

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

**SEPTEMBER 17, 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 September 17, 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 for Director Conklin, 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.; Cheryl Allen with Public Finance Group; Bill Burke with Clearwater Management; David Malish with Murfee Engineering Co., Inc.; Richard Fadal with TexaScapes; Bart Fowler with McCall, Parkhurst & Horton L.L.P.; Randy Wilburn, attorney; Kalinda Howe with 3 Point Partners; Renee Mullens, President of the Rattan Creek Neighborhood Association; and Kevin Flahive with Armbrust & Brown, PLLC. Trey Salinas with 3 Point Partners participated by telephone.

Director McNeil called the meeting to order at 6:18 p.m. and stated that the Board would first go into executive session pursuant to Texas Government Code Section 551.071 to discuss pending litigation with the District's attorney, Randy Wilburn, and consultants Kalinda Howe and Trey Salinas (by phone). At 7:12 p.m., the Board reconvened in open session. Director McNeil stated that no action had been taken in executive session.

Director McNeil then stated that the Board would receive citizen communications and addressed Ms. Mullens. Ms. Mullens stated that RattanFest had grown significantly over the past three years and this year there would be a full music lineup, food vendors, the 5K run, carnival games, petting zoo, SWAT car and fire truck, car show, hot air balloon, and 35 arts and crafts booths. She stated that 300 people had registered for the 5K run. Director McNeil asked if there was a contingency plan in the event of rain and mentioned opening up the Community Center for use. Director Jones stated that the restrooms in the Community Center would be open for use during the event. Ms. Mullens then discussed the town hall meeting scheduled for October 15<sup>th</sup>, and the upcoming RCNA events through the end of the calendar year.

The next item to come before the Board was approval of the August 18 minutes. Upon motion by Director Collins and second by Director Jones, the Board unanimously approved the minutes as presented. The Board next considered approval of the August 20 minutes. Upon motion by Director Jones and second by Director Collins, the Board approved the minutes as presented. The Board next considered approval of the September 10 minutes. Director McNeil addressed Mr. Malish who requested that the minutes be revised to better reflect his recommendation to the Board relating to the drainage channel project. Mr. Malish provided Mr. Flahive with requested language to be included in the September 10 minutes. After discussion, the Board elected to take no action regarding the September 10 minutes and directed Mr. Flahive to revise the minutes as requested by Mr. Malish and place them on the agenda for the October 13 meeting.

Director McNeil then stated that the Board would consider approval of a Resolution Approving Preliminary Official Statement, Authorizing Distribution of Preliminary Official Statement and Publication of Notice of Sale of Bonds. Ms. Allen referenced the draft Preliminary Official Statement (“POS”) that she had provided to the Board via email in advance of the meeting. She stated that the POS would be sent out to potential bond buyers. She said in Texas there were four firms that bid on bonds and, based on the anticipated credit rating of the District, she expected attention from out-of-state bond buyers. Ms. Allen suggested that notice be published on October 3<sup>rd</sup>. She requested that payment of the Attorney General bond review fee be approved at the meeting. She stated that when bonds are issued a paying agent/registrar is designated to which payment is made by the District. Ms. Allen stated that she was recommending Bank of Texas. Ms. Bott stated that the District’s current bonds were with Bank of New York. Ms. Allen deferred to Ms. Bott regarding the recommendation to the Board. Ms. Bott stated that she had a good working relationship with Bank of Texas and was agreeable to Ms. Allen’s recommendation. Ms. Allen went over the bond issuance timeline in the handout she provided to the Board, a copy of which is attached as **Exhibit “B”**. Ms. Allen then reviewed the draft POS with the Board. She discussed with the Board the “call date” and explained that it is the date on which the District could call in the bonds and pay them off early. Director Collins discussed with Ms. Allen the capitalized interest and bond application report costs line items on Page 19 of the draft POS. Ms. Allen stated that Mr. Flahive would need to provide the language regarding the pending rate case for inclusion on Page 27 of the draft POS. Director Collins asked for an explanation of the inclusion of a total value figure including the sum of all new money bonds and refunding bonds on Page 35 of the draft POS. Ms. Allen stated that such was the standardized way to present the bonds and referred the Board to the chart on Page 34 of the draft POS that states the \$24.475M total for bonds issued to date. The Board then discussed the taxing authorities in the table on Page 38 of the draft POS. Ms. Allen explained the continuing disclosure of information section on Page 46 of the draft POS, with which she stated many governmental entities have not complied. Ms. Allen discussed the provisions on Page 48 of the draft POS regarding certification of the Official Statement. Director Collins asked if Bob West had been copied on the email delivering the draft POS. Ms. Allen stated that she thought so, but would confirm with Linda Loup. Ms. Allen then completed her review of the draft POS and introduced Mr. Fowler. He stated that his firm would be involved with preparing the Official Statement and explained the Attorney General review of bond documents process. Mr. Fowler stated that if questions are raised during that process, his firm would address them. He explained that at the conclusion of the process, the Attorney General will issue

