

1 MINUTES OF THE MEETING OF
2 THE BOARD OF DIRECTORS OF
3 WELLS BRANCH MUNICIPAL UTILITY DISTRICT
4

5
6 May 4, 2010
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9 The Board of Directors held a regular meeting on May 4, 2010 at the Wells Branch
10 Community Center, 2106 Klattenhoff Drive, Austin, Texas. The meeting was open to the
11 public and notice was given as required by the Texas Open Meetings Act. A copy of the
12 Certificate of Posting of the Notice is attached as Exhibit "A".
13

14 Members of the Board as it was called to order are:
15

16 Charles R. Walters	- President
17 Donna Howe	- Vice President
18 Janet Maxey	- Secretary
19 Joy Smith	- Treasurer
20 Tom Cheshire	- Assistant Secretary-Treasurer

21

22 and all of the Directors except Director Howe were present thus constituting a quorum.
23 Also present during the course of the meeting were Jesse L. Kennis II, District Manager;
24 John Bartram of Armbrust & Brown, L.L.P., the District's attorney; Eric MacInerney
25 and Aurelia Vanderzyl of Heimsath Architects; Scott Privette, Bob Bauhs and George
26 Holcombe, residents of the District; Debby Thompson of the Wells Branch
27 Neighborhood Association; and Clay Avery of GCP Association Services, the District's
28 recording secretary.
29

30 Director Walters called the meeting to order at 6:35 p.m. and announced that the Board
31 would receive citizens' communications. Director Walters recognized Mr. Privette, who
32 stated that he had previously come before the Board six years ago to lobby for a drainage
33 area to be replaced with sand for use as a volleyball court. Mr. Privette stated that since
34 the project had been completed he and some similarly interested residents had replaced
35 the net and other equipment with donated materials. Mr. Privette noted that the court
36 had been a massive success with the community. Mr. Privette noted that the court likely
37 was in need of an influx of sand, which could be acquired by his group. Mr. Privette
38 stated that he would appreciate the District assisting his group with the fill-in process.
39 Mr. Privette noted that the court had become so popular that conflicts had arisen
40 regarding usage times. Mr. Privette asked the Board if a scheduling policy for the court
41 could be considered or if there was consideration toward building a second court.
42 Director Walters stated that the Facilities Committee would investigate the issue and
43 that the Board would always look at the possibility of park expansion and recreational
44 improvements. Director Walters then mentioned the existence of another volleyball
45 court near the apartment complexes. Mr. Privette stated that he was aware of that
46 court, but that pipe outlining the playing surface was dangerous and could possibly lead
47 to injuries. Mr. Kennis introduced himself to Mr. Privette and exchanged information
48 for future contact. Director Maxey stated that the Recreation Committee would look at
49 the possibility of creating a schedule for using the court or requiring a Rec-Tag to
50 safeguard the court for District resident use.

1 Director Walters then recognized Mr. Kennis for a report from the District's manager.
2 Mr. Kennis stated that he had previously been directed to communicate with Achilles
3 (HR) Group to ascertain whether a staff salary survey would be included in the scope of
4 the company's agreement with the District. Mr. Kennis stated that according to Tammy
5 McCarty of Achilles, such a survey would be included in the current scope of work and
6 preliminary efforts had already been made toward performing such a survey. Mr.
7 Kennis noted that the last salary survey had been conducted in 1999 and then discussed
8 the process for determining positional responsibilities and the District's salary structure.
9 Director Walters stated that he would like a review of staff job descriptions to ensure
10 that appropriate work was assigned to the correct positions. Discussion then ensued on
11 the proposed project.

12
13 Mr. Kennis then discussed ongoing maintenance at Willow Bend Pool and noted that
14 previously authorized fencing materials had been purchased, but that three directors
15 were required to sign for payment. Mr. Kennis noted that the Board had already
16 approved the total expenditure.

17
18 Director Walters then recognized Mr. Bartram for a report from the District's attorney.
19 Mr. Bartram stated that he would comment on later agenda items as necessary and in a
20 possible executive session, if needed. Mr. Bartram also noted that he had received an e-
21 mail from Director Howe asking him to relay her input on certain agenda items as they
22 were considered.

