

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

December 28, 2010

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 December 28, 2010, at the Wells Branch Community Center, 2106 Klattenhoff Drive, Austin, 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	-	Assistant Secretary
Alex Martinez	-	Secretary

and all of the Directors were present, thus constituting a quorum. Also present at the meeting were Deputy Keith Kinnard of the Travis County Sheriff's Department; Mona Oliver of Wells Branch Municipal Utility District; Allen Douthitt of Bott & Douthitt, P.L.L.C.; Robert Anderson of Crossroads Utilities, Inc.; Richard Fadal of Texascaples, Inc.; Scott Foster of Kimley Horn & Associates, Inc.; Ronnie Stafford of TBG Partners; Alan Rivaldo, Lee Hill, Kathy Haught, Nicholas Contreras and Felix T. Amaro, Jr., 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 consider declaring a vacancy on the Board of Directors. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to declare a vacancy in the position formerly held by Director Henderson. Director Campbell pointed out that the Board had previously interviewed all of the candidates who had expressed an interest in being appointed to the Board, and would defer action on the appointment until later in the meeting.

Director Campbell stated that the Board would next consider approving the minutes of the November 23, 2010 Board meeting. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the minutes.

Director Campbell then stated that the Board would receive resident communications and Board member announcements. He recognized Mr. Hill, who thanked the Board for deferring action on the appointment of a new member until after the Board heard from the residents. He stated that the Board represented the residents and that, although he had been attending meetings, he felt there were still mysteries about the District and its operations and that he didn't think someone who had not been present at the Board meetings could properly represent the residents. Mr. Hill stressed that he understood the legislative process and recommended that the Board appoint

someone who had a clue about what was going on and was an independent thinker. Director Campbell noted that residents' biggest opportunity for input on the composition of the Board was at the elections and noted that, frequently, there were no candidates for the positions on the Board. Mr. Hill stated that he had served as a presiding judge for a number of elections and that he was well aware of the lack of interest in the community. He stated that those who chose to run had a duty to represent the best interest of the community. Director Campbell agreed with his rationale.

Director Campbell stated that the Board would next consider District security and recognized Deputy Kinnard. Deputy Kinnard stated that there had been a reduction in criminal activity in the park over the last 30 days, noting that this was in part due to the weather, but also due to the presence of residents in the park. He stated that he felt the camera security system that was being considered would be a big benefit. Deputy Kinnard reported that he was continuing to work with Alliance Property Management on abandoned vehicles. He reported that the Travis County Health Department was following up on the vehicles that had been reported abandoned in Wildflower. Deputy Kinnard stated that burglaries had been down in Northtown during the holidays, and that this was the peak time for those types of criminal activities. Director Richter moved approval of the checks to the Travis County Sheriff's deputies as set forth on the cash activity report included in the bookkeeper's report attached as **Exhibit "B"**. Upon second by Director Gray, the motion was unanimously adopted.

Director Campbell then recognized Ms. Oliver for purposes of receiving a report under the Interlocal Agreement with Wells Branch Municipal Utility District. Ms. Oliver confirmed that her staff had provided the Signage Subcommittee with a list of sign locations as requested. She referred to the proposal for location of the park dumpster attached as **Exhibit "C"**. Director Richter noted that there was no ideal location for a dumpster, but that she had obtained a proposal to screen the dumpster with fencing, attached as **Exhibit "D"**. She stated that she hoped that, in the future, the location could be screened with landscaping. Director Richter also noted that the dumpster needed to be accessible during all weather conditions, and so needed to be on pavement. Director Martinez stated that, based on his research, he believed this was the best location. Director Gray asked if there was a location closer to the pavilion that could be used. Director Martinez stated that there was not and he felt the recommended location was best. Director Richter agreed, noting that moving it closer to the pavilion would create an eyesore at the pavilion. Mr. Foster stated that it was difficult to screen the container, but he felt the recommended location was best. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the location and screening proposal. Director Richter then presented the proposal for a commercial power washer attached as **Exhibit "E"**, noting that Director Martinez had recent experience with this type of equipment and that this would be a less expensive alternative to a sand blaster, which could not be easily stored on site. Director Richter stated that the Park Subcommittee recommended approval of the proposal. Director Gray noted that the Park Subcommittee had authority to spend this amount without bringing it to the Board, and Director Richter responded that, as there was no urgency, she preferred to bring this proposal to the Board. Director Martinez stated that the maintenance workers felt this equipment was more versatile and would serve the necessary purpose. Upon motion by Director Richter and second by Director Gray, the

