

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

August 28, 2018

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on August 28, 2018, 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 Directors were present, constituting a quorum:

Robin Campbell	-	President
Brenda Richter	-	Vice President
Chris Capers	-	Secretary
Lee Hill	-	Assistant Secretary

Director Felix T. Amaro, Jr. was absent. Also present at the meeting were Mona Oliver, the District manager; Robert Anderson, Jorge Villerreal and James Wills of Crossroads Utility Services, LLC (“Crossroads”); Scott Foster of 360 Professional Services, Inc.; Richard Fadal of TexaScapes, Inc.; Allen Douthitt of Bott & Douthitt, PLLC; Justin Taack of Public Finance Group, LLC; Andrew Trimble of Hitchcock Design Group; Tyler Gatewood of Hopper Communications; Walter Hoysa of KB Home; James Jones and Chris Cheshire, residents of the District; and Sharon J. Smith of Armbrust & Brown, PLLC (“A&B”).

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. He asked if there were any residents present wishing to address the Board. Mr. Jones introduced himself and asked why the effective tax rate continued to increase each year. He requested that the Board approve a flat effective rate that did not result in an increase in property owners’ tax liability. Director Campbell responded that the Travis Central Appraisal District was partially accountable for the increase in tax bills based on increased property valuations. He explained that, for many years, the District had the same rate and the rate had decreased. Director Campbell also noted that the District had to levy a tax sufficient to pay debt service on bonds issued for installation of the District’s utility system. He explained that the Board would be adopting a tax rate later in the meeting and invited Mr. Jones to stay for the public hearing and the Board discussion.

Director Campbell then stated that the Board would consider approving the election-related items on the Board’s supplemental meeting agenda including the Order

Declaring Election of Unopposed Candidates and Canceling November 6, 2018, Director Election attached as **Exhibit “B”**. He explained that Directors’ terms were staggered and that they were elected on a rotating basis. He continued that the terms of Directors Richter, Capers, and Hill expired in 2018 and that they would take office for new terms because they had filed for a place on the ballot and were unopposed. Upon motion by Director Hill and second by Director Capers, the Board voted 4-0 to approve the Order.

Director Campbell stated that the Board would next consider matters relating to the District’s 2018-2019 budget and 2018 tax rate. Mr. Douthitt reviewed the draft operating budget with the Board, noting that it was substantially the same as the budget presented at the prior Board meeting. He reviewed the changes that had been made following a meeting of the District’s Finance Subcommittee, including changes that reduced the proposed effective tax rate increase from 7.9%, with an average tax liability increase of \$102, to 5 ¼ %, with an average tax liability increase of \$67. Mr. Douthitt noted that, based on the District’s total assessed value of approximately \$770,000,000, the proposed rate would generate approximately \$3,300,000 in tax revenue, and approximately \$310,000 in projected surplus general fund revenue. Director Hill asked how much undedicated reserves the District had and Mr. Douthitt replied that the District had an approximately \$11,000,000 unassigned fund balance, and that this was equivalent to a 1¾ years reserve. Mr. Douthitt noted that the Budget Subcommittee had cut various items from the draft budget. He added that the City of Austin’s latest projected wholesale rates would increase water costs from \$2.50 per 1,000 gallons to \$4.64 per 1,000 gallons and wastewater costs from \$4.00 per 1,000 gallons to \$6.00 per 1,000 gallons. Director Hill mentioned that, in the previous year, the District had budgeted an \$800,000 shortfall and ended the year with a \$500,000 surplus. Director Richter replied that this was a typical conservative approach for the District. Director Hill discussed revenue trends for the District since 2010 and stated that he did not think the District needed as much revenue as it budgeted. Mr. Douthitt mentioned that costs associated with the District’s new Park Master Plan could be paid with some of the unrestricted fund balance. Mr. Taack then reviewed the financial analysis attached as **Exhibit “C”**, noting that it reflected a slight increase in the District’s assessed valuation. He reminded the Board that \$0.6857 had been published as the proposed tax rate, which included \$0.2727 for debt service and \$0.4130 for operations and maintenance.

