

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

October 25, 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 October 25, 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, thus constituting a quorum. Also present at the meeting were Deputy Keith Kinnard of the Travis County Sheriff's Department; 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 Kimley-Horn & Associates, Inc.; Lee Hill, a resident of the District; and Sue Brooks Littlefield of Armbrust & Brown, PLLC. District resident Lupe Serna 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 announced that he would not be able to attend the regular November meeting, and noted that the Board would consider the holiday meeting schedule later in the meeting. Director Campbell then advised the Board that, in addition to the District's website, which he maintained at no charge, he maintained several additional MUD-related websites, including the website for CASE, and added that Mr. Fadal was on the Board of CASE. He stated that he also maintained the Vista Oaks Municipal Utility District website, adding that Mr. Douthitt was on the Board of that district. He stated that, to avoid any appearance of impropriety, he wanted to bring this work to the Board's attention and added that he might elect not to participate in the discussion or vote on some matters affecting those individual consultants. The Board agreed that Director Campbell's work was not a problem, and thanked him for the disclosure.

Mr. Hill then recommended moving the District's director election to November. Ms. Littlefield stated that the election schedule would be on the November agenda. Mr. Hill stated that the voting center for November would be outside the District's boundaries and that he would like to have a polling place in the District.

Director Campbell stated that the Board would next consider approving the minutes of the September 22 and September 27, 2011 Board meetings. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the minutes.

Director Campbell stated that the Board would next receive a report on District security and recognized Deputy Kinnard. Deputy Kinnard reported that there had not been a lot of criminal activity in the District over the past month. He stated that his deputies were doing an excellent job of being proactive. He also reported that the Sheriff's Office dispatch had all District emergency contact numbers and had been able to contact Crossroads about a water leak. Director Amaro inquired if the fence being damaged by cut-through pedestrian traffic had been addressed. Deputy Kinnard stated that he had monitored the area and believed the issue was largely resolved. He stated that he felt the deputies' presence in the area behind the school had been a good deterrent. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the payments to the Travis County Sheriff's Department, as set forth on the updated bookkeeper's report attached as **Exhibit "B"**.

Director Campbell then noted that Ms. Serna had arrived at the meeting and asked if she would like to address the Board. Ms. Serna stated that, since the wall had been built in Wildflower, trash was ending up in the back corner of her lot, including soda and beer cans. She asked for assistance with signage to deter the constant dumping. Ms. Serna also stated that she would like notice of this covenant violation to be sent. The Board asked that Ms. Oliver take photos so the Board could determine if it could be of assistance. Ms. Serna then inquired about the gaps in the fence. Director Campbell pointed out that the gaps were provided due to the location of fire hydrants. Ms. Serna stated that the Wildflower HOA Board had said that the HOA could not afford to put lights up by the fence.

Director Campbell stated that the Board would next receive a report from the District's on-site manager and recognized Ms. Oliver. Ms. Oliver reported on her directives, noting that she had sent the variance for the District's landscape irrigation to Director Gray and Mr. Anderson, as requested. She pointed out that, as indicated on the maintenance report, fencing materials had been left by the dumpster, and stated that signage would be added to deter dumping at the dumpsters. Director Richter asked why there were so many stops to buy stamps, and Ms. Oliver stated she had to go to the post office to pick up the mail. Director Campbell suggested buying a stock of "forever" stamps before the cost of postage went up and the Board agreed. Ms. Oliver asked if she could buy a HEB gift card for gas purchases. Mr. Douthitt confirmed that this would work, as long as the staff provided receipts for the gas. Ms. Oliver stated that some work had been done on the ATV to replace a solenoid and install an upgraded battery, and that all of the work was done under the warranty. She stated that District signs had been installed and phone numbers added, so the check to the fabricator could now be released. Director Campbell stated that the phone number had originally been added as a sticker so it could be changed easily, based on a design decision.

