

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

November 27, 2012

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 November 27, 2012 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:

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|---------------------|---|---------------------|
| Robin Campbell | - | President |
| Brenda Richter | - | Vice President |
| Scott M. Gray | - | Treasurer |
| Alex Martinez | - | Secretary |
| Felix T. Amaro, Jr. | - | Assistant Secretary |

All of the Directors were present, thus constituting a quorum. 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; Richard Fadal of TexaScapes, Inc.; Scott Foster of 360 Professional Services, Inc.; Deputy Keith Kinnard of the Travis County Sheriff's Department; Lee Hill, Alan Rivaldo and James Oden, 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 receive resident communications and Board member announcements. Mr. Hill thanked Mr. Anderson for "keeping things flowing" over the holidays. Director Campbell announced that the Interlocal Agreement related to the City of Austin water rate challenge had been finally negotiated and executed.

Director Campbell stated that the Board would next consider approving the Sworn Statements and Oaths of Office for Directors Campbell and Amaro. Directors Amaro and Campbell then read their Oaths of Office and Sworn Statements aloud. Director Richter moved to accept the Sworn Statements and Oaths of Office for both Directors Campbell and Amaro. Upon second by Director Martinez, the motion was unanimously adopted.

Director Campbell then stated that the Board would consider the election of officers. Director Richter moved that the Board retain the same slate of officers. Upon second by Director Martinez, the motion was unanimously adopted.

Director Campbell stated that the Board would next consider approving the consent items on the Board's meeting agenda: the minutes of the October 23, 2012 Board meeting; the Amended Resolution Establishing Offices and Meeting Places of the

Board of Directors and Establishing Locations for the Posting of Notice of Meetings of the Board attached as **Exhibit “B”**, and a revised District Registration Form. After discussion, 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 discuss the City of Austin electric rate increase, including HURF’s request for financial support for challenging the out-of-City electric rates. Director Richter noted that the Board had not acted on the request for funding at the prior Board meeting since two of the Board members were not present. She noted that Director Amaro had expressed a good understanding of the issues and invited him to share his views. Director Amaro stated that one concern was the way decisions were being made, for example, the Utility’s involvement in the wood-burning power plant in East Texas, which was burning green trees and not utilizing dead trees. He added that the City had also moved to sell its interest in the coal burning plant to the Lower Colorado River Authority (“LCRA”), and had invested significant funds in solar power, which had a much higher cost per kilowatt hour. Director Richter noted that the question was whether to provide some funding towards this effort, and added that another issue regarding the rates was the tiers. Director Martinez expressed concern about the general fund transfer, as well as financially risky “green initiatives”. Director Amaro stated that his concern was that these decisions, which impacted the District as a ratepayer and also the District’s residents who received their electric service from the City, were being made without any input from out-of-City customers. Mr. Hill stated that he was not a City electric customer, but supported participating in this effort and suggested two or three dollars per household. Director Gray stated that his question was the District’s interest. Director Martinez noted that the District was a City electric customer and so was affected. Director Amaro and Director Richter stated that they were in favor of participating. Director Richter suggested that the Board contribute between \$3,000 and \$5,000 to this effort. Director Campbell stated that \$2.00 per household would be around \$5,000. Director Gray stated that this would be the maximum amount that he would be in favor of at this time. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to support the electrical appeal effort in the amount of \$5,000. Director Campbell stated that he felt the presentation the Board had received at the prior meeting was excellent, but the Board members present had preferred to defer making a decision until the entire Board could participate.

Director Campbell then recognized Deputy Kinnard for purposes of receiving the security report. Deputy Kinnard stated that criminal activity had been high the previous month, including two burglaries in one day while he was on duty. He stated that the perpetrators were now in custody. Deputy Kinnard stated that an additional house had been burglarized the previous day and that the home had been “trashed”, which he felt indicated that it might be personal. He stated that patrols would be out in force during the next month since he anticipated a potential increase in burglaries during the Christmas holidays. Mr. Hill suggested that a reminder be sent out to the residents to remind them not to put television boxes out in the trash. Deputy Kinnard stated that he suggested that residents lock their back gates, and also use alarms if they had them. Director Richter asked if he had other suggestions and he responded that a reminder to the residents to close their garage doors and take things out of their cars would be helpful in addition to the reminder to lock their gates. Director Richter then moved

approval of the payments to the Travis County Sheriff's deputies as set forth on the updated cash activity report attached as **Exhibit "C"**. Upon second by Director Amaro, the motion was unanimously adopted.

