

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

December 17, 2013

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, 2013, 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 following members of the Board, constituting a quorum, were present:

Brenda Richter	-	Vice President
Alex Martinez	-	Secretary
Felix T. Amaro, Jr.	-	Treasurer
Kathy Haught	-	Assistant Secretary

Director Robin Campbell was absent. 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; Deputy Keith Kinnard of the Travis County Sheriff's Department; Richard Fadal of TexaScapes, Inc.; Scott Foster of 360 Professional Services, Inc.; Randy Wilburn of Law Offices of Randall Wilburn; Alan Rivaldo and Lee Hill, residents of the District; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Richter called the meeting to order at 5:47 p.m. and asked if there were any residents who wished to address the Board. There being none, Director Richter stated that the Board would consider approving the consent items on the Board's meeting agenda: the minutes of the November 19, 2013 Board meeting; the Resolution Confirming Annual Review of District Code of Ethics and Financial Investment, Travel and Professional Services Policy and Investment Strategies and Adopting an Amended List of Qualified Brokers attached as **Exhibit "B"**; and the 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 "C"**. Upon motion by Director Martinez and second by Director Haught, the Board voted unanimously to approve the consent items.

Director Richter then recognized Mr. Douthitt who presented his updated report, attached as **Exhibit "D"**. He reviewed the funds transfers he was recommending for approval, as summarized on page one of his report, including transfers from the District's operating account to the manager's account, from District's TexPool operating account to the operating account, and from the District's lockbox account to the TexPool operating account. Mr. Douthitt then reviewed the payments that he was recommending for approval and the payments that had been made out of the manager's account since the last Board meeting. He also called the Board's attention to the checks that had been added to his report since the packet date. Director Richter inquired about

two checks in the same amount and Mr. Douthitt agreed to confirm that these were correct. He noted that the mileage check to Director Campbell would need to be voided due to his absence from the meeting. Upon motion by Director Amaro and second by Director Haught, the Board voted unanimously to approve the payment of the bills and invoices, with the exception of the void noted, and the transfers as presented.

Director Richter then recognized Mr. Fadal for purposes of receiving the landscape maintenance report. Mr. Fadal presented the plant of the month, "Woodlander's Hardy Bottlebrush". He stated that the plant had originally been brought to England from Australia for the Kew Gardens and added that it thrived in temperate areas and was an evergreen. He stated that he intended to introduce this plant into the District when some new plantings were added. Mr. Fadal then reviewed the flood repair work that had been completed and updated the Board on the creek bank repair, which he noted was substantially complete and coming in about \$2,000 below the estimate. Director Richter stated that the repaired area looked much better and included erosion control as well as restoration of the rock that had been moved by the flooding. She commended the quality of the work. Director Martinez stated that he also appreciated the effort. Mr. Fadal reported that his crews had begun the repair of the MeadowPointe washed-out area and that this work would be complete in mid-January. Mr. Fadal then reviewed his maintenance report, noting that the work was largely on schedule, although some of the overseeding had been washed out by the rain. He stated that the result might be a little spottier, but, because of the time of the year and the cold weather, he did not recommend adding additional seed. Director Martinez stated that the Parks Subcommittee had deferred a decision about opening the soccer fields until this information was received, and recommended that the Board authorize the opening of the soccer fields. Mr. Fadal concurred. The Board directed that the staff open the fields and Ms. Oliver responded that this would be done by the end of the week. Ms. Oliver stated that the fields would be closed if it rained again to avoid damage.

At 6:01 p.m., Director Richter stated that the Board would convene in executive session as authorized by Section 551.071, Texas Government Code, in order to receive legal advice regarding the City of Austin rate case. At 6:17 p.m., the Board reconvened in open session and Director Richter announced that no action had been taken in executive session. Director Amaro then moved that the Board authorize the Rate Case Subcommittee to act on the Board's behalf in connection with any settlement. Upon second by Director Martinez, the motion was adopted, with Director Haught abstaining from the discussion and the vote.