an opinion stating that bond documents satisfy state law. Mr. Fowler stated that his firm will also issue an opinion regarding compliance with state law and federal tax law. He then explained the closing process. Ms. Allen then asked which Director would be designated to discuss the capitalized interest issue with her. Director McNeil stated that he would be the Director to address the issue with her. Upon motion by Director Collins and second by Director Jones, the Board unanimously approved the Resolution Approving Preliminary Official Statement, Authorizing Distribution of Preliminary Official Statement and Publication of Notice of Sale of Bonds, a copy of which is attached as **Exhibit "C"**. Upon motion by Director Green and second by Director Collins, the Board unanimously approved authorization of payment of the Attorney General bond review fee. And upon motion by Director Collins and second by Director Jones, the Board unanimously approved designation of Bank of Texas as paying agent/registrar for the bonds.

Director McNeil stated that the Board would next receive the park and landscape maintenance report. Mr. Fadal referred the Board to his report. He stated that a few more trees had toppled over due to dead root systems resulting from the drought. Mr. Fadal stated that the trees had been removed. He stated that he had been spot treating for ants and work continued on the mulching. No action was taken.

Director McNeil stated that the Board would next receive the pool and community center report. Mr. Burke asked the Board what time the bathrooms within the Community Center should be opened for use during the RattanFest event. The Board directed Mr. Burke to open the restrooms at 8:00 a.m. Mr. Burke stated that he was having all electrical outlets within the Rattan Creek Park checked and repaired, if necessary, in advance of the RattanFest event. He asked the Board what would be needed for the town hall meeting on October 15<sup>th</sup>. Director McNeil stated that the set up would be the same as the last town hall meeting, with a table in the front and the projector would be used. The Board discussed signage for the town hall meeting and it was determined that Directors Green and Jones, the two members of the sign committee, would coordinate signage with Mr. Spoons and Mr. Burke. Mr. Burke then stated that he had delivered a demand letter via certified mail to the resident that had written the bad check for use of the Community Center providing the resident with 10 days within which to make payment. He stated that the resident did not make payment and that he requested that the Board direct him to turn the matter over to the Williamson County District Attorney's Office. Director Collins asked Mr. Flahive for a recommendation. Mr. Flahive stated that so long as the Board believes there is sufficient documentation of the resident's use of the Community Center and payment with a bad check, that he recommended the Board authorize Mr. Burke to turn the matter over to the Williamson County District Attorney's Office. Upon motion by Director Collins and second by Director Jones, the Board unanimously approved authorizing Mr. Burke to turn the matter over to the Williamson County District Attorney's Office and authorized Ms. Bott and Mr. Spoons to assist Mr. Burke as needed.

The next item to come before the Board was to receive the general manager's report. Mr. Spoons referenced his report and stated that T.F. Harper & Associates LP was waiting on some parts, but would soon begin work on the playscapes. Director Jones asked if there was a current list of sidewalks within the District in need of repair. Mr. Spoons stated that there was not. Ms. Mullens offered to have RCNA prepare a current list. Mr. Spoons then provided the write-off report to the Board. He explained the new procedure for write-off

reports, which includes a general entry in his published report and the provision of handouts at each Board meeting containing all identifying information for the subject accounts. Director Collins asked Mr. Flahive why the new process was initiated. Mr. Flahive stated that it was an effort to provide a simple process that could ensure compliance with Texas Utility Code 182.052, which permits customers to request that a government-operated utility maintain confidentiality with respect to the customer's personal information. Upon motion by Director Collins and second by Director McNeil, the Board unanimously approved the write-offs as proposed. Mr. Spoons stated that the Community Center Committee and the Pool Committee needed to meet to go over the proposed Community Center and pool rules. After discussion, the Board determined that Directors Jones and Green, the Community Center Committee, would review the proposed Community Center and pool rules and make a recommendation to the Board.

