

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

August 27, 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 August 27, 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
Alex Martinez	-	Secretary
Felix T. Amaro, Jr.	-	Treasurer
Kathy Haught	-	Assistant Secretary

All of the Directors were present, thus constituting a quorum. Also present at the meeting were Mona Oliver, the District's on-site manager and covenant administrator; Robert Anderson and Ryan Paul 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 the law offices of Randall Wilburn; Mary Gerdes, Renee LaFrance, Mary Flores and Lee Hill, 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 stated that the Board would first receive resident communications and Board member announcements. Director Campbell recognized Ms. Gerdes, who stated that she was present to represent the Stoney Creek dog park people and, as a resident of Northtown, to thank the Board for the wonderful park. She stated that it had been worth the wait and a blessing to many people. Ms. Gerdes stated that she was very impressed with the tree maintenance and was overwhelmed with the irrigation system. Ms. Gerdes stated that it was wonderful and that she really appreciated the fact the District was using a well to irrigate. She stated that she appreciated the park trails and the benches along the trails as well as the dog stations. Ms. Gerdes added that the picnic area was also beautiful. Ms. Gerdes stated that she was also present to talk about the dog park and distributed the photos attached as **Exhibit "B"**. She stated that it was a place to have community and that she had met many wonderful people there. She stated that the patrons of the dog park took pride in the park and stood up to bullies as well as people who disregarded the dog park rules. Ms. Gerdes stated that she had witnessed someone riding dirt bikes on the trails and called 911. She added that the use of the dirt bikes on the trails was very dangerous and that they also had a small child on the bike without a helmet. Ms. Gerdes stated that they would like to have water available in the dog park, and that the faucet outside of the dog park was not useful for the dog owners. She added that they would like to have the water available inside the park by next summer. Director Richter then introduced herself and Director Martinez to the residents, noting that they were the members of the Park Subcommittee. Director Richter stated that she was happy to hear the feedback and appreciated the photos. She added that she was

pleased that the dog park was heavily used. Director Richter stated that they were trying to improve the trees inside the dog park as well as to prevent erosion, and that one of the reasons that the water faucet had been removed was there had been a problem with mud, but that the Park Subcommittee would commit to work with the District's landscape contractor and onsite manager to see what could be done to address the request. Ms. Gerdes added that they also needed more benches in the park. Director Richter encouraged her to share the locations where they would like the benches placed with Ms. Oliver. Director Campbell then recognized Ms. LaFrance, who stated that her issue was more of a dog issue versus an owner issue. She stated that dogs did not see shades of green very well and, because the stakes and benches in the park were green, the dogs could not easily see them. She encouraged the Board to paint things located in the dog park a bright orange. Director Richter asked Ms. Oliver to look into relocating the existing benches. Director Campbell thanked the residents for attending and encouraged them to bring any other concerns to the Board. Ms. LaFrance then reported that the water fountain outside of the dog park did not work and Ms. Oliver agreed to have it checked. Ms. LaFrance stated that, if budget was an issue, the patrons would be willing to contribute as the park was that important to them.

Director Campbell stated that the Board would next consider approving the 2013-2014 budget and 2013 tax rate. He called the Board's attention to the District's 2013 assessed valuation, attached as **Exhibit "C"**, noting that it was up slightly over the prior estimate and up substantially since 2012. Mr. Douthitt then presented the updated draft budget attached as **Exhibit "D"** and the budget information from the Park Subcommittee attached as **Exhibit "E"** and reviewed it with the Board. He stated that, if the Board maintained the same overall tax rate, it would be possible to reduce the debt service tax component and increase the operations and maintenance tax rate in order to recoup some of the prior reductions in the rate. He stated that the budget still projected deficit funding, but less than in 2012. He reviewed the analysis prepared by the District's financial advisor, attached as **Exhibit "F"**. Mr. Douthitt reviewed the draft budget, noting that it did not include in the projected increases in the City's wholesale water and wastewater rates, and recommended that the Board consider passing this increase through in order to stay on top of the service rates. He recommended that the Board establish a proposed tax rate of \$0.75 per \$100 assessed valuation and then reviewed the proposed notice of public hearing on the tax rate with the Board. He pointed out that the average home value in the District had increased and so, even with the same tax rate, there would be a slight increase in taxes on the average home. Upon motion by Director Richter and second by Director Amaro, the Board voted to adopt a proposed tax rate of \$0.75 per \$100 assessed valuation, to schedule a public hearing on the tax rate for September 24, 2013 at 5:45 p.m., and to authorize Ms. Littlefield to publish notice of the public hearing, with Directors Campbell, Richter, Martinez, Amaro and Haught all present and voting "aye".