Board voted unanimously to approve the purchase of the power washer. Director Richter then presented the proposal for an all-purpose ATV, attached as **Exhibit “F”**. She noted that this would be usable by the park maintenance crews and the deputies and added that, ultimately, they would bring back a proposal for a cart to pull behind it. She added that they did not wish to purchase the ATV until the rolling door at the pavilion was installed. Director Richter stated that the cost was under \$5,600 and apologized that the actual price was not included on the proposal. Director Martinez stated that he had looked for used options, but one was not available. Mr. Foster stated that his company had purchased a Kawasaki Mule for about the same price. Director Campbell stated that he would like to get pricing from Mr. Foster’s vendor to get a price comparison, and Mr. Foster agreed to obtain this information for the Board. Director Richter then reviewed the report on park matters from Mr. Kennis, attached as **Exhibit “G”**, and stated that items 2 and 4 on the park report were incomplete and that there had been no walk-through. Director Richter stated that the portion of the pond work to be done by Wells Branch was also described in the report, noting that some of it would be complete by the end of February, when the District’s interlocal agreement would end. Director Martinez asked for clarification. Director Richter recommended that the work that Wells Branch could complete by February 25 be done by their crews and that the rest be done by the crews which would be hired by the District in the future. She stated that Mr. Kennis had indicated that he was quite sure that Wells Branch could complete the work identified in the report. Director Campbell stated that he appreciated the timetable and cost estimate, but felt the Board should recognize the cut-off date. Director Richter then moved approval for Wells Branch to move forward with the identified work through February 25. Director Martinez seconded the motion, which was unanimously adopted. Ms. Oliver then called the Board’s attention to the covenant violation at 15107 Lantern, stating that there were currently two derelict vehicles at that location. She noted that the resident had a large file due to prior violations. Director Richter moved that the Board proceed with litigation to enforce the covenants with respect to the violations in question. Director Martinez seconded the motion. In response to a question from Director Gray, Ms. Oliver stated that the resident had been notified repeatedly, and had indicated that he would not voluntarily come into compliance. Upon being put to a vote, the motion was unanimously adopted.

Director Campbell then recognized Mr. Fadal for purposes of receiving the landscape maintenance report. Mr. Fadal stated that his crews were focusing on getting clearance pruning done and that they had already done the bed cleanup and mulching. Mr. Fadal reported that the landscaping around the dog park had been completed and distributed photographs of the plantings, stating that it would look even better in the Spring. He also reported that his crews had maintained three of the District’s sand bed ponds and provided photographs of the ponds after the maintenance. Director Richter stated that TexaScapes crews had done a wonderful job. Mr. Fadal confirmed that Mr. Foster had inspected the work, and noted that there was one area that needed additional riprap. Director Richter stated that the lighting at MeadowPointe entryway was not working and inquired which contractor should be directed to make the repairs. After discussion, the Board directed Mr. Anderson to have an electrician check the lighting and repair it if needed. Director Martinez stated that he had requested a maintenance checklist so items such as pond maintenance could be kept up with, instead of the District experiencing these larger expenses. Mr. Foster stated that he and Mr. Fadal

were working on this checklist. Director Martinez stated that the checklist needed to include a schedule, and the Board agreed.

