

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

October 26, 2010

THE STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS           §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on October 26, 2010, at the Wells Branch Community Center, 2106 Klattenhoff Drive, Austin, 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
William E. Henderson	-	Treasurer
Scott M. Gray	-	Assistant Secretary
Alex Martinez	-	Secretary

and all of the Directors were present, thus constituting a quorum. Also present at the meeting were Jesse Kennis and Mona Oliver of Wells Branch Municipal Utility District; Robert Anderson of Crossroads Utility Services, LLC ("*Crossroads*"); Allen Douthitt of Bott & Douthitt, PLLC; Scott Foster and Michael DeMotte of Kimley-Horn & Associates, Inc.; Ronnie Stafford of TBG Partners; Deputy Keith Kinnard of the Travis County Sheriff's Department; Richard Fadal of TexaScapes, Inc.; Jim Nias, representing Village@Northtown, Ltd.; Lee Hill and Kathy Haught, residents of the District; 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 consider the consent items on the Board's meeting agenda: the minutes of the September 28, 2010 Board meeting and the License Agreements for Wildflower fence encroachments attached as **Exhibits "B", "C" and "D"**. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the consent items.

Director Campbell then stated that the Board would receive resident communications and Board member announcements and asked if there was anyone present wishing to address the Board. Mr. Hill thanked the Board for posting the budget on the website and thanked Mr. Fadal for maintaining the area around the pond that he had mentioned at the prior Board meeting. He also reported that the City had mowed the right-of-way that had been overgrown. Ms. Haught thanked the Board for the ease of use of the District's website and also for the crime report that was posted on the website. She stated that the District's bulky waste pick up had gone very well and was very organized and streamlined, and that she appreciated this service. Director Campbell responded that the Boy Scouts volunteered their services for the Clean-Up Day, but that the District made a contribution to support the troop in consideration of

the Scout's participation. He stated that he was happy to hear that Ms. Haught had a positive experience and added that the Board appreciated feedback, whether positive or negative.

Director Campbell stated that the Board would next discuss District security, and recognized Deputy Kinnard. Deputy Kinnard stated that the Sheriff's Department had posted for a crime lab IT position, and that he anticipated that this position would improve the crime statistics reporting available to the public in 2011 and would also avoid his having to manually assemble the crime statistics reports he provided to the Board. He stated that there had been a couple of gang incidents in the parks during the past month and that some arrests had been made. Deputy Kinnard noted that gang members had been observed in the parks in the afternoons, which was unusual. He stated that the deputies were doing a good job apprehending suspects and making arrests. Director Richter reported that the disc golf trails had been cut, and asked that Deputy Kinnard notify the deputies that these areas would need to be monitored. Deputy Kinnard asked if the materials that were going to be incorporated into the disc golf course were strong and could withstand abuse. Director Richter responded that they were very strong and were also bedded in concrete. She noted that the contractor for the pavilion had not experienced any vandalism problems thus far. Deputy Kinnard stated that there was a lot of citizen activity in the parks, which was very helpful in discouraging gang activity. He commended the Board on the fine job it had done on park development. Deputy Kinnard stated that he was working with the managers at the Parkside Condominium project and they were cooperating on disabled vehicle removal. Deputy Kinnard reported that there had been recent SWAT team activity to close a "grow" house in the area. He stated that there were other houses in the District which were being monitored for drug-related activity, but that these were undercover operations. Director Richter noted that there had been less of a problem with graffiti lately. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the payments to the Sheriff's deputies set forth on the cash activity report attached as **Exhibit "E"**.

Director Campbell then stated that the Board would receive a report under the Interlocal Agreement with Wells Branch Municipal Utility District and recognized Mr. Kennis. Mr. Kennis advised the Board that the Texas Municipal League had advised him that padding around the volleyball court poles was not required and, after discussion, the Board agreed that the padding which had been removed by vandals would not be replaced. He also reported that the soccer goals had been installed and distributed the photos attached as **Exhibit "F"**. Mr. Kennis then reviewed his summary report, attached as **Exhibit "G"**. Director Richter noted that she had requested that Mr. Kennis remove the task list from his report since it was no longer an accurate representation of the work that was being done by his staff. Ms. Oliver then reported that the violation at 13712 Golden Flax had been resolved and that District received a judgment in connection with a violation at 13809 Spring Heath, but the owner had now been evicted. She stated that the bank which had foreclosed on the property was making improvements and that she was taking a "wait and see" attitude. Ms. Oliver then advised the Board that an Eagle Scout, Lee Price, was interested in doing the address repainting in Wildflower as an Eagle Scout project. She reviewed the proposal attached as **Exhibit "H"**, noting that it would cost about \$165 for materials for the project and that Mr. Price would like to be reimbursed for his costs. Director

