

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

April 23, 2013

THE STATE OF TEXAS §
COUNTY OF TRAVIS §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on April 23, 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 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, except Director Gray, who arrived later, and Director Martinez, 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; Deputy Keith Kinnard of the Travis County Sheriff's Department; Richard Fadal of TexaScapes, Inc.; Lee Hill and Alan Rivaldo, residents of the District; Cheryl Allen of Southwest Securities; Scott Foster of 360 Professional Services, Inc.; Randy Wilburn of the 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 stated that the Board would first receive resident communications and Board member announcements. Mr. Hill commended the landscape crews for mowing the "Bastard Cabbage". At this time, Director Gray arrived at the meeting. There were no Board member announcements.

Director Campbell stated that the Board would next discuss the District's Unlimited Tax and Revenue Refunding Bonds, Series 2013 and recognized Ms. Allen, who distributed the City of Austin's approval of the District's proposed bond refunding, attached as **Exhibit "B"**. She explained that the City had approved the issuance of the refunding bonds in installments, and had not limited the term within which the District could issue the refunding bonds. She noted that the City staff was being very cooperative. Ms. Allen then reviewed the refunding analysis attached as **Exhibit "C"** and explained that, while the City was taking time to approve the refunding, interest rates had gone up, which would greatly affect the savings. She stated that interest rates were now going back down and recommended that the Board approve a delegation order that would allow the District to move forward with the refunding once the

identified criteria were met, noting that this included a requirement of a minimum 4.25% net present value savings. She stated that the order also delegated authority to Director Campbell as the pricing officer and Director Gray as the alternate. Director Gray recommended proceeding but stated that, given his work schedule, he suggested a different alternate. After discussion, Director Amaro agreed to serve as the alternate. Ms. Allen then explained that a rating was only good for about 60 days, and the rating agency would charge whether or not the bonds were sold, so she recommended waiting to apply for a rating until interest rates were back down. Director Richter then moved that the Board designate Director Campbell as the pricing officer and Director Amaro as the alternate, approve the order and approve payment of the Attorney General bond review fee at the time the District moved forward. Upon second by Director Amaro, the motion was unanimously adopted.

Director Campbell stated that the Board would next receive a report from Mr. Wilburn on the City of Austin's wholesale water and wastewater rates and the joint rate challenge. Mr. Wilburn advised the Board that an appeal of the City's rate increase had been filed on April 12th. He stated that he had received a call from the Texas Commission on Environmental Quality ("TCEQ"), and TCEQ was referring the matter to the State Office of Administrative Hearings ("SOAH"), so the appellants had met the initial hurdles. He stated that the next ad hoc meeting would be held on May 2nd and that Jay Joyce, the rate analyst, would make a report on the potential savings. Director Richter offered to serve as the District's alternate representative on the ad hoc committee. Mr. Wilburn offered to answer any questions the Board might have in executive session. The Board members concurred that they had no questions.

Director Campbell stated that the Board would next consider approving the minutes of the March 26, 2013 Board meeting. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the minutes.

Director Campbell then recognized Deputy Kinnard for purposes of receiving the District's security report. Deputy Kinnard reported that there had been three burglary crews active in the District, two of which had been apprehended. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the payment to the Travis County Sheriff's deputies as set forth on the check register attached as Exhibit "D".

Director Campbell stated that the Board would next receive the landscape maintenance report and recognized Mr. Fadal. Mr. Fadal stated that the April rains had given one of the best spring green-ups in the last four years. He stated that the new landscaping at the disc golf course and around the irrigation valves was doing very well. He noted that there would be a Parks Subcommittee meeting in March. Mr. Fadal presented the plant of the month, Coral Honeysuckle, which he stated was reputed to be a Texas native.

Director Campbell then stated that the Board would next receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver stated that she had filed a claim for the hydrant that had been driven over, and added that she was dealing with the driver's insurance company. Ms. Oliver stated that the crews had completed the T-box repairs. She advised the Board that the resident with a covenant violation at 3730

Lampting had been given an extension and she expected the matter to be resolved. Ms. Oliver reported that the Clean-Up Days were being scheduled for June 1st and June 8th. The Board agreed that she should put the dates on the next water bill and send them to Director Campbell for posting on the District's website.

Ms. Oliver then reviewed documents requiring annual authorization from Texas Municipal League Intergovernmental Risk Pool ("TML"), noting that the documents related to administrative matters and re-rate summaries. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to authorize Ms. Oliver to execute annual TML administrative documentation and re-rate summaries without further Board approval.

