

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

September 26, 2017

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on September 26, 2017, 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:

Brenda Richter	-	Vice President
Felix Amaro	-	Assistant Secretary
Chris Capers	-	Assistant Secretary

Director Kathy Haught and Director Robin Campbell were absent. Also present at the meeting were Mona Oliver, the District manager; Robert Anderson of Crossroads Utility Services, LLC ("Crossroads"); Scott Foster of 360 Professional Services, Inc.; Allen Douthitt of Bott & Douthitt, PLLC; Deputy Oscar Gonzalez of the Travis County Sheriff's Office; Richard Fadal of TexaScapes, Inc. ("TexaScapes"); Lee Hill, a resident of the District; Justin Taack of Public Finance Group, LLC; Ja-Mar Prince of Texas Disposal Services ("TDS"); Randy Wilburn of Gilbert Wilburn, PLLC; and Sue Brooks Littlefield of Armbrust & Brown, PLLC ("A&B").

Director Richter called the meeting to order at 5:46 p.m. and stated that the Board would first receive resident communications and Board member announcements. There being none, Director Richter stated that the Board would consider matters relating to the District's 2017-2018 budget and 2017 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 for capital outlay recommended by Mr. Foster. Director Richter noted that the City of Austin was proposing a substantial wholesale rate increase. Mr. Douthitt stated that the wholesale rates currently being discussed would not come into play until the District's 2019 fiscal year. Mr. Douthitt pointed out that the current District tax rate was \$0.7075 per \$100 assessed valuation, which was the same as the proposed rate. Mr. Taack then reviewed the financial analysis attached as **Exhibit "B"**, noting that it reflected a slight increase in the District's assessed valuation. He reminded the Board that \$0.7075 had been published as the proposed tax rate, which included \$0.3130 required for debt service and \$0.3945 for operation and maintenance. He stated that this tax rate recommendation took into account approximately \$10 Million in value that had been taken off the tax roll due to the District's adoption of a homestead exemption.

Director Richter then announced that the Board would conduct a public hearing on the District's 2017 tax rate. Director Richter asked if there was anyone present wishing to address the Board on the District's 2017 tax rate. Mr. Hill stated that, with the tax rate remaining the same, there would actually be an increase of 7.13% in tax revenues. He stated that, in three or four years, this would represent a substantial increase in taxes. Mr. Hill stated that revenue from property taxes would go up about \$350,000 and that this was about \$100 per household. He added that he wondered if the District was giving this amount in value. He stated that a 4% to 5% increase in the rate would be more reasonable and encouraged the Board to work towards this goal. Mr. Hill also pointed out that a lot of value had been added to the District's tax roll without new debt based on the apartment complexes. The Board thanked him for his comments and Director Richter closed the public hearing.

Mr. Douthitt then advised the Board that he had not factored the homestead exemption in when he had calculated the assessed value and that he would correct the budget to include this adjustment. After discussion, upon motion by Director Amaro and second by Director Capers, the Board voted 3-0 to adopt the Resolution Adopting Budget attached as Exhibit "C", adopting the budget, as revised to reflect the decrease in taxable value based on the District's homestead exemption.

Director Capers then moved that the Board adopt a \$0.7075 total tax rate, allocated \$0.3945 to operations and maintenance and \$0.3130 to debt service, and approve the Order Levying Taxes attached as Exhibit "D". Upon second by Director Amaro, the motion was adopted, with Directors Richter, Amaro and Capers present and voting "yes" and Directors Campbell and Haught absent and not voting.

Director Richter stated that the Board would next consider approving the following consent items on the Board's meeting agenda: the minutes of the August 22, 2017 Board meeting and the BLX Group addendum for arbitrage reporting attached as Exhibit "E". Upon motion by Director Amaro and second by Director Capers, the Board voted 3-0 to approve the consent items.

Director Richter stated that the Board would next receive the security report. Deputy Gonzalez reported that the August statistics were very good. He stated that there had only been three property crimes: one was a reported burglary of an unlocked car, though nothing had been taken; the second a burglary of an unlocked car where old clothes had been taken; and the third a vandalism call. He stated that the District would have Sheriff's department staffing during Halloween, although it was possible that the regular deputies would not be working due to scheduling during the holidays. Ms. Oliver stated that the deputies had done a great job red-tagging vehicles and had been very responsive.