Director Campbell then stated that the Board would consider approving the consent items on the Board's meeting agenda: the minutes of the July 23, 2013 Board meeting, the Contract for Maintenance and Operation of Retail Utility System with Crossroads Utility Services, LLC, attached as **Exhibit "G"**; and the proposal from McCall Gibson Swedlund Barfoot PLLC for auditing services attached as **Exhibit "H"**. He noted that he had excused Mr. Toldan from attendance at the meeting, noting that the District's Audit Subcommittee was very pleased with the performance of the auditor. Upon motion by Director Richter and second by Director Martinez, 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 the Department had caught the young burglar who had previously escaped from the crime scene, noting that the most recent occurrence had been a serious incident, including an auto theft. He added that this had been the

suspect's sixth offense. Deputy Kinnard stated that the two new patrol officers were working out very well and doing a good job. Director Richter encouraged Deputy Kinnard to invite his officers to attend the Board's meetings. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the payments to the Travis County Sheriff's deputies set forth on the check register attached as **Exhibit "I"**. Mr. Hill inquired whether there were additional security measures that could be taken to address speeders when neighborhood children were out trick-or-treating. Deputy Kinnard responded that the deputies patrol on Halloween and that there would be additional coverage. Director Amaro stated that the Security Subcommittee would be meeting and would discuss this subject.

Director Campbell stated that the Board would next receive the landscape maintenance report and recognized Mr. Fadal. Mr. Fadal stated that park maintenance was going very well and that his crews had done a little bit of trimming. He stated that they had had good results from the soccer field maintenance and top dressing. Mr. Fadal then provided the plant of the month, "Texas Ranger" or "Texas Sage". He stated that, when it bloomed, it usually was considered to forecast rain within seven days.

Director Campbell then stated that the Board would next receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver presented the staff maintenance report attached as **Exhibit "J"**. She advised the Board that she had received an inquiry from a resident who was concerned about the tall grass behind her fence but, after investigating the matter through Ms. Littlefield's office, it had been determined that the unmaintained area was actually an easement that was a part of the lot that was fenced outside of the homeowner's yard. Ms. Littlefield confirmed this, noting that she had contacted the Village@Northtown, Ltd., as she and Ms. Oliver had originally believed that the area in question belonged to the developer, but, after reviewing the homeowner's survey, she had determined that the area was part of the homeowner's lot. She added that Mr. Clifton Lind of the Village@Northtown, Ltd. had reported that the residents were throwing trash over the fence and had asked that the homeowners be asked to maintain the area. The Board directed Ms. Littlefield to prepare a letter that could be sent to the residents to tell them this easement was their property and they would need to maintain it. Ms. Oliver stated that she had no directives, and then presented the purchase order for Stage 3 Water Restrictions and Realtor Frames attached as **Exhibit "K"**. Upon motion by Director Richter and second by Director Haught, the Board voted unanimously to approve the purchase order. Director Richter then advised the Board that one of the projects that had not been done in the current fiscal year was restaining the concrete fence along Harris Ridge Boulevard to match the newer fences. She reviewed the proposal attached as **Exhibit "L"** with the Board. Director Haught inquired if the fence was originally stained and Director Richter stated that it was not. Director Richter explained that the District had stained the next fence because the panels had not matched. Director Haught stated that she was concerned about ongoing maintenance. Director Richter acknowledged the validity of the concern, but added that the fencing actually held the stain fairly well. Ms. Oliver stated that the District could repair and restain the fence "in house" in the future. Upon motion by Director Richter and second by Director Haught, the Board voted unanimously to approve the proposal. Ms. Oliver asked when this work should be done and the Board agreed that that it should be done before the end of the budget year. The Board then discussed personnel matters and the 401K Subcommittee reported that it had approved and signed the service agreement and Fee Disclosure Agreement attached as **Exhibit "M"**. Ms. Oliver advised the Board that she had hired a new maintenance person, William Boone.

Director Campbell then recognized Mr. Foster for purposes of receiving the engineer's report. Mr. Foster presented his report, attached as **Exhibit "N"**, and advised the Board that he had received some information from the City on Village@Northtown, which was final platting

all of its property, and added that he would work with the appropriate subcommittees to respond. He stated that he expected project completion and release of retainage for the MeadowPointe and Wildflower park projects by the next meeting. He reported that some of the wet pond maintenance by TexaScapes was complete, and some would be inspected the next week, while a portion was awaiting necessary weather conditions.

