

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

June 24, 2014

THE STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS           §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on June 24, 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"**.

All of the members of the Board were present, as follows:

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

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"); Cheryl Allen of Public Finance Group, LLC; John Grashoff of Travis County Emergency Services District No. 2; 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.; Glen Colby, representing the Lakes at Northtown Homeowners Association ("HOA"); John Sutton of the Lakes at Northtown; Lee Hill and Alan Rivaldo, 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 asked if there were any residents present who wished to address the Board. Mr. Colby introduced himself as the managing agent for the Lakes at Northtown Homeowners Association. He stated that he wasn't present when the District had assumed the responsibility for covenant enforcement and noted that the District's enforcement activities were completely discretionary. Mr. Colby then began to review the background and statutory authorization for the District's enforcement activities. Ms. Littlefield noted that the Board was aware of its authority, and suggested that he state his request since, under the Board's policy, his time to address the Board was limited. Mr. Colby responded that he was addressing the Board and continued with a review of his understanding of the District's covenant enforcement process and stated that the District basically "issued a couple of notices" and then proceeded to file suit. He stated that he was present at the request of some residents of MeadowPointe and the MeadowPointe Homeowners Association. Mr. Colby recommended that the Board rescind its action to enforce covenants since there was no basis for homeowners associations to exist if the District was "doing the heavy lifting". Director Richter noted that she and Director Campbell had been part of the original MeadowPointe Homeowners Association board and were well aware of the difficulties involved in attempting to enforce covenants through a voluntary association. Director Campbell agreed, noting that membership in MeadowPointe Homeowners Association was voluntary and it had no financial viability. Director Campbell added that he was uncomfortable speaking with a District resident through a third party and would prefer that any interested residents address the Board directly. Director Amaro stated that he felt Mr. Colby had mischaracterized the District's enforcement policy and reviewed the efforts the Board undertook to achieve voluntary compliance with the

covenants before filing suit. He concluded by saying that filing suit was always a last resort and really only occurred when a resident quit communicating with the District. Mr. Colby stated acknowledged that the District did provide many notices. Director Amaro stated that he didn't want Mr. Colby to misunderstand the process and added that the District's efforts were to keep up the standards of the neighborhood. Mr. Colby agreed that this was clear.

Director Campbell then recognized Mr. Hill, who stated that he wanted to thank Ms. Oliver for the work she did and also wanted to share a photo of a house that was a covenant issue. Ms. Oliver responded that the covenant process had been initiated with regard to the address in question. Mr. Hill then thanked the deputies for the work they had done rounding up some "hooligans" and for whoever had called in the crew to clean up the paint on Wells Branch Parkway.

Director Campbell then stated that the Board would receive a report from the District's financial advisor. Ms. Allen stated that she was present to provide an update on the District's Unlimited Tax and Revenue Refunding Bonds, Series 2014. She stated that everything had been arranged, but the underwriter had bought a large quantity of bonds the prior week that it had not yet sold and so it had offered an interest rate on the District's bonds that was not acceptable. She recommended that the Board consider adding two additional underwriters, which would allow the underwriters to share the issue, and added that she fully expected the market to be cleared out. Ms. Allen then explained that, based on her analysis, she didn't think a new money issue would be required in order to finance the low flow lift station and reimburse KB Homes, but recommended that the Board approve a resolution authorizing reimbursement of the operating account in the future in order to preserve this option. Ms. Littlefield agreed to place this resolution on the next meeting agenda.

Director Campbell then stated that the Board would consider approving the minutes of the May 27, 2014 Board meeting. After discussion, upon motion by Director Amaro and second by Director Richter, the Board voted unanimously to approve the minutes.