Director Richter stated that the Board would next receive the District's security report and recognized Deputy Kinnard. Deputy Kinnard reported that criminal activity in the District was quieting down and the call volume on burglaries of homes was down, but on vehicles was up. He stated that he was monitoring the patrol schedule and that more abandoned vehicles than usual had been identified. Ms. Oliver explained that the Sheriff's Department had two houses on close patrol and thanked Deputy Kinnard for doing that. Deputy Kinnard then presented the Application for Secondary Employment of Law Enforcement attached as **Exhibit "E"**; the Contractor Acknowledgement for Use of Officer-Owned Emergency Vehicles or Police Bicycles attached as **Exhibit "F"**; and the Agreement with Regard to Use of Vehicle(s) in Connection with Off Duty Employment of County Peace Officer(s) Agreement with Regard to Use of Vehicle(s) in Connection with Off Duty Employment of County Peace Officer(s) attached as **Exhibit**

“G” and explained that these agreements were necessary to renew the Sheriff’s Departments services for the next year. Upon motion by Director Amaro and second by Director Martinez, the Board voted unanimously to approve the agreements. Ms. Littlefield agreed to forward the signed documents to Deputy Kinnard for processing with the County.

Director Richter then recognized Mr. Foster for a report regarding flood-damage and related repairs. Mr. Foster reported that Ms. Oliver had begun to process a flood-damage insurance claim which was still in process. He explained that there would be several projects related to the repair and reconstruction of the trails and, that after discussion with the Parks Subcommittee, these had been combined with a previously planned trail project. Mr. Foster noted that this project would need to be bid and presented the proposal from his firm for the engineering work attached as **Exhibit “H”**. He stated that this project would likely take until summer and the Parks Subcommittee would be doing some interim repairs utilizing the staff. Director Haught inquired whether the repairs done by TexaScapes and the work contemplated by this proposal would put the park system back to pre-flood condition and Director Richter stated that she anticipated that they would. She stated that the interim repairs would make the trails functional and added that the larger project would include a planned rehabilitation as well as more major, permanent repairs and the addition of some flood control measures. Mr. Foster stated that the flood had been the equivalent of a 500-year flood. Upon motion by Director Martinez and second by Director Haught, the Board voted unanimously to approve the proposal.

Director Richter stated that the Board would next receive the on-site manager’s report and recognized Ms. Oliver. Ms. Oliver presented the purchase request for 48 yards of crushed granite and rental of a bobcat for interim trail repairs attached as **Exhibit “I”**, and requested approval of the expenditure of an amount not to exceed \$4,000 for these items. Director Amaro stated that he would like to be sure that the rental period was sufficient noting that more time might be needed if additional granite was required. Director Richter stated that the Parks Subcommittee felt that the proposed amount of material would be more than sufficient. Upon motion by Director Martinez and second by Director Haught, the Board voted unanimously to approve the expenditure of an amount not to exceed \$4,000 for the purchase request. Ms. Oliver then presented the proposal for Mutt Mitts attached as **Exhibit “J”**. Upon motion by Director Martinez and second by Director Amaro, the Board voted unanimously to approve the proposal. Ms. Oliver then presented the proposal for signs attached as **Exhibit “K”**. Director Amaro suggested that the text be changed to estimate completion as “summer”. Director Richter proposed purchasing 50 signs because of the economies of scale. Upon motion by Director Martinez and second by Director Amaro, the Board voted unanimously to approve option 2 with the text change. Upon motion by Director Amaro and second by Director Martinez, the Board voted to approve the proposal for the third annual staff appreciation luncheon attached as **Exhibit “L”**.

Director Richter requested that the Signage Subcommittee put an emphasis on completion of the park map signage as soon as possible. Director Martinez agreed to do so. The Board agreed to defer discussion of the park rules until the next meeting.

Director Richter then presented a letter of intent for renewal of the office lease. She asked for the Board’s direction on moving forward with the renewal of the lease of

the existing office facility and inquired whether the Board would prefer to look at alternatives. After discussion, the Board authorized the Subcommittee consisting of Directors Haught and Richter to move forward with lease negotiations, but directed the Subcommittee to also look at alternatives and to bring back a recommendation at the January meeting.