Director Campbell then announced that the Board would conduct a public hearing on the District’s 2018 tax rate. Director Campbell asked if there was anyone present wishing to address the Board on the District’s 2018 tax rate. There being no one, Director Campbell closed the public hearing. Director Richter proposed that the Board adopt a \$0.6857 total tax rate, allocated \$0.4310 to operations and maintenance and \$0.2727 to debt service. Director Hill moved to adopt a \$0.6200 total tax rate, allocated \$0.3473 to operations and maintenance and \$0.2727 to debt service, and approve an Order Levying Taxes consistent with those rates, and Director Capers seconded the motion for purposes of discussion. Director Hill stated that a \$0.6857 tax rate resulted in tax revenue of approximately \$3,800,000 for the year, with a \$310,000 surplus that, in his opinion, the District did not need. He added that his proposal would decrease revenue by 2½%. Director Richter asked whether the District would break even based

proposed by Director Hill, and Director Hill replied that his proposed rate would result in a \$160,000 deficit. Mr. Douthitt explained that Director Hill's proposed rate would result in a \$63 reduction in the average tax bill for the previous year, a 5¼% reduction. Director Richter asked about the long-term effect of the lower rate and Mr. Taack responded that, if property values decreased significantly, as they did during the recession, the debt portion of the tax rate would have to be supplemented with District financial reserves. Director Hill replied that his recommendation was conservative and would allow revenues to be restored by means of a tax rate increase that did not exceed the rollback rate. Mr. Taack stated that, if development increased within the District, the District would have to issue more debt to make improvements to the utility system. Director Richter stated that her more significant concern was the unknown outcome of the District's rate lawsuit against the City of Austin. She added that she appreciated Director Hill's perspective, but the District's utility system was 32 years old and required financial resources for significant repairs, including work related to the recent incident involving the wastewater force main. Director Campbell stated that, if the District won the lawsuit against the City of Austin, the Board might return any resulting surplus to the residents. Director Capers asked whether the Board would compromise at \$0.6500. Director Richter asked Mr. Douthitt if the alternate proposals concerned him. Mr. Douthitt replied that he would only be concerned if the force main failed and \$5,000,000 or \$6,000,000 was required to replace it, which would use half the District's reserves. He also echoed Mr. Taack's concern about the possibility of a significant decrease in property values. Director Campbell stated that the tax rate might have to be drastically increased to cover any significant drop in property values and added that, regardless of the dollar amount, some property owners would not support a drastic tax rate increase. He asked when the District's debt service requirements would decrease and Mr. Douthitt responded that 2027 was the first year the District's debt service would drop significantly. Director Hill then offered a friendly amendment to his motion and proposed a total rate of \$0.6300, and Director Capers agreed to accept the amended motion for purposes of his second. Director Campbell stated that, after years of a negative budget, the District would, under the original proposed tax rate, have a budgeted surplus. Mr. Douthitt explained that, under the proposal for a \$0.6300 tax rate, the budgeted expenditures would remain the same, but revenue would be adjusted. He added that a \$0.6300 rate would result in a \$43 decrease in the average tax bill compared to the previous year, for a 3.3% decrease. The Board then voted to adopt the motion and approve a tax rate of \$0.6300, allocated \$0.2727 to debt service and \$0.3573 to operations and maintenance, and to adopt the Order Levying Taxes attached as **Exhibit "D"**, with Directors Campbell, Richter, Capers, and Hill present and voting "yes" and Director Amaro absent and not voting.

After a brief discussion, upon motion by Director Capers and second by Director Richter, the Board then voted 4-0 to adopt the Resolution Adopting Budget attached as **Exhibit "E"**.

Director Campbell stated that the Board would next consider approving the consent items on the Board's meeting agenda: the minutes of the July 24, 2018 Board meeting and the Amended and Restated Information Form attached as **Exhibit "F"**.

Upon motion by Director Richter and second by Director Capers, the Board voted 4-0 to approve the consent items.