Ms. Oliver stated that there were no unresolved covenant matters, and one person had been served with a lawsuit. Ms. Littlefield recommended that a covenant subcommittee be appointed to work with her office on covenant issues between

meetings. Director Martinez agreed that this would provide consistency. After discussion, Director Amaro and Director Richter agreed to serve on the Subcommittee and to bring recommendations on possible covenant litigation to the Board.

Director Campbell then stated that the Board would receive a report from the District's landscape maintenance contractor and recognized Mr. Fadal. Mr. Fadal reviewed his report, attached as **Exhibit "C"**, and stated that his crews had made a big push in September to pick up brush and debris and that about 15-20 truckloads had been removed from the parks and greenbelts. He stated that, with the recent small amount of rain and cooler weather, the parks and greenbelts were greening up. Director Richter agreed that the parks looked very nice.

Director Campbell then recognized Mr. Foster for purposes of receiving the engineer's report. Mr. Foster reviewed his report, attached as **Exhibit "D"**, with the Board. He advised the Board that he had completed his directives. He stated that the Lakes at Northtown construction was on-going and that he anticipated completion of the Village project by the end of the year. He stated that he would be working with the Parks Subcommittee and the contractor for the Village project on the tree replacement that was required under the terms of the easement. He stated that the pond maintenance work was complete and that he was coordinating on the final inspection with the City's representative. Ms. Littlefield inquired about the status of the apartment project. After discussion, the Board directed that no further work should be done until the developer paid the fees due to the District and the variance was finalized. The Board also directed Ms. Littlefield to send Ms. Oliver the covenant for the existing apartment complex, noting that it was not in compliance with the landscaping requirements. Mr. Foster reported that he had obtained the MeadowPointe fence permit, noting that the contract in the meeting packet, a copy of which is attached as **Exhibit "E"**, reduced the limits of the fence based on the easements obtained, and included removing the existing fence and columns and revegetation. He called the Board's attention to the add/alternatives and recommended proceeding. Director Campbell stated that the Signage Subcommittee had wanted the stone sign backdrop maintained. After discussion, Mr. Foster recommended that the Board approve the contract and authorize him to have a mock-up done to confirm the appearance and integration of the backdrop with the contractor. The Board agreed that Director Richter and Director Martinez could make the decision on the backdrop based on the appearance of the mock-up, and requested that the Signage Subcommittee's suggestion be taken into consideration. Director Richter then moved to approve the contract, with authorization to modify as discussed. Upon second by Director Martinez, the motion was unanimously adopted. Mr. Foster then stated that the East Lift Station improvement work was complete, but some minor modifications were still in process. He reported that the annual report under the Ms4 permit would be submitted by November 12th. Mr. Anderson confirmed that the public information flier required under the permit would also go out later in the week. The Board discussed the available surplus bond funds and Mr. Foster agreed to bring a proposal to the next Board meeting to prepare an application to use these funds.

Director Campbell then stated that the Board would discuss park development matters and recognized Director Richter. Director Richter reported that the park projects were complete, so the updated park budget item could be removed from the

meeting agenda. She confirmed that all of the Lower Colorado River Authority's grant paperwork had been completed.

Director Campbell stated that the Board would next discuss District signage. He reported that Ms. Oliver had coordinated installation of the signage that had been purchased to date and that the next signage projects would be mileage markers and disc golf signage. He stated that he appreciated Ms. Oliver's coordination of this project.

Director Campbell then recognized Mr. Douthitt for purposes of receiving the bookkeeper's report. Mr. Douthitt presented the bookkeeping report attached as **Exhibit "B"** and reviewed it with the Board. He advised the Board that he was requesting approval of the funds transfers summarized on page one of his report. He also requested approval to renew two certificates of deposit which had matured in the park fund for six more months at the rate of .5%. He reviewed the bills and invoices that had been included in the check register for payment. Upon motion by Director Amaro, and second by Director Gray, the Board voted unanimously to approve the payments as presented, less the payments to the Sheriff's Department previously approved, as well as to approve the funds transfers and certificate of deposit renewals.

