

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

JANUARY 15, 2014

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

A work session meeting of the Board of Directors of North Austin Municipal Utility District No. 1, open to the public, was held on January 15, 2014, 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
Keith Collins	-	Treasurer
Kim Green	-	Assistant Secretary/Treasurer

and all of said Directors were present, except Director Jones, thus constituting a quorum. Also in attendance at the meeting were Gary Spoons with Crossroads Utility Services; Mary Bott with Bott & Douthitt, P.L.L.C.; Bill Burke with Clearwater Management; David Malish with Murfee Engineering Co., Inc.; Richard Fadal with TexaScapes; Bob West with West & Davis; Kathy Fretwell with Kennedy/Jenks Consultants; residents of the District; and Sharlene Collins with Armbrust & Brown, PLLC.

Director McNeil called the meeting to order and stated that the Board would first consider approval of the minutes of the December 16 meeting. Director Green noted a typographical error on page 2. Upon motion by Director Green and second by Director Collins, the Board unanimously approved the minutes as amended.

Director McNeil inquired as to whether there were any citizen communications. There were none.

The next item to come before the Board was to receive the park landscape report and consider any related proposals. Mr. Fadal presented his report to the Board. He stated that all winter maintenance is on schedule. He stated that the reseeding of the areas that had been washed out had helped some. He stated that he anticipated there would not be full coverage until the spring growth. He stated that he had no proposals for consideration tonight.

Director McNeil stated that the Board would next receive the pool and Community Center report including a request for use of the tennis courts. Mr. Burke reviewed the pool and tennis rules that had been updated to put in the correct vendors. He stated that there were no material changes. After brief review, upon motion by Director Conklin and second by Director Collins, the Board unanimously approved the amended rules, copies of which are attached hereto as Exhibit "B". Mr. Burke then discussed the proposed tennis court lease by St. Dominic High School for the spring

semester. Mr. Burke stated that he had reviewed the schedule of the tennis courts for the last year and stated that there was no resident usage at those hours of 3:00 to 4:30 during week days. Ms. Collins distributed a copy of the draft tennis court agreement. She stated that this was based on the pool agreement with the school and contained the same general requirements as the pool agreement. She stated that the fee of \$2,400 for the entire semester was included. After brief discussion, upon motion by Director Collins and second by Director McNeil, the Board unanimously approved the tennis court agreement, a copy of which is attached hereto as Exhibit "C".

Director McNeil stated that the Board would next receive a report from the District's general manager and consider any related proposals. Mr. Spoons stated that he had visited with Tom Leticia who stated that the trail work is underway. Mr. Spoons informed the Board that there had been a water line break on Monday night. He stated that a boil water notice had been issued for some of the houses in the District. Director McNeil recognized a resident in attendance who stated that her e-mail to management was not responded to and that they were without potable water for five days. She stated that when she had first called, the Crossroads staff was not knowledgeable or helpful. Mr. Spoons stated that the break was fixed on Tuesday and water tests were conducted that day. He stated that the results did not come back from LCRA which conducts the test until Friday morning. He stated that the boil water notice was lifted on Friday morning. The Board requested that Mr. Spoons investigate why a resident's questions were not dealt with immediately by his staff. Mr. Spoons stated that he would investigate it and get back with both the resident and the Board.

The next item to come before the Board was to consider payment of bills and invoices and investments. Director McNeil noted that the bills had been paid on Monday night. Ms. Bott reviewed a few follow-up matters from Monday night. No action was taken.

Director McNeil stated that the Board would next receive the presentation of the District's audit and consider its approval and filing. Mr. West reviewed his opinion letter with the Board. He stated that it was an unqualified or unmodified opinion, which is the highest opinion that can be issued. He complimented Ms. Bott on her financial reporting and assistance. He stated that it was his opinion that the monthly reports look very good and the Board obviously uses the reports to operate and monitor the District. He then reviewed the financial statements with the Board. He discussed the change for the audit from the modified accrual basis to full accrual basis. He discussed the change from amortization of bond costs to writing-off those costs in the year the bonds are issued. He stated that they had obtained bank confirmations, reviewed certificate of deposit receipts and verified collateralization and FDIC coverage of the District's funds. He stated that they had also reviewed the bond payments and obligations. He stated that they had looked at a large sample of invoices for payment. Mr. West then directed the Board's attention to the notes to the financial statements and the supplemental schedules. He then directed the Board's attention to the management letter noting that the audit had gone very smoothly. After brief discussion, upon motion by Director Conklin and second by Director Green, the Board unanimously approved the audit and management letter, copies of which are attached hereto as Exhibit "D". Ms. Collins stated that she would have the audit filed with the Commission.

The next item to come before the Board was to consider approval of a Resolution Regarding the District's Investment Policy and Investment Procedures annual review. Ms. Collins directed the Board's attention to the Resolution in their packet. She stated that there had been no changes in state law that would necessitate a change in the policy. She stated that the Board would make certain changes within state guidelines if it chose to do so. Upon motion by Director Conklin and

second by Director Collins, the Board unanimously approved the Resolution, a copy of which is attached hereto as Exhibit “E”.

Director McNeil stated that the Board would next receive a report from the District’s engineer. Mr. Malish briefly reviewed his report, a copy of which is attached hereto as Exhibit “F”. Mr. Malish stated that for the newly constructed footbridge the only item left is some clean-up. He stated that Mr. Leticia was waiting until the area was dry before bringing in equipment so that the replanting was not disturbed. Mr. Malish informed the Board that there would be a Brushy Creek District open house but there would be no presentation. He stated that the purpose of the open house was for an informal discussion of the drainage study that was on-going. Mr. Malish then discussed the City of Austin project on the wastewater interceptor that would relieve two lift stations. He introduced Kathy Fretwell, an engineer whose firm was doing work for the City of Austin. Mr. Malish discussed concerns about allowing City of Austin representatives on District property to look for environmental problems. Ms. Fretwell then presented the proposal to relieve two of the lift stations which have overflowed from time-to-time. She stated that this would be done by the construction of an interceptor project which would be tunneled along the Parmer Lane area. She assured the Board that no construction would take place within the District but that the environmental analysis is supposed to be covering a 500-foot width. Mr. Malish briefly reviewed the originals sent by a consultant noting that it was very misleading and would lead one to believe that approximately 70 homes within the District could be disturbed by this project. Ms. Fretwell assured the Board that this was not the intent of the City of Austin and agreed that the letter could have been much clearer. Director McNeil asked if Ms. Fretwell could have a new letter sent to the District. She stated that she would do so and submit the letter promptly. Ms. Collins asked that she be copied on it as well. Ms. Fretwell departed the meeting at this time. After brief discussion, no other action was taken.

Director McNeil stated that they would next review the restrictive covenant report. Ms. Collins stated that it was in the packet and that no action needed to be taken tonight.

The next item to come before the Board was to consider any necessary action regarding future annexation and other related City issues including the water and wastewater appeals. Director McNeil discussed Virginia Collier’s e-mail to Ms. Collins requesting an update on getting together for discussion of a strategic partnership agreement. It was agreed that the Committee would work towards a preliminary meeting. At 7:20 p.m. Director McNeil announced that the Board would convene in executive session pursuant to Government Code Section 551.071 to discuss the pending water appeal with the District’s attorney. At 7:30 p.m. the Board reconvened in open session. Director McNeil stated that no action had been taken.

Director McNeil inquired as to whether there were any further items to come before the Board. There being none, the meeting was adjourned.

(SEAL)



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Jo Jones, Secretary
Board of Directors

Date Signed: February 19, 2014