Director Campbell then recognized Mr. Foster for purposes of receiving a report from the District's engineer. Mr. Foster presented Pay Estimate No. 3 for the Lakes at Northtown, Section 4, attached as **Exhibit "H"**, noting that the project was paved and he expected to present it for acceptance at the next meeting. He recommended approval of the pay estimate, noting that this was not the final pay estimate. Upon motion by Director Gray and second by Director Richter, the Board voted unanimously to approve the pay estimate. Mr. Foster then requested that Mr. Stafford address the Stoney Creek Park well project. Mr. Stafford presented Pay Estimate No. 1 for the existing well in the park, attached as **Exhibit "I"**, noting that the well had been pumped, the oil disposed of and the well capped. He recommended approval of the pay estimate. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the pay estimate. Mr. Stafford then presented the invoice for the second well and the additional well at the park site, attached as **Exhibit "J"**. He stated that all of the work was complete except for removal of the spoils, which had not been completed as of the prior Thursday because it needed to dry out. Mr. Stafford noted that the company had invoiced for the entire amount, but he had not confirmed removal of the spoils. Director Richter noted that it had rained since Mr. Stafford's last inspection, and suggested that the Board approve the payment subject to Mr. Stafford's confirmation of completion of the work and Mr. Foster's approval of release of the check. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to do so. Mr. Foster stated that the McCallen Pass/Heatherwilde fence project had been completed, and Director Richter stated that it looked very nice. Mr. Foster then presented the final invoice and retainage release for the project attached as **Exhibit "K"**. Director Richter moved that the Board approve the final pay estimate and the release of retainage. Upon second by Director Martinez, the Board voted unanimously to do so.

Mr. Foster confirmed that the District's Annual Report for Third Permit Year related to the MS4 permit had been completed and filed with the State. Mr. Foster stated that his company had received comments on the draft bond application from Ms. Littlefield and Ms. Allen and was in the process of addressing them. Mr. Foster stated that the plans for the lift station upgrade project would be submitted to the City shortly and that he anticipated approval in April and construction in May or June. He commended Crossroads Utilities for the work done on the repair to the force main. Director Richter agreed, stating that the crews had done an incredible job under difficult circumstances, and an excellent job on cleaning up the site as well. She noted that Mr. Anderson had worked particularly hard and had been on-site throughout the repair, which had taken several days, with the crews working 24 hours per day.

Director Campbell then stated that the Board would receive a report on park development matters. Mr. Stafford reported that G Creek's initial completion date was December 21st and, with extensions, was now December 29th. He stated that, with the exception of a few minor items, the work was substantially complete. He presented Pay Estimate No. 4, attached as **Exhibit "L"**, and recommended approval of the pay estimate. Director Richter confirmed that this pay estimate had been reviewed by Park Subcommittee and recommended for approval. Upon motion by Director Martinez and second by Director Gray, the Board voted unanimously to approve the pay estimate.

Mr. Stafford then advised the Board that the City of Austin had not approved the electrical plans for the pavilion, even though his staff had inquired about obtaining approval, because they had no review process. He presented the Change Order No. 4, attached as **Exhibit “M”**, which he stated covered changes required to address requirements of Austin Energy which had been made after the fact. He added that the City was also requiring payment of a \$1500 fee from the owner for additional energy requirements at the site. After discussion, Director Richter moved approval of the pay estimate and a \$1500 check to Austin Energy, for release upon Mr. Stafford obtaining an invoice and detailed explanation. Mr. Stafford then presented Change Order No. 5, attached as **Exhibit “N”**, and explained that this change order was for the proposed security cameras. Director Richter stated that the proposed security cameras included a roof-mounted camera for the pavilion, which would have remote monitoring capabilities which could be used by the Sheriff’s Department, and reviewed the locations for the other cameras. Director Richter stated that Deputy Kinnard had endorsed this system and the quality of the photographs which were produced. She stated that the Park Subcommittee recommended approval and moved approval of the change order. Director Campbell asked if the vendor would replace the cameras if they were vandalized, as their literature stated that the cameras were “vandal proof”. Director Richter stated that she would inquire. Director Gray then seconded the motion, which was unanimously adopted. Mr. Stafford stated that both of the change orders would add 14 days time to G. Creek’s contract. He added that scheduling was somewhat subject to the responsiveness of Austin Energy. Director Richter asked that Mr. Stafford follow up on the playscape equipment, since the Parks Subcommittee had completed its color selections, and he agreed to do so. Mr. Foster stated that the additional well and tank location had been approved by the City of Austin, so this project could move forward when the Board was ready to do so. Mr. Foster also stated that he had discussed with the City Staff the crossing for the creek that the Board wanted to install and stated that he felt the Staff would be more flexible and allow something on a more pedestrian scale. He also stated that he believed the crossing could be approved administratively. Mr. Foster then reported that the missing segment of sidewalk on Tudor House that had been reported by Mr. Hill had been constructed by Travis County.

