

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

April 22, 2014

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 April 22, 2014, 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:

Robin Campbell	-	President
Brenda Richter	-	Vice President
Kathy Haught	-	Assistant Secretary

Directors Alex Martinez and Felix Amaro, Jr. were 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.; Alan Rivaldo, resident of the District; Tony Franco of Austin Underground Inc.; John Bartleson of Boy Scout Troop 685; Randy Wilburn of Law Offices of Randall Wilburn; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Campbell called the meeting to order at 5:45 p.m. and asked if there were any residents present who wished to address the Board. There being none, Director Campbell stated that the Board would first consider the consent items on the Board's meeting agenda: the minutes of the March 25, 2014 and April 8, 2014 Board meetings and a revised District Registration Form. After discussion, upon motion by Director Haught and second by Director Richter, the Board voted unanimously to approve the consent items.

Director Campbell then recognized Deputy Kinnard for purposes of receiving the District's security report. Deputy Kinnard reported that criminal activity had increased, including graffiti. He noted that the culprits had painted gang tags in blue paint on fences and utility boxes, as well as a few signs. He stated that it was apparent that the individuals had come from Howard Lane through a few alleys in Wildflower, but that he had been unable to find the paint cans. He reported that the CSI had taken photographs of the graffiti to the high school and that he believed the tagging was by middle school students and not high school students. Director Richter recommended that the District's residents be urged to repaint their fences to cover the graffiti, as the District could not respond since the graffiti was not on District property. Ms. Oliver stated that the fences were the property of the MeadowPointe residents. Director Haught inquired

if Deputy Kinnard believed the same offender was responsible and Deputy Kinnard responded that he did. Director Richter stated that this graffiti looked like the work of younger individuals. Deputy Kinnard explained that the Sheriff's Department was planning to do some onsite surveillance and stated that he was requiring the deputies to look for graffiti to help him identify the date and time the tagging was happening. Director Richter asked if the property in the City that had previously been tagged had been cleaned up and Deputy Kinnard responded that the building had been repainted, but the Austin Energy property had not yet been. Deputy Kinnard then reported that the deputies had re-arrested several burglary suspects in Brookfield, and that these individuals were still stealing bicycles, cars and other items out of open garages. Deputy Kinnard reported that, in connection with the District's patrol scheduling, he was trying to accommodate the Sheriff's Department's canine handler's availability as much as possible. He noted that there was a four-hour minimum under the contract, but that minimum was intended for a one-time contract rather than an on-going contract such as the District's. He assured the Board that the District only paid for the hours the deputies worked. In response to a question from Director Haught, he confirmed that this was also the case if a deputy was called off the job for personal reasons, such as a sick child, or if they had other work commitments, such as a court appearance. Director Haught then moved approval of the payments to the Sheriff's Deputies as shown on **Exhibit "B"**. Upon second by Director Richter, the motion was unanimously adopted.

Director Campbell then recognized Mr. Fadal for purposes of receiving the landscape maintenance report. Mr. Fadal noted that he had now been presenting "plant of the month" for one year and that he recalled that the first plant has been Mustard Cabbage, which was invasive and which his crews were keeping under control in the District. He then presented the plant of the month for April, Trailing Rosemary, noting that it was a culinary and landscape plant. Mr. Fadal reported that TexaScapes had released ladybugs to control aphids and spot-fertilized the sports fields. He stated that he knew of no serious issues and that everything looked good, and suggested a Park Subcommittee meeting before it got too hot.

