs and three dog park signs. Director Gray seconded the motion, which was unanimously adopted. Director Richter then asked about the mile markers. Director Campbell stated that he hadn't finished his research on these. Director Campbell stated that the Board had paid TBG for the sign design, but suggested that there might be an invoice for additional services. Director Richter asked that Ms. Littlefield check the scope of services under TBG's contract. Director Gray then advised the Board that one of the entry signs was not optimal, design-wise, as the covered area where the agenda was to be posted was secured by Plexiglas attached with little screws, and Ms. Oliver felt it would be better if the covers were hinged. Director Campbell proposed that this modification be made when the signs were removed for the punch-list work and that the covers be locked. Director Campbell stated that the phone

number on the signs was also incorrect and would need to be changed. He noted that Mr. Raudabaugh had gotten a sticker made to temporarily cover the incorrect phone number, but suggested that this correction and modification be addressed when the signs were removed to do the punch list items, at a cost of \$1,400. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to authorize the work. The Board directed Ms. Oliver to schedule the removal of the three old signs, and agreed that the only old sign to remain was the 50-acre park sign with the posting location. Director Campbell stated that the Northtown entry sign was located on District property, and the area behind Cambourne was a possible pocket park location.

Director Campbell then recognized Mr. Douthitt for purposes of receiving the bookkeeper's report. Mr. Douthitt presented the cash activity report, including the bookkeeping action items, attached as **Exhibit "D"**, and reviewed it with the Board. He advised the Board that he and Mr. Anderson had reviewed the payments with Director Gray prior to the meeting. He recommended that the Board approve the District's bond payments due on September 1, and stated that he had confirmed the bond payments to be paid by Bank of Texas and by Wells Fargo, respectively. He also recommended approval of the transfers set forth on page one of his report. Mr. Douthitt then noted that he had added another payroll and an invoice for upgrade of ACT software and one for a parking stop for the ATV. The Board then discussed the foreign transaction fee noted on the report and Mr. Douthitt explained that this related to the park fees on the Tech Ridge multifamily site and had been imposed by the District's bank. The Board directed that he ask the bank to waive this fee and, if this was not done, backcharge the payor. Upon motion by Director Gray and second by Director Richter, the Board voted unanimously to approve the payments, with the exception of the checks previously approved to the Travis County Sheriff's Department, and to approve the bond payments and transfers as presented.

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 "M"**. Mr. Anderson stated that the District had 2,867 total active connections, and noted that the District's water loss appeared high and that he would double check the following day to be sure that all irrigation meters had been included in the calculation. He stated that all test results were satisfactory. Mr. Anderson presented the write-offs attached as **Exhibit "N"** and requested approval of all except that related to Veronica Garza, as he thought the total needed to be re-checked. He stated that Crossroads would cover any additional write-off incurred on this account due to Crossroads' not rechecking the meter after service was disconnected. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the write-offs, with exception of that pertaining to Ms. Garza. Mr. Anderson then reported that the AVR system had still not been implemented and that he had no projected start-up date.

Director Campbell then stated that the Board would receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield stated that her office had contacted the Wildflower HOA's new attorney, but had not made any progress in implementing an agreement to clean up the property at 110 Wild Senna. She noted that only one easement for the Meadow Pointe fence project remained outstanding, as previously

discussed. She then reviewed the schedule for adopting of the District's 2011-2012 budget and 2011 tax rate with the Board.

Director Campbell noted that there were no developers' and landowners' representatives present and, there being no further business to come before the Board, the meeting was adjourned.

Date:_____.

(SEAL)

Alex Martinez, Secretary
Board of Directors