

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

August 27, 2019

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on August 27, 2019, 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”**.

All of the Directors were present, as follows:

Brenda Richter	-	President
Robin Campbell	-	Vice President
Chris Capers	-	Secretary
Lee Hill	-	Assistant Secretary
Felix T. Amaro, Jr	-	Treasurer

Also present at the meeting were Mona Oliver, the District manager; Richard Fadal of TexaScapes, Inc.; Allen Douthitt of Bott & Douthitt, PLLC (“*Bott & Douthitt*”); Robert Anderson of Crossroads Utility Services, LLC (“*Crossroads*”); Cheryl Allen of Public Finance Group, LLC; Jacqueline Hale of McCall, Parkhurst & Horton, LLP; Deputy Oscar Gonzalez of the Travis County Sheriff’s Department; Scott Foster of 360 Professional Services, Inc.; Joseph Longhurst, a resident of the District; and Carter Dean of Armbrust & Brown, PLLC (“*A&B*”).

Director Richter called the meeting to order at 5:47 p.m. and stated that the Board would first receive resident communications and Board member announcements. There being none, Director Richter stated that the Board would discuss the District’s 2019-2020 budget and 2019 tax rate. She recognized Ms. Allen, who called the Board’s attention to the District’s 2019 certified appraised value, attached as **Exhibit “B”**. She then presented the tax rate analysis attached as **Exhibit “C”** and recommended a proposed tax rate of \$0.63, comprised of a \$0.2728 debt service tax rate and a \$0.3572 operations and maintenance tax rate, which she noted would not exceed the rollback rate. She reminded the Board that the tax process was a two-step process and stated that this meeting would allow the Board to review its financial information and set a proposed tax rate and the public hearing would be held at the next Board meeting. Ms. Allen noted that the Board could publish a higher proposed tax rate than it would actually adopt, but not a lower one. Ms. Allen then reviewed the method of calculation of the proposed debt service tax rate, explaining that the District’s debt service fund balance should not drop below 25% of the next year’s debt service requirements.

Mr. Douthitt then reviewed a draft budget, including a comparison between the proposed budget and the budget for the current year. He reminded the Board that this budget was just for review and that the Budget/Finance/Investments Subcommittee would fine tune it before the next Board meeting. He stated that the expenses for various administrative functions were based on input from the Board’s subcommittees. He noted that the proposed increase in wholesale water expenses was based on the conservative assumption that the City of Austin would prevail in the pending rate case. Director Hill asked if a wholesale water rate increase

would have bearing on the Board's ongoing rate order review. Mr. Douthitt responded that he did not believe so, because the District's current retail rates would support increased wholesale costs. Director Hill opined that publishing a proposed total tax rate of \$0.63 would be most sensible considering the percentage of protests of appraised value that would fail. Director Amaro asked whether a \$0.63 rate would be sufficient support the District. Mr. Douthitt responded that a \$0.63 tax rate would produce a positive cash flow for the 2020 fiscal year. After further discussion, upon motion by Director Hill and second by Director Campbell, the Board voted to adopt a proposed tax rate of \$0.63 per \$100 assessed valuation, to schedule a public hearing on the tax rate for September 24, 2019, at 5:45 p.m., and to authorize Armbrust & Brown, PLLC to publish notice of the public hearing, with all of the Directors present and voting "yes".

Director Richter then stated that the Board would discuss the District's Unlimited Tax and Revenue Refunding Bonds, Series 2019. She recognized Ms. Allen, who explained that she periodically evaluated whether the District would save money by issuing lower interest rate new bonds to pay off higher interest rate old bonds. She presented the refunding analysis attached as **Exhibit "D"** and stated that interest rates had dropped over the past few months to less than 3%. She explained that the refunding analysis projected net present value ("NPV") savings of 5.89% as of August 20, 2019. She reviewed the projected bond issuance costs, pointing out that the cost of bond insurance was currently low. Director Hill asked if issuing refunding bonds would result in a longer debt service period than that of the old bonds. Ms. Allen responded that the maturities would not be extended. She noted that the proposed refunding would need the approval of the City of Austin, which would require that the NPV of the savings be at least 4.25%. She described the method by which the underwriter and purchasers would be chosen, noting that the refunding would be on a negotiated basis rather than competitively bid, and discussed her expected underwriter recommendation of Hutchinson, Shockley, Erley & Co. Ms. Allen stated that she believed the refunding issue would close by the end of December. Director Hill asked when the District would issue new money bonds to pay for the upcoming force main project. Mr. Foster stated that he anticipated that would occur in mid to late 2020.