Ms. Oliver reported that National Night Out would occur on the upcoming Saturday, starting at 11:00 a.m., and that expenses were substantially under budget. She described the door prizes and stated that she expected to have good participation from local law enforcement agencies. She also reported that she had done some different things with the fliers, including passing them out at the elementary school and passing them out door-to-door, and that she had been getting calls about the event,

which had not happened in the past. Ms. Oliver noted that there would be several additional booths, including one with a security alarm company. Director Amaro inquired if security etching would be available and she responded that it would be. Ms. Oliver stated that the Fire Marshall was not coming this year, but there would still be a Fire Truck. Ms. Oliver encouraged everyone to attend.

Director Richter then stated that the Board would consider landscape maintenance matters and recognized Mr. Fadal. Mr. Fadal presented the plant of the month, Salvia Indigo Spires. He stated that this plant was related to the native Mealy Blue Sage and was a perennial that would freeze back, but was root hardy to 25 degrees. Mr. Fadal then reviewed his report, attached as **Exhibit "F"**, and stated that TexaScapes had done quite a bit of clean up following the storm, and that Ms. Oliver's crews had also done a lot of work. He noted that the dog park was getting a lot of wear and tear due to heavy usage and it was hard to keep up with it. He stated that there was a lot of burr weed and his plan was to try extra overseeding, but additional services, or possibly a rest period, might be needed. Mr. Fadal stated that his crews had completed the 50 acre park entrance and the Board and Ms. Oliver stated that it looked very nice. Ms. Oliver agreed to send an email reminder out to coordinate scheduling for installation of the other two signs. Mr. Fadal then presented the proposal for irrigated park and soccer turf overseeding and topdressing attached as **Exhibit "G"** and the proposal for hauling off storm-damaged trees attached as **Exhibit "H"**, noting that the haul-off had been requested by Ms. Oliver. Director Richter stated that the Parks Subcommittee recommended approval of both proposals. After discussion, upon motion by Director Amaro and second by Director Capers, the Board voted 3-0 to approve the proposals as presented.

Director Richter stated that the Board would next receive the District manager's report and recognized Ms. Oliver. Ms. Oliver called the Board's attention to her monthly report, attached as **Exhibit "I"**. She stated that three covenant lawsuits had been approved by Covenant Subcommittee and added that each violator had numerous violations. Director Amaro agreed that these were substantial, ongoing, and lengthy violations. Ms. Oliver stated that the District was now getting some revenue from facilities reservations. She called the Board's attention to the notification of an annual rate increase from TDS, attached as **Exhibit "J"**. Mr. Douthitt confirmed that this increase had been incorporated into the budget.

Director Richter stated that the Park Subcommittee had nothing to report at this time.

Director Richter stated that the Board would next receive the engineer's report and recognized Mr. Foster. Mr. Foster presented his report, attached as **Exhibit "K"**, and reviewed it with the Board. He stated that not much had changed since the prior Board meeting. He reported that work had begun on the fence project, which was a typical construction project with normal the inquiries from residents. He called the Board's attention to the photograph attached as **Exhibit "L"**, and noted that there was a gap in the fence at MeadowPointe located on private property. Ms. Oliver explained that she had contacted the resident and the resident was interested in granting an easement to allow the fence to be extended to close the gap in the fence. The Board

directed Ms. Oliver and Mr. Foster to coordinate with Ms. Littlefield to secure the proposed easement.

Mr. Foster then presented the proposal attached as **Exhibit "M"** for the permitting and design of an addition to the fence project for Olympic Drive. Director Amaro stated that he and Director Campbell recommended approval. Upon motion by Director Capers and second by Director Amaro, the Board voted 3-0 to approve the proposal.

Mr. Foster reported that the force main study was substantially complete and that Mr. Anderson would report further under his report.

Director Richter then recognized Mr. Douthitt for purposes of receiving the bookkeeper's report. Mr. Douthitt presented the updated cash activity report attached as **Exhibit "N"**. He recommended approval of a transfer by check from the District's JP Morgan Chase operating account to the JP Morgan Chase manager's account in the amount of \$21,800, and a transfer from the District's lockbox account to the TexPool General Operating account in the amount of \$125,000, as noted on page one of his report. He then reviewed the payments that had been made out of the bookkeeper's account during the prior month, including deposit refunds and utility payments, and the payments being presented for approval. He stated that the per diem checks to Directors Campbell and Haught would need to be voided due to their absence from the meeting. Mr. Douthitt stated that the District was well within budget. He also requested renewal of a power of attorney to allow his firm to contact the Internal Revenue Service on the District's behalf. After discussion, upon motion by Director Capers and second by Director Amaro, the Board voted 3-0 to approve the transfers and payments as recommended, with the voids noted, and the renewal of the power of attorney.

