

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

April 8, 2014

THE STATE OF TEXAS §
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COUNTY OF TRAVIS §

A special meeting of the Board of Directors of Northtown Municipal Utility District was held on April 8, 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 following members of the Board, constituting a quorum, were present:

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

Director Alex Martinez was absent. 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"); Lee Hill, a resident of the District; Ray Bryant and Ron Leahy of Texas Disposal Services ("TDS"); 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 wished to reiterate his comments from a prior Board meeting, noting that he perceived a substantial reduction in trips by TDS if single-stream recycling was implemented and that there were advantages and disadvantages to this program to the District as well as to TDS. He stated that he did not think this change would provide more service than the residents were currently receiving and he would like to see a modest decrease in the cost of service.

Director Campbell stated that the Board would next discuss recycling and solid waste disposal services. He reminded those present that there had been several different opinions expressed at the prior meeting at which this had been discussed about the proposed changes in service. Mr. Leahy then distributed the presentation attached as **Exhibit "B"**, noting that one of the things that drove solid waste costs was landfill fees. He stated that TDS was in transition in this area, adding that there were currently three landfills, but one would close in about 18 months. He reviewed the landfill summary with the Board. He pointed out that Leander had only recently changed from recycling bin service to single-stream recycling, and added that the justification for the related rate increase by the hauler of 36% was the change in land fill fees and fuel costs.

Mr. Leahy then reviewed the rate comparison included in his presentation and the analysis of TDS's cost of service since it began providing service to the District in 2009 with the Board. He noted that the overall change in the rate paid by the District did not reflect TDS's increased cost of service. Mr. Leahy reviewed increases in diesel fuel costs, equipment costs and landfill costs and explained that the landfill costs included landfill operations costs which had gone up dramatically due to increases in the cost of steel needed for landfill equipment. He stated that, due to the costs increases, TDS needed a rate increase, but added that an increase in the amount of materials recycled versus sent to the landfill was also needed and was the objective of single-stream recycling. Mr. Leahy then reviewed the summary of the District's current solid waste contract and proposed alternatives included in his presentation. Mr. Leahy indicated that, for a renewal on substantially the same terms as the current contract, the rate would be \$19.65 per month. He then reviewed optional services, including bulky waste pick-up and clean-up day services. He also reviewed a proposed change in the structure of the annual rate adjustment, from being based 100% on the consumer price index ("CPI") to 80% CPI and 20% producer price index ("PPI"), to reflect increases in fuel costs. Ms. Littlefield inquired about the provision that operational costs "may" be passed through to the customers. Mr. Leahy responded that these increases could only be passed through at the Board's discretion, if it agreed to grant those increases to TDS. Mr. Leahy then explained that TDS's experience was that, with a large recycling cart and solid waste cart, most customers would not use all of their disposal capacity and would not need the ability to dispose of additional bags.

Mr. Leahy explained that the pick-ups would be once a week for solid waste and every other week for recycling. Mr. Hill inquired about composting and Mr. Leahy explained that TDS picked up yard waste in Georgetown and transferred it to its facility in Creedmoor. Mr. Leahy stated that he felt the community clean-up would be phased out over time and that the bulky waste pick-ups would offset this as this could be done on any collection day. Mr. Leahy then reviewed options to lock-in prices with fixed increases in lieu of the CPI/PPI increases. Director Richter stated that she did not feel it was a good idea to do away with the community clean-up days, as she felt the residents expected this service. She stated that they could be done away with over time if the District found they weren't needed based on the other options.

At 6:51 p.m., Director Campbell stated that the Board would convene in executive session, as permitted by Section 551.071 Texas Government Code to receive legal advice regarding solid waste and recycling services. At 6:57 p.m., the Board reconvened in open session and Director Campbell announced that no action had been taken in executive session.

Director Haught then stated that she was concerned about the District's base bill going up year after year and added that Director Martinez was as well. She stated that, when talking about adding additional services, the Board had to keep in mind that the add-ons would also increase in cost year after year. She asked if it would be possible for the District to obtain a service outside of the per-resident rate under the contract. The Board agreed that it felt strongly about maintaining the option to provide community clean-up days. Mr. Leahy stated that this was no problem and the cost would be \$700 per haul, noting that was \$125 for delivery and the rest was for the haul and disposal.

Director Richter stated that she anticipated that it would be a problem for the District if there wasn't anything in the contract that allowed the District to contact TDS for an optional curbside collection when required during the year due to someone leaving things out as, for example, due to a covenant violation or a resident moving out and leaving a large amount of trash behind, so the District would have a way to arrange disposal. Mr. Leahy stated that this could be done through the manager calling TDS and requesting a pick up at that address. Ms. Oliver suggested that the District be given 50 or 60 of these per year as a District "bulky waste pool" as part of the contract. Mr. Leahy stated that this was acceptable.

Director Amaro stated that he felt the fixed increases would be advantageous, as CPI, PPI and landfill costs increased. Director Haught asked if TDS would provide educational information on the recycling program. He stated that they would provide educational material and a calendar. Mr. Hill stated that he did not think the proposed fixed increases in price were sustainable, but, if he had to choose, he would prefer the 10-year option. The Board discussed the advantage of locking in the price versus CPI, PPI and landfill cost increases. Director Campbell recommended that the Subcommittee, along with Ms. Littlefield, take all of this information and proceed with preparation of a contract to bring back to the Board for approval. Director Amaro moved that the Board authorize proceeding based on this recommendation. Upon second by Director Richter, the motion was unanimously adopted.

At 7:30 p.m., Director Campbell stated that the Board would convene in executive session as permitted by Section 551.071, Texas Government Code, in order to receive legal advice regarding personnel matters. At 7:43 p.m., the Board reconvened in open session and Director Campbell announced that no action had been taken in executive session. Director Campbell then recognized the Ad Hoc Subcommittee on compensation for its report. Director Amaro reported that, as the Board was aware, it was a little past time for the Board to evaluate and review compensation for the District's on-site manager. He noted that, when the Board started this process, it did not have the role Ms. Oliver was in and had been a creative process as the Board determined what her roles and responsibilities would be. Director Amaro stated that the review she had received this year was outstanding from all of the Board members and noted that, during the previous two review cycles, she had added to and enhanced her roles and responsibilities and had maintained those responsibilities over the past year. He commended Ms. Oliver for her work in working with the staff, the Board and the residents. Director Amaro stated that the Board wanted to recognize that and Ms. Oliver's understanding of her role and the Board's expectation. Director Amaro stated that, from a governmental standpoint, a lot of groups had not experienced the merit compensation that they had experienced in the past and added that the District was also accountable to the residents. He stated that this year a reduced percentage increase in compensation was recommended, not due to lesser work, but in recognition of Ms. Oliver's role becoming more defined and stated that the Subcommittee recommended an increase of 3.5% effective as of Ms. Oliver's compensation review date. Director Campbell stated that it was easy to think of percentages as absolute things, but the reality was that percentages were of an increased amount over time and this recommendation should not be reviewed as a negative. He added that Ms. Oliver's role continued to expand. Director Haught stated that this increase was well deserved.

Director Amaro then moved approval of a 3.5% salary increase for Ms. Oliver as recommended. Upon second by Director Richter, the motion was unanimously adopted.

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

Date:_____.

(SEAL)

Alex Martinez, Secretary
Board of Directors