Ms. Hale then presented the Order Authorizing the Issuance of Northtown Municipal Utility District Unlimited Tax and Revenue Refunding Bonds; Authorizing the Levy of an Ad Valorem Tax in Support of the Bonds; Approving an Official Statement; Authorizing the Execution of a Bond Purchase Agreement, and the Form of a Paying Agent/Registrar Agreement and an Escrow Agreement; Establishing Procedures for Selling and Delivering the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds ("Bond Order"), attached as **Exhibit "E"** and reviewed it with the Board. She discussed delegation of pricing procedures and recommended that Directors Campbell and Amaro be designated as pricing officer and alternate pricing officer, respectively. She explained that, as pricing officers, they would have authority to approve refunding terms for the District. Director Campbell stated that he would not approve the refunding bonds on the pricing day if the interest rates were not favorable. Ms. Hale noted that the delegation of pricing authority to Directors Campbell and Amaro would expire six months from the date of approval. She also recommended that certain pricing parameters be left unspecified in the Resolution Authorizing Application to the City of Austin for Approval of Proposed Unlimited Tax and Revenue Refunding Bonds ("Resolution"), attached as **Exhibit "F"**, in order to allow for changes to the pricing parameters by the pricing officers without requiring reconsideration by the City. She further explained that the Bond Order authorized the payment of Attorney General bond review and filing fee. After discussion, upon motion by Director Campbell and second by Director Hill, the Board voted unanimously to approve the Bond Order, the Resolution, and the designation of the recommended pricing

officers and procedures, and to authorize the payment of the Attorney General bond review and filing fee.

Director Richter then stated that the Board would consider approving the consent items on the Board's meeting agenda: the minutes of the July 23, 2019 Board meeting; the proposal from McCall Gibson Swedlund Barfoot PLLC for audit services for the fiscal year ending September 30, 2019 attached as **Exhibit "G"**; and the Resolution Establishing Meeting Places of the Board of Directors of Northtown Municipal Utility District and Establishing Locations for the Posting of Meetings of the Board attached as **Exhibit "H"**. After discussion, upon motion by Director Capers and second by Director Amaro, the Board voted unanimously to approve the consent items.

Director Richter stated that the Board would discuss District security and recognized Deputy Gonzalez. Deputy Gonzalez presented the July security report and crime statistics. He stated that there had been no burglaries in July, but there had been one auto theft and two instances of minor vandalism. He commented that it appeared to be a slow month, but that he was having trouble accessing certain crime data through the FBI's NIBRS system, which had recently been transitioned to due to a change in applicable law. He stated that this may have contributed to the appearance of July as being a slow month. Ms. Oliver then reported that a woman whom the District had previously banned from its parks had requested that the ban be lifted. The Board directed Mr. Dean to place the request on the agenda for the next Board meeting. The Board agreed that the Security Subcommittee would discuss the issue with the woman before the meeting and make a recommendation to the Board. Ms. Oliver then reported that The National Night Out event door prizes would be smart locks, a Ring chime, a Ring video doorbell, and a heavy duty master lock. She announced that representatives of the Texas Parks and Wildlife Department would be present at the event. Ms. Oliver encouraged the Board members to consider attending the event.

Director Richter stated that the Board would consider landscape maintenance matters and recognized Mr. Fadal. Mr. Fadal first presented the plant of the month, Dwarf Fountain Grass, which he explained grew to be about two feet tall. He explained the life-cycle of the plant, then asked if the Board would be okay with him planting some in the District parks. Director Capers asked if the plant would attract snakes. Mr. Fadal stated that he did not believe so. The Board then agreed that planting it would be fine. Mr. Fadal reviewed the landscape maintenance report attached as **Exhibit "I"**. He noted that the Sycamore and Elm trees were discolored due to the summer heat, and that he was treating as necessary. He announced that he had recently completed clearance pruning on the District's trails and walks and that he would make sure the landscaping looked good for The National Night Out event, noting that he would also treat for ants in the area.