Director McNeil then stated at 8:23 p.m. that the Board would go into executive session pursuant to Texas Government Code Section 551.076 to discuss security services with the District's attorney, Mr. Flahive. At 8:56 p.m., the Board reconvened in open session. Director McNeil stated that no action had been taken in executive session.

Director McNeil stated that the Board would next receive the bookkeeper's report and consider the bills, invoices, transfers and investments. Ms. Bott reviewed with the Board her report and the cash activity report that she handed out to the Board, a copy of which is attached as **Exhibit "D"**. She stated that the items for approval were the Director and vendor payments, a transfer of \$255,000.00 from the Compass Lockbox Account to the First Citizens Operating Account, and the renewal of a certificate of deposit in the amount of \$245,000.00 at Sovereign Bank for a term of 12 months. Upon motion by Director McNeil and second by Director Jones, the Board unanimously approved the renewal of the certificate of deposit as proposed. Director Green asked Mr. Flahive about a billing entry in his firm's invoice relating to preparation of an order cancelling the November 4, 2014 Director election. Mr. Flahive stated that he thought the entry was in error as such an order was not applicable to the District. The Board directed Mr. Flahive to provide a credit for the time billed for preparation of the order on the next invoice from his firm. Upon motion by Director Collins and second by Director McNeil, the Board unanimously approved payment of the bills, invoices and transfer as proposed.

The next item to come before the Board was to receive the engineer's report. Mr. Malish referenced his report and provided the Board with an update on the Broadstone project. He stated that he has performed a great deal of extra work with respect to the project. He stated that he had not yet received an invoice for the storm sewer line repair on Adak Cove. Mr. Malish stated that the pump station repair should be completed within one week. He also stated that he had approved the plans for development of the Lamy Tract and expected construction to be soon. No action was taken.

Director McNeil stated that the Board would next receive the attorney's report. Mr. Flahive stated that he had included the Williamson County sidewalk maintenance and repair item on the agenda so that he could provide an answer to Director Collins' question relating to the District's authority to allocate funds to pay for a request for an Attorney General's opinion relating to Williamson County's authority to enact its sidewalk maintenance and repair policy. Mr. Flahive stated that the policy enacted by Williamson County states that the sidewalks within the county's rights-of-way that it ceased

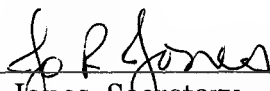
maintaining and repairing are now the obligation of the owner of the property over which or adjacent to which the sidewalk is located unless such maintenance and repair is the obligation of a homeowners association, municipal utility district or other entity. Mr. Flahive stated that the policy could be interpreted to obligate the District to maintain and repair such sidewalks and it would be an appropriate allocation of funds to pay for a request for an Attorney General opinion determining the county's ability to enact such a policy and the obligations of the District, if any, relating to the subject sidewalks. Director Collins stated that Williamson County now requires all subdivision plats to obligate the lot owners to maintain the sidewalks. Director Jones stated that she was pursuing her concerns regarding the county's policy compliance with the Americans With Disabilities Act with the Texas Legislature. Director McNeil stated that parallel paths of seeking the Attorney General opinion and addressing the matter with the Texas Legislature might be appropriate. The Board directed Mr. Flahive to have his staff research whether a Department of Justice action or other action relating to ADA compliance led Travis County to modify its stance on maintenance and repair of sidewalks within its jurisdiction in the recent past. Director McNeil stated that Mr. Flahive should have such research performed without charge in lieu of the credit on the firm's next invoice. Mr. Flahive then addressed the restrictive covenant enforcement action relating to 13251 Kerrville Folkway. Mr. Flahive stated that his firm had delivered the second and final letter to the property owner and the noncompliance had not been resolved. He stated that the next step in the District's process would be to authorize his firm to file a lawsuit. After discussion and upon motion by Director Green and second by Director Collins, the Board unanimously approved authorization of Mr. Flahive's firm to file the lawsuit.

Director McNeil stated the Board would next discuss future annexation, limited district conversion, and other City of Austin related issues, including water and wastewater rate appeal and proposed JPI settlement. No action was taken.

Director McNeil inquired as to whether there were any further items to come before the Board. Director Jones stated that there would be a CASE breakfast on October 9<sup>th</sup> at Marie Calendars, the topic of which would be transportation. There being no other matters to come before the Board, the meeting was adjourned at 9:33 p.m.



11-19-14

  
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Jo Jones, Secretary  
Board of Directors