

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

July 28, 2015

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 July 28, 2015, 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 were present, constituting a quorum:

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| Brenda Richter | - | Vice President |
| Kathy Haught | - | Secretary |
| Chris Capers | - | Assistant Secretary |

Director Amaro arrived later and Director 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; Richard Fadal of TexaScapes, Inc.; Deputy Oscar Gonzales of the Travis County Sheriff's Department; Lee Hill, Kim Ibarra, Xavier Ibarra, Abby Burk and Hamid Dinari, residents of the District; Ray Bryant and Suzanne Zarling of Texas Disposal Systems ("TDS"); and Sue Brooks Littlefield and Sam Lundeen of Armbrust & Brown, PLLC.

Director Richter 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. Hill reported that there had been a missed recycling pick-up in Settler's Meadow. Mr. Bryant introduced himself and stated that he appreciated Mr. Hill notifying TDS of the missed pick-up of recyclable material on June 27. He apologized for the problem. He then introduced Ms. Zarling, TDS' operations manager, and noted that the issue was important enough to TDS for Ms. Zarling to come and address the Board. Mr. Bryant stated that supervisors were involved and that the pick-ups were being monitored weekly to be sure this situation did not happen again. He also stated that TDS would be a partner in the District's National Night Out program. Ms. Zarling then addressed the Board and apologized for the missed service. She stated that TDS would do its best to ensure the error didn't happen again. She stated that, when two drivers were on a route, there might not be perfect communication and so, in the future, there would be a supervisor monitoring the route to be sure it was completed. Ms. Zarling stated that there would also be a lead driver periodically driving the neighborhood to assure that the route was completed. She encouraged the Board to report any missed pick-ups. Mr. Hill mentioned that the residents did not have access to a customer service representative on pick-up day since the phone at TDS was not answered after noon on Saturdays. Mr. Bryant acknowledged

that this was an issue and stated that TDS would work through this issue. Director Haught thanked the TDS representatives for taking the issue seriously and being so responsive. Director Richter agreed, noting that the District's contract with TDS had just recently been renewed and it was troubling to have a problem this soon. She asked that the TDS representatives work through Ms. Oliver and the Board's solid waste subcommittee in order to apprise the Board of the resolution.

Director Richter then stated that the Board would discuss recreational improvements and the Wildflower Park and recognized Mr. Dinari. Director Richter advised Mr. Dinari that the Board normally limited residents to three minutes of communication time as the Board had a full business agenda. Mr. Dinari explained that he was a resident of the Wildflower community and had concerns about the parks. He stated that the community didn't have basketball, volleyball or a pool for kids in the neighborhood. He asked what would have to be done for Wildflower to have these things. Director Richter responded that she could explain some of the processes and the park master plan for the District. She noted that the District had a park master plan which identified what was intended to be built on the District's park property. She stated that the District's park development was limited by the floodplain in existence which was something established by other governmental entities. She stated that most of the Wildflower Park was planned around the floodplain, because nothing could be built in that area. She pointed out that there were soccer goals in the floodplain and that a new playscape had been constructed in the park the previous year, and that there had also been trail improvements made throughout Wildflower and the rest of the District, which was part of a plan to connect all of the District's trails. Mr. Foster confirmed that the park land in Wildflower was essentially fully developed. Director Richter stated that she understood from a prior email Mr. Dinari had sent Ms. Oliver, a copy of which is attached as **Exhibit "B"**, that he had been told there would be certain park improvements when he purchased his home, but noted that there had never been a plan to build a swimming pool in the District as it had been determined that this would not be cost-effective. Mr. Dinari suggested that he contact Mr. Dell and see if he would be interested in dedicating land for a park. Director Richter responded that this land was not in the District. She noted that the Board followed a fine line to provide amenities and not encourage bad behavior or abuse of the facilities. Director Amaro thanked Mr. Dinari for his interest and noted that the Board appreciated his coming to a meeting to address his concerns with the Board. He pointed out that the District was limited in what it could do within its parks by City of Austin rules, such as impervious cover limitations, and encouraged Mr. Dinari to visit the District's 50 acre park, which he noted was closer than the park Mr. Dinari had referenced.