Director Richter then returned to citizens' communications and Board member announcements to update the Board on the recent meeting of the Rate Case Ad Hoc Subcommittee. She asked Mr. Wilburn to provide an update regarding the City's proposal to have an "Impartial Hearings Examiner Process". Mr. Wilburn distributed the information attached as **Exhibit "O"** and reviewed it with the Board. He stated that no information has yet been posted on how to intervene, but stated that the Rate Case Ad Hoc Subcommittee intended to hire his firm to proceed with an intervention on behalf of the participating municipal utility district clients.

Director Richter then recognized Mr. Anderson for purposes of receiving the operations manager's report. Mr. Anderson presented Crossroads' report, attached as **Exhibit "P"**, and noted that the District had 2,955 occupied single-family connections, a total of 3,838 accounts. Mr. Anderson reported that the District had experienced a water loss of 3.01% during the prior reporting period, which he noted was down from the previous months. He stated that JBS had completed the second step of the leak detection process, noting that the District was seeing some results and so he proposed to monitor the situation for a few months to see if there was a need to move up to the third, most expensive, step. He then presented the write-offs attached as **Exhibit "Q"**, and stated that he had one adjustment to the write-off for \$305.35, which had been reduced by \$40 because of an administrative charge included in error. He requested approval of

the write-offs. Upon motion by Director Amaro and second by Director Capers, the Board voted 3-0 to approve the write-offs as revised.

Mr. Anderson then reminded the Board that the pump at Lift Station No. 2 had been pulled for an emergency repair, noting that it appeared to be too small and, after an analysis, he and Mr. Foster had confirmed that the pumps at Lift Station No. 2 were, in fact, too small. He stated that, rather than repair the pump, he now recommended replacing both pumps with larger pumps. Director Amaro stated that the repair of one would basically cost the same as replacing two. Mr. Anderson stated that there might also need to be some minor electrical work. Mr. Anderson then explained that Crossroads had started getting alarms at Lift Station No. 3 and had found a "plug" in the wet well, which he explained was a device normally installed in new subdivisions before utility service was connected. He stated that the plug and a heavy gauge rope had wrapped around the impellers and burned up one pump and damaged the other. He stated that there had been so much damage that replacement would cost significantly less than repairing the damaged pumps. Mr. Anderson stated that he had received a quote to replace both pumps with new pumps obtained from the manufacturer. He added that the new pumps had very good quality impellers, which would save on future maintenance. He stated that, in summary, he recommended replacing the pumps at both Lift Station No. 2 and Lift Station No. 3 at a cost of \$89,000, with an allowance of \$11,000 for electrical work, and so was requesting authorization to spend up to \$100,000 on the these pump replacements on an emergency basis. Mr. Anderson stated that he felt these were superior quality pumps and that the prices were very good. Mr. Foster stated that getting the pumps from the manufacturer provided a substantial savings over obtaining them from a third-party vendor. Mr. Anderson stated that the quote included installation and a year and a half warranty. Upon motion by Director Amaro and second by Director Capers, the Board voted 3-0 to approve replacing the four pumps at a cost not to exceed \$100,000.

Mr. Anderson then reported that the District had received a bad water sample that indicated possible coliform and had required a follow-up E-coli test. He stated that the follow-up test had fortunately come back negative. Mr. Anderson stated that a Level 1 assessment protocol was required by the Texas Commission on Environmental Quality ("TCEQ") in response to the coliform and that it would be followed up with a TCEQ level 1 assessment. He stated that the City of Austin had reported that it had not had any similar issues. Mr. Anderson explained that the affected area had experienced a change in water flow dynamics and that Crossroads had identified an area that would require additional flushing. Mr. Anderson requested approval to install a fire hydrant at a location where the hydrant shown on the plans was missing in order to increase the availability of flushing water. Upon motion by Director Capers and second by Amaro, the Board voted 3-0 to approve spending up to \$3,000 for the installation of the necessary fire hydrant.

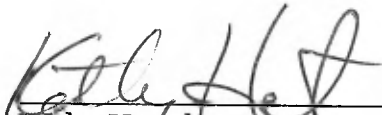
There being no reports from developers' and landowners' representatives, Director Richter stated that the Board would receive the attorneys' report and recognized Ms. Littlefield. Ms. Littlefield called the Board's attention to the arbitrage

and private use materials that the District had received from McCall Parkhurst & Horton.