Director Campbell stated that the Board would next receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver stated that she had received a response to a covenant suit from the resident at 1212 Staple Cove who claimed she had not received notice of the violation before suit was filed. She confirmed that the violation had been corrected. After discussion, the Board directed that the lawsuit be dismissed. Ms. Oliver then reviewed the purchase request attached as **Exhibit "C"**, noting that these related to Mr. Foster's recommendation of option 2 for \$1,950 for replacement of a breaker in the well system. Mr. Foster noted that his staff had reported that the irrigation had gone out and an electrician had determined that this would improve the functioning. Director Richter stated that there were two components and that one had required a repair by Austin Energy, which had been completed. She stated that this additional work also needed to be done in order to bring the system up-to-date and allow the system to be shut off. Director Richter stated that the Park Subcommittee recommended approval and moved approval of option 2. Upon second by Director Haught, the motion was unanimously adopted. Ms. Oliver then presented the proposal for a pond level sensor attached as **Exhibit "D"**. Mr. Foster explained that the low-voltage sensor was out of order at the present time. He stated that he had gotten an estimate to put the well back on automatic sensor. Mr. Foster stated that the second

part was to put the sensor in a deeper part of the pond, which he stated would reduce the amount of water that was required to be put into the pond. He stated that he expected the total project cost to be less than \$3,000 and recommended that the Board authorize the Park Subcommittee to approve this work up to a maximum cost of \$3,000. Director Richter explained that the wells had been intended for irrigation, but were also used to keep water in the pond as required by Texas Commission on Environmental Quality (“TCEQ”) rules. She moved that the Board authorize the Park Subcommittee to obtain a second bid and approve this work for a cost not to exceed \$3,000, and, upon second by Director Haught, the Board voted unanimously to adopt the motion. Mr. Anderson then advised the Board that Well No. 2 was currently not working and presented the proposal for repair of the well attached as **Exhibit “E”**, noting that this was a “worse-case” scenario. He explained that the cause of the malfunction could not be determined until the pump was pulled. Director Richter stated that the salt content was very high in the well water, which had not been anticipated, but stated that the District’s return on its investment was very good. Mr. Foster stated that the District had reduced its usage of potable water for irrigation purposes by 85%. Director Haught asked if there were alternatives to this proposal, noting that Mr. Anderson frequently provided these. Mr. Anderson stated that he had no alternatives to present as the work had been specified by Mr. Foster. Director Richter moved that the Board authorize proceeding with the repair based on the proposal. Upon second by Director Haught, the motion was unanimously adopted.

Ms. Oliver then introduced John Bartleson, who stated that he was a Boy Scout leader and was present to discuss the Scout’s participation in the annual Clean-up Days. Mr. Bartleson stated that this would be the third or fourth time he had participated in the event, and that his son really enjoyed it. Ms. Oliver stated that she had been coordinating the 2014 Clean-up Days with Texas Disposal Systems (“TDS”) and the Scouts, and that they would occur on June 7th and 14th. Upon motion by Director Richter and second by Director Haught, the Board voted unanimously to approve the schedule for the Clean-up Days. Ms. Oliver then presented the renewal-related notices for the District’s staff’s health insurance attached as **Exhibit “F”**. Upon motion by Director Richter and second by Director Haught, the Board voted unanimously to approve the Rerate Notice and Benefit Verification Form and the Continuation of Coverage Administrative Agreement attached as **Exhibit “G”** and **“H”**.

Director Campbell then recognized Mr. Foster for purposes of receiving the engineer’s report. Mr. Foster stated that the MS4 annual report had been submitted to TCEQ. Mr. Foster advised the Board that his company had reviewed the new MS4 program requirements and the District’s current storm water management plan generally complied with the new permit requirements. Mr. Foster stated that the force main project had been re-advertised for a bid opening date of April 17th and the District had received seven bids. He presented the bid tabulation attached as **Exhibit “I”** and recommended the award of the contract to the low bidder, Austin Underground. He introduced Tony Franco, the project manager for Austin Underground, and stated that the company was used to doing urban work and was well qualified for this job. Director Richter stated that she anticipated that the company was used to traffic concerns and also with surprises being encountered underground. Mr. Franco stated that, in his line of business, this was a common experience and his crews were used to dealing with it. Director Campbell stated that the Construction Subcommittee recommended award of