At 7:10 p.m., Director Campbell stated that the Board would convene in executive session to receive legal advice from the District's attorney relating to the Dessau Road force main break, the District's security deposit policy and the District's tax rate, pursuant to Texas Government Code Section 551.071. At 8:22 p.m., the Board reconvened in open session and Director Campbell stated that no action had been taken during executive session.

Director Campbell then stated that the Board would discuss District security. Ms. Oliver stated that crime statistics had decreased significantly. She added that she had no purchase requests. Ms. Oliver mentioned that \$1,100 was donated by the District's consultants for National Night Out and thanked the consultants on behalf of the Board and the District.

Director Campbell then stated that the Board would consider landscape maintenance matters and recognized Mr. Fadal, who presented his report, attached as **Exhibit "G"**. Mr. Fadal discussed the plant of the month, a purple flowering fence climbing vine called wild morning glory. He stated that it could be considered a weed if in an unplanned location but that otherwise it was a lovely flower. He added that it was an annual that generated lots of seed, and that its blooming season was May through October. Mr. Fadal then reported that regular maintenance was on schedule and called the Board's attention to the update on the previously approved proposals contained in his report. He highlighted maintenance pruning along the trail and stated that all projects were completed or about to be completed.

Director Campbell stated that the Board would next receive the District manager's report and recognized Ms. Oliver, who called the Board's attention to her monthly report, attached as **Exhibit "H"**. Ms. Oliver mentioned that the Restrictive Covenant Subcommittee was not ready with a recommendation regarding a drainage easement policy to address obstructions. Ms. Oliver stated the Solid Waste Subcommittee had met with Texas Disposal Systems ("**TDS**") the preceding week and had discussed a resident's inquiry about bulky pick-up service. She continued that the cost was \$10,000 for one dumpster load and that door-to-door pick-up would be very expensive. Ms. Oliver noted that TDS' monthly rate would increase from \$18.04 to \$18.71 on October 1. She stated that she had obtained a quote of \$4,800 to remove a deteriorating tree from an area that would be tough to access. She added that, since it was deemed a hazardous tree, she planned to have it scheduled for removal. She asked if any of the Board members had any concerns regarding the amount and none did. Ms. Oliver and the Board then discussed the MeadowPointe fence extension and agreed that **if the Parks Subcommittee agreed, the District would engage 360 Professional Services, Inc. and A&B regarding the necessary easement, which would be sent to the owners for execution by Ms. Oliver.**

Director Campbell stated that the Board would next discuss park matters. Mr. Foster reported that the Park Subcommittee had met and reviewed the last draft of the Park Master Plan and that only minor edits had been made. He then presented the Resolution Adopting Park Master Plan and Standards for Recreational Facilities attached as **Exhibit "I"** and requested approval. After discussion, upon motion by Director Richter and second by Director Hill, the Board voted 4-0 to approve the Resolution. The Board requested that A&B update the District Handbook to include the Plan.

Director Campbell stated that the Board would next discuss engineering matters. The Board directed A&B to provide guidance about proceeding on the force main project after the Dessau Road Force main break. Director Campbell then stated that the Board would receive the engineer's report and recognized Mr. Foster. Mr. Foster presented his report, attached as **Exhibit "J"**, and reviewed it with the Board. He reviewed the bid tabulation for the Village @ Northtown Section 3, Lot 5, Block C. He stated that the low bidder, Cornerstone Site Services, had withdrawn its bid, stating that it could not meet the schedule in the contract documents. Mr. Foster stated that LJA Engineering and Crossroads recommended award of the contract to the next lowest bidder, DNT Construction ("**DNT**"). The Board directed that the Village @ Northtown Subcommittee limit the reimbursement amount under the proposed reimbursement contract for Section 3, Lot 5, Block C to \$2,832,159, the amount of Cornerstone Site Service's low bid, and that any extensions of time be closely monitored so the schedule under the construction contract be enforced. Director Richter asked how 360 Professional Services, Inc. would have any authority over extensions and Mr. Foster replied that the proposed requirement would serve as a statement of the Board's expectations. After further discussion, Director Richter moved that the Board approve award of the contract to DNT, subject to the cap on reimbursement noted. Upon second by Director Capers, the motion was adopted, with Directors Campbell, Richter, and Capers voting in favor and Director Hill abstaining for budgetary reasons.

