

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

JUNE 18, 2014

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 June 18, 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:

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| 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 McNeil, 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 Company, Inc.; Kevin Flahive with Armbrust & Brown, PLLC; Jeffrey Garcia with Linebarger Googan Blair & Sampson, LLP; Larry Gaddes with the Williamson County Tax Assessor/Collector's Office; and Donna Githens, a resident residing at 7940 Snook Hook Trail.

Director Conklin called the meeting to order at 6:07 p.m. and stated that the Board would first consider the election items listed on the supplemental agenda, the first such item being an Order Calling the Director Election for November 4, 2014, a copy of which is attached hereto as Exhibit "B". Mr. Flahive addressed the item and upon motion by Director Conklin and second by Director Collins, the Board unanimously approved the order. The next item was Election Agreements and Joint Election Agreements with Travis and Williamson Counties, including Resolutions Approving Election Agreements and Joint Election Agreements, copies of which are attached hereto as Exhibit "C". Mr. Flahive addressed the item and upon motion by Director Conklin and second by Director Collins, the Board unanimously approved the agreements and resolutions. The next item was the Notice of Deadline to File Applications for a Place on the Ballot, a copy of which is attached hereto as Exhibit "D". Mr. Flahive addressed the item and upon motion by Director Collins and second by Director Jones, the Board unanimously approved the notice. The next item was to authorize Mr. Flahive to give Notice of the Election for November 4, 2014, a copy of which is attached hereto as Exhibit "E". Mr. Flahive addressed the item and upon motion by Director Conklin and second by Director Green, the Board unanimously approved the authorization. Director Conklin then asked Mr. Flahive if there were any additional

matters in connection with the November 4, 2014 election. Mr. Flahive stated that there were none.

The next item to come before the Board was citizen communications. Director Conklin recognized Ms. Githens. Ms. Githens described her complaints relating to the pool and other improvements constructed by David and Jennifer Rhea at 7936 Snook Hook Trail. Ms. Githens explained the course of dealing between the neighbors and the actions taken by the Rheas to address her concerns. She stated that the remaining issue that she requested the District's assistance with is the noise emanating from the pool pump located on the side of the Rheas' house adjacent to Ms. Githen's property. Director Collins asked Ms. Githens if she had contacted the county with a complaint of possible violation of the noise ordinance. Ms. Githens stated that she had and she was directed to take up the matter with the Board. Director Conklin stated that he was uncertain of the Board's authority for taking action. Ms. Githens referred to the noise and nuisance provision in the deed restrictions applicable to the subject lots. Director Conklin asked Mr. Flahive to address the matter. Mr. Flahive stated in order to take action the Board must first reasonably determine that enforcement of the noise and nuisance provision of the deed restrictions is necessary to sustain taxable property values in the District and, if such a reasonable determination is made, then must determine whether the facts support bringing an enforcement action. Director Conklin stated that his recommendation to Ms. Githens was to deliver a written complaint to Ms. Camila Joseph addressing the alleged noise and nuisance deed restriction violation, which would initiate enforcement actions by Ms. Joseph and, if the Board elected, Mr. Flahive. Ms. Githens thanked the Board for their assistance.

Director Conklin stated that the next item to come before the Board would be approval of the May 19 and May 21 Board meeting minutes. Upon motion by Director Conklin and second by Director Jones, the Board unanimously approved the May 19 minutes as presented. Upon motion by Director Conklin and second by Director Jones, the Board unanimously approved the May 21 minutes as presented.

The next item to come before the Board was a Resolution Establishing Offices and Meeting Places of the Board of Directors and Establishing Locations for the Posting of Notice of Meetings of the Board. Mr. Flahive explained that the proposed resolution adds to the meeting places of the Board the conference room located on the second floor of 100 Congress Avenue, Austin, Texas 78701, the building in which Armbrust & Brown, PLLC's offices are located, to serve as an additional option in light of the anticipated increase in meetings throughout the summer and fall. Upon motion by Director Collins and second by Director Jones, the Board unanimously approved the resolution.

