

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

November 22, 2011

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 November 22, 2011, 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

and all of the Directors were present, except Director Martinez, who arrived later, and Director Campbell, thus constituting a quorum. Also present at the meeting were Deputy Keith Kinnard of the Travis County Sheriff's Department; 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.; Scott Foster of Kimley-Horn & Associates, Inc.; Lee Hill, a resident of the District and Sue Brooks Littlefield of Armbrust & Brown, PLLC. Resident Alan Rivaldo arrived later.

Director Richter called the meeting to order at 5:47 p.m. and stated that the Board would first consider the election-related items on the Board's supplemental meeting agenda. The Board then discussed the District's option to change its director election date from May to November of even-numbered years, and the potential for higher election-related costs if the change was not made. After discussion, upon motion by Director Gray and second by Director Amaro, the Board voted unanimously to adopt the Resolution Changing Date of Director Elections to November Uniform Election Date and Adjusting Terms of Office to Conform to New Election Date attached as **Exhibit "B"**, and to authorize a submission to the Department of Justice in connection with the change.

Director Richter stated that the Board would next consider approving the consent items on the Board's meeting agenda: the minutes of the October 25, 2011, Board meeting and a Revised District Registration Form to reflect the extension of the Directors' terms of office as a result of the change in the date for the Director elections. Upon motion by Director Gray and second by Director Amaro, the Board voted unanimously to approve the consent items.

Director Campbell then stated that the Board would receive the security report and recognized Deputy Kinnard. Deputy Kinnard reported that the past month had been pretty successful in terms of arrests and that the District's security patrols were doing their job. Upon motion by Director Gray and second by Director Amaro, the Board voted unanimously to approve the payments to Travis County Sheriff's Department deputies listed on the cash activity report incorporated into the bookkeeper's report attached as **Exhibit "C"**.

Director Richter stated that the Board would next receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver stated that, as discussed at the prior month's Board meeting, she had documented the condition of Ms. Serna's lot, and that its condition was comparable to other lots in the area. She stated that she had concluded that there was no action required on the part of the District. Director Richter requested that the District staff continue to monitor the condition of the area and Ms Oliver agreed to do so. Ms. Oliver reported that she had bought a stock of "Forever" stamps for the District's use, as directed. She stated that she and Director Amaro had been confused about their directive relating to the District's drought management plan. Ms. Littlefield advised the Board that her office was updating the plan to be consistent with the City of Austin's, and would send it to Director Amaro, Mr. Anderson and Ms. Oliver for input and then place it on a future meeting agenda for the Board's consideration.

Ms. Oliver then presented the proposal to add playground mulch attached as **Exhibit "D"**. Director Richter stated that the Park Subcommittee recommended approval of the proposal. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the proposal. At this time, Director Martinez arrived at the meeting. Ms. Oliver then reported that the Restrictive Covenant Subcommittee had inspected the condition of property on 13721 Golden Flax. Director Martinez reported that the Subcommittee had confirmed the presence of debris and that the fence was in disrepair, noting that it was, in fact, tied together with string. He stated that the resident had not been responsive to the District's notices. Director Richter stated that the Subcommittee recommended proceeding with litigation with regard to this address and the Board concurred. Director Richter also reported that, with regard to the violation at 15107 Lantern, the Subcommittee had elected to send one final, but more informal, letter regarding the violations and to extend the resident some additional time to come into compliance. Director Richter stated that, if the District didn't receive a response, the Subcommittee would recommend proceeding with litigation.

Ms. Oliver then requested that the Board approve the expenditure of \$50 for an employee holiday appreciation lunch. Director Gray moved approval of \$100 for the lunch. Upon second by Martinez, the motion was unanimously approved.

Director Richter then recognized Mr. Fadal for purposes of receiving the landscape maintenance report. Mr. Fadal stated that the rain had improved the condition of the landscaping and that his crews were mowing regularly. Director Richter reported that the Wildflower pond was full as a result of the recent rains. Mr. Fadal then presented the proposal to remove four large dead trees attached as **Exhibit "E"**. Upon motion by Director Martinez and second by Director Gray, the Board voted

unanimously to approve the proposal. Director Martinez stated that the District's staff was doing a good job at keeping up with the smaller tree trimming jobs, thereby saving the District money.