Director Campbell then recognized Mr. Douthitt for purposes of receiving the bookkeeper's report. Mr. Douthitt presented the updated cash activity report attached as **Exhibit "K"**. He recommended approval of a transfer by check from the District's operating account to the manager's account in the amount of \$9,000 and a transfer from the District's Lockbox account to the operating account in the amount of \$100,000, as noted on page one of his report. Mr. Douthitt then reviewed the payments that had been made out of the bookkeeper's account during the prior month, noting that these had primarily been utility payments, deposit refunds, and other time-sensitive payments. Mr. Douthitt pointed out that the per diem to Director Amaro would be voided due to his absence. He then reviewed the additional payments that had been added to the check register since the packet date. After discussion, upon motion by Director Hill and second by Director Capers, the Board voted 4-0 to approve the transfers and the payments as recommended, with the void noted.

Director Campbell then recognized Mr. Anderson for purposes of receiving the operations manager's report. Mr. Anderson reviewed Crossroads' report, attached as

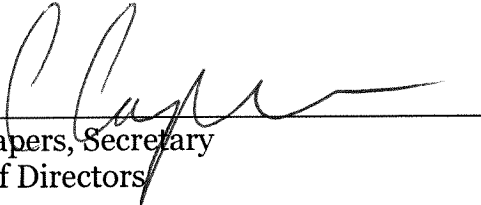
Exhibit "L", noting that the District had 2,955 occupied single-family connections and a total of 3,017 accounts as of the end of July. He reported that all lab results had been satisfactory. He noted that the District's water loss was 8.81%, which was up from the prior month. Mr. Anderson then presented the seven write-offs listed on **Exhibit "M"**, totaling \$1,006.20, and requested approval, noting that the customer deposits had been applied to all seven accounts. Upon motion by Director Richter and second by Director Hill, the Board voted 4-0 to approve the write-offs.

The Board then directed A&B to change the month for evaluation of an additional homestead exemption from the May 2019 meeting to the March 2019 meeting.

There being no further business to come before the Board, following a motion by Director Richter and second by Director Capers, the Board voted 4-0 to adjourn at 8:57 p.m.

(SEAL)




Chris Capers, Secretary
Board of Directors

Date: 9/25/18

CERTIFICATE OF PROVISION OF NOTICE OF MEETING FOR
NORTHTOWN MUNICIPAL UTILITY DISTRICT
TO THE TRAVIS COUNTY CLERK'S OFFICE

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

I, Brian K. Gilbert, hereby certify that at 10:51
a.m. on August 23, 2018, I provided two (2) copies of the attached
notice of meeting of the Board of Directors of Northtown Municipal Utility District to the Travis
County Clerk's office located at 5501 Airport Blvd., Austin, Texas for subsequent posting in
accordance with Section 551.054 of the Texas Government Code.

I understand that the attached notice was provided to the County Clerk in order to
comply with the Open Meetings provision of Chapter 551 of the Texas Government Code and
that the Board of Directors of Northtown Municipal Utility District will rely on this certificate in
determining whether the provisions of Chapter 551 of the Government Code have been satisfied.

Witness my signature this 23 day of August, 2018.

Brian K. Gilbert
Printed Name: Brian K. Gilbert
Company: Capitol Courier

ORIGINAL
FILED FOR RECORD

NORTHTOWN MUNICIPAL UTILITY DISTRICT

August 28, 2018

TO: THE BOARD OF DIRECTORS OF NORTHTOWN MUNICIPAL UTILITY DISTRICT
AND ALL OTHER INTERESTED PARTIES:

Notice is hereby given that the Board of Directors of Northtown Municipal Utility District will hold a meeting at **5:45 p.m. on Tuesday, August 28, 2018**, at the District office located at the Wells Branch Tech Center, 1421 Wells Branch Parkway, Suite 106, Pflugerville, Texas. The following matters may be considered and acted upon at the meeting:

PUBLIC INPUT

1. Resident communications and Board member announcements;

ELECTION ITEMS

2. ***See Supplemental Agenda for election items;***

BUDGET / TAX ITEMS

3. 2018-2019 budget and 2018 tax rate, including:
 - (a) Budget/Finance/Investments Subcommittee report, including Directive;
 - (b) Conduct a public hearing on District's 2018 tax rate;
 - (c) Budget for fiscal year 2018-2019, including Resolution Adopting Budget;
 - (d) Record vote on District's 2018 tax rate and adoption of Order Levying Taxes;

CONSENT

(These items may be considered and acted upon collectively. Any of these items may be pulled for discussion upon the request of any member of the Board.)

4. Minutes of July 24, 2018 Board meeting;
5. Amended and Restated Information Form *(if necessary for tax rate change)*;

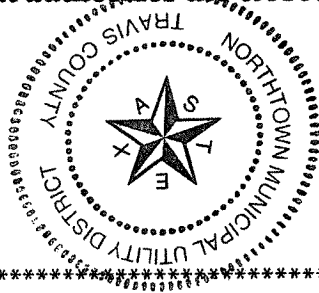
DISCUSSION/ACTION ITEMS

6. District security, including:
 - (a) Report from Travis County Sheriff's Department;
 - (b) Subcommittee report, including purchase requests;
 - (c) National Night Out, including expenditure report;
7. Landscape maintenance, including report from landscape maintenance contractor;
8. District manager's report, including:
 - (a) Monthly report;
 - (b) Restrictive Covenant Subcommittee report, including recommendation regarding policy to address obstructions in District drainage easements;
 - (c) Restrictive covenant violations and enforcement actions;
 - (d) Monthly expenditure report;
 - (e) Reservation ledger;

- (f) Solid waste services, including:
 - (i) Board of Directors Directive;
 - (ii) Monthly report from Texas Disposal Services;
 - (g) Purchase requests and/or proposals;
 - (h) Issues by resident for extension of Meadow Pointe fence extension;
9. Park matters, including:
 - (a) Subcommittee report:
 - (i) Parks Master Plan update, including Resolution Adopting Master Plan and Standard for Recreational Facilities;
 - (ii) Purchase requests;
 - (iii) Proposals;
 - (b) Monthly expenditure report;
 - (c) Repairs and maintenance;
 10. Report from District engineer, including:
 - (a) Development update, including:
 - (i) Pflugerville ISD tract;
 - (ii) Village at Northtown, Section 2;
 - (iii) Heatherwilde Retail Center;
 - (iv) Harris Ridge Extension Project;
 - (v) Village at Northtown Section 3, Lot 5, Block C (KB Home, including review of bid tabulation and award of contract);
 - (vi) Village at Northtown Section 3 (John Henry Faulk Road);
 - (vii) Village at Northtown Multifamily (Yintai);
 - (b) MS4 Permitting and 2018 Pond Inspections update;
 11. Report from District's bookkeeper, including:
 - (a) Directive;
 - (b) Payment of bills and invoices;
 - (c) Fund transfers;
 - (d) Investments;
 - (e) Developer escrow report and reconciliation;
 12. Report from District's operations manager and utility operator, including:
 - (a) Budget/Finance/Investments Subcommittee recommendation for the District's security deposit policy;
 - (b) Utility operations and repairs;
 - (c) Billing report and write-offs;
 - (d) Dessau Road Force Main Break
 13. Reports from developers' and landowners' representatives;
 14. Attorney's report, including Directive;
 15. Future agenda items.

The Board of Directors is authorized by the Texas Open Meetings Act, Chapter 551, Texas Government Code, to convene in closed or executive session for certain purposes, including receiving legal advice from the District's attorney (Section 551.071); discussing real property matters (Section 551.072); discussing gifts and donations (Section 551.073); discussing personnel matters (Section 551.074); discussing security personnel or devices (Section 551.076); or discussing information technology security practices (Section 551.089). If the Board of Directors determines to go into executive session to discuss any item on this agenda, the presiding officer will announce that an executive session will be held and will identify the item to be discussed and the provision of the Open Meetings Act that authorizes the closed or executive session.