There being no other residents present wishing to address the Board, Director Richter recognized Mr. Wilburn for purposes of receiving a report on the City of Austin wholesale rate case. Mr. Wilburn distributed the proposal for decision attached as **Exhibit "C"** and reviewed it with the Board. He explained that the judges had recommended rolling the wholesale rates back to the 2012 rates, which wasn't quite what the districts had requested. He noted that there were some components that the districts had argued should not be included in the City's wholesale rate structure, including costs associated with treatment plant 4 and the Barton Springs conservation district, general fund transfers, and rate case expenses. Mr. Wilburn stated that he had

filed exceptions to the proposal for decision, asking for greater relief than had been offered. He stated that the City had filed a 66 page response with about 45 pages of jurisdictional issues. Mr. Wilburn explained that the Public Utility Commission would make a decision on August 14 and the City would likely appeal to District court. He stated that the City might also pursue its separate District court action in September, noting that the District had been named as a co-defendant in that case. He stated that he anticipated a favorable outcome and a refund on the wastewater charges that had been assessed during the pendency of the rate case. Director Richter advised the Board that she and a member of the North Austin Municipal Utility District Board had requested to address the Austin City Council on August 6th, noting that they understood that the Council would be briefed on the outcome of the rate case at that meeting and that the case had been handled at the staff level up to this point.

Director Richter stated that the Board would next consider approving the minutes of the June 23, 2015 Board meeting. Upon motion by Director Amaro and second by Director Haught, the Board voted unanimously to approve the minutes.

Director Richter then stated that the Board would receive the District's security report. Deputy Gonzales reported that crime statistics were very good for June, stating that there had only been one burglary in the District. He stated that, in that burglary, a side yard fence had once again been left unlocked and the perpetrator had kicked in the rear sliding glass door. He encouraged the residents present to spread the word that residents should lock their gates to deter access to their back yards. Deputy Gonzales then stated that there had been two burglaries of vehicles; one was of power tools in a pick-up truck bed and one of tools that were in plain view in a vehicle. Deputy Gonzales also reported that there had been one report of criminal mischief. The Security Subcommittee requested approval for the purchase of the National Night Out signs at a cost of \$344. Upon motion by Director Capers and second by Director Haught, the Board voted unanimously to approve the purchase. Director Amaro then requested authorization of the expenditure of up to \$2,500 plus \$130 for insurance coverage through Texas Municipal League for expenses associated with the National Night Out kickoff event, including tents, tables, inflatable jump houses, and publicity fliers. Upon motion by Director Capers and second by Director Haught, the Board voted unanimously to approve the requested purchase authorization. Ms. Oliver stated that the event would be held on October 3rd from 11:00 a.m. to 3:00 p.m., at the 50 acre park. Director Richter suggested posting this information on the District's website.

Director Richter then stated that the Board would receive the landscape maintenance report and recognized Mr. Fadal. Mr. Fadal presented the plant of the month, Crape Myrtle, noting that the specimen was a true red. He stated that the Crape Myrtle originated in Southeast Asia, but red varieties didn't come out until 1997. He then reviewed the landscape maintenance report, attached as **Exhibit "D"**, and stated that June had been a good month from a landscape perspective, but the heat in July was causing a lot of plant stress due to the wide variation of rain and temperatures. Mr. Fadal advised the Board that his staff was generally increasing irrigation to offset the heat. Mr. Fadal also reported that the irrigation system failure discussed at the prior meeting had been determined to be electrical-related and that a repair was being made, but that the affected part of the irrigation system was still down. He stated that his

crews were manually turning the valves on and off, and also doing some hand-watering, but the plants in this area were more stressed.