Director Campbell then reported that the Signage Subcommittee had received a list of the existing entry signage locations and that some of the existing monuments were not actually entry signage monuments, but park signage. He stated that the Subcommittee recommended proceeding with the replacement of four entry signs, exclusive of the one at Wildflower since the District did not have an easement at that location. He requested that Mr. Stafford obtain pricing for the four entryway signs and Mr. Stafford agreed to do so. Director Richter stated that she would like to get the new signs installed and the old ones taken to scrap before the Wells Branch crews were not accessible.

Director Campbell then recognized Mr. Contreras, who stated that he was a Wildflower resident. He asked about the Wildflower entry sign. The Board confirmed that this sign had been installed by the developer and was not on District property. The Board then discussed relocating the sign at the Tudor House entryway. Mr. Foster stated that he would have to research the ownership of the alternative site discussed. The Board agreed that it did not like the existing location at the retail center.

Director Campbell then recognized Mr. Douthitt for purposes of receiving a report from the District's bookkeeper. Mr. Douthitt presented the bookkeeper's report attached as **Exhibit "B"**. He reviewed the funds transfers listed on page 1 of the bookkeeper's report and recommended approval. He also recommended renewal of the Ironstone Bank CD in the amount of \$245,000. Mr. Douthitt then reviewed the payments being presented for approval as set forth on the cash activity report included in the bookkeeper's report. He noted that Check No. 4022 in the amount of \$4,875 and Check No. 4023 in the amount of \$20,950 would also need to be approved for payment, in connection with the payments to Bee Cave Drilling, the well contractor, previously discussed. He then reviewed the manager's checks which had been written since the last Board meeting, and the park expenditures, noting that the listed check to Bee Cave Drilling would need to be voided as it had been reissued as two checks. Mr. Douthitt stated that he had brought the signature cards for the Crossroads lock box account as well as a collateral agreement related to the lock box account. Mr. Douthitt stated that the District was currently ahead of plan on its budget, largely due to timing issues. Director Gray moved approval of the bills, transfers and investment as presented, with the exception of the payments previously approved to the Sheriff's deputies. Upon second by Director Martinez, the motion was unanimously adopted.

Director Campbell then recognized Mr. Anderson for purposes of receiving a report from the District's general manager and utility operator. Mr. Anderson reviewed his report, noting that the District currently had 2,833 active connections and approximately 9,523 residents. Upon motion by Director Gray and second by Director Martinez, the Board voted unanimously to approve the write-offs attached as **Exhibit "O"**. Mr. Anderson advised the Board that the most recent force main break had been in the thin-walled plastic pipe and was, again, 25 feet deep. Director Campbell asked for an update on the status of the AVR payment system. Mr. Anderson stated that the AVR system would be brought on-line in January.

Director Campbell stated that the Board would next receive a report on the District office, meeting place and storage requirements, including site selection and authorizing negotiation and execution of any related site acquisition/lease agreements. Director Richter explained that she and Director Gray had met with representatives of the Wells Branch Tech Center but had not been satisfied with the proposal they had received. Ms. Littlefield suggested that this real property matter be discussed in executive session in order to preserve the District's negotiating position, and the Board agreed.

Director Campbell stated that, in addition to facilities, the Board would be considering staffing requirements. Director Richter stated that, as a first step, she felt the Board needed to approve a job description for an on-site manager and covenant administrator. She reviewed the draft description attached as **Exhibit "P"**. Director Gray stated that he felt Director Richter had done a good job on the description and he had nothing to add. Director Martinez moved approval of the job description. Upon second by Director Richter, the motion was unanimously adopted. Director Campbell stated that the Board would next discuss the protocol for filling this position. He noted that one consideration was timing, which in some ways was more time-sensitive than locating office space. Director Campbell stated that he felt this supervisory position was most important, noting that the position would require some kind of office environment