Director Richter then recognized Mr. Foster for purposes of receiving the engineer's report. Mr. Foster stated that he was still receiving information that Section 5 of the Lakes at Northtown would be started soon. He also reported that the Tech Ridge multi-family developer had notified him that it would be starting Phase 2 of its project shortly, and that he had responded that they needed to complete Phase 1 first. He reminded the Board that the developer had not replenished its escrow as required. Mr. Anderson reported that he was holding the meters for the complex until the escrow amount was paid and the required covenant amendment finalized. Ms. Littlefield confirmed that the developer had contacted her and stated that the escrow amount would be paid by the end of the week.

Mr. Foster then presented Pay Estimate No. 4 for the Harris Ridge Boulevard Extension Project, attached as **Exhibit "F"**, and recommended approval. Upon motion by Director Amaro and second by Director Martinez, the Board voted unanimously to approve the Pay Estimate.

Mr. Foster reported that work on the Pflugerville ISD tract was on-going. He advised the Board that he had attended the walk-through of the pond maintenance project with the City of Austin, and that the inspector had been very complimentary. Director Richter commended Mr. Foster for his relationship with the City staff, noting that this made a big difference. Mr. Foster stated that the responsiveness of Mr. Fadal and Ms. Oliver and their crews had done a lot in moving the relationship forward. The Board requested that Ms. Oliver relay this compliment to the District's staff and she agreed to do so. Mr. Foster stated that the contractor for the pond project was requesting approval of the release of retainage, but noted that there were still a few punch-list items that needed to be completed. Upon motion by Director Martinez and second by Director Amaro, the Board voted unanimously to approve the release of retainage upon Mr. Foster's confirmation that the punch-list items had been completed.

Mr. Foster stated that he anticipated that the low flow lift station project would be complete in the next few weeks, and that no pay estimate had yet been received. Mr. Foster stated that he had met with the Park Subcommittee on the rock backdrop issue, and they had agreed to leave it in place. He reported that he was working on a change order to modify the fence contract to delete removing the backdrop and add an area of additional fencing for the storage area in the park. Mr. Foster stated that construction should begin the following week, and that the notice letter to residents had been finalized with Ms. Littlefield's assistance.

Mr. Anderson then reported that the lift station on FM 685 was becoming more and more of a maintenance problem and his crews were having to pump from the lift station about every week. He stated that some modifications would be made to try to change the hydraulics in the wet well, but that it was likely that the pumps would need to be replaced.

Mr. Foster then presented the proposal to prepare an application for release of the District's surplus bond funds attached as **Exhibit "G"**. Upon motion by Director Gray and second by Director Martinez, the Board voted unanimously to approve the proposal. Mr. Foster agreed to work with Director Campbell and Director Martinez as the Facilities Subcommittee on the application. Mr. Foster then confirmed that he had filed the annual update required under the District's MS4 permit.

Director Richter advised the Board that there would be no park development report. Director Martinez proposed that he and Director Campbell be appointed to the special "Conference Subcommittee" to work on park signage issues and the Board concurred.

Mr. Rivaldo then arrived at the meeting, and requested that the Board consider changing the date or time of future November meetings due to the traffic, noting that it had taken him an extremely long time to get to the meeting from his office downtown. Director Richter requested that this be placed on the next agenda for discussion.

Director Richter then recognized Mr. Douthitt for purposes of receiving the bookkeeper's report. Mr. Douthitt reviewed his updated report, attached as **Exhibit "C"**, with the Board. He reviewed the proposed transfers as summarized on page 1 of the updated report and also recommended renewing the Sovereign Bank CD at a rate of .6% for another six months. Upon motion by Director Amaro and second by Director Gray, the Board voted unanimously to approve the transfers and investment.

