

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

December 14, 2015

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 December 14, 2015, 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, 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.; David Malish with Murfee Engineering Co., Inc.; Bill Burke with Clearwater Management; Richard Fadal with TexaScapes, Inc.; Randy Wilburn with Gilbert Wilburn, PLLC; Kevin Flahive with Armbrust & Brown, PLLC; and Quentin Wheatley, a resident of the District.

Director McNeil called the meeting to order at 6:12 p.m. and stated the Board would first conduct a work session regarding proposed bills, invoices, transfers and investments. Ms. Bott referred the Board to the updated cash activity report, a copy of which is attached hereto as **Exhibit "B"**. She reviewed with the Board the proposed director and vendor payments, stating that she was awaiting direction from Mr. Wilburn regarding payment of City of Austin water bills. Ms. Bott then discussed the three proposed transfers in the amounts of \$250,000.00, \$392,689.60 and \$245,000.20. Ms. Bott then reviewed with the Board the renewal of a certificate of deposit with Memorial City Bank General Fund in the amount of \$240,000.00 for a term of 12 months. The Board then discussed time entries by off-duty deputies relating to provision of security services for events held at the Community Center at which alcohol was being provided and ensuring that the costs of such security services are borne by the party renting the Community Center and not the District. Upon motion by Director Conklin and second by Director McNeil, the Board voted unanimously to approve the director and vendor payments, the three transfers and the certificate of deposit renewal as proposed.

Director McNeil stated the Board would next receive citizen communications. Mr. Wheatley, a member of Boy Scouts Troop 143, addressed the Board to report that he had completed his eco-project to catalog the gps coordinates of all storm drains within the District. He discussed with the Board the scope of his project, challenges he faced in completing the project, and benefits to the District derived from his project. Mr. Malish discussed with Mr. Wheatley the necessary conversion of his coordinates to the state system utilized by Mr. Malish's office. Directors McNeil, Conklin and Jones stated that they would be available to review the converted coordinates later in the week and sign-off on Mr. Wheatley's project.

Director McNeil stated that it was 6:40 p.m. and the Board would convene in executive session pursuant to Section 551.071 of the Texas Government Code to receive legal advice from Mr. Wilburn relating to the water and wastewater rate cases with the City of Austin. The Board reconvened in the regular meeting at 7:15 p.m. and Director McNeil stated that no actions were taken during executive session.

There being no report from the Rattan Creek Neighborhood Association, Director McNeil stated that the next item to come before the Board was to approve the minutes of the November 16, November 18 and November 30 minutes. Upon motion by Director Jones and second by Director McNeil, the Board voted unanimously to approve the November 16 minutes as presented, with Director Conklin abstaining. Upon motion by Director Jones and second by Director Green, the Board voted unanimously to approve the November 18 minutes as presented, with Director McNeil abstaining. Upon motion by Director Collins and second by Director Green, the Board voted unanimously to approve the November 30 minutes as presented, with Director Conklin abstaining.

The next item to come before the Board was to receive the park and landscape maintenance report. Mr. Fadal referred the Board to his report, a copy of which is attached hereto as **Exhibit "C"**. He reviewed his report with the Board, stating that due to recent rains Lakes Travis and Buchanan were almost full. Mr. Fadal stated that the