

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

February 10, 2014

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 February 10, 2014, 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"**.

All of the members of the Board were present were present, as follows:

Robin Campbell	-	President
Brenda Richter	-	Vice President
Alex Martinez	-	Secretary
Felix T. Amaro, Jr.	-	Treasurer
Kathy Haught	-	Assistant Secretary

Also present at the meeting were 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; Deputy Keith Kinnard of the Travis County Sheriff's Department; Richard Fadal of TexaScapes, Inc.; Scott Foster of 360 Professional Services, Inc.; Ron Leahy and Ray Bryant of Texas Disposal Services, Inc. ("*TDS*"); Lee Hill, resident of the District; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Campbell called the meeting to order at 5:45 p.m. and asked if there were any residents who wished to address the Board. There being none, Director Campbell stated that the Board would consider approving the consent items on the Board's meeting agenda: the minutes of the December 17, 2013 Board meeting and the Release and Termination of Temporary Construction Easement attached as **Exhibit "B"**. Upon motion by Director Amaro and second by Director Richter, the Board voted unanimously to approve the consent items.

Director Campbell then stated that the Board would receive a report on the audit of the District's financial statements for the fiscal year ended September 30, 2013. Director Campbell reported that the Audit Subcommittee had met with Brian Toldan of McCall Gibson Swedlund Barfoot, PLLC, the District's auditor, to review the audit report and, as in the past, the District had received an unqualified opinion and an excellent report. Mr. Douthitt stated that the draft in the Board's meeting packet was substantially the final report. Director Campbell stated that the auditor did an excellent job. Upon motion by Director Richter and second by Director Haught, the Board voted unanimously to approve the audit report attached as **Exhibit "C"** and the representation letter attached as **Exhibit "D"**, and to authorize filing of the audit

report. Director Amaro stated that the auditor had made it clear that the excellent work that the consultants did behind the scenes made their work easier.

Director Campbell stated that the Board would next consider approving the Resolution Confirming Annual Review of the District's Written Procedures for Post Bond Issuance Federal Tax Compliance attached as **Exhibit "E"**. Ms. Littlefield reminded the Board that these procedures were adopted at the recommendation of the District's bond counsel to assure that the interest on the District's bonds would be tax exempt. She stated that no revisions to the Board's policies were recommended by the bond counsel at this time. After discussion, upon motion by Director Richter and second by Director Haught, the Board voted unanimously to approve the Resolution.

Director Campbell then stated that the Board would discuss recycling and solid waste disposal services. Director Martinez reported that a lot had changed since the Board had last renewed the District's contract with TDS, and noted that the Solid Waste Subcommittee had nothing to report as it was still investigating options. He explained that, five years ago, the Board had been interested in single-stream recycling, but it had been cost prohibitive. He stated that now the situation was very different, and that landfills were coming close to capacity. He stated that solid waste disposal was becoming more expensive than recycling, that there were many different options and that the Subcommittee was still investigating these options. Director Martinez explained that the District was still old school in that its contract still provided unlimited trash collection and only a small amount of recycling. He asked if the Board would be adverse to a ten-year contract if there was a cost savings and noted that he did not have numbers to present at this time. Director Martinez also stated that the District's clean-up days were very cost-prohibitive and there was an alternative, which was to have curbside bulky item pick-up. Director Richter stated that she was not in favor of changing from providing clean-up days because this was a service that the residents were used to receiving and she felt it would be difficult to change their expectations. She also stated that she did not feel the residents would use single-stream recycling and so she felt the Subcommittee would need to really evaluate it, even though she personally understood the benefits of it. Director Martinez stated that he had not previously recycled, but had found single-stream was a major convenience. Director Amaro stated that he shared the concern about bulk pickup, noting that there were residents who placed bulky items at curbside currently and he could see it becoming an enforcement nightmare. Director Martinez stated that the administrative part of bulky waste pick-up was handled by TDS. Director Martinez stated that the clean-up days would be provided at a cost and Director Richter responded that she felt if TDS did not want to provide this service, the Board could go out for proposals and find someone else that would be willing to do so. Director Amaro expressed concern that curbside collection would result in other people who were not aware of the protocol putting large items out and that this could result in a covenant violation issue. Director Haught stated that she had shared these issues. Mr. Hill stated that only about 40% of his neighbors recycled, but he felt the percentage would increase with single-stream. He also pointed out that doing this would require another big, bulky container and this could create a problem due to limited garage space. He pointed out that the District already had bulky waste pick-up once per month. Mr. Hill acknowledged that there would be an advantage to having cardboard and paper recycling. Director Richter stated that she would like to know how to get the residents' input and added that she felt it was