23
24 Director Walters then announced that the Board would consider items on its consent
25 agenda:

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|----|-----------------------------|---|
| 26 | | |
| 27 | Agenda Item No. 4(a) | Approve minutes of April 20, 2010 |
| 28 | | special meeting, and minutes of April |
| 29 | | 20, 2010 regular meeting; |
| 30 | | |
| 31 | Agenda Item No. 4(b) | Revised Secretary's Certificate and |
| 32 | | Resolutions Regarding District Manager |
| 33 | | Account and related signature cards, |
| 34 | | <u>attached as Exhibit "B;"</u> |
| 35 | | |
| 36 | Agenda Item No. 4(c) | Revised Secretary's Certificate and |
| 37 | | Resolutions Regarding Accounts and |
| 38 | | related signature cards, <u>attached as</u> |
| 39 | | <u>Exhibit "C;"</u> |
| 40 | | |
| 41 | Agenda Item No. 4(d) | Revised Secretary's Certificate and |
| 42 | | Resolutions Regarding Account |
| 43 | | (General Fund Controlled Disbursement |
| 44 | | Account) and related signature cards, |
| 45 | | <u>attached as Exhibit "D;"</u> |
| 46 | | |
| 47 | Agenda Item No. 4(e) | Revised Secretary's Certificate and |
| 48 | | Resolutions Regarding Lock Box |
| 49 | | Clearing Account (<i>view-only on-line</i>) |

1 *account access for Authorized Persons),*
2 *attached as Exhibit "E;"*

3
4 **Agenda Item No. 4(f)**

5 Resolution Regarding Annual Review of
6 Code of Ethics, Travel and Professional
7 Services Policy; Investment Policy;
8 Investment Strategies; Qualified Brokers
9 and Investment Officers, attached as
10 Exhibit "F."

11 **Director Smith moved, seconded by Director Cheshire, approval of the**
12 **Consent Agenda, and the motion passed unanimously.**

13
14 Director Walters then announced that the Board would conduct work sessions with
15 information from the Committees:

16
17 **ADMINISTRATIVE COMMITTEE:** Director Maxey referenced Agenda Item No.
18 5(a)(2) relating to the District's employee retirement plan. Mr. Bartram stated that the
19 District would be transitioning from the current annuity-based asset to John Hancock
20 Life Insurance Company, as recommended by The Boon Group's Erik Little at a previous
21 meeting. Mr. Bartram stated that the District's special counsel on employee retirement
22 benefits, Chuck Campbell, was reviewing the paperwork for the transaction. The issue
23 was tabled for discussion at a later meeting.

24
25 **FACILITIES COMMITTEE:** Director Smith referenced Agenda Item No. 5(b)(1)(a)
26 and discussed a compendium of materials detailing interim office space options,
27 attached as Exhibit "G." Mr. Kennis discussed his summary of his findings and stated
28 that the range of prices for lease space was from \$4/square foot to \$21/square foot. Mr.
29 Kennis stated that the facility that formerly was Roper's Bar would cost the District
30 \$13,000/month and presented ventilation issues due to years of smoking within the
31 building. Mr. Kennis noted that portable buildings would cost the District \$1,500-
32 2,000/month plus set-up and moving costs. Mr. Kennis discussed the information and
33 stated that he was looking for Board direction on the next step. The Board then
34 discussed the feasibility and logistical considerations with portable buildings. Mr.
35 Bartram stated that Director Howe desired that an insurance risk analysis be performed
36 on the different options. Discussion ensued on portable buildings, and Director Smith
37 stated that the portable structures looked aesthetically acceptable and would provide the
38 advantage of being able to stay on the same site where the current and future District
39 Office buildings were and will be located. Discussion ensued on one-time set-up fees
40 and expenses. *The Board directed Mr. Kennis to discern two to three options for the*
41 *Board's review. The Board then directed Mr. Kennis to contact the Texas Municipal*
42 *League to examine insurance issues regarding the different options.*

43
44 Director Smith then referenced Agenda Item No. 5(b)(1)(b) as well as a Board Action
45 Sheet and corresponding documents, attached as Exhibit "H," and stated that the
46 Committee had received a proposal from Murfee Engineering for civil engineering work
47 related to the proposed District office and Recreation Center expansion project.
48 Director Smith noted that the proposal was to do any and all work for a fixed fee of
49 \$57,000. Director Smith stated that Heimsath Architects had advised the Committee

1 that the proposal was very fair and well within industry standards. Director Smith
2 stated that the Committee's recommendation was to approve the proposal. **Director**
3 **Smith moved, seconded by Director Walters, that the Board approve the**
4 **proposal for civil engineering site work on the proposed District office and**
5 **Recreation Center expansion project. The motion passed unanimously.**
6

