

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

August 9, 2011

THE STATE OF TEXAS §
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COUNTY OF TRAVIS §

A special meeting of the Board of Directors of Northtown Municipal Utility District was held on August 9, 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 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 and Kathy Haught, a resident of the District.

Director Campbell called the meeting to order at 5:45 p.m. There being no resident communications or Board member announcements, Director Campbell stated that the Board would discuss the District's 2011-2012 budget and 2011 tax rate. Mr. Douthitt presented a proposed budget for the general operating fund, and Director Richter presented budget information relating to the District's parks and reviewed it with the Board. Mr. Douthitt explained each line item of the proposed draft budget and stated that it was possible that the City of Austin would be increasing the District's wholesale rates. He stated that he expected to receive additional information on wholesale rates after Mr. Anderson attended the City of Austin's wholesale customer meeting. Mr. Douthitt stated that he would adjust the office rent line item to show an annual increase of \$0.02 cents per square foot, which was built into the District's lease. The Board requested that Director Gray forward the lease details over to Mr. Douthitt and Ms. Oliver. The Board noted that the office expense line item should be increased to include the purchase of a projector at an estimated cost of \$1,000, which would include installation. The Board discussed adjusting the wages line item to allow pay raises of up to 2%. The Board discussed the Texas Commission on Environmental Quality fee line item, and Mr. Douthitt stated that he would increase the number to \$6,000 from \$4,500, to match the rate increase. Mr. Douthitt stated that he was changing the name of the lift station maintenance line item to lift station/force main maintenance. Director Gray, Director Richter, Director Martinez, Mr. Douthitt and Mr. Anderson discussed the possibility of future line breaks and budgeting for possible future repair costs. Ms. Allen

discussed appropriate amounts to budget for water system repairs and appropriate reserve amounts. Director Campbell asked Mr. Anderson if he had thought about changing the type of chemicals used based on the City of Austin's switching to the "Milk of Magnesia" based chemical. Mr. Anderson stated that he would see if it was possible to make the switch. Mr. Douthitt stated that he would ask Ms. Littlefield to confirm the line item for attorney fees. Mr. Douthitt agreed to contact Mr. Foster about the engineering fee line items. The Board discussed increasing the conference/training line item to include training classes for staff and all Directors and to include allowing the directors and Ms. Oliver to attend the CASE conference in 2012. Director Richter explained the breakdown for all parks line items. Director Campbell and Director Gray discussed the line item for signage and the Board discussed a reduction to \$80,000 from the current value. Director Campbell discussed adding a line item under capital outlay to cover some infrastructure plans, such as pressure valves, emergency interconnections and pump issues at the east lift station. Mr. Douthitt stated that he would check with Mr. Foster about adding these items to the budget.

Director Campbell then stated that the Board would discuss the District's proposed 2011 bond issue and recognized Ms. Allen. Ms. Allen presented the handout attached as **Exhibit "B"** and reviewed it with the Board. She stated that the bond issue had been approved by the City of Austin and discussed the sizing of the issue. Mr. Anderson stated that he was concerned about the operations and maintenance rate. Director Gray and Director Campbell discussed a plan for paying back bonds and reviewed the costs for issuing bonds. The Board discussed the pros and cons of Options A, B and C. Ms. Allen discussed Option B, with an issue in the amount of \$4,775,000, in depth. She also discussed Option A, based on an issue in the amount of \$5,150,000. Director Richter asked if the Board had to decide between the two options now, and Ms. Allen stated that it did not. The Board further discussed the non-construction costs included in the summary of costs. Director Richter asked Ms. Allen which bond option she preferred. Ms. Allen stated that she would recommend Option B. After further discussion, Ms. Allen stated that she would come to the August Board regular meeting with more information, including information on the tax rate. The Board then discussed the need to select an auditor at the next meeting.

Director Campbell stated that the Board would next discuss the Meadow Pointe fence project. After discussion, Director Richter moved that the Board move forward with the permitting process on the Meadow Point fence project. Upon second by Director Martinez, the motion was unanimously adopted.

There being no further business to come before the Board, upon motion by Director Amaro and second by Director Richter, the Board voted unanimously to adjourn the meeting at 9:17 p.m.

Date: _____.

(SEAL)

Alex Martinez, Secretary
Board of Directors