Director Campbell stated that the Board would next receive the District's security report and recognized Deputy Kinnard. Deputy Kinnard reported that there had been some incidents at the Brookfield swimming pool. He stated that the pool hadn't had a street address and he had had to get an address assigned. Deputy Kinnard explained that he understood there were supposed to be lifeguards on duty, but that he had not seen them when he went by. He stated that he now had an updated contact list for the Brookfield HOA Board and had confirmed that the Board would be willing to file criminal trespass charges. Deputy Kinnard stated that he was doing a lot of surveillance. He then reported that there had been an interesting vandalism of vehicles case that had started at the mobile home park and that fortunately there had been a large number of deputies on duty and they had been able to apprehend the culprits. He stated that several of the perpetrators were District residents and several were residents of the mobile home park and all of them were juveniles. Deputy Kinnard stated that burglaries of residences and vehicles were down and criminal mischief was up because of this incident. Director Richter asked what had happened on Harris Ridge bridge, noting that she had observed guardrail damage, and Deputy Kinnard responded that an accident had occurred. He suggested asking if the County had determined whether the driver had insurance. Ms. Oliver stated that she had reported the damage to the County. Mr. Anderson asked if the deputies could monitor for speeding in the force main construction area as there were workers present in the roadway and speed was a safety issue. Deputy Kinnard responded that he would have to determine if the County could enforce different speed limits within a construction area as he thought this required an additional ordinance. He stated that he would ask for more selective traffic enforcement. Deputy Kinnard confirmed that, if the deputies issued tickets while working for

the District, the time required for the deputies to go to court would still be County time. Director Richter then moved approval of the payments to the Sheriff's deputies as shown on the updated bookkeeping report attached as **Exhibit "B"**. Upon second by Director Amaro, the motion was unanimously adopted.

Director Campbell then recognized Mr. Fadal for purposes of receiving the landscape maintenance report. Mr. Fadal presented the plant of the month, Esperanza or Yellow Bells. Director Richter stated that it was a hardy plant and grew very large. Mr. Fadal then called the Board's attention to the corrected landscape maintenance report attached as **Exhibit "C"** and stated that he had corrected the dates for several proposals. He stated that fire ants were active and his crews were treating for them. Mr. Fadal stated that his crews would be cutting down the wildflowers in the grow zone. He added that the grow zone was working very well and Director Richter agreed.

Director Campbell stated that the Board would next receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver distributed the monthly report attached as **Exhibit "D"**. Ms. Oliver stated that the tank in the well house had been leaking and that Mr. Anderson had researched the matter, found that the tank was still under warranty and had it replaced. Ms. Oliver stated that there was now a new tank and that they had also had a vent put in the door. Mr. Anderson stated that the lines under and from the tank had had pinholes in them so they had been replaced as well. Director Campbell stated that he wouldn't use galvanized pipe due to the salty well water and Mr. Anderson agreed, noting that they had used a different type of pipe for the replacement. Ms. Oliver then reported on the Clean-Up day, noting that there had been about 15 dumpsters in one location and 12 dumpsters in the other, for a total of 27 dumpsters, which was about normal. She asked if the Board wanted to compensate the Scout Troop that assisted with the Clean-up Day and Director Richter moved approval of compensation of \$1,600. Director Amaro seconded the motion, which was unanimously adopted. Ms. Oliver confirmed that the Clean-Up Day had gone smoothly and the Scouts had done a nice job.

Director Amaro then stated that he understood that there was a tax problem with the use of gift cards for District expenses. Ms. Oliver noted that these provided a savings. Ms. Littlefield and Mr. Douthitt agreed to look into any tax regulations applicable to the use of gift cards.

Director Richter reported that the park project was moving along. Ms. Oliver reported that the Subcommittee had authorized removal of the concrete that was part of an old sidewalk that no longer went anywhere at a cost of \$450.

Director Campbell then recognized Mr. Foster for purposes of receiving the engineer's report. Mr. Foster reported that construction at Oaks at Techridge Phase II would be completed shortly. He stated that Phase 3 would be started by the end of the year. Mr. Foster stated that he had been contacted by an engineering firm representing a new multifamily project in the Village@Northtown and would be discussing some of the details with the project engineer since the tract did not have water and wastewater availability due to the lack of City acceptance of the detention pond. Mr. Foster noted that the work the Board had authorized in May 2013 on the MS4 permit was in progress and he expected it to be completed as weather permitted. He stated that work on the lift station and force main was underway, but that he did not have any pay estimates or change orders to present at this time. Mr. Foster stated that good progress was being made on the force main repair project. Director Richter asked if Mr. Foster was aware that traffic would be routed through the neighborhood during construction. Mr. Foster stated that he had been aware of the traffic control plan and discussed it with the Board. Director Richter stated that no one was aware of any problems. Mr. Foster stated that the park contractor had experienced some rain delays, but he felt the contractor was doing a good job on the project. Mr. Foster then presented Pay Estimate No. 2 and Change Order No. 2, attached as