7 Director Smith then referenced Agenda Item No. 5(b)(1)(c) as well as a Board Action
8 Sheet and corresponding documents, attached as Exhibit "I," and stated that a
9 geotechnical investigation would be needed on the proposed office and recreation center
10 expansion project site to determine soil conditions and environmental considerations
11 before construction can begin. Director Smith stated that the Committee had selected
12 Fugro Consultants, Inc. to conduct the work. Mr. Kennis noted that the firm had not
13 proposed a final cost estimate, but that the Board had worked with the firm previously
14 on the same services for the Recreation Center. **Director Smith moved, seconded**
15 **by Director Walters, that the Board approve contracting with Fugro**
16 **Consultants, Inc. to perform a geotechnical investigation of the project site**
17 **for an amount not to exceed \$5,000. The motion passed unanimously.**
18

19 Director Smith then referenced Agenda Item No. 5(b)(2) concerning the Willow Bend
20 Pool replastering project. Director Smith discussed the situation, in which the company
21 performing the task had failed to correctly replace the light rings in the pool and had
22 submitted a large change order to complete the job correctly. Mr. Kennis stated that the
23 company had been made aware of the Board's position that the District would not be
24 paying for any of the work until a meeting could be held with the company to negotiate
25 an acceptable solution. Mr. Bartram recalled Mr. Cheshire's statement from a previous
26 meeting where he had noted a defective work provision in the agreement allowing the
27 District to refrain from payment if the work was not done correctly. Mr. Bartram
28 discussed the company's role in the mistake and its failure to inform the District once
29 the mistake was discovered.
30

31 Director Smith then referenced Agenda Item No. 5(b)(1)(d) and recognized Mr.
32 MacInerney for a status update on the proposed District office. Mr. MacInerney stated
33 that the proposed geotechnical inspectors had desired for the building to be moved away
34 from the slope, and that change was the likely reason that Fugro was not able to provide
35 an estimate for its services by the meeting. Mr. MacInerney showed a computerized
36 drawing of the proposed building and noted that the plans were still in a schematic stage
37 and that the firm was open to investigating other options and honing the plans. Mr.
38 MacInerney noted that roofs were positioned facing southward for the purposes of solar
39 paneling. Mr. MacInerney discussed the proposed building's roof composition and the
40 possibility of creating elevated space for the building's mechanical units. Mr.
41 MacInerney then discussed the proposed additions to the Recreation Center including a
42 cardio room and the proposed courtyard fill-in that would tie the Recreation Center to
43 the new office. Mr. MacInerney discussed the schematic design of the proposed
44 building layout, focusing on reception/customer service areas, cubicle space and
45 conference room space. Mr. MacInerney discussed the overall flow of the proposed
46 building and possibilities for Board meeting space. Mr. Bauhs asked about the cardio
47 room and Mr. MacInerney stated that recreation staff had noted a high demand for
48 separate weight and cardio rooms due to the high volume use of the current combined
49 room. Director Smith discussed the Board's reasoning for building a new District office

1 and the process of receiving input from the public on the project. Mr. Privette asked
2 about possible expansion of the actual footprint of the Recreation Center and Director
3 Smith answered that the only consideration for expansion would be to add racquetball
4 courts to the building. Director Maxey noted that the possibility was still up for
5 discussion. Director Walters noted that a Town Hall meeting was likely necessary to
6 receive public input and asked Mr. MacInerney about other possible layouts for the
7 project. Mr. MacInerney noted that there were possibilities, but that the current
8 proposal was the one that worked due to the courtyard fill-in issue. Discussion ensued
9 on the genesis of the current proposed layout. Director Walters noted that the timeline
10 for the project called for a design to be approved by the end of May. *The Board reached*
11 *a consensus to schedule a Town Hall meeting for May 25th, 2010 at 6:30 p.m.* Director
12 Walters noted that the Board would then be ready to be able to approve a design at the
13 June 1 regular Board meeting. Mr. Kennis stated that he would investigate the logistics
14 for the Town Hall meeting.

15
16 **FINANCE COMMITTEE:** Director Smith referenced Agenda Item No. 5(c)(1) and
17 stated that in conjunction with the District's ongoing water rate study, the Board needed
18 to consider making a decision on possible reserve funds so that the information could be
19 included in any recommendation of water rates. Director Smith noted that Cheryl Allen
20 of Southwest Securities had recommended that the District retain a \$5.5 million capital
21 replacement reserve fund and an operating reserve fund equal to 6 months of operating
22 expenses. Director Smith stated that current money would not be taken to create the
23 funds immediately, but that the funds would be built up over time through long range
24 planning. **Director Smith moved, seconded by Director Cheshire, that the**
25 **Board approve a \$5.5 million dollar capital replacement reserve fund and**
26 **an operating reserve fund equal to 6 months of operating expenses. The**
27 **motion passed unanimously.**