the contract to Austin Underground and added that the District was looking forward to the company getting started. Director Richter then moved approval of the award to the low bidder, Austin Underground, as recommended. Upon second by Director Haught, the motion was unanimously adopted. Mr. Foster stated that he anticipated construction to begin in a few weeks. Director Richter asked if she could attend the preconstruction meeting if the Construction Subcommittee members were unable to do so and the Board agreed that she could. Mr. Foster reminded the Board that the District intended to provide community outreach through an information brochure and on the back of the bills and also intended to notify the residents who would be affected through the school's e-blast system. Director Richter stated that she would like a response system so people could respond. Mr. Foster stated that the trail restoration project should commence in late April and be completed in July 2014. Mr. Foster stated that there had been rain during the preconstruction meeting for the trail project, but the contractor had mobilized and anticipated having some concrete down by the end of the week.

Director Campbell then recognized Mr. Douthitt, who presented the updated bookkeeping report attached as **Exhibit "B"**. Mr. Douthitt reviewed the funds transfers he was recommending for approval and recommended renewal of two certificates of deposit as set forth in his report. He reviewed the disbursements being presented for approval, noting that the per diems to Directors Amaro and Director Martinez would need to be voided due to their absence from the meeting. Mr. Douthitt called the Board's attention to the additional invoices that had been added to the check register since the date of his invoice review with Director Amaro. He pointed out that the payment to the City of Austin was lower than usual due to a credit resulting from a prior overbilling and explained that he had confirmed the credit amount. He also called the Board's attention to the payments to Wells Branch Municipal Utility District and Water District No. 20 for the District's share of the rate challenge expenses. Mr. Douthitt then reviewed the payments that had been made out of the manager's account since the last meeting, noting that these were largely for utilities and deposit refunds for the past month. He reported that the District was ahead of plan currently, due to delays in several park projects. Upon motion by Director Richter and second by Director Haught, the Board voted unanimously to approve the payment of the bills and invoices, investments and transfers, as recommended, with the voids noted and with the exception of the payment to the Sheriff's deputies previously approved.

Director Campbell then recognized Mr. Anderson for purposes of receiving the general manager's report. Mr. Anderson reviewed his report, attached as **Exhibit "J"** noting that the District currently had 2923 occupied active single-family connections. He stated that the District had reported a 5.35% water loss, which was very good. Mr. Anderson stated that all water test results were satisfactory. He then requested approval of the write-offs attached as **Exhibit "K"**. Director Campbell noted that the water loss formerly had varied from month-to-month and now appeared to be more consistent. Mr. Anderson stated that he was comfortable with the numbers. Director Campbell noted that, as part of the District's drought management obligation, it needed to monitor the accuracy of these numbers. Mr. Douthitt pointed out that the percentage loss frequently was higher in winter months when usage was lower. Upon motion by Director Richter and second by Director Haught, the Board voted unanimously to approve the write-offs.

Director Campbell stated that the Board would next discuss drought and drought management. Ms. Littlefield called the Board's attention to the notice from the TCEQ attached as **Exhibit "L"** and confirmed that she had sent this notice to Mr. Anderson, who was aware of the requirement that the TCEQ be notified of any changes in the stage of water rationing in effect.

Director Campbell stated that the Board would discuss the City of Austin's wholesale water and wastewater rates and the joint rate challenge and recognized Mr. Wilburn. Mr. Wilburn advised the Board that the participating districts had attended a mediation, but had not been provided much opportunity for a settlement. He stated that they were now working on a schedule for a hearing and that he was optimistic that the administrative law judge would grant interim rate relief despite the City's opposition. Mr. Wilburn then discussed an upcoming meeting of the City's rate review subcommittee. Director Richter agreed to attend the hearing and represent the District.

There being no developers' or landowners' reports and no further business to come before the Board, upon motion by Director Haught and second by Director Richter, the meeting was adjourned.

Date:_____.

(SEAL)

Alex Martinez, Secretary
Board of Directors