Director Richter announced that the Board would next receive the District manager's report and recognized Ms. Oliver. Ms. Oliver called the Board's attention to the monthly reports included in the meeting packet. Ms. Oliver then presented the order form from BJ's Park & Recreation Products for park benches, tables, and trash cans attached as **Exhibit "J"** and requested approval. After discussion, upon motion by Director Capers and second by Director Campbell, the Board voted unanimously to approve the proposal. Ms. Oliver then reported that the Solid Waste Subcommittee had spoken with the District's representative from Texas Disposal Systems ("*TDS*") regarding apparent under-billing for solid waste services. Director Hill stated that the Subcommittee had presented the TDS representative with an offer to resolve the issue, but had not since heard back from TDS. Director Hill then stated that, on a related note, the current TDS invoice was incorrect. He opined that the District should not pay an incorrect bill and added that Mr. Douthitt's office had asked for a corrected invoice. Director

Hill further stated that he would like Ms. Oliver to be included on any emails related to solid waste services so that she could remind TDS to collect in certain areas and to bill for it. Discussion ensued regarding whether to pay the incorrect bill or withhold payment until a corrected one was delivered. Director Hill asked Mr. Dean for his opinion on the matter. Mr. Dean stated that, in his opinion, it would be most sensible to go ahead and pay the bill as it was lower, rather than higher than what was actually due. The Board then directed Mr. Douthitt to hold payment to TDS on the current invoice pending receipt of a corrected invoice, but to pay the current invoice on September 1 if a corrected one was not received by the end of August. The Board directed Mr. Dean to send a letter to TDS stating that TDS would be welcome at the next Board meeting to discuss the under-billing issue with the Board, but that the Board preferred that the issue be resolved with the Solid Waste Subcommittee. Director Hill inquired who the general contractor for the pavilion was, stating that he felt the electrical work was not done well. Ms. Oliver answered that the contractor was G. Creek. Director Amaro commented that the entire pavilion was constructed poorly. Ms. Oliver next reported that the concrete pad for the well cistern project was now complete. She then presented Pay Estimate No. 1 from Forsythe Brothers Infrastructure, LLC, in the amount of \$36,000, attached as **Exhibit "K"**, for the slab work and recommended approval. She stated that the tank had been ordered and was expected to be delivered soon. After discussion, upon motion by Director Campbell and second by Director Capers, the Board voted unanimously to approve the Pay Estimate. Ms. Oliver stated that the District's vehicle policy had not been considered since the last Board meeting, and the Board agreed that the item should remain on the agenda for the next Board meeting. Ms. Oliver then presented the proposal from Central Texas Water Maintenance for an uninterruptable power source, attached as **Exhibit "L"**, and reviewed it with the Board. She stated that the Subcommittee recommended that the Board accept items 1b and 1c of the proposal, in the total amount of \$14,469, since they were of a critical nature, but wait until the next fiscal year to complete the remaining items. After discussion, upon motion by Director Capers and second by Director Campbell, the Board voted unanimously to approve items 1b and 1c of the proposal.

Director Richter then stated that the Board would discuss District parks and recreational facilities. She noted that the Park Subcommittee had met the prior Thursday and discussed the budget for the upcoming year. Ms. Oliver presented Pay Estimate No. 3 from G. Creek Inc. in the amount of \$51,390, attached as **Exhibit "M"**, for MeadowPointe and Wildflower Park improvements and recommended approval. After discussion, upon motion by Director Capers and second by Director Amaro, the Board voted unanimously to approve the Pay Estimate.

Director Richter stated that the Board would next receive the engineer's report and recognized Mr. Foster. Mr. Foster reviewed his report, attached as **Exhibit "N"**. Mr. Foster presented Pay Estimate No. 6, in the amount of \$454,964.14, attached as **Exhibit "O"**, and Pay Estimate No. 7, in the amount of \$292,660.98 attached as **Exhibit "P"** for Village @ Northtown Section 3, Lot 5, Block C (KB Homes) and recommended approval. Upon motion by Director Amaro and second by Director Campbell, the Board voted 4-1 to approve both Pay Estimates, with Directors Campbell, Richter, Amaro and Capers voting "yes" and Director Hill voting "no". Director Hill explained that he was opposed to approving the Pay Estimates since John Henry Faulk Road was not yet open. Mr. Foster next stated that KB Homes had started building homes and the water and wastewater facilities would likely be ready for acceptance in the near future. He requested that he and the Village @ Northtown Subcommittee be granted authority to approve the final pay estimates and accept the facilities for operation and maintenance once all close-out documents and punch lists were received. Upon motion by Director Campbell and second by Director Amaro, the Board voted unanimously to authorize Mr. Foster and the Village @ Northtown Subcommittee to approve the final pay estimates and accept the water and wastewater facilities from KB Homes upon completion. Director Richter asked when the Harris