at least part of the time. He stated that the threshold question was whether the Board would set up interviews or attempt to segue existing personnel. Director Richter stated that she felt the Board should interview the existing candidate for on-site management and, if the Board was going to go outside and look for personnel, she had concerns about the understanding of what the job entailed. She asked that Director Gray clarify what his expectation was. Director Gray stated that he felt, as the District had no employees, in order to do its due diligence the Board would need to go out and see who was out there. Director Richter stated that the District only had 69 days to make this decision, and that she was the only Board member who had on-the-job experience with the qualifications that were necessary for this position. She stated that she felt there was a limited pool of qualified candidates for this position. Director Gray stated that he did not feel it was appropriate not to go through a formal process. Director Richter pointed out that this could be a very time-consuming enterprise. Director Campbell recommended that there be an interview process which, at a minimum, included an interview with the incumbent, but also post a notice of the position, as Director Gray stated, with the intention of interviewing at the next Board meeting in order to address both objectives. Mr. Rivaldo suggested that the Board consider using an employment agency. Ms. Littlefield noted that this was a very specialized job which required a fairly unique skill set, in that it required administrative abilities, but also the ability to supervise maintenance workers and to actually inspect for covenant violations and deal with unhappy residents who were in violation, which could be fairly challenging. She added that familiarity with the covenants and the areas within the District would be a big advantage. Mr. Hill suggested a very short, five-day, posting, which would provide due diligence but also allow consideration of the incumbent for the position. After discussion, the Board agreed to authorize Ms. Littlefield to post the position through the TML website with a cut-off of January 7th, to request that Armbrust & Brown's Human Resources manager review the resumes received and forward any promising ones to the Board's subcommittee to review and make a recommendation of no less than two or more than five candidates to be interviewed by the Board. The Board agreed to hold a special meeting to conduct the interviews, and to possibly schedule interviews a week before the regular Board meeting.

Director Campbell then stated that the Board would convene in executive session under Sections 551.072 and 551.074 of the Texas Government Code, in order to discuss real property matters in connection with the lease of office space and personnel matters, including the appointment of a public officer and employment matters. The Board convened in executive session at 7:50 p.m. The Board reconvened in open meeting at 8:21 p.m. and Director Campbell announced that no action had been taken in executive session.

Director Campbell then stated that the Board had discussed the District office site selection while in executive session and would be pursuing other alternatives. Director Campbell stated that no decision was made in executive session, and no polls were taken on the appointment of a new director, but that he personally wanted to express the Board's appreciation of the interest of each of the candidates. He stated that he hoped that all of the candidates continued to participate and attend Board meetings. Director Campbell noted that Mr. Hill had contributed greatly in helping the Board help the residents and the Board appreciated his input. He added that the Board did try to respond to input received from the residents, even when sometimes it appeared to be

misdirected or the result of misunderstanding what the District could and could not do. Director Campbell then asked if any Board member had a motion to put before the Board. Director Martinez moved that the Board appoint Felix Amaro to fill the unexpired term of Director Henderson. Director Richter seconded the motion, and stated that the Board appreciated the interest of all three candidates. She added that the energy, leadership and community involvement of Mr. Amaro had been significant factors in connection with her decision to support his appointment. Director Campbell stated that he agreed that Mr. Amaro, at this time and for this appointment, appeared to be the best choice. Upon being put to a vote, the motion was unanimously adopted.

Director Amaro then completed his Sworn Statement and application for Official Bond and read his oath of office aloud. Director Gray moved that the Board accept the sworn statement, oath of office and bond for Director Amaro. Director Richter seconded the motion, which was unanimously adopted.

Director Campbell stated that the Board would next consider the election of officers. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to elect Director Campbell, President; Director Richter, Vice President; Director Martinez, Secretary, Director Gray, Treasurer and Director Amaro, Assistant Secretary.

Director Campbell then stated that the Board would consider approving a revised District registration form; the Resolution Approving Change in Bank Signatories and Change Certificate—Local Government Investment Cooperative Accounts attached as **Exhibit “Q”**; the Resolution Approving Change in Bank Signatories and Change Certificate—General Operating, Park and Interest and Sinking Accounts attached as **Exhibit “R”**; and the Resolution Approving Change in Bank Signatories and Change Certificate—Bookkeeper’s Account attached as **Exhibit “S”**. Upon motion by Director Richter and second by Director Gray, the Board voted unanimously to approve the items as presented.

There being no further business to come before the Board, Director Richter then moved that the meeting be adjourned. Upon second by Director Martinez, the Board voted unanimously to adjourn the meeting.

Date: _____.

(SEAL)

Alex Martinez, Secretary
Board of Directors