

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

December 17, 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 December 17, 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:

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; Scott Foster of 360 Professional Services, Inc.; Lee Hill and Alan Rivaldo, residents of the District; and Sue Brooks Littlefield of Armbrust & Brown, PLLC. Jim Nias, representing Village@Northtown, Ltd., 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 no resident communications, Director Campbell advised the Board and consultants that he would be out of town for the next two weeks and would not have immediate access to email.

Director Campbell stated that the Board would next consider approving the minutes of the November 27, 2012 Board meeting. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the minutes.

Director Campbell stated that the Board would next discuss the City of Austin water and wastewater rate increases. Director Campbell stated that there had not yet been a meeting of the protesting districts, but the District had funded an invoice for costs related to the rate challenge of approximately \$1,200.

Director Campbell then recognized Deputy Kinnard for purposes of receiving the security report. Deputy Kinnard stated that, on December 4th in the afternoon, Deputy Sawtelle had observed four individuals who ran when they saw his vehicle and that the Sheriff's Department had retrieved stolen property and ultimately arrested the individuals who were responsible. He stated that one of the individuals was responsible for five burglaries in the District. Deputy Kinnard reported that there had been some

graffiti in the homeowners' association area of the District, but noted that, if it was not reported officially, it was not added to the tracking system. Ms. Oliver offered to contact the management company for the association and express the Board's concern about the failure to report these incidents and the Board agreed she should do so. Deputy Kinnard stated that there had been a gas line break on Dessau Road, which had caused the road to be closed for some period of time. Deputy Kinnard stated that patrol hours would be increased during the Christmas holiday, but would be reduced again, with the Board's permission, once the weather became cooler. Director Amaro stated that it made sense to reduce the hours unless there was another spike in criminal activity in January. The Board agreed that this was the Security Subcommittee's decision and within its authority. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the payments to the Travis County Sheriff's deputies set forth on the updated cash activity report attached as **Exhibit "B"**. Director Amaro suggested sending a reminder to the residents to keep their garage doors closed, and covering other public safety tips. Deputy Kinnard agreed to prepare the reminder, and the Board agreed Ms. Oliver should distribute it in English and Spanish. Ms. Oliver agreed to provide Deputy Kinnard with the last notice that had been sent by the District as an example. Director Campbell confirmed that he was posting all information he received from Deputy Kinnard and explained to Deputy Kinnard that his confirmation of receipt meant it was on the website. Deputy Kinnard asked that any emails sent by his office to the Security Subcommittee not be forwarded and the Subcommittee members agreed that they would not do so unless legally required.

Director Campbell then stated that the Board would receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver reported on her directives, noting that Mr. Bryant of Texas Disposal Services had not contacted Ms. Littlefield, but that he had agreed that the collection dates would remain as per the contract. She stated that she had no covenant items to present and asked if the Board Subcommittee wanted to make a presentation on the covenant issue relating to the apartments. Director Campbell stated that the subcommittee was not pleased with the results of the landscaping, noting that the plantings on the fence were mostly behind the fence, and the renderings had apparently not been detailed enough to provide an enforceable solution. Director Amaro stated that the renderings and plant list had been revised, but the photo had not. Director Campbell stated that there were also punch list items, primarily that they had omitted several trees, but added that some of these trees were perhaps located too close together. He stated that his big concern was that the fence was not properly screened and the Subcommittee had wanted to emphasize the screening. Director Campbell stated that he was disappointed that the requirement that the plantings shown in the photo be met was apparently not addressed in the settlement agreement. He noted that the neighboring apartment complex looked much better. Ms. Oliver then stated that some of the numbers needed for the posting boards were not available and requested that the Board consider authorizing purchase of the numbers that were needed in order to have the right numbers for each of the signs. The Board discussed whether the purchase of the additional numbers was justified, as the Board did not move its meeting date very frequently. The consensus of the Board was that the District should not purchase the additional numbers as Ms. Oliver had found an appropriate solution by laminating the necessary numbers.

Director Campbell stated that Mr. Fadal had a conflict and was unable to attend. Director Richter stated that Mr. Fadal would be meeting with the Parks Subcommittee on landscaping around the chain link fence at the well project to shield the fence and also a reforestation proposal to replace the deadfall where most appropriate. Director Richter then noted that Mr. Fadal had been directed to replace the landscaping around the force main, noting that this was part of the force main repair project and the information attached as **Exhibit “C”** was being presented for the Board’s information.