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 "F"**, with the Board. Mr. Anderson stated that the District's water loss had improved and was down to 5.13%. He then presented the list of write-offs attached as **Exhibit "G"** and asked the Board for a zero tolerance policy, noting that one of the write-offs was due to an unperformed payment plan and that he was growing uncomfortable making the decision to extend credit to customers who did not pay their bills. The Board discussed the pros and cons of the utility manager having some flexibility before cut-off. Director Richter then moved that the Board authorize Mr. Anderson to approve payment plans for amounts which, at the time of approval, were up to \$400 and that, after that amount, a zero tolerance policy go into effect. Director Amaro seconded the motion. Director Campbell suggested the Board consider that the threshold amount be an amount over the customer's deposit. He stated that, if the maximum deposit was on file, this would cover quite a bit. After discussion, the motion was unanimously adopted. Director Richter and Director Amaro moved that the Board approve the write-offs, with the exceptions of the account for Roy Spencer which Ms. Littlefield was requested to research, and the account for Melissa Gonzalez, who had paid a portion of the amount due. Mr. Anderson then presented information regarding a possible prorata curtailment of water that might be implemented by the City of Austin if the drought became worse. Mr. Anderson, Director Amaro and Ms. Oliver were directed to work on updating the District's drought management plan.

Director Campbell then stated that the Board would discuss the implementation of the AVR system. Mr. Anderson reported that the District's October bills would be the last bills sent from the prior billing system and the next bills would be sent by AVR. He presented the letter being sent to the District's customers, attached as **Exhibit "H"**.

Director Campbell stated that the Board would next receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield reviewed her directives from the prior Board meeting. She then reported that, in response to the inquiry which had been

received from the Department of Justice, she had, in conjunction with the District's special legal counsel, Randy Leavitt, provided responsive documentation, both in hard copy and on disk, to the attorney who was handling the inquiry. She stated that Mr. Leavitt had confirmed that the District was not a target of the investigation and that he did not anticipate that any further District action would be required..

Director Campbell then stated that the Board would discuss the Stoney Creek well project. He reported that he, Director Martinez and Mr. Foster had met, but that the committee was still considering the matter and would meet with Ms. Littlefield and bring a recommendation back to the Board at the next meeting.

Director Campbell stated that the Board would next discuss the taxation of goods-in-transit under Senate Bill 1, enacted by the Texas Legislature, First Called Special Session (2011). Ms. Littlefield explained that, during the most recent legislative session, the Legislature had amended the statute allowing the taxation of certain "goods in transit", which consisted of personal property which was temporarily stored within the State. She recommended that the District conduct a public hearing and act to continue to tax goods in transit. Director Campbell then opened the public hearing on the taxation of goods in transit and asked if there was anyone present wishing to address the Board on this matter. Mr. Hill addressed the Board and stated that he did not oppose the taxation of goods in transit. Ms. Littlefield confirmed that the District had received tax revenues from goods in transit in the past. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to close the public hearing.

Ms. Littlefield then presented the Resolution Providing for Continued Taxation of Goods-in-Transit attached as **Exhibit "I"** and reviewed it with the Board. After discussion, upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the Resolution.

At 7:50 p.m., Director Campbell announced that Board would convene in executive session in order to conduct evaluations of the following consultants: Armbrust & Brown, PLLC (legal services); TexaScapes, Inc. (landscape maintenance); and Travis County Sheriff's Department (security patrol services) as permitted by Section 551.074 of the Texas Government Code. At 8:40 p.m., the Board reconvened in open session, and Director Campbell announced that no action was taken in executive session.

Director Campbell stated that the Board would next discuss its November and December meeting schedule. After discussion, the Board agreed that there would be no change in the Board's meeting dates. Director Campbell reminded the Board that he would not be at the November meeting.

There being no further business to come before the Board, the meeting was adjourned at 8:35 p.m.

Date: _____.

(SEAL)

Alex Martinez, Secretary
Board of Directors