Henderson noted that normally an Eagle Scout earned the cost for his project. Director Richter stated that she felt this was a desirable public safety project and moved approval of the project, including the materials reimbursement, and to approve Mr. Price's preparation of the flier on the project, subject to Director Campbell's prior approval of the wording. Ms. Oliver stated that the address repainting would be helpful from a covenant enforcement perspective. Mr. Hill offered to provide Mr. Price with a plat with all of the street addresses on it. Director Gray then seconded the motion, which was unanimously adopted. Mr. Douthitt was authorized to issue a reimbursement check for the materials out of the manager's account.

Director Campbell then recognized Mr. Fadal for purposes of receiving a report from the landscape maintenance contractor. Mr. Fadal stated that all of the park maintenance was on schedule, and encouraged the Board to go out and look at the park areas, noting that the overseeding and topdressing had improved the turf areas even more. He stated that his crews were working on getting the new turf areas up to speed and that they soon would be changing out the seasonal color. Director Richter reported that the contractor for the disc golf course had encountered poison ivy in the new trail areas. Mr. Fadal stated that there might be one more poison ivy application included in his maintenance contract. Director Richter suggested that the Parks Subcommittee start work on the new landscape maintenance contract for the Board's consideration after the first of 2011 and the Board agreed.

Director Campbell then recognized Mr. Foster for purposes of receiving a report from the District's engineer. Mr. Foster stated that he had worked with Ms. Littlefield on the license agreements for the Wildflower fence, which was now completed. He stated that he had no pay estimates to present for the Lakes at Northtown, Section 4, but expected completion by the end of the year. Director Richter advised the Board that she and Director Martinez had met with the well contractor and that the initial test well had not generated the volume of water which was needed. She reminded the Board that two well locations had been approved, but explained that it would be necessary to add a third well site to the contract. She stated that she and Director Martinez would meet with Mr. Stafford and Mr. Foster on the project and bring back a recommendation at the next meeting. Director Richter then moved adding a third well to the previously approved contract with Bee Cave Drilling, on the same terms. Upon second by Director Gray, the motion was unanimously adopted. Mr. Foster then commended the Wells Branch staff and TexaScapes on their preliminary work to implement aspects of the wet pond maintenance plan as part of their routine maintenance. He stated that they would be identifying work that needed to be contracted out, for presentation to the Board at the next meeting. Mr. Foster stated that the fence project looked very nice and was just about complete. He stated that the entire fence had been restrained and now looked uniform. Director Richter stated that the contractor had done an excellent job, and had replaced all of the fencing that she and Mr. Foster had identified as being defective. Director Richter thanked Mr. Foster for his work on this project. Mr. Foster reported that he had finalized the annual report for the MS4 permit and would file it before the deadline. Director Richter noted that the Board had received a compliment on the District's website from a CASE Board member and commended Director Campbell for his work on the website. Mr. Foster reported that he anticipated that the 2010 bond application would be complete by the November meeting.

Mr. Foster then reported that his firm had completed the draft wastewater master plan, which he would like to have the Board subcommittee and Mr. Anderson review before presentation to the full Board at the November meeting. Mr. Foster stated that the surveys for the low flow lift station project had been completed, and that three minor additional items had been identified for the Board's consideration: an upgraded entry gate, locating a storage area for decomposed granite on site and adding a dumpster on site, all of which would need to be discussed with the Subcommittee. He stated that, as the lift station fence had to be relocated for the generator, it made sense to consider these items at the same time.

Director Campbell then recognized Director Richter for purposes of receiving a report on park development. Director Richter stated that, at the last meeting, a "not to exceed" change order had been approved to accommodate the electrical for the well project and that the total cost of this work had been \$18,536.70. Mr. Stafford stated that the pavilion contractor was on time and that the work was proceeding well. He noted that the contractor would be installing the stone veneer on the walls soon. Mr. Stafford then recommended approval of Pay Estimate No. 2 attached as **Exhibit "I"**. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the Pay Estimate. Director Richter then stated that the contractor had presented an option on a substitute playscape which the Subcommittee would need to discuss with Ms. Littlefield. Mr. Stafford stated that the contractor had been offered another type of equipment which the supplier indicated would be "equal to or better than" what had been specified and that he would be reviewing the proposal to verify this.