28
29 Director Smith referenced Agenda Item No. 5(c)(2), as well as a Board Action Sheet and
30 corresponding documents, attached as Exhibit "J," and stated that the Committee desired
31 to give the Board the option to discuss and approve possible limits for a District credit
32 card. Mr. Kennis discussed the current spending limits placed on his position and noted
33 that those would still govern any of his transactions. Director Maxey noted that the credit
34 card limits in the resolution allowed for flexibility at the Board's discretion. Director
35 Cheshire asked about Mr. Kennis' previous spending experience and Mr. Kennis discussed
36 the history and the possible benefits of having a District card. *The Board reached a*
37 *consensus to not place limits on the number of transactions per day/cycle.* Discussion
38 ensued on the proposed spending limits and current internal control procedures.
39 **Director Smith moved, seconded by Director Cheshire, that the Board**
40 **approve the Resolution Establishing Committees and Procedures for**
41 **Approval of Expenditures, Signature of Disbursements, and Use of District**
42 **Charge Cards and Charge Accounts with a maximum single purchase credit**
43 **card/charge account limit of \$10,000 and an overall spending limit equal to**
44 **the applicable card/account limit. The motion passed unanimously.**

45
46 Mr. Bartram noted that Director Howe had asked about an invoice from GCP Association
47 Services for a notification postcard regarding the change in the solid waste/recycling pick-
48 up schedule, as she believed IESI, the District's solid waste/recycling service provider had
49 agreed to pay for such notification. Mr. Kennis stated that the District would bill IESI for
50 the amount of the invoice.

1
2 **INFORMATION TECHNOLOGY COMMITTEE:** Director Walters referenced
3 Agenda Item No. 5(d)(1) and stated that the new District website was available online
4 for Board review and comment. The Board discussed the proposed new website and
5 Director Walters stated that the Committee was still working out the details of finalizing
6 the site.

7
8 Director Walters referenced Agenda Item No. 5(d)(2) and stated that a proposed cost-
9 benefit study of the District IRIS software was ongoing. Director Maxey asked about the
10 possibility of assigning specific staff personnel to the project in an attempt to increase
11 visibility with the residents through marketing the service and hopefully achieving
12 greater participation. Discussion ensued on the program and the most effective way to
13 involve the public about the benefits of the program while still being cognizant of red
14 flag privacy rules. Discussion ensued on boil water notices and their interplay with the
15 IRIS system. Director Maxey suggested the possibility of using phone information that
16 the District had on file to send out a notification that the system was active and offer
17 residents the opportunity to opt-out of the program or request additional notifications.
18 Discussion ensued on the District's agreement with the software company and the best
19 way to maximize the District's investment in the program. **Director Maxey moved,**
20 **seconded by Director Smith, that the District use phone information on file**
21 **to send out a notification that the system was active and offer residents the**
22 **opportunity to opt-out of the IRIS program or request additional**
23 **notifications. The motion passed unanimously.** Director Walters stated that the
24 Committee would still examine cost-benefit issues with the program.

25
26 Director Walters referenced Agenda Item No. 5(d)(3) and stated that Tricia Rybachek,
27 the District's Office Manager, was investigating a procedure for electronic invoice and
28 billing submittal and review.

29
30 **PUBLIC SAFETY COMMITTEE:** Director Cheshire mentioned a safety-training
31 event for children who would be staying at home alone during the summer that would
32 take place on May 23rd from 4-6 p.m. Director Maxey noted that the District was
33 supporting the event, which was sponsored by the Wells Branch Neighborhood
34 Association. Ms. Thompson discussed the event and the intended programs. Ms.
35 Thompson passed out a prototype for an information-containing magnet, which would
36 be given to all attendees, attached as Exhibit "K." Director Cheshire then discussed
37 upcoming Neighborhood Watch activities and the possibilities of increased need for
38 security due to elevated summer activity.

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40 **RECREATION COMMITTEE:** No Report.

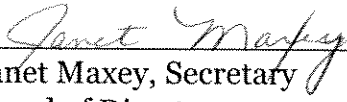
41
42 At 8:22 p.m., Director Walters announced that the Board would convene in executive
43 session in order to receive legal advice regarding restrictive covenant enforcement
44 procedures and human resources and personnel matters, including Texas Workforce
45 Commission, U.S. Equal Employment Opportunity Commission, and other employment-
46 related claims and charges, as permitted by Sections 551.071 of the Texas Government
47 Code. At 9:10 p.m., the Board reconvened in open session, and Director Walters
48 announced that no action had been taken during executive session.

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

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3 Respectfully submitted:

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8 May 18, 2010

9 Date



Janet Maxey, Secretary
Board of Directors
Wells Branch Municipal Utility District

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12
13 (SEAL)
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