Director Richter stated that the Board would next receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver reviewed her monthly report, attached as **Exhibit "E"**, with the Board. She stated that she had contacted the Pflugerville Police Department about a safe drop-off site for Craigslist sales. She reported that the Pflugerville Police Department had indicated that they were working on it, and that the parking lots and lobby were available for this purpose. Ms. Oliver also reported that District burn ban signs had been installed as Travis County had reimposed its burn ban. Ms. Oliver then presented the purchase order from Ewald Kubota for two utility vehicles with heavy duty tires and accessories, including winches, attached as **Exhibit "F"**. Director Richter stated that this purchase would replace one vehicle and provide a larger vehicle for park inspections. She stated that this brand had been recommended by the District's consultants and that the Park Subcommittee recommended approval. After discussion, upon motion by Director Richter and second by Director Haught, the Board voted unanimously to approve the purchase order. Director Amaro thanked the consultants for providing input on these purchases. The Board agreed to defer action on the "Out of office" procedures and coverage.

Director Richter stated that the majority of the park matters would be taken up under Mr. Foster's report. Mr. Foster confirmed that the property line between the Wildflower park and the adjoining property had been surveyed and marked. The Board directed Ms. Oliver to notify the Wildflower Homeowners Association ("HOA") that this had been completed. Director Richter explained that the District's boundary line adjacent to the Wildflower alleyways had been surveyed so that the HOA could put signage up in the alleyway.

Mr. Foster reported that he and Ms. Littlefield had met with the representatives of the Village@Northtown. Ms. Littlefield requested that the Board reaffirm the subcommittee's authority relating to this project. Upon motion by Director Richter and second by Director Haught, the Board voted unanimously to authorize a subcommittee consisting of Director Campbell and Amaro to take any necessary action to finalize the acceptance of easements and the dedication of park land as necessary in connection with the Village@Northtown project.

Mr. Foster recommended completing the pond inspections within the next month in order to finalize the MS4 2015 permit compliance activities. Ms. Oliver agreed to coordinate these inspections.

Mr. Foster then stated that he had three items to present for consideration relating to the 50-acre park storage building. He presented the Pay Estimate in the amount of \$32,793.30, a copy of which is attached as **Exhibit "G"**, and recommended approval. He stated that Change Order No. 1, in the amount of \$4,765, a copy of which is attached as **Exhibit "H"**, related to converting some of the access to concrete and adding some supplemental irrigation zones. Mr. Foster also recommended adding a non-potable hose bib that could be used to wash down vehicles and was included in the proposal from TexaScapes attached as **Exhibit "I"**. Director Richter stated that the

Park Subcommittee recommended approval of all three items and moved approval. Director Haught seconded the motion. Director Amaro asked if these surfaces could sustain the larger sized vehicles that the District had purchased and Mr. Foster confirmed that they could. After discussion, the motion was unanimously adopted. Mr. Foster stated that he expected the project to be complete by early the following week.

Mr. Foster noted that the trails project was out for bid and that bids should be received on the next packet date. He requested that the contract award be included on the agenda for the August 25th meeting, and he stated that would bring the bid tabulation to that meeting.

Director Richter then recognized Mr. Douthitt, who presented the updated bookkeeping report attached as **Exhibit “J”**. Mr. Douthitt reviewed the proposed funds transfers summarized on page one of his report, including a transfer from the District’s operating account to the manager’s account in the amount of \$21,300, a transfer from the District’s TexPool operating account to the District’s operating account in the amount of \$200,000, a lock box transfer of \$134,683.06, and a Logic Park account transfer to the District’s park checking account to provide funds for the pay estimate that had been approved. He noted that the upcoming payments on the District’s bonds were also listed in his report, and requested approval of the bond payments. Mr. Douthitt then reviewed the Director and vendor payments that were being presented for approval. He called the Board’s attention to additional payments that had been added to the report since the packet date as well as the payments related to the City of Austin rate case. Mr. Douthitt also explained that the refunding bonds had been “teed up” and the financial advisor had requested a check payable to the Attorney General’s office. Director Amaro stated that the District had surpassed its savings goal in connection with the refunding. Director Richter stated that her per diem payment was missing one meeting date. Mr. Douthitt agreed to add a check for this additional payment. Upon motion by Director Amaro and second by Director Capers, the Board voted unanimously to approve the payment of the bills and invoices, the transfers and the bond payments as recommended, including the check to the Attorney General’s office and the additional per diem to Director Richter.