Director Conklin stated that the next item to come before the Board would be the Tax Collection Agreements with Travis and Williamson Counties, copies of which are attached hereto as Exhibit "F", so that Mr. Garcia and Mr. Gaddes could address the Board. Director Conklin asked Mr. Flahive to address this item. Mr. Flahive described the content of the agreements and stated that at issue was the Board's option of electing to retain Travis County and Williamson County to provide tax collection services, while independently retaining Mr. Garcia's firm, or any other outside law firm, to provide delinquent tax collection services. Mr. Flahive stated that Travis County takes the position that this is not an option available to the District because Travis County does not use

outside legal counsel for delinquent tax collections, rather the county uses the Travis County Attorney's Office. He stated that Williamson County acknowledges the right of the District to retain its own outside legal counsel for delinquent tax collections, but requested that the Board elect to allow Williamson County to use its preferred outside counsel, McCreary, Veselka, Bragg & Allen, P.C. Director Conklin then recognized Mr. Garcia. Mr. Garcia stated the reasons why it would be advantageous to the District for the Board to elect to independently retain his firm in both Travis and Williamson Counties, including continuity and pre-litigation collection efforts that his firm employs but that the Travis County Attorney's Office does not. Director Conklin then recognized Mr. Gaddes. Mr. Gaddes stated that reasons why it would be advantageous to the District for the Board agree to allow Williamson County to use McCreary, Veselka, Bragg & Allen, P.C. for delinquent tax collections on behalf of the District, including the 17 year relationship that the county has with the firm, efficiency due to the county's use of the firm for all other delinquent collections, and the location of firm staff and legal counsel in the county's offices. After discussion with Mr. Garcia and Mr. Gaddes and upon motion by Director Conklin and second by Director Collins, the Board unanimously approved the agreements as proposed. Directors Conklin and Collins thanked Mr. Garcia and Mr. Gaddes for attending and speaking with the Board on this item.

The next item to come before the Board was the park and landscape maintenance report, including proposals. Mr. Spoons stated that Richard Fadal was not in attendance due to a family matter. Mr. Spoons referenced Mr. Fadal's report and proposal, copies of which are attached hereto as Exhibit "G", and stated that the proposal before the Board was for topdressing and fertilizing the soccer fields. After discussion, upon motion by Director Collins and second by Director Jones, the Board unanimously approved the proposal as presented for \$8,560.00 for topdressing and fertilizing the soccer fields.

Director Conklin stated that the next item to come before the Board was to receive the pool and community center report, including proposals. Mr. Burke referenced his report, a copy of which is attached hereto as Exhibit "H". Mr. Burke addressed each item on his report, including the clean-up efforts following the storm on June 12, the summer pool scheduling, and the repair of the chemtroller at no charge due to the warranty. Mr. Burke then addressed ongoing issues with particular minor residents using racial language and causing other issues at the pool. He stated that these minors were using other residents' pool passes to access the pool after having their pool passes revoked for inappropriate behavior. Mr. Burke explained the facts and circumstances surrounding an altercation at the pool earlier in the day involving these minors and three other minors threatening a boy at the pool. Mr. Burke provided a copy of the incident report to the Board. Mr. Burke recommended that the Board elect to prohibit the five minors from entering any District property, including the pool and all parks, due to inappropriate behavior: After discussion, upon motion by Director Conklin and second by Director Green, the Board unanimously approved prohibiting the five minors from entering any District property, including the pool and all parks.