Director Richter then recognized Mr. Foster for purposes of receiving the engineer's report. Mr. Foster presented his report, attached as **Exhibit "M"** and advised the Board that the second phase of the Tech Ridge apartments was going up, and the developer expected the first move-ins by February and completion by June or July. He then presented the letter from the Texas Commission on Environmental Quality ("**TCEQ**") regarding MS4 permit renewal attached **Exhibit "N"**. Mr. Foster stated that he would bring back a proposal for the related work to the Board for consideration at the January meeting and confirmed that he would be able to complete the necessary work by the end of the 180-day period set forth in the letter. Mr. Foster then reviewed the requirements for fiscal and inspection fees for the lift station that the Board had previously approved and noted that he was still awaiting some final comments on the plans from the County and the City. He requested authorization to proceed with advertisement for bids for the project. Upon motion by Director Martinez and second by Director Amaro, the Board voted unanimously to authorize Mr. Foster to proceed with the advertisement for bids.

Director Richter then recognized Mr. Anderson for purposes of receiving the general manager's report. Mr. Anderson reviewed his report, attached as **Exhibit "O"** noting that the District currently had 2,899 occupied active single-family connections. He stated that the District had a reported 4.66% water gain for the prior month, but explained that this was due to a data analysis error that had occurred when the City had changed from a three-dial meter to a two-dial meter. Mr. Anderson stated that there would be a water loss for the year, but that it was within tolerances. Mr. Anderson stated that all water test results were satisfactory. He then requested approval of the write-offs attached as **Exhibit "P"**. Upon motion by Director Martinez and second by Director Amaro, the Board voted unanimously to approve the write-offs.

Mr. Anderson then presented the notice from the TCEQ attached as **Exhibit "Q"** and explained that, in January, the TCEQ had hired a sampling company and a lab to pull and run water samples to test for asbestos. He explained that the lab had claimed that it had not been paid and so had not released the lab results to the State. He added that, in fact, the lab had been paid, but, due to a bookkeeping error internally at the lab, the TCEQ had not received the results and so had issued a notice of violation rather than researching the situation. Mr. Anderson explained that his office had contacted the TCEQ and anticipated that the TCEQ would retract the notice of violation.

Director Richter then stated that the Board would receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield reported on her directives and stated that she had obtained title information on the easement site where the pump station was located and would contact the owner.

There being no other developers' and landowner's representatives present, Director Richter recognized Mr. Nias. He reported that, in late September, Village@Northtown, Ltd. had received approval of plats for all of its remaining

unplatted land in the District, but there was a limited period of time to post fiscal surety for public infrastructure or the plats would expire. He stated that, in the past few days, his client had posted significant fiscal, most provided by a friend of Mr. Lind's. He requested approval of the Consent to Collateral Assignment of Reimbursements attached as **Exhibit "R"** to secure the advancement of the fiscal postings. Mr. Nias explained that the Parks Department had also requested that fiscal surety be posted with the District for a parking lot required under the consent agreement and the cost was estimated at \$162,237. He added that, in addition, on the 7.8 acre park tract adjacent to Settler's Meadow, a small drainage swale was required to be enclosed in a pipe and the cost was estimated to be \$152,070. He stated that there was no formal escrow agreement drafted, but he had prepared one to present for the Board's consideration. He offered to tender checks for the two fiscal quantities in trust pending resolution of the escrow agreement. Ms. Littlefield asked if Mr. Foster had approved the amounts proposed for the escrow. He responded that he had not seen any additional information from Village@Northtown, Ltd.'s engineer since a meeting in October and so had not. Ms. Littlefield noted that the District had not received the letter from the Parks Department regarding the escrow requirement attached as **Exhibit "S"**, but Mr. Nias had provided it to her. Mr. Foster requested that the Village@Northtown engineer provide him with a list of all of the projects underway within the development and when they are anticipated to be under construction and Mr. Nias agreed to relay this request to the engineering, Tony Shaleesh.

The Board then discussed the fiscal posting requirements, and after discussion, Director Amaro moved to approve the consent to assignment, to accept the checks tendered by Mr. Nias and issue a receipt for them, and to direct Ms. Littlefield to work out a form of escrow agreement subject to Mr. Foster's confirmation of the amount of the fiscal required. Upon second by Director Martinez, the motion was unanimously adopted. Director Haught stated that she wanted to reserve the right to reopen the discussion if the fiscal amount was not approved by Mr. Foster and the Board concurred.

There being no further business to come before the Board, the meeting was adjourned at 7:24 p.m.

Date: _____.

(SEAL)

Alex Martinez, Secretary
Board of Directors