

MINUTES OF MEETING OF BOARD OF DIRECTORS OF
NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1

January 18, 2017

THE STATE OF TEXAS §
 §
COUNTIES OF TRAVIS §
 AND WILLIAMSON §

A regular meeting of the Board of Directors of North Austin Municipal Utility District No. 1, open to the public, was held on January 18, 2017, at the Rattan Creek Community Center, 7617 Elkhorn Mountain Trail, Austin, Texas, pursuant to notice duly given in accordance with law. A copy of the Certificate of Posting of said Notice is attached hereto as **Exhibit "A"**.

The roll was called of the members of the Board, to-wit:

Alan McNeil	-	President
Donald G. Conklin	-	Vice President
Jo Jones	-	Secretary
Kim Green	-	Treasurer
Rachel Beaulieu	-	Assistant Secretary/Treasurer

and all of said Directors were present, thus constituting a quorum. Also in attendance at the meeting were Mary Bott with Bott & Douthitt, P.L.L.C.; David Malish with Murfee Engineering Co., Inc.; Marc Marroquin with Premier Recreation Management; Andrew Hunt with Crossroads Utility Services, L.L.C.; Richard Fadal with TexaScapes, Inc.; Bob West with West, Davis & Company, LLP; Smitty McKenzie and Terri McKenzie with SDI Management; Kevin Flahive with Armbrust & Brown, PLLC; Greg Cooper with Continental Properties Company, Inc.; April Bliss, a resident of the District and President of the Rattan Creek Neighborhood Association; and Diana Sagnes with Sage Management Services.

Director McNeil called the meeting to order at 6:08 p.m. and stated that the Board would first consider approval of the December 19 minutes. Upon motion by Director Jones and second by Director Conklin, the Board voted unanimously to approve the minutes as presented.

There being no citizens communications, the Board next received a report from the Rattan Creek Neighborhood Association. Ms. Bliss introduced herself to the Board as the new President of the Rattan Creek Neighborhood Association. She discussed with the Board the Tamayo Drive culvert project, for which she had received notice from the City of Austin, as well as a resident's upcoming concert in his backyard. The Board advised Ms. Bliss that Williamson County has a noise ordinance and the restrictive covenants applicable to properties within the District prohibit activities that create a nuisance, both of which the resident should be mindful when holding the concert.

The Board next considered approval of a Resolution Confirming Annual Review of Written Procedures for Post Bond Issuance Federal Tax Compliance, attached as **Exhibit "B"**. After discussion and upon motion by Director Conklin and second by Director Jones, the Board voted unanimously to approve the Resolution.

Director McNeil stated the Board would next consider the audit of the District's financial statements for fiscal year ended September 30, 2016, including receipt of a report from West, Davis & Company, LLP, approval of audit report and client representation letter, and authorization of filing of the audit report. Mr. West referred the Board to the audit report and client representation letter, attached as **Exhibit "C"**. He stated the audit went well, no adjustments to the District's financial statements would be needed, and his opinion letter was "clean". Mr. West then reviewed the audit report with the Board and answered questions regarding same. Upon motion by Director Green and second by Director Jones, the Board voted unanimously to approve the audit report and client representation letter, as proposed, and authorize Mr. Flahive to file the audit report.

The Board next considered a Resolution Adopting Amended District Code of Ethics and Financial Investment, Travel, and Professional Services Policy, Amended Investment Strategies and Amended List of Qualified Brokers, and Confirming Annual Review, attached as **Exhibit "D"**. After discussion and upon motion by Director Conklin and second by Director Jones, the Board voted unanimously to approve the Resolution.

Director McNeil stated the Board would next received the park and landscape report. Mr. Fadal referred the Board to his report, attached as **Exhibit "E"**, and reviewed it with the Board. He stated that winter tasks were being performed, including pruning perennials and trees, leaf removal, creek pickup and winter weed control. Mr. Fadal discussed with the Board a tree near the trail that had been chewed or cut in a manner that would kill the tree and require replacement. He also discussed with the Board irrigation system repairs that had been performed due to rusted pipe and tree roots. Mr. Fadal proposed that the Parks & Greenbelt Committee, comprised of Directors McNeil and Green, meet in the near term to tour the parks and greenbelts. Director Jones then proposed that the Board consider installing an electric or solar light near the signage at the intersection of Elkhorn Mountain Trail and Tamayo Drive.