Mr. Douthitt then reviewed the disbursements listed on the check register included in his updated report, and called the Board's attention to the additional payments which had been added to the check register since the date of his invoice review meeting with Director Gray. Mr. Douthitt pointed out that several invoices had been received for meters from the City of Austin, and that there were several payments for impact fees that needed to be resubmitted to the City. He confirmed that he would hold the payment to DeNucci Construction, the pond maintenance contractor, as previously directed, until the release was approved by Mr. Foster. He also called the Board's attention to the payment to Randy Leavitt, special counsel on the Department of Justice subpoena issue. Mr. Douthitt stated that the District currently had a positive variance to budget for the new fiscal year. Upon motion by Director Gray and second by Director Martinez, the Board voted unanimously to approve the payments as presented.

Director Richter stated that the Board would next discuss invoice review and internal control matters. Director Richter stated that she normally received and reviewed the Kimley-Horn invoices because many of them related to park issues, but that, due to the recent problem with the TBG invoice, Ms. Littlefield had requested that the Board review its payment procedures. Ms. Littlefield stated that she and Mr. Douthitt had discussed this and recommended that, for design projects, the responsible contractor be required to show a job number, total authorization and amount billed to date on each invoice. Director Richter suggested that a subcommittee representative review and approve any invoices under that subcommittee's purview. After discussion, the Board agreed that Mr. Douthitt would process all invoices, and that he would be charged with forwarding any design or special project invoices to the responsible subcommittee for their pre-approval before the invoices were presented to the Board's

invoice review representative, currently Director Gray. The Board also directed that all such invoices be required to include a contract or project number for tracking purposes, the total amount authorized for the project and amount billed to date, and a detail broken down by personnel and hours spent.

Director Richter then recognized Mr. Anderson for purposes of receiving the general manager's and operator's report. Mr. Anderson reported that the new "zero tolerance" program for payment plans above \$400 had been implemented. He indicated that he had provided back-up on the Spencer account to Ms. Littlefield as previously discussed in connection with a deferred write-off. Ms. Littlefield noted that she had only received the information the prior day, but would research the legal options and report back to the Board at the next meeting. Mr. Anderson stated that the AVR payment process seemed to be going well. Mr. Hill noted that he had found it useful in monitoring the status of his account, and added that he had determined that a payment he had made had not been applied and so had called Mr. Anderson to have this corrected. Mr. Anderson then reviewed the statistics from his report, noting that the District had 2,747 occupied single-family connections. He stated that all water samples had been satisfactory and that the District's water loss was 5.82%, which was good. He then advised the Board that he had four write-offs to present, attached as **Exhibit "H"**, and recommended approval of the write-offs. Upon motion by Director Gray and second by Director Amaro, the Board voted unanimously to approve the write-offs.

Director Richter then recognized Ms. Littlefield for purposes of receiving the attorney's report. Ms. Littlefield reviewed her directives from the prior Board meeting, noting that two of them had previously been discussed. She stated that she had met with Directors Campbell and Martinez, along with Trent Rush of TBG, regarding the Stoney Creek well invoicing issue. She and Director Martinez summarized the Subcommittee's discussions with Mr. Rush, noting that they had stressed that it was important to the Board that the project be completed in an efficient and cost-effective manner and that the Board did not want to pay for the bidding process which had resulted in no bids being received due to the failure of the specified tank supplier to provide pricing. Ms. Littlefield stated that Mr. Rush had agreed with this, and also agreed that the only personnel which the Board had confidence in would work on the project in the future. She noted that Director Campbell had reviewed and approved the revised proposal for the project attached as **Exhibit "I"**, and that Mr. Rush had submitted a revised invoice for the work completed to date, which included an adjustment as previously discussed. Director Martinez confirmed that he had also approved the revised proposal. Mr. Foster then recommended that the Board proceed with testing of the well which had previously been drilled, at a cost not to exceed \$1,000, to confirm there was still water after the drought. After discussion, upon motion by Director Martinez and second by Director Amaro, the Board voted unanimously to approve the proposal and to authorize Mr. Foster to engage the necessary consultant to verify the water level in the well at a cost not to exceed \$1,000.

There being no further business to come before the Board, upon motion by Director Gray and second by Director Amaro, the meeting was adjourn at 6:38 p.m.

Date: _____.

(SEAL)

Scott M. Gray, Secretary
Board of Directors