Director Richter then stated that the Board would conduct consultant reviews and noted that the Board would convene in executive session for this purpose as authorized by Section 551.074 of the Texas Government Code. She announced that the time was 6:55 p.m. After the executive session for a consultant review of Richard Fadal of TexaScapes, Inc. and Ja-Mar Prince of Texas Disposal Systems, Inc., the Board reconvened in open session at 7:13 p.m. and Director Richter announced that no action had been taken in executive session. She stated that the review of Crossroads had been deferred until October.

There being no further business to come before the Board, the meeting was adjourned.

(SEAL)



Kathy Haight, Secretary
Board of Directors

Date: October 24 2017

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 11:47
a.m. on September 21, 2017, 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 21 day of September, 2017.

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

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
AGENDA**

September 26, 2017

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, September 26, 2017**, 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;

BUDGET/TAX ITEMS

2. Budget/Finance/Investments Subcommittee report;
3. Conduct a public hearing on District's 2017 tax rate;
4. Budget for fiscal year 2017-2018, including Resolution Adopting Budget;
5. Record vote on District's 2017 tax rate and adoption of Order Levying Taxes;

CONSENT

6. Minutes of August 22, 2017 Board meeting;
7. Amended and Restated Information Form (*if necessary for tax rate change*);
8. BLX Group addendum for arbitrage reporting;

DISCUSSION/ACTION ITEMS

9. District security, including:
 - (a) Report from Travis County Sheriff's Department;
 - (b) Subcommittee report, including purchase requests;
 - (c) National Night Out, including expenditure report;
10. Landscape maintenance, including:
 - (a) Report from landscape maintenance contractor;
 - (b) Proposal for irrigated park and soccer turfgrass overseeding and topdressing;
 - (c) Proposal for hauling off storm damaged trees;
11. District manager's report, including:
 - (a) Directive;
 - (b) Monthly report;
 - (c) Restrictive covenant violations and enforcement actions;

- (d) Monthly expenditure report;
 - (e) Reservation ledger;
 - (f) Solid waste services, including:
 - (i) monthly report from Texas Disposal Services;
 - (ii) annual rate adjustment;
 - (g) Purchase requests;
12. Park matters, including:
- (a) Subcommittee report, including purchase requests;
 - (b) Repairs and maintenance;
13. 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) John Henry Faulk Water and Wastewater Improvements;
 - (vi) The Lakes Retail Center;
 - (vii) Village at Northtown Section 3, Lot 5, Block C;
 - (b) District Fence and Facility Project, including approving any pay estimates and change orders;
 - (c) 50-Acre Park Pedestrian Bridge study update;
 - (d) Dessau Road Force Main Study update;
14. Report from District's bookkeeper, including:
- (a) Payment of bills and invoices;
 - (b) Fund transfers;
 - (c) Investments;
 - (d) Developer escrow report and reconciliation;
15. Report from District's operations manager and utility operator, including:
- (a) Utility operations and repairs;
 - (b) Billing report and write-offs;
16. Reports from developers' and landowners' representatives;
17. Attorney's report, including Unlimited Tax and Revenue Refunding Bonds, Series 2017, including arbitrage and private use materials from McCall Parkhurst & Horton;
18. Consultant reviews, including:
- (a) Proposed consultant review schedule;
 - (b) Utility Operations – Crossroads Utility Services, LLC;
 - (c) Recycling and Solid Waste Disposal Services – Texas Disposal Systems, Inc.;
 - (d) Landscape Maintenance – TexaScapes, Inc.

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) and discussing security personnel or devices (Section 551.076). 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)



Samuel R. Littlefield

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.

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

Dana DeBeauvoir

Sep 21, 2017 11:47 AM 201781408

WILLIAMSJ: \$3.00

Dana DeBeauvoir, County Clerk
Travis County TEXAS

Came to hand and posted on a Bulletin Board in the Courthouse,
Austin, Travis County, Texas on this the 21 day of
September 2017.

Dana DeBeauvoir
County Clerk, Travis County, Texas Deputy

By *J. S. Williams*



{W0751699.2}

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 September 19, 2017, 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 19th day of September, 2017.

Ernest Robles
Printed Name: Ernest Robles
Company: Northtown MUD