The Board next received the pool and community center report. Mr. Marroquin referred the Board to his report, attached as **Exhibit "F"**, and reviewed it with the Board. He then discussed with the Board the proposed Pool Use Agreement with The Hurricane Swim Team. Mr. Marroquin and the Board discussed the substantive changes to the agreement used the prior year, including reserving two lanes in the pool for use by District residents at all times, the addition of a third swim meet, and the dates of the three swim meets. The Board directed Mr. Marroquin to confirm the dates of the swim meets with Marty De Leon and bring the agreement to the Board for action in February. Mr. Marroquin then discussed with the Board the proposed Community Center Rental Rates and Community Center Application Form, attached collectively as **Exhibit "G"**. After discussion and upon motion by Director Jones and second by Director Green, the Board voted unanimously to approve the rates and application form, subject to the following changes: (i) correcting the amount of the deposit required of non-residents for rental of a room within the Community Center for an event with alcohol to read \$1,000; (ii) addition of a statement regarding deposits of \$250 and \$500 required for rental of a room within the Community Center for an event without alcohol by District residents and non-residents, respectively; and (iii) changing the number of tables to be provided with standard room rental rate from four (4) to six (6).

Director McNeil then stated that the Board would review and consider any necessary action regarding cost and services provided under the Cleaning Services Agreement with Smitty McKenzie, doing business as SDI Management. Director McNeil discussed with Mr. McKenzie that the 2010 agreement was outdated and did not reflect the incremental increases in the rates paid to Mr. McKenzie over the past few years. The Board also discussed with Mr. McKenzie and

Mr. Marroquin possible overlap in duties, particularly relating to clean-up and table and chair storage after events held in rooms in the Community Center. The Board also confirmed with Mr. McKenzie that the scope of services provided pursuant to this agreement with the District include the Robinson Park Restroom Project, once completed. Mr. McKenzie confirmed that Gary Spoons informed him that the Board had approved a 10% increase in his rates upon completion of the Robinson Park Restroom Project. Director McNeil stated that the increase was in the District's line item in its 2017 annual budget, not an increase in the rates to be paid. He stated, however, that the Board would honor that rate increase. The Board directed Mr. McKenzie to begin providing monthly written reports, which may be very brief, to inform the Board of any issues encountered during the prior month. The Board then determined that the Community Center Committee, comprised of Directors Jones and Green, would meet with Mr. McKenzie and prepare an updated agreement for presentation to the Board at the February regular meeting.

Director Green then requested that the Board return to consideration of the Pool Use Agreement with The Hurricane Swim Team, stating that Mr. De Leon had confirmed via email that the proposed dates of the three swim meets were May 19, June 17 and July 8. After discussion and upon motion by Director Green and second by Director McNeil, the Board voted unanimously to approve the Pool Use Agreement with those dates specified, attached as **Exhibit "H"**.

Director McNeil then recognized Mr. Hunt to provide the general manager's report. Mr. Hunt referred the Board to his report, attached as **Exhibit "I"**, and reviewed it with the Board. He stated that the general location of the water line leak discussed with the Board at its work session on January 16 was Dallas Drive. He stated work would continue to address the water leak. Mr. Hunt discussed with the Board the two write-offs proposed for approval. He then stated that he and Mr. Fadal would like to meet with the Parks & Greenbelt Committee, comprised of Directors McNeil and Green, soon to discuss options for repairing or replacing the split rail fence adjacent to Robinson Park along Amasia Drive. Mr. Hunt then reviewed with the Board the proposed Resolution Confirming Annual Review of Identity Theft Prevention Program, attached as **Exhibit "J"**. He stated that he would bring a Resolution Confirming Annual Review of Water Conservation and Drought Contingency Plan to the Board at its May regular meeting. Upon motion by Director Conklin and second by Director Green, the Board voted unanimously to approve the two write-offs and the Resolution Confirming Annual Review of Identity Theft Prevention Program, as proposed.

The Board then received a report from the bookkeeper. Ms. Bott referred the Board to the cash activity report that she handed out, attached as **Exhibit "K"**, and stated that she had no new items in addition to those discussed at the Board's work session on January 16. Upon motion by Director Jones and second by Director Beaulieu, the Board voted unanimously to approve the director and vendor payments, four transfers, renewal of one certificate of deposit, and payment of bond payments for the Series 1999 and 2014 bond issues, all as set forth in the cash activity report, with the additional payments of \$200 and \$300 to SDI Management pursuant to the earlier discussion with Mr. McKenzie.