(SEAL)



Attorney for the District

Northtown Municipal Utility District is committed to compliance with the Americans With Disabilities Act. Reasonable accommodations and equal access to communications will be provided upon request. Please call Armbrust & Brown, PLLC at (512) 435-2300 for additional information.

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
SUPPLEMENTAL AGENDA**

August 28, 2018

TO: THE BOARD OF DIRECTORS OF NORTHTOWN MUNICIPAL UTILITY DISTRICT
AND TO ALL OTHER INTERESTED PERSONS:

Northtown Municipal Utility District will hold a meeting on **5:45 p.m. on Tuesday, August 28, 2018**, at the District office located at the Wells Branch Tech Center, 1421 Wells Branch Parkway, Suite 106, Pflugerville, Texas. The following additional matters may be considered and acted upon at the meeting.

2. Order Declaring Election of Unopposed Candidates and Canceling November 6, 2018 Director Election;
3. Any other matters in connection with the District's November 6, 2018 Director election.

**EL DISTRITO MUNICIPAL DE SERVICIOS PÚBLICOS DE NORTHTOWN
AVISO SUPLEMENTAL A LA AGENDA**

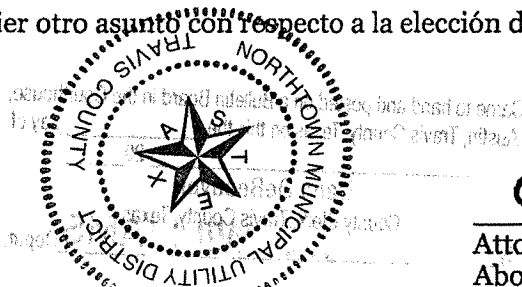
28 de agosto de 2018

A: LA JUNTA DE DIRECTORES DEL DISTRITO MUNICIPAL DE SERVICIOS PÚBLICOS
NORTHTOWN Y A TODA PERSONA INTERESADA:

Se pone en conocimiento del público que la Junta Directiva del Distrito Municipal de Servicios Públicos De Northtown va a tener una reunión **el martes, 28 de agosto de 2018, a las 5:45 p.m. en la oficina del distrito** en Wells Branch Tech Center, 1421 Wells Branch Parkway, Suite 106, Pflugerville, Texas. Los siguientes propósitos *adicionales* se consideran y pueden ser llevados a cabo en la junta:

1. Orden declarando la elección de candidatos sin oposición y cancelando la elección de Directores el 6 de noviembre de 2018;
2. Cualquier otro asunto con respecto a la elección de Directores el 6 de noviembre de 2018.

(SEAL)
(SELLO)



San Brock O'Hara Field

Attorney for the District
Abogada del Distrito

The District is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. Please call 435-2300 for more information. Hearing impaired or speech disabled persons equipped with telecommunications devices for the deaf may utilize the statewide Relay Texas program, 1-800-735-2988.

CERTIFICATE OF POSTING FOR
NORTHTOWN MUNICIPAL UTILITY DISTRICT
AT

(1) 14401 Harris Ridge Blvd. (park pavilion)
(2) 1421 Wells Branch Parkway, Suite 106 (district office)
PFLUGERVILLE, TEXAS 78660

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

I, Ernest Robles, hereby certify that at
1:30 p.m. on August 23, 2018, I posted a copy of the
attached notice of meeting of the Board of Directors of Northtown Municipal Utility District at a
place readily accessible and convenient to the public within the boundaries of the District at the
locations noted above.

I understand that the notice was posted in order to comply with the Open Meetings
provisions of Chapter 551 of the Government Code and that the Board of Directors of Northtown
Municipal Utility District will rely on this certificate in determining whether the provisions of
Chapter 551 of the Government Code have been satisfied.

Witness my signature this 23rd day of August, 2018.

Ernest Robles
Printed Name: Ernest Robles
Company: Northtown MUD