important to find out what was right for the neighborhood. Mr. Hill suggested a polling place survey. Director Haught stated that the residents who were interested in recycling were already doing it. Director Martinez said there were two sizes of recycling bins available, 65 gallon and 96 gallon. Mr. Anderson inquired if the storage of the recycling containers was going to be a problem and Ms. Oliver stated that she expected it would be. Director Campbell then recognized Mr. Bryant and Mr. Leahy, both with TDS, and Mr. Bryant confirmed that TDS had several different sizes of containers available. Mr. Hill stated that he liked having a smaller trash container. Mr. Anderson noted that the District's residents wouldn't receive a cost break for a smaller container and Mr. Leahy confirmed this. Mr. Leahy stated that the problem with dual-stream recycling was that very little would fit in the recycling bins and that, once the bin was full, the excess would go into the trash. He also stated that, between Georgetown and Austin, all of TDS's customers, except the District, were on single-stream recycling. He stated that the District currently had a Cadillac product and a Chevelle price and that this was about to end. He also stated that providing regular bulky waste pick-up would be a better service than once per month. Mr. Leahy stated that, when San Marcos had gone to once per week trash service, recycling had doubled and when they had gone to single-stream, recycling had doubled again. Director Richter stated that she felt the demographics of the District were different, noting that the District had a large non-English speaking population. The Board agreed to hold a special worksession on the matter in order to allow careful discussion of the options, with more information on pricing to be provided at that time.

Director Campbell then recognized Deputy Kinnard for purposes of receiving the District's security report. Deputy Kinnard reported that February had already been a really difficult month, noting that there had been vandalism at the pavilion. Deputy Kinnard reported that there also had been some significant graffiti tagging done, including of a business and several residences. Director Richter stated that none of the residents had removed the tagging as of that day. Deputy Kinnard stated that there had been delayed responsiveness because of the change in representation between the Sheriff's Department and the Pflugerville Independent School District. He then discussed burglaries in the subdivisions and the Sheriff's Department's staffing, and noted that there had also been an increase in auto theft. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the payments to the Travis County Sheriff's deputies as set forth on the check register attached as **Exhibit "F"**.

Director Amaro then moved approval of the extension of the TDS contract attached as **Exhibit "G"**. Upon second by Director Richter, the motion was unanimously adopted.

Director Campbell then recognized Mr. Fadal for purposes of receiving the landscape maintenance report. Mr. Fadal presented the plant of the month, Pothos Ivy. He stated that the plant would grow inside during almost any kind of weather. Mr. Fadal then presented his monthly report attached as **Exhibit "H"**, noting that, as of January, his crews were about 80% complete with winter tasks and by the end of February would be about 95% complete. He reported on the work done to address the erosion at the parks.

Director Campbell stated that the Board would next receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver pointed out that her reports were in the packet. She confirmed that the soccer fields had been re-opened and Director Richter noted that they were being highly used. Ms. Oliver then asked for the Board's direction on 13909 Conner Downs. Ms. Littlefield reported that the District had a court order directing the owner to maintain the property and that the next action would be to ask a judge to hold the owner in contempt. After discussion, the Board directed Ms. Littlefield to proceed with an action to hold the owner in contempt. Ms. Oliver then requested approval to replace the two drinking fountains that had been vandalized at the pavilion at a cost of \$1,682. Director Martinez asked that Ms. Oliver determine if any of the cost would be covered by insurance and she agreed to do so. Upon motion by Director Richter and second by Director Haught, the Board voted unanimously to approve the purchase order for the drinking fountains attached as **Exhibit "I"**. Ms. Oliver then reviewed the revised letter of intent for renewal of the District's office lease attached as **Exhibit "J"** and Director Richter moved that the Board proceed with the renewal of the lease on the terms of the revised letter of intent. Upon second by Director Haught, the motion was unanimously adopted.