The next item to come before the Board was to receive the general manager's report. Mr. Spoons stated that the only item for discussion that was not addressed in his report was the tree located at 13115 New Boston Bend that hangs over a neighboring yard for which as proposal in the amount of \$1,250 was received from Dave Madden to trim the

portion of the tree overhanging the neighboring yard. Following discussion, no action was taken. Mr. Spoons then stated that the wastewater line TVing and cleaning project had been completed and the video would be provided to Mr. Malish for review. He discussed a clog in the stormwater line that had previously collapsed and stated that Steve Haas would attempt to video the line with an alternative camera after his initial efforts were unsuccessful. Director Conklin asked Mr. Spoons to bring a proposal to address the clogged stormwater line to the July Board meeting for the Board's consideration. Mr. Spoons then addressed pricing received for recalibration and replacement of the seven 3" water meters and the nine 2" water meters located on the Hwy 620 commercial tracts. After discussion, Director Conklin asked Mr. Spoons to bring a proposal to the July Board meeting that will include the cost to remove all sixteen meters, test the meters to determine whether recalibration or replacement is appropriate, and then to either recalibrate and reinstall or replace each meter. Mr. Spoons then presented a write off in the amount of \$10.51, which, upon motion by Director Conklin and second by Director Collins, was unanimously approved by the Board. Mr. Spoons then described the annual consumer confidence report, a copy of which is attached as Exhibit "I", and stated that it was on the District website, would be published on July 1, and that no Board action was required. The last item for discussion was the Resolution Confirming Annual Review of Identity Theft Prevention Program, a copy of which is attached as Exhibit "J". After discussion, upon motion by Director Conklin and second by Director Jones, the Board unanimously approved the resolution.

Director Conklin stated the next item to come before the Board was to receive a report from the District's bookkeeper. Ms. Bott stated that she would need Board approval for payment of bills and invoices and two transfers. She reviewed the cash activity reports for the operating account and the manager's account. Ms. Bott then proposed the first transfer of \$50,000 from the checking account to manager's account and the second of \$250,000 from the lock box account to the checking account. Upon motion by Director Conklin and second by Director Jones, the Board unanimously approved the \$50,000 transfer. Upon motion by Director Conklin and second by Director Collins, the Board unanimously approved the \$250,000 transfer. Ms. Bott then reviewed the bills and invoices for payment. After discussion of the number of phone lines serving the District's facilities, upon motion by Director Collins and second by Director Conklin, the Board unanimously approved payment of the bills and invoices as presented.

The next item to come before the Board was to receive the District engineer's report. Mr. Malish stated that the budget for his review of the plans and attention to the Broadstone at Parmer project was exhausted in September 2013 and that he would submit to Mr. Spoons an invoice for approximately \$12,000 of fees incurred since that time to be paid by the developer. He also stated that with respect to the 13th amendment to the Consent Agreement and modification of the Land Use Plan, he had also exceeded the budget provided to the developer and would submit to Mr. Spoons an invoice for the overage to be paid by the developer. Mr. Malish then stated that the Rattan Creek Bridge Project had been completed.

Director Conklin then stated that the next item to come before the Board was to receive the restrictive covenants report. Mr. Flahive stated that the only discussion item

was the complaints relating to 7936 Snook Hook Trail, which Ms. Githens had already addressed with the Board.

The next items to come before the Board were any discussion items relating to future annexation, limited district conversion or other City of Austin related issues. Director Conklin handed out a proposed execution version of the First Amendment to Interlocal Agreement Regarding Water and Wastewater Service to the JPI Tract, a copy of which is attached hereto as Exhibit "K", a redline against the prior version and an exhibit of the subject property. After discussion of the content of the proposed amendment, upon motion by Director Conklin and second by Director Green, the Board unanimously approved the amendment as proposed.

The last item to come before the Board was the future meeting schedule and agenda items. Director Jones stated that it was time to begin the budget process. Director Conklin asked Mr. Flahive to add an item for discussion and possible action on the security services agreement to the agenda for the July meeting. Director Conklin also asked Mr. Flahive to add an item for any other such matter to all future agendas. There being no other matters to come before the Board, upon motion by Director Conklin and second by Director Collins, the Board adjourned.

(SEAL)



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Jo Jones, Secretary
Board of Directors

Date Signed: July 16, 2014