The Board next received the engineer's report from Mr. Malish. He referred the Board to his report, attached as **Exhibit "L"**. Mr. Malish reviewed his report with the Board, stating that he had not recently heard from the developer of Amber Oaks Lots 4, 5 & 6, within which a private drive would include a District water line, the easement for which had been agreed upon. He discussed with the Board the options being explored for connection of the Continental Properties project to the District's water system. Mr. Malish stated that he had received the

performance bond and payment bond from G. Creek Construction, Inc. in connection with the Booster Station Building and Robinson Park Restroom Projects. He stated that he had the construction contracts for Director McNeil's signature pursuant to the Board's award of contract for the projects at the December meeting. Mr. Malish stated that he expected to receive the permit for the Rattan Creek Park Pavilion in the near term. Director Jones asked Mr. Malish to provide a final plan set to all Board members. Mr. Malish stated that he had not heard from CSW Development since the Land Use Plan amendment was approved. The Board then discussed with Mr. Malish that it wanted him to take a firmer position with developers when requiring deposits be made for District consultant costs to be incurred in connection with developer requests to ensure that sufficient funds are on deposit at all times. Mr. Malish stated the formal plan submittal for the Tamayo Drive culvert project was submitted to the City of Austin on December 21. He then stated the Advanced Smiles Dental project as almost completed and the water line easement was being negotiated. Mr. Malish concluded by discussing the January 4 pre-construction meeting with Standard Pacific Properties regarding its residential condominium project.

The Board next considered the Resolution Granting Variance from North Austin Municipal Utility District No. 1 Rules Governing Water and Wastewater Services, attached as **Exhibit "M"**. Mr. Flahive confirmed that all conditions of the Board's grant of the variance requested by Continental Properties had been met, including the letter from City of Austin Assistant City Manager Robert Goode, and recommended that the Board approve the Resolution. Upon motion by Director Conklin and second by Director Jones, the Board voted unanimously to approve the Resolution.

Director McNeil stated the Board would next receive the restrictive covenants report. Ms. Sagnes discussed with the Board the state of disrepair of the residences at 13100 and 13102 Boston Bend. She stated that she understood the residence at 13100 was being foreclosed on. Ms. Sagnes described safety hazards on the properties. The Board directed Mr. Flahive to determine whether the residence at 13100 was being foreclosed on and, if so, to notify the owner and lender of the condition of the property and request that the property be secured. The Board directed Mr. Hunt to work with Sergeant Brogden and Travis County in an effort to secure both properties. Mr. Flahive then discussed with the Board correspondence from Jeff Hobbs relating to 13008 Moorcroft Lane. After discussion, the Board elected not to file suit. The Board then directed Mr. Flahive to work with Mr. Hobbs and present recommendations at the February meeting regarding objective requirements of the restrictive covenants applicable to most subdivisions within the District that the Board could consider more aggressively enforcing.

Director McNeil stated the Board would next discuss and consider hiring a lobbyist to represent the District's interests at the current Legislative Session. Director Conklin discussed the content of his discussions with Director Green and lobbyists Marty De Leon and Roger Borgelt, the content of the two lobbyists' proposals and Mr. Flahive's comments regarding same, and his recommendation that the Board consider retaining both lobbyists, at a cost of \$40,000 each, though that amount exceeded the Board's budgeted amount of \$50,000. After discussion and upon motion by Director Conklin and second by Director Green, the Board voted unanimously to retain Marty De Leon's firm, pursuant to his proposal attached as **Exhibit "N"**, and Roger Borgelt's firm, pursuant to his proposal attached as **Exhibit "O"**, subject to revisions acceptable to Director Conklin to ensure that the entire scope of services desired by the Board would be provided for the flat fee, both subject to the consultants' compliance with HB 1295.

Director McNeil then asked if there were any future annexation, limited district conversion, or other City of Austin related issues. Director Conklin and Mr. Hunt updated the

Board regarding the content of discussions with City of Austin staff and consultants during the last wholesale rate meetings.

There being no attorney's report or other matters to come before the Board, upon motion by Director McNeil and second by Director Green, the Board voted unanimously to adjourn at 9:45 p.m.

(SEAL)




Jo Jones, Secretary
Board of Directors

Date: February 15, 2017