**Exhibits “E” and “F”**. He noted that the Change Order represented work to repair additional washout areas that had been identified after the construction documents were completed and also added ten days to the contract time for rain delays. Director Richer commended Mr. Foster and the contractor for identifying these additional areas and noted that she expected these repairs would save the District money from a maintenance perspective. She stated that she definitely recommended approval of the Change Order. After discussion, upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the Pay Estimate and Change Order.

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 as summarized on page one of his report, including a transfer to the park fund to cover the pay estimate that had been approved for the park contractor. He 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, including a CASE reimbursement to Director Richter. He also called the Board’s attention to the payments to BLX for its arbitrage rebate review. Mr. Douthitt stated that the District had several uncashed checks for deposit refunds and that these funds would escheat to the State. Mr. Douthitt then reviewed the payments that had been made out of the manager’s account since the last Board meeting, noting that these were largely utilities and deposit refunds for the past month. Mr. Douthitt stated that the District was still running ahead of plan and he felt it could easily absorb the costs of the force main/low flow lift station project. He stated that he had received a letter from the City regarding the rollback of the wholesale water rates and would have a report on this at the next meeting. Mr. Douthitt stated that some districts were establishing a reserve for the difference between the prior wholesale rate and the rolled-back rate. He stated that he had sent the release to Dessau Fountains, but had not yet received its payment. Upon motion by Director Amaro and second by Director Richter, 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 payments to the Sheriff’s deputies that had been 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 “G”**, and stated that he had made the change requested to list the write-offs by name rather than address. He noted that the District currently had 3,003 occupied active single-family connections. He stated that the District had reported a 9.94% water loss. Mr. Anderson stated that all water test results had been satisfactory. He then requested approval of the write-offs attached as **Exhibit “H”** and explained that the one large write-off was for a resident who had used 78,000 gallons and then moved out. He stated that she was a renter. After discussion, upon motion by Director Martinez and second by Director Haught, the Board voted unanimously to approve the write-offs.

Director Campbell then stated that the Board would discuss recycling and solid waste disposal services. Ms. Littlefield then reviewed a draft of the proposed revised Recycling and Solid Waste Disposal Services Agreement with Texas Disposal Systems with the Board. She stated that the Subcommittee was working to finalize the agreement. After discussion, upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve a Third Amendment to the Recycling and Solid Waste Disposal Services Agreement in the form attached as **Exhibit “I”**, and to authorize the Subcommittee to negotiate and execute the Agreement in substantially the form presented.

Director Campbell stated that the Board would next discuss the City of Austin’s wholesale water and wastewater rates and the joint rate challenge. Director Campbell advised the Board that there really was no Subcommittee report, noting that the letter that had been received from the City regarding the wholesale rate adjustment was very confusing. Director Richter stated that, overall, she felt the City had been put in its place in a very good way.

Director Campbell noted that it was not really possible to provide an interim retail rate adjustment due to the uncertainty as to the final outcome of the case and that he felt the Board should look at setting aside a reserve to cover any potential increase in the wholesale rate that might be approved at the conclusion of the case. Director Richter stated that the City Council was definitely more focused on the general fund transfers and the City's rate process.

Director Campbell then recognized Ms. Littlefield in order to receive the attorney's report. Ms. Littlefield stated that her directives were all either complete or in process. She reviewed the schedule for adoption of the District's 2014 budget and tax rate, and explained that a delay in the Travis Central Appraisal District's certification of the taxing entities' assessed valuations was anticipated, but that she felt this would not impact the District since it met late in the month.

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

Date: \_\_\_\_\_.

(SEAL)

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\_\_\_\_\_, Assistant Secretary  
Board of Directors