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

February 25, 2014

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

A meeting of the Board of Directors of Northtown Municipal Utility District was held on February 25, 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"**.

The following members of the Board, constituting a quorum, were present:

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 ("<u>Crossroads</u>"); 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.; Lee Hill, Gina Thello, Hassan Jawich and Alan Rivaldo, residents of the District; Randy Wilburn of Law Offices of Randall Wilburn; Debbie Campbell; 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 present who wished to address the Board. Mr. Hill stated that he would like to share his thoughts about Texas Disposal Systems ("TDS"). He stated the current level of service was 104 trips down the street per year for solid waste and recycling. Mr. Hill stated that solid waste trucks had to be manned by two men at least once per month, and the recycling truck was manned by two men each time. He asked whether, if the District was to go to single-stream recycling, TDS would go to one-man trucks and noted that, if so, this would dramatically reduce TDS's fuel costs and manpower in the collection of recyclable materials. He stated that larger containers could be used for recyclable material and this, in turn, would divert more solid waste out of the landfill, saving TDS capital and political capital. Mr. Hill stated that he commended TDS for this, but added that the "menu items" it had proposed were just marketing precepts when the issue was really dollars for service. Mr. Hill stated that TDS's proposal saved it costs and increased its revenues and urged the Board to ignore TDS's marketing precepts and only pay attention to the factors that mattered which, he stated, were service levels and costs. Mr. Hill stated that, if the District could see a 10 to 15% savings by going to single-stream, then it would be acceptable to him. He stated that he did not feel the customers' base fee should go up for this change. Director Richter thanked Mr. Hill for his feedback. Director Martinez agreed that the bottom line was service per dollar. Mr. Hill then thanked the District staff for rapidly painting over the graffiti at the pond.

Director Campbell stated that the Board would next consider approving the minutes of the February 10, 2014 Board meeting. Upon motion by Director Amaro and second by Director Martinez, the Board voted unanimously to approve the minutes.

Director Campbell then stated that the Board would discuss scheduling a work session/special meeting on the District's solid waste and recycling services. Director Martinez stated that he would be out of the country March 16<sup>th</sup> through April 5<sup>th</sup>. Director Richter stated that she would be out through March 11<sup>th</sup>. Director Amaro stated that he would be out the week of March 10<sup>th</sup> through 14<sup>th</sup>. Upon motion by Director Richter second by Director Amaro, the Board voted to approve another one-month extension to the TDS contract to allow time for the special meeting that was needed, and requested that Ms. Littlefield's office coordinate the special meeting as early as possible in April.

Director Campbell then recognized Deputy Kinnard for purposes of receiving the District's security report. Deputy Kinnard reported that Deputy Flanagan was going to assist in surveillance to identify the perpetrators of the graffiti. He reported that the Sheriff's Department had run traffic for another line break. Deputy Kinnard stated that the most recent crime statistics for the District looked a lot better, with a decrease in reported burglaries, although he anticipated an increase during Spring Break. He stated that there would be more deep night shifts to address this. Director Richter then moved approval of the payments to the Sheriff's Deputies shown on the check register attached as **Exhibit "B"**. Upon second by Director Martinez, the motion was unanimously adopted. Director Amaro then stated that, based on the damage from the last vandalism incident, the Security Subcommittee would like to evaluate a higher reward for apprehension of the perpetrators of larger amounts of damage, thereby improving the risk/reward. Director Amaro moved approval of a reward of \$500 if the damage exceeded \$2,000. Upon second by Director Haught, the Board voted unanimously to increase the amount of the reward offered to up to \$500, depending on the damage caused.

Director Campbell then recognized Mr. Fadal for purposes of receiving the landscape maintenance report. Mr. Fadal presented the plant of the month, American agave. He stated that the plant was one of the larger Agave and was misnamed the Century Plant. Mr. Fadal stated that it only flowered once and, after the flowering, it withered and died. He explained that the American Agave was native to south Texas and Mexico and would freeze north of about Round Rock. Mr. Fadal then presented his monthly report, attached as **Exhibit "C"**, noting that winter tasks were basically complete and that his crews were preparing for Spring. He stated that the crews were finishing the clean-up pruning and he would be moving the first Spring fertilization up to March.

Director Campbell stated that the Board would next receive the on-site manager's report and recognized Ms. Oliver. Ms. Oliver reported that she had replaced the pavilion drinking fountains that had been vandalized and had filed a claim with the Texas Municipal League Intergovernmental Risk Pool ("<u>TML</u>") as directed. She stated

that there was a \$1,000 deductible and the balance of the cost, which was a little over \$600, was being reimbursed by TML. She then presented the purchase order for mulch for the playground attached as **Exhibit "D"** and requested approval. Director Richter explained that this was a more cost-effective way of replenishing the mulch, as the rental equipment would reduce the manpower involved in the work, and stated that the Park Subcommittee recommended approval. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the purchase order. Director Richter then called the Board's attention to the new signs that had been purchased to remind park patrons that dogs were required to be kept on leashes. She explained that these would be placed at high traffic points and major entryways to the park system. Deputy Kinnard suggested that, when these signs were reordered, the District add a notice that this was the law and required by County ordinance.

Director Campbell stated that the Board would next discuss the renewal of the District's office lease with G&I VII Wells Branch LP. After discussion, upon motion by Director Richter and second by Director Haught, the Board voted unanimously to approve the amendment to the office lease attached as **Exhibit "E"**.