Director Campbell then recognized Mr. Foster. Mr. Foster presented his report, attached as **Exhibit "E"** and stated that the Oaks at Techridge Phase II should be complete by summer. He stated that there was litigation going on over the Harris Ridge Boulevard project. Mr. Foster stated that there had been a series of meetings over the proposed force main alignment and the best option appeared to be within the Harris Ridge right-of-way. He recommended that the subcommittee authorize obtaining survey proposals to move forward with the most favorable alignment and the Board agreed he should move forward with getting proposals. Director Campbell stated that it appeared the other alternatives were not feasible due to lack of property owner cooperation. Mr. Foster stated that he anticipated bringing proposals back to the Board at its next meeting.

Director Campbell then recognized Mr. Douthitt for purposes of receiving the bookkeeper's report. Mr. Douthitt presented the updated bookkeeper's report attached as **Exhibit "F"** and reviewed it with the Board. He reviewed the action list on page one of his report and the funds transfers he was recommending for approval, including transfers from the District's operating account to the manager's account, from the District's logic account to the operating account and from the District's lock box account to the operating TexPool account. He also reviewed the investments that he was recommending for approval, including closing the IBC Bank CD and transferring the funds to the Logic Park Account. He then reviewed the disbursements that were being presented for approval and called the Board's attention to the payments that had been added since the packet date, including a signage invoice. Mr. Douthitt noted that the District had received an invoice for the rate appeal which he had added to the updated bookkeeper's report. He reported that the District was still ahead of plan with regard to its budget, noting that this generally came from expense savings, including deferred capital expenditures. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the payment of the bills and invoices, investments and transfers as presented, 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, noting that the District currently had 2,849 active connections and that the District had an 11.55 % water gain. He stated that the District had no 90-day delinquent accounts and that he had \$3,135.83 in write-offs to present, attached as **Exhibit "G"**. Mr. Anderson reviewed the process for service disconnection, noting that it took 68 days from the date of invoice to the

point of disconnection, and that 30-31 days usage would have been incurred even before the invoice was issued. He explained that one of the residents on the list had experienced a leak and her landlord had failed to make a timely repair. Mr. Anderson recommended putting an item on the next agenda to consider increasing the security deposit amount for renters, noting that the large losses experienced were due to renters. Director Gray and Director Richter agreed to serve on a subcommittee to evaluate the security deposit increase. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the write-offs.

Mr. Anderson then advised the Board that Gary Edwards of the Parkside Homeowners Association (the "HOA") had contacted him because the HOA had had a new irrigation system installed and it had malfunctioned and resulted in a very high wastewater bill. He stated that he had explained that the District was charged for this usage, but that he would contact the City of Austin to determine if the City would provide the District an adjustment. He stated that Crossroads was having water quality testing performed on the well water due to a problem with the water quality. Mr. Anderson explained that there was a problem with the pumps at the lift station and recommended purchasing equipment that would allow "soft starts", which would reduce the pressure in the force main and also reduce electrical usage. He stated that this would require adding additional cabinetry. Director Richter moved that the Board authorize the Infrastructure Subcommittee consisting of Director Campbell and Director Martinez, with Director Amaro as alternate, to expend up to \$50,000 to fix the problems at the lift station. Upon second by Director Gray, the motion was unanimously adopted.

Mr. Anderson then reported that the starting panel on the generator at the lift station had failed and would need to be replaced. He stated that it was covered under warranty and should be replaced by Friday.

Director Campbell then recognized Director Richter for purposes of receiving a report on the District's park development matters. Director Richter reviewed the report on the proposed changes to the park rules. Director Campbell stated that he had concerns about the amount of the non-refundable fee for pavilion reservations. He suggested that it be increased. After discussion, the Board agreed to increase the total amount to \$300, including a \$200 fee and a \$100 refundable deposit. The Board agreed that, for residents, the fee would be \$125, including a \$25 fee and a \$100 refundable deposit.

Director Campbell stated that the Board would next receive a report from the District's park Signage Subcommittee. He reported that he and Director Martinez had met to discuss the proposed District signs and requested that they be authorized to contract with TBG Partners for additional design services. Director Richter stated that she would like the mile markers to be included. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the proposal attached as **Exhibit "H"**.

The Board deferred discussion of a retirement plan, as the Subcommittee was still evaluating options. Ms. Littlefield agreed to check with her firm's retirement advisor on possibilities for small employers with four employees.

Director Campbell stated that the Subcommittee would meet with Crossroads on the renewal of the Contract for Maintenance and Operation of Retail Utility System soon.

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

Date:_____.

(SEAL)

Alex Martinez, Secretary
Board of Directors