Director Campbell then noted that Director Gray had requested an agenda item regarding a 5K charity run proposed to be held in the District. Director Gray stated that the 5K run was proposed to obtain donations of food for the Round Rock food pantry. He stated that the run was proposed to be held on November 20. The Board agreed that Director Gray could work with one member of the Park Subcommittee to identify a route and directed Ms. Littlefield to provide Director Gray with the form of release that the District would require. The Board pointed out that the sponsor would also need to coordinate with the Sheriff's department for use of the streets. Director Richter asked that the run also be coordinated with Mr. Stafford, to be sure that the park contractor was notified and the equipment for the pavilion project secured. Director Campbell remarked that he believed part of the impetus for use of the park was the ability to use the parking area, which would need to be unlocked for the event.

Director Campbell stated that the Board would next discuss the District signage master plan. He noted that the Signage Subcommittee had been advised that the pricing information provided previously included legitimate unit prices for the signs. Mr. Stafford stated that he would have Mr. Raudabaugh send the necessary information to Director Campbell.

Director Campbell then recognized Mr. Douthitt for purposes of receiving a report from the District's bookkeeper. Mr. Douthitt presented the updated cash activity report attached as **Exhibit "E"** and reviewed it with the Board. He also reviewed the transfers set forth as action items on page 1 of his report. Mr. Douthitt then reviewed the list of disbursements set forth in his report, noting that this included the final bill

from SWWC Services, which was for a couple of service orders for materials only. He stated that he had not yet received the District's City of Austin utility bill. Director Richter stated that, if he was having difficulty getting any consultant invoices in a timely manner, Mr. Douthitt advise the Board. Mr. Douthitt confirmed that he had verified the write-offs and deposit refunds. Director Campbell asked for one additional step with regard to the deposit refunds, which was to cross-check the refund list against the list of individuals against whom the District had judgments, noting that it was a short list, but that any overlap should be monitored. Ms. Littlefield agreed to provide Mr. Douthitt with a list of the judgments from covenant violation suits. Mr. Douthitt stated that he had added the invoice for the park contractor to the list of payments, noting that it had been submitted late and that he had not been copied on the original submittal. Director Richter confirmed that the amount on the list of payments was correct. Mr. Douthitt noted that one District CD was maturing and recommended renewing it with IBC Bank for six months. He also stated that Texas Capital Bank was offering a slightly higher rate of 1.15% and suggested transferring the funds currently on deposit in the money market account with Treaty Oak Bank to a CD with Texas Capital Bank. Mr. Douthitt then advised the Board that he had received two escrows for industrial waste permit applications for Village @ Northtown. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the transfers, investments and payments set forth on the cash activity report, with the exception of the payments to the Sheriff's deputies which had previously been approved. The Board also authorized release of the final payment to SWWC Services which had previously been held.

Director Campbell stated that the Board would next receive a report from the District's general manager and recognized Mr. Anderson. Mr. Anderson advised the Board that he was working with Texas Municipal League on the damage at the East Lift Station, noting that there were two insurance coverage options, one of which was through the boiler and machinery coverage and one of which was under the property coverage. He stated that he thought the damage had been caused by an electrical surge, which would make it eligible for coverage under the property insurance, with a lower deductible of \$1,000. He stated that the District had a 4.13% water gain the prior month and currently had 2743 single-family connections. He reported that all test results were satisfactory. Mr. Anderson presented the write-off list attached as **Exhibit "J"** and requested approval. Upon motion by Director Henderson and second by Director Gray, the Board voted unanimously to approve the write-offs. Mr. Anderson then advised the Board that Jose Otalera had filed a billing complaint, noting that his bill was for \$145, but the customer service representative had erred by entering \$745, which had been debited from his account. He stated that, when it was discovered, Crossroads had immediately credited Mr. Otalera's account and offered to pay any hot check fees or other charges. Mr. Anderson noted that the bank would normally waive overcharge fees in this situation. He stated that the customer was very nice and just wanted his money, which was understandable. Mr. Anderson then advised the Board that Crossroads had received an alarm call from a generator at Lift Station No. 2 and that his service personnel had found the lock cut off and the electrical panel pulled open. He stated that whoever had accessed the area had hit a live wire, which had resulted in an electrical blast. Mr. Anderson indicated that he believed the entry was an attempt to steal copper wire. He confirmed that he had filed an insurance claim for this damage.