Director Campbell then stated that the Board would receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver stated that her directives had been completed and that she had no covenant items to present. She requested approval of the purchase of additional Mutt Mitt stations as set forth on **Exhibit "D"**. She noted that the request was for the purchase of six total units, four of which were currently needed. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the purchase. Ms. Oliver also requested that the Board approve the expenditure of \$100 for a staff appreciation luncheon. Director Gray suggested that an off-site activity might be nicer for the staff and the Board concurred. Ms. Oliver stated that she felt the staff would like this. Director Amaro moved to approve an expenditure of \$200 for the event. Upon second by Director Richter, the motion was unanimously adopted. Ms. Oliver advised the Board that Texas Disposal Systems had called to notify her that the trash pickup would be different for the holidays. She stated that they would be moving the December 29th pick up date to December 31st and the January 5th pick up to January 7th. The Board discussed the fact that this wasn't consistent with the contract. Ms. Oliver stated that she would have Mr. Ray Bryant call Ms. Littlefield to discuss the matter.

Director Campbell then recognized Mr. Fadal for purposes of receiving the District's landscape maintenance report. Mr. Fadal presented the plant of the month, Rosemary. He then reviewed his report, attached as **Exhibit "E"**. Director Richter commended Mr. Fadal for the nice appearance of the park areas going into the holidays.

Director Campbell then announced a five-minute recess. The Board reconvened at 6:45 p.m. and Director Campbell stated that the Board would next receive the engineering report. Mr. Foster presented his report, attached as **Exhibit "F"**, and advised the Board that Lakes at Northtown Section 5 was complete and the building of homes would start soon. He stated that Phase 1 of the apartments was complete, the Phase 2 plans had been approved and construction would begin soon, and Phase 3 was in the planning phase. Mr. Foster noted that Phase 3 was partly in the District and partly outside of the District. He stated that there was no change in the status of the Pflugerville ISD tract. Mr. Foster stated that he had a meeting scheduled with Kimley-Horn and the City on the lift station project at the end of the week, and that he anticipated having final documents in the packet for the December meeting. He reported that the contractor was making good progress with the Wildflower park project and hoped to complete installation by mid-December. Director Richter noted that she had requested that the playscape not be demolished unless it could be replaced before the Christmas holiday. Mr. Rivaldo suggested that the contractor be reminded to secure his equipment and Mr. Foster agreed to notify the contractor. Mr. Foster stated that he was working on scheduling a meeting with Mr. Douthitt and Ms. Allen on the surplus funds and funding for the force main project. He confirmed that the final update for the MS4 permit had been submitted, but stated that no new guidance from the TCEQ had been received on the new permit. He stated that the pond inspections would be undertaken within the next few weeks and that he did not anticipate any major issues. He commended Mr. Fadal's crews and the District's crews on keeping the ponds in good shape. Ms. Oliver requested that she be included in the inspections, and he agreed to

notify her. Mr. Foster stated that he and Mr. Anderson had recommendations on the infrastructure contingency plan and would be meeting with the infrastructure subcommittee. Mr. Rivaldo stated that there was a fence around the well on McCallen Pass. Mr. Foster stated that there had been some fencing missing but that the mini-mesh had now been installed. Director Richter asked if the leak at the well had been repaired before it was winterized and Mr. Foster stated that it had not been, but that he would get this issue addressed. He stated that Mr. Douthitt was still holding retainage on the project.

Director Campbell then stated that the Board would discuss park development matters and recognized Director Richter. Director Richter stated that she had nothing to report at this time.

Director Campbell then recognized Mr. Douthitt for purposes of receiving the bookkeeper's report. Mr. Douthitt reviewed his updated cash activity report, attached as **Exhibit "C"**, with the Board. He reviewed the proposed transfers set forth on page one of his report. Mr. Douthitt called the Board's attention to the payments that had been added to the list of bills and invoices since the date of the packet, including chemicals for the lift stations and Check No. 4901 in the amount of \$5,000 to HURF as previously discussed. He reviewed the payments made from the bookkeeper's account. He noted that he anticipated receiving tax collections in the next few weeks. Upon motion by Director Gray and second by Director Martinez, the Board voted unanimously to approve the transfers and the payment of the bills and invoices, as presented.

Director Campbell then recognized Mr. Anderson for purposes of receiving the general manager and utility operator's report. Mr. Anderson stated that the District currently had 2,831 active single-family connections and that the water loss for the month was at 8.25%. He pointed out that there were four 90-day delinquent accounts and requested approval of the write-offs listed on **Exhibit "G"**. Upon motion by Director Gray and second by Director Amaro, the Board voted unanimously to approve the write-offs.

Director Campbell then stated that the Board would receive reports from developers' and landowners' representatives. There being none, Director Campbell recognized James Oden, who stated that he was a new resident. Director Campbell advised Mr. Oden that the Board's meeting packet information was posted on the District's website and there was also a copy of the packet in the rear of the meeting room.

At 7:03 p.m., Director Campbell announced that the Board would convene in executive session for purposes of receiving legal advice from the District's attorney as permitted under Section 551.071 of the Texas Government Code. At 7:13 p.m. the Board reconvened in open session and Director Campbell stated that no action had been taken in executive session.

There being no further business to come before the Board, the meeting was adjourned.

Date: _____.

(SEAL)

Alex Martinez, Secretary
Board of Directors