Director Richter then recognized Mr. Anderson for purposes of receiving the general manager’s report. Mr. Anderson noted that the District currently had 2,931 occupied single-family connections, a total of 3,838 accounts and an estimated population of 10,038. He added that the District had satisfactory lab results and had experienced a 12.42% water loss for the prior reporting period, which remained fairly high. He stated that, as a result, he recommended leak detection. Mr. Anderson then called the Board’s attention to the write-offs set forth on the list attached as **Exhibit “K”** and recommended approval. After discussion, upon motion by Director Amaro and second by Director Haught, the Board voted unanimously to approve the write-offs. Mr. Anderson then advised the Board that Crossroads had started a new program called “In Your Community” designed to help people who could not pay their water bill and explained that it paid one month’s water bill for one customer in each district each month. In response to a question from Director Haught, Mr. Anderson stated that anyone could nominate the recipients. Mr. Anderson then reported that Lift Station No. 3 at the end of Dessau Road had a spare pump, in addition to those in the wet well. He

noted that he had originally been told it would cost approximately \$3,650 to refurbish the pump so it would be suitable as a spare, but the pump was in worse shape than anticipated and now some additional options had been presented, as outlined on **Exhibit “L”**. Mr. Anderson stated that the Board could do the minimum for the price previously approved, or could spend additional sums for more significant repairs. Upon motion by Director Amaro and second by Director Haught, the Board reaffirmed its approval of Option 1. Mr. Anderson stated that he had one additional issue that he wished to bring to the Board, noting that this related to Bee Cave Drilling, which had repiped a pump house and installed a new pump about six months previously. He explained that he had noticed that the pump was squealing very loudly and determined that the bearings had never been greased. Mr. Anderson stated that Bee Cave Drilling had informed him that they had told the maintenance guy to grease the bearings, but this information had never been relayed to him. He stated that Bee Cave Drilling had said the pump was not under warranty as a result. Director Amaro asked if this could be discussed in executive session and the Board agreed.

Director Richter then recognized Ms. Littlefield for purposes of receiving the attorney’s report. Ms. Littlefield presented the schedule for adopting the District’s 2015-2016 budget and 2015 tax rate, noting that it was very important to have a quorum for both the August and September meetings. She asked that the Board members notify her office if they were unable to attend either of those meetings. Ms. Littlefield added that, due to a delay in certifying the tax rolls, there was the potential for delay in the schedule. She then reported that the the Travis County Tax Assessor-Collector 2015 per parcel rate for tax assessment and collection would be \$1.34 per parcel, which was \$0.07 more than the current rate of \$1.27. Ms. Littlefield also called the Board’s attention to the notice from Texas Municipal League’s Intergovernmental Risk Pool in connection with a possible subrogation claim for damage to a District fence caused by a vehicle.

Mr. Douthitt reminded the Board that the subcommittees needed to get their budgets assembled so the budget subcommittee could meet before the Board’s September meeting. Director Richter suggested meeting during the first two weeks in August, after the 3rd, during the day time.

At 7:08 p.m., Director Richter stated that the Board would convene in executive session as permitted by Section 551.071 of the Texas Government in order to receive legal advice responding to an operations issue. At 7:14 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 Mr. Anderson and Mr. Foster be authorized to negotiate with Bee Cave Drilling for repair of the pump at a cost not to exceed \$5,000 and a potential service contract. Upon second by Director Capers, the motion was unanimously adopted.

There being no reports from developers’ and landowners’ representatives, and no other business to come before the Board, the meeting was adjourned.

Date: August 25, 2015

(SEAL)

Kathy Haught, Secretary
Board of Directors