Ridge Extension project would be finished. Mr. Foster responded that he was told it would be finished in about 60 days. Mr. Foster then presented Pay Estimates No. 11 and 12 in the amounts of \$13,162.50 and \$62,343, attached as **Exhibits “Q”** and **“R”**, for Village @ Northtown Section 3 (John Henry Faulk Road) and recommended approval. After discussion, upon motion by Director Hill and second by Director Amaro, the Board voted 3-2 to approve the Pay Estimates, contingent upon the opening of John Henry Faulk Road, with Directors Richter, Amaro and Hill voting “yes” and Directors Campbell and Capers voting “no”. The Board generally expressed its displeasure with the road remaining closed because people needed to use it. Mr. Foster stated that he believed the road would be open in about a month. Mr. Foster then stated that, regarding the Village @ Northtown multifamily (North Wells Branch) tract, the developer and the Parks Subcommittee were still negotiating the terms of the a park access agreement and that the developer had generally responded well to the Subcommittee’s requests. He further stated that the developer’s plans had recently been submitted to the City of Austin. Mr. Foster reported that the renewal for the MS4 pond permit submitted to the Texas Commission on Environmental Quality in May 2019 was still under review. Mr. Foster next addressed the status of the Dessau Road force main replacement project and stated that he anticipated submitting plans to the City of Austin within the next few weeks and expected the project to be under construction by August of 2020. Mr. Foster then directed the Board’s attention to issues related to the Village @ Northtown parkland dedication. He stated that he had been working with the developer to get the parkland cleaned-up for dedication to the District and was attempting to get a schedule from the developer for the remaining tracts. He referenced the punch list for Lot 7, Block C of the parkland dedication, attached as **Exhibit “S”**, stating that the developer still needed to address multiple items such as removing the barbed wire fence and executing an agreement regarding payment of 2019 property taxes on the land before dedicating the land to the District. Director Richter stated that the Board would convene in executive session later in the meeting to receive legal advice with respect to the parkland dedication.

Director Richter then recognized Mr. Douthitt for purposes of receiving the bookkeeper’s report. Mr. Douthitt presented the updated cash activity report attached as **Exhibit “T”** and reviewed it with the Board. He recommended approval of a transfer by check from the District’s JP Morgan Chase Bank operating account to the ABC Bank customer refund account in the amount of \$6,000; a transfer by check from the JP Morgan Chase Bank operating account to the ABC Bank operating account in the amount of \$175,000; a transfer from the JP Morgan Chase Bank operating account to the ABC Bank manager’s account in the amount of \$55,300; a transfer from the District’s Compass Bank lockbox account to the TexPool operating account in the amount of \$130,000; a transfer from TexPool operating account to the ABC Bank operating account in the amount of \$500,000; and a transfer from TexPool General Operating account to ABC Bank Park account in the amount of \$49,950.00, as listed on page one of his report. Mr. Douthitt then reviewed the checks being presented for approval and called the Board’s attention to the additional payments that had been added to the check register after the packet date. He then reviewed the activity in the manager’s account for the prior month. He stated that the District was currently ahead of budget. After discussion, upon motion by Director Hill and second by Director Campbell, the Board voted unanimously to approve the transfers and the payment of bills and invoices as presented, with the stipulation that payment to the City of Austin for the \$264,568.51 prior month adjustment to the water and wastewater bill be held temporarily pending confirmation by the District’s rate analyst that the amount was correct.

Director Richter then recognized Mr. Anderson for the purpose of receiving the operations manager’s report. Mr. Anderson reviewed Crossroads’ report, attached as **Exhibit “U”**, noting that all lab results had been satisfactory during the prior reporting period and that

the District had a reported water loss of 3.24%. He stated that he had one write-off to present in the amount of \$61.20, noting that this was a renter and his \$300 deposit had been credited against the past-due amount. He stated that the District currently had 2,944 occupied single family connections and a total of 3,019 accounts. Upon motion by Director Capers and second by Director Amaro, the Board voted unanimously to approve the write-off. Director Capers asked what drought restriction stage the District was under and Mr. Anderson responded that the District was currently under Stage 1 restrictions and added that the District generally followed the City of Austin's lead with respect to water restrictions. Director Capers asked that notice of the current restrictions be posted on the District's website. Mr. Anderson responded that this notice was already on the website. Director Capers expressed his opinion that it might be appropriate for the District to be under Stage 2 restrictions.