Mr. Foster then presented the proposal for 2013 Permitting Update attached as **Exhibit “O”** and requested approval. After discussion, upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the proposal.

Mr. Foster then presented the updated budget for the force main project attached as **Exhibit “P”**. He noted that the alignment was adequate, although tight, and that he had allowed a contingency because of the urban environment in which the line would be located.

Mr. Foster then requested authorization for bidding, design and construction phase services for the force main project and the proposal attached as **Exhibit “Q”**. He reminded the Board that it had previously approved tasks 1-3 and that this authorization would allow him to proceed with the remaining tasks. Director Martinez moved approval of tasks 4-10. Upon second by Director Richter, the motion was unanimously adopted.

At 6:50 p.m., Director Campbell announced that the Board would take a brief recess. At 6:58 p.m. the Board reconvened in open session. Director Campbell recognized Mr. Wilburn, who addressed the Board regarding the City of Austin’s wholesale water and wastewater rates and the pending joint rate challenge. Mr. Wilburn stated that the hearing on August 9th had been brief due to the fact that the City did not address the jurisdictional issue in its brief. He stated that a reply brief had been filed on Friday and noted that the Judge had asked for different dates for the next hearing. After discussion, Mr. Douthitt stated that the District’s annual payment to the City was going to be higher, even though the City didn’t show this in its report. Mr. Wilburn asked the Board to think past the jurisdictional issues and inquired whether, if all participants other than the WCID wanted to pursue a wastewater case, the District would wish to join them. He stated that he estimated the cost to the District would be minimal, but added that he could not tell the Board what the District’s savings would be at this time. Mr. Wilburn stated that the same questionable transfers were at issue on the wastewater side adding that they were not as great, but similar. He estimated the District’s savings would be up to \$250,000 per year. Director Richter then moved that the Board approve proceeding with a joint wastewater rate challenge. Upon second by Director Amaro, the motion was adopted with Director Haught abstaining from the discussion and the vote.

Director Campbell then recognized Mr. Douthitt, who presented the updated cash activity report attached as **Exhibit “I”** and reviewed the funds transfers he was recommending for approval, as summarized on page one of his report. 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 stated that the District was ahead of plan with respect to the budget. Upon motion by Director Martinez and second by Director Richter, the Board voted unanimously to approve the payment of the bills and invoices and the transfers as presented, with the exception of the payments to the Sheriff’s deputies previously approved. At this time, Director Richter left the meeting.

Director Campbell then recognized Mr. Anderson for purposes of receiving the general manager’s report. Mr. Anderson reviewed his report, attached as **Exhibit “R”**, noting that the District currently had 2,880 occupied active single-family connections. He stated that the District had experienced a 6.83% water gain. He then requested approval of the write-offs listed

on **Exhibit “S”**. Mr. Anderson reviewed information from the Texas Commission on Environmental Quality regarding the TexWarn system, attached as **Exhibit “T”**, and explained that there was no cost for participation. Mr. Anderson advised the Board that he had received approval from the City to use a new chemical in the low flow lift station in order to attempt to address the hydrosulfide gas problem. He stated that the City would be monitoring the results. Mr. Anderson reported that Crossroads would be doing some maintenance work at Lift Station No. 2, including replacing the flooring and installing the diverter plate that was approved at the last Board meeting. Upon motion by Director Amaro and second by Director Martinez, the Board voted unanimously to approve the write-offs as presented.

Director Campbell then recognized Director Martinez for purposes of receiving a report on park development matters. Director Martinez presented the proposal from TexaScapes for stone signage bases at the pavilion and disc golf course attached as **Exhibit “U”** and moved approval of the proposal. Upon second by Director Amaro, the motion was unanimously adopted. Director Campbell stated that the new signage and map work was striking and he felt it would be a great addition to the parks. Director Martinez then thanked the Board for its prior approval to proceed with the upgrade of the soccer fields and stated that the upgrade was making a big difference in the appearance of the fields.

There being no reports from developers’ and landowner’s representatives and no further business to come before the Board, the Board voted unanimously to adjourn the meeting upon motion by Director Amaro and second by Director Martinez.

Date: _____, 2013.

(SEAL)

Kathy Haught, Assistant Secretary
Board of Directors