Mr. Anderson then reminded the Board that discussion of the proposed AVR credit card payment service had been deferred from the last Board meeting. Director Martinez stated that, after reviewing the information provided by Crossroads, he believed the cost for the additional service was justified and was in support of the proposal. Director Richter stated that she was also in agreement, adding that the approach had been the problem. She stated that the Board did not like to get information that involved significant District expense without prior notice, and that this was the wrong way for this information to be presented. The other Board members concurred. Director Gray agreed, noting that he now understood that the one-time fee was for a different level of service. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve implementation of the AVR credit card payment service with the one-time fee being absorbed for existing customers and passed-through to new customers through an amendment to the rate order, with an increase of \$0.25 per month in the base fee to cover the District's share of the recurring monthly charge, and with the District absorbing the 3% fee for credit card processing and the customers paying any other transaction costs.

Director Campbell then recognized Ms. Littlefield for purposes of receiving the attorney's report. Ms. Littlefield reviewed her directives from the September Board meeting. She pointed out that the Board had already approved the license agreements relating to the masonry fence encroachments that she had been directed to prepare at the last meeting. Ms. Littlefield stated that she had contacted the developer for the Lakes at Northtown, Section One, and that the developer had agreed to execute the required maintenance agreement and easement for the pond and to pay the backcharged expenses. Mr. Douthitt stated that he had been asked to provide a detail and backup going back several years and the Board agreed that any related charge should be backcharged to the developer. Ms. Littlefield then pointed out that foreclosures had increased slightly in August and September, and that, although the total number of foreclosures appeared fairly high, the loss in value was still approximately \$540,000. Ms. Littlefield then presented the SAS 99 letter from the District's auditor attached as **Exhibit "K"**, and explained that she recommended that the Board review the letter and discuss the representations which it contained, noting that these same provisions would be included in the representation letter which would be requested from the Board at the time the audit was presented. The Board reviewed the letter and discussed the representations which were included, and the Board members confirmed that none of them were aware of any allegations of fraud or suspected fraud affecting the District. Further, the Board confirmed that it understood the risk of fraud, and had taken appropriate steps to mitigate the risk of fraud, including by establishing internal controls on the District's various bank accounts. Ms. Littlefield pointed out that the Board reviewed the District's Code of Ethics at least annually and that this was a significant District document which stressed the importance of ethical behavior and sound business practices and the Board concurred.

Director Campbell then stated that the Board would discuss a proposed District office, meeting place and storage. He noted that he had been advised, unofficially, that the District's interlocal agreement with Wells Branch would not be renewed in March 2011. He pointed out that the District had benefited from its relationship with Wells Branch, including through the services of Wells Branch's personnel. Director Campbell stated that a subcommittee meeting was scheduled for the following day and he

anticipated receiving formal notice from Wells Branch at that time. He noted that, as a result of this development, he believed it was time for the Board to consider the District's needs for office and meeting space, but pointed out that there were no appropriate buildings in the District at this time. Director Campbell stated that there were buildings near the District which could serve until there were suitable facilities in the District's boundaries. He stated that he hoped that the Board would obtain meeting space, storage space, and a District office and added that, ultimately, he anticipated there would be District personnel. Director Campbell recommended appointing a subcommittee to identify a site that could be utilized for these purposes. Director Richter suggested that the vacant house at the end of Howard Lane be considered as an option, and stated that she would like to work on this project. Director Gray stated that he would also like to participate in the site selection process. Ms. Littlefield pointed out that real estate matters could be discussed in executive session and also recommended that the subcommittee not disclose who it was acting for in order to preserve the District's negotiating position. Director Campbell then noted that the District had a significant amount of material and supplies which were being stored by Wells Branch and recommended that the District's property be moved into a storage unit rented by the District in anticipation of the change. He stated that Mr. Anderson had done some investigation and that there were storage units very close to the District on Dessau Road. Director Richter then moved that the District move forward with the rental of a 10 x 20 unit for \$125 per month at Storage Town USA. Director Gray seconded the motion, which was unanimously adopted. Director Campbell stated that the Board would do everything possible to make the change as smooth and as seamless to the residents as possible.

Director Campbell stated that the Board would next receive a report from developers' and landowners' representatives and recognized Mr. Nias. Mr. Nias stated that the City of Austin had approved the revised land use plan for the Village @ Northtown, and that Pflugerville ISD had closed its acquisition from his client the previous Friday. He stated that the Village @ Northtown was now in the process of platting the property across the street from the future school site.

Director Campbell then stated that the Board would discuss its holiday meeting schedule. The Board agreed to retain its regular November meeting date and to consider the December meeting date at the November meeting.

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

(SEAL)

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Alex Martinez, Secretary  
Board of Directors