Mr. Anderson then explained that Crossroads would be utilizing a new billing software company, Bluefin, which operated on a different system and that the new services would be less expensive. Mr. Anderson then presented the Merchant Processing Application and Merchant Services Terms and Conditions with Bluefin Payment Systems, LLC attached as **Exhibit "V"**, the Addendum to Card Services Agreement by and Among Northtown Municipal Utility District of Travis County, Texas, Bluefin Payment Systems, LLC and Wells Fargo Bank USA, N.A. attached as **Exhibit "W"**, the Service Agreement with T Tech, LLC attached as **Exhibit "X"** and the Addendum to Service Agreement by and Between Northtown Municipal Utility District of Travis County, Texas, and T-Tech, LLC attached as **Exhibit "Y"**. He also recommended termination of the existing agreements with Pace Payment Systems, Inc., Global Payments Director, Inc., Wells Fargo N.A., AVR, Inc. and T-Tech, Inc. Director Hill asked whether the login and payment pages online would look different. Mr. Anderson stated that they would, but that he would notify the Board and the residents before the change took place. Mr. Anderson then presented the First Amendment to Contract for Maintenance and Operation of Retail Utility System with Crossroads Utility Services, LLC attached as **Exhibit "Z"** and reviewed it with the Board. He stated that the Amendment addressed the security of District customer data available to Crossroads. After discussion, upon motion by Director Capers and second by Director Campbell, the Board voted unanimously to approve the Merchant Processing Application and Merchant Services Terms and Conditions with Bluefin Payment Systems, LLC, the Addendum to Card Services Agreement by and Among Northtown Municipal Utility District of Travis County, Texas, Bluefin Payment Systems, LLC and Wells Fargo Bank USA, N.A., the Service Agreement with T Tech, LLC, and the First Amendment to Contract for Maintenance and Operation of Retail Utility System with Crossroads Utility Services, LLC, and termination of the existing agreements with Pace Payment Systems, Inc., Global Payments Director, Inc., Wells Fargo N.A., AVR, Inc. and T-Tech, Inc.

Director Richter then stated that the Board would discuss rate order matters. Director Hill proceeded to discuss the proposed changes in the draft rate order amendment. He explained that the primary proposed change would be creating a separate rate class for the condominium project. Director Campbell pointed out that the rate for the Parkside Condominiums should be \$33.00 per dwelling unit rather than \$33.00 total. The Board directed Mr. Dean to make this correction. Director Campbell asked why the Parkside Condominium rate class did not cover other multi-unit residential complexes as well. Director Hill responded that the proposed amendment stated that the rate for all other multi-unit residential complexes would be determined at the time of connection. Director Hill asked the Board to send any additional comments regarding the proposed rate order amendment to the District's attorney and operator, stating that they would consider any comments and incorporate them into the proposed rate order amendment as appropriate. He announced that he would like

to put the proposed rate order amendment to a vote at the September Board meeting and would like the changes go into effect January 1, 2020.

There being no developers' and landowners' reports, Director Richter recognized Mr. Dean for the purpose of receiving the attorney's report. Mr. Dean stated that the attorney directives were complete.

At 7:32 p.m., Director Richter announced that the Board would convene in executive session as authorized by Section 551.071 of the Texas Government Code to receive legal advice. The Board reconvened in open session at 7:55 p.m. and Director Richter announced that no action had been taken in executive session.


The Board directed the District's attorney and engineer to determine the options available to expeditiously address and resolve the issues related to the Village @ Northtown parkland dedication.

There being no further business to come before the Board, upon motion by Director Campbell and second by Director Hill the Board voted unanimously to adjourn the meeting.

(SEAL)

Date:




Chris Capers, Secretary
Board of Directors

CERTIFICATE OF PROVISION OF NOTICE OF MEETING FOR
NORTHTOWN MUNICIPAL UTILITY DISTRICT
TO THE TRAVIS COUNTY CLERK'S OFFICE

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

I, Brian K. Gilbert, hereby certify that at 12:11
P.m. on Aug. 22, 2019, I provided two (2) copies of the attached
notice of meeting of the Board of Directors of Northtown Municipal Utility District to the Travis
County Clerk's office located at 5501 Airport Blvd., Austin, Texas for subsequent posting in
accordance with Section 551.054 of the Texas Government Code.

I understand that the attached notice was provided to the County Clerk in order to
comply with the Open Meetings provision of Chapter 551 of the Texas Government Code and
that the Board of Directors of Northtown Municipal Utility District will rely on this certificate in
determining whether the provisions of Chapter 551 of the Government Code have been satisfied.

Witness my signature this 22 day of August, 2019.

Brian K. Gilbert
Printed Name: Brian K. Gilbert
Company: Diligent Delivery