Director Campbell then recognized Mr. Foster for purposes of receiving the engineer's report. Mr. Foster reported that there were no changes to discuss for Oaks at Techridge, Phase II; the Pflugerville ISD tract; and the Harris Ridge Boulevard extension project. He requested approval of the proposal attached as **Exhibit "F"** for updating the District's MS4 permit, noting that this would require a public hearing and notification, which were included in the scope of services. Upon motion by Director Richter and second by Director Martinez, the Board voted unanimously to approve the proposal. Mr. Foster then reported that the construction easements had been finalized for the force main project and that he expected to pull the permit the next week. He stated that he expected to bring a recommendation for contract award to the Board's March meeting. He then presented the construction materials testing proposal attached as Exhibit "G" and recommended approval. Upon motion by Director Amaro and second by Director Haught, the Board voted unanimously to approve the proposal. Mr. Foster stated that the pre-bid conference for the trail project would be held on March 4<sup>th</sup> with the bid opening scheduled for March 11th. He stated that he expected to present a recommendation for contract award at the March Board meeting. He called the Board's attention to the Texas Department of Licensing and Regulation ("TDLR") project plan review attached as **Exhibit "H"**. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to authorize Ms. Littlefield to sign the application as the District's agent.

Director Campbell then recognized Mr. Douthitt, who presented the check register attached as **Exhibit "B"**. He reviewed the funds transfers he was recommending for approval as summarized on page one of his report, including transfers from the District's operating account to the manager's account, from the District's Logic operating account to the operating checking account, from the District's lockbox account to the TexPool account and from the District's tax collection accounts to the operating and debt service tax accounts. Mr. Douthitt stated that he had reviewed the invoices with Director Amaro, and called the Board's attention to the additional invoices that had been added to the check register since the date of the invoice review. Mr. Douthitt then reviewed the payments that had been made out of the manager's

account since the last Board meeting. He advised the Board that he had received a check from Village@Northtown to replenish the developer escrow account. Littlefield explained that she had received one of the two required escrow agreements from Village@Northtown, but that Mr. Nias had requested additional time to finalize the escrow for the parking lot project as his client was now questioning the amount of the fiscal that had previously been agreed to. Director Amaro stated that it appeared that a condition imposed for plat approval had not been finalized if the fiscal was not being held as cash and Director Richter agreed. Director Richter then moved that the District approve the escrow agreements attached as **Exhibit "I"** and **"J"**, deposit the check for which a signed escrow agreement had been received and inform Mr. Nias that, if the other escrow agreement was not delivered by the end of the week, the City would be advised that this condition to plat approval had not actually been met. Upon second by Director Amaro, the motion was unanimously adopted. Upon motion by Director Haught and second by Director Richter, the Board voted unanimously to approve the payment of the bills and invoices, with the exception of the checks to the Travis County Sheriff's Department previously approved, and the 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 "K"**, noting that the District currently had 2,904 occupied active single-family connections. He stated that the District had a reported 3.59% water loss which was very good. Mr. Anderson stated that all water test results were satisfactory. He requested approval of the write-offs attached as **Exhibit "L"**, and explained that one was for \$467.37 and the resident had used 33,000 gallons of water during their last month in the District. Director Richter noted that this was the reason the District had a strict security deposit policy. Upon motion by Director Richter and second by Director Amaro, the Board voted unanimously to approve the write-offs. Mr. Anderson then presented the Proposal and Customer Support Agreement with Holt Power Systems attached as **Exhibit "M"**, and explained that this was an annual renewal for a preventive maintenance program for all of the lift stations except the low flow lift station and recommended approval. Upon motion by Director Haught and second by Director Richter, the Board voted unanimously to approve the Proposal.

Mr. Anderson then explained that there had been another force main break, which had caused damage to two residential lots and stated that he had met with Mr. Fadal about resolding and repairing the damage. Director Richter commended Crossroads' crews for their handling of the repair as well as their customer service. Director Martinez agreed that Crossroads had done a great job. Mr. Hill asked if the upcoming repair to the force main had been publicized. Mr. Anderson stated that he and Mr. Foster were working on setting a meeting with the affected area residents. Mr. Foster stated that there would be a public notice sign and that the meeting would be arranged once the contractor was selected. Director Richter stated that one of the Directors would also attend this public meeting and confirmed that the resident she had spoken to was aware of the upcoming line replacement project.

Director Campbell then stated that the Board would discuss the CASE summer conference. Director Richter reminded the Board that the summer conference was coming up and encouraged the Directors to attend. She stated that it was scheduled for June 12<sup>th</sup> through 14<sup>th</sup>, which was Thursday through Saturday, at South Padre Island

and there was a very full agenda. She noted that Ms. Oliver usually attended. Director Richter then moved that any Director who desired to attend, as well as Ms. Oliver, be authorized to attend the conference. Upon second by Director Haught, the motion was unanimously adopted.

At 6:39 p.m., Director Campbell announced that the Board would convene in executive session for purposes permitted by Section 551.074, Texas Government Code, to discuss personnel matters, and Section 551.071, Texas Government Code, to receive legal advice regarding the City of Austin wholesale water and wastewater rate cases. At 7:03 p.m., the Board reconvened in open session and Director Campbell announced that no action had been taken in executive session.

Director Campbell then stated that the joint challenge of the City of Austin's wholesale water and wastewater rates was headed to mediation. He also reported that the Board's evaluation of the District's on-site manager had been conducted. Director Campbell stated that, in conjunction with the evaluation there was normally a discussion of compensation. Director Richter then moved that she and Director Amaro be appointed to evaluate a salary adjustment for Ms. Oliver, to be effective as of February 25<sup>th</sup>. Upon second by Director Amaro, the motion was unanimously adopted.

There being no further business to come before the Board, the meeting was adjourned at 7:07 p.m.

Date:	·	
(SEAL)		
	Printed Name:	
	Title:	
	Board of Directors	