Director Campbell stated that the Board would next receive the engineering report. Mr. Foster presented his report, attached as **Exhibit “D”**, and advised the Board that all of his directives were complete. He stated that Lakes at Northtown Section 5 was complete and that he expected final acceptance to be recommended at the next Board meeting. Mr. Foster stated that low flow lift station/force main project final walk-through had been done and presented the final Pay Estimate attached as **Exhibit “E”**. He recommended approval and acceptance, subject to receipt of the City of Austin approval letter. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the Pay Estimate and acceptance of the project, contingent upon City of Austin approval, as recommended. Mr. Foster then stated that the Wildflower playscape had been completed and was functional, and presented Pay Estimates No. 1 and 2, attached as **Exhibits “F”** and **“G”**, and recommended approval. He stated that he expected the project to be complete by January. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the Pay Estimates. Mr. Foster reported that he and Mr. Douthitt had met with Ms. Allen to review the surplus funds project list and that Mr. Douthitt would be preparing a revised list and he would prepare the application. Mr. Douthitt stated that it was anticipated that there would be approximately \$2,000,000 available for the force main project. Mr. Foster also reported that the field work on the pond maintenance was complete and he felt the District should be very proud at the progress made over the past few years. He stated that most of the items observed were minor or routine, but there were a few items that were education-related and that he was meeting with TexaScapes’ and the District’s crews about those items. He stated that the difference in the ponds’ condition was readily apparent. Director Richter requested that Ms. Oliver pass this commendation along to the District’s staff and she agreed to do so. Mr. Foster then advised the Board that he had been in preliminary discussions with the property owners along the proposed force main relocation route and that he expected to have a recommendation on routing to bring the Board at its next meeting. He stated that Crossroads and the Subcommittee had held a very good meeting on the emergency action plan, including identifying methods for additional monitoring of the area. Director Campbell stated that it had been nice to have both Mr. Anderson and Mr. Abshire present to discuss these items, including the possibility of installing an overflow retention well within the lift station fence, which would provide a little bit of insurance in the event of a break. He stated that some other recommendations discussed had been the possibility of purchasing monitoring software and engaging the security team to check the area when they were onsite. Mr. Anderson stated that Crossroads had also purchased sandbags to divert overflow in the event of a break, noting that any monitoring well would have to be within the fence area and it was not very feasible to do this due to the lines within the fence. He stated that Crossroads was looking at the possibility of putting in a “frack” tank.

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.

Director Campbell then recognized Mr. Douthitt for purposes of receiving the bookkeeper's report. Mr. Douthitt reviewed the updated cash activity report attached as **Exhibit "B"** with the Board. He reviewed the proposed transfers set forth on page one of his report. He 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 and to several non-standard payments, including the Pay Estimate recommended by Mr. Foster and the payment of the District's share of charges relating to the water rate challenge. Mr. Foster recommended holding the Kimley-Horn payment until the District received the City of Austin acceptance letter for the force main project and the Board concurred. Mr. Douthitt reported that the retainage for the well project had been released as approved by the Subcommittee. Mr. Douthitt stated that the District was about \$100,000 ahead of plan on the budget year to date, largely due to expenses that had not yet been incurred relating to the park and construction. Upon motion by Director Gray and second by Director Amaro, the Board voted unanimously to approve the transfers and the payment of the bills and invoices, as recommended.

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 2,840 occupied active single-family connections, that all water samples were satisfactory and the water gain for the month was at 6%. He pointed out that there was one 90-day delinquent account and requested approval of the write-offs listed on **Exhibit "H"**. Mr. Anderson stated that one write-off was for over \$1,000 and that he had included the customer's payment history. Director Campbell asked for further information on "Academic House" and the Board agreed that this account should be pulled from the list until Mr. Anderson researched it. Mr. Anderson stated that he would report on the account at the next Board meeting. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the write-offs, with the exception noted.

Director Campbell then stated that the Board would receive a report from the District's general counsel and recognize Ms. Littlefield. Ms. Littlefield noted that the Board was required to review the District's Code of Ethics ("Code") on an annual basis. The Board then reviewed and discussed the Code. Ms. Littlefield then presented the Resolution Confirming Annual Review of Code of Ethics and Financial Investment, Travel and Professional Services Policy and Investment Strategy attached as **Exhibit "I"**. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the Resolution.

Director Campbell stated that the Board would next receive reports from developers' and landowners' representatives. Mr. Nias stated that his client was requesting another change in the land use plan for Village @ Northtown, and requested that the Board consider appointing a subcommittee. The Board affirmed that the standing subcommittee, composed of Director Campbell and Director Martinez, would be authorized to review the requested change. Mr. Nias stated that his client had a serious interest in a multifamily tract, and that the proposal was to change the land use from retail to multifamily, and exchange the uses to keep the overall density the same.

Director Campbell stated that he would not be available the rest of the year, but the Subcommittee would be happy to meet with him after the first of the new year.

Director Campbell then recognized a new resident who had arrived at the meeting, and welcomed him to the meeting. Director Campbell noted that the Board's packet information was posted on the District's website and there was a copy of the packet in the rear of the meeting room as well.

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 authorized by Section 551.071 Texas Government Code. At 7:13 p.m., the Board reconvened in open session and Director Campbell announced 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