Director Campbell then recognized Mr. Foster for a report regarding the flood damage and repairs. Mr. Foster stated that Texas Municipal League insurance coverage was not forthcoming, as it had been determined that some of the trails were not covered and the deductible was too high. He stated that he had evaluated the trails and distributed the trail map attached as **Exhibit "K"**. Mr. Foster explained that there was almost 18,000 feet of trail, which was more than anyone had anticipated. He stated that it had been determined that the width and types of trails were inconsistent and, although money had been budgeted to do a trail overlay, most of those funds had been taken up repairing the flood damage. Mr. Foster stated that he had met with the District's staff on site to review the areas that were most subject to wash out and would be better served to be converted to concrete trails and also had identified additional areas for trails. He stated that the overlay, plus converting the areas most subject to wash out, as a restoration project was estimated to cost approximately \$250,000 as summarized on **Exhibit "L"**. Mr. Foster stated that the Parks Subcommittee recommended moving forward with this project, noting that it would require advertising for bid. Director Richter stated that she felt this was the best option. Director Amaro asked if there were any alternatives that would provide a longer life for the decomposed granite and Mr. Foster stated that replacement of the decomposed granite would not require the permitting that replacing pervious with impervious cover would require. He also advised the Board that this project would include the replacement of the t-boxes, which were another maintenance issue. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve proceeding with bidding of option 2 as recommended. Director Richter commended Mr. Foster for his work in making the options for the project so comprehensible.

Director Campbell then recognized Mr. Foster for purposes of receiving the engineer's report. Mr. Foster reported that there had been no changes in the status of items (a) through (d) as set out in his report attached as **Exhibit "M"**. He advised the Board that he had met with Travis County on the force main project and was working on obtaining the temporary construction easements for the project. He stated that he hoped to bid the force main project concurrently with the trails project. Mr. Foster then

reviewed some maintenance improvements that had been recommended by Mr. Anderson's office, including access gates as an alternative item and re-coating the east lift station as an alternative bid item. He stated that he hoped to be done with the project by the end of the summer.

Director Campbell then recognized Mr. Douthitt who presented his updated report, attached as **Exhibit "N"**. He reviewed the funds transfers he was recommending for approval as summarized on page one of his report, including a transfer from the District's operating account to the manager's account, from the District's Logic account to the operating account, and from the District's lock box account to the TexPool operating account and transfers from the Logic tax account to the Logic operating and debt service accounts. Mr. Douthitt noted that the District had bond payments coming due and requested authorization to make those payments. He then reviewed the payments that he was recommending for approval and noted that he had met with Director Amaro to review the payables. He called the Board's attention to the payment to the Texas Commission on Environmental Quality for the annual regulatory assessment fee and to the checks that had been added to the check register since the packet date. Mr. Douthitt pointed out that there was a payment shown to Wells Branch Municipal Utility District for the District's prorata share of the wastewater rate challenge. Mr. Douthitt then reviewed the payments that had been made out of the manager's account since the last meeting. Upon motion by Director Amaro and second by Director Richter, the Board voted unanimously to approve the payment of the bills and invoices and transfers as presented.

Director Campbell then recognized Mr. Anderson for purposes of receiving the general manager's report. Mr. Anderson reviewed his report, attached as **Exhibit "O"**, noting that the District currently had 2,907 occupied active single-family connections. He stated that the District had a reported a 9.94% water loss, and stated that the loss factor had been recalculated and the average was 6.76% for 2013, which was very good. Mr. Anderson stated that all water test results were satisfactory. He then requested approval of the write-offs set forth on **Exhibit "P"**. Upon motion by Director Amaro and second by Director Martinez, the Board voted unanimously to approve the write-offs.

Director Campbell then recognized Ms. Littlefield for purposes of receiving the attorney's report. Ms. Littlefield reported that the agreements with Travis County for the District's security patrols had been finalized as recommended. She advised the Board that the fiscal security agreements had not been finalized and explained that she and Mr. Foster recommended accepting a three year maintenance bond in lieu of a developer's repair warranty, as requested by Mr. Nias. After discussion, the Board authorized Director Richter and Director Haught to finalize the fiscal security agreements. Mr. Foster stated that he had received the information that he had requested prior to the last meeting, but had not yet met with Mr. Lind, who had requested a meeting based on Mr. Lind's request to reduce the fiscal requirement for one of the improvements. Ms. Littlefield noted that changing the fiscal amount would require approval and Mr. Foster agreed.

Director Campbell stated that the Board would next discuss the City of Austin wholesale water and wastewater rates and joint rate challenge. Director Richter stated that the rate consultant, Jay Joyce, was going to meet with the City of Austin on the

rates to determine the cause of the difference between the City's analysis and the Districts' analysis.

There being no developers' or landowners' reports and no further business to come before the Board, the meeting was adjourned.

Date:_____.

(SEAL)

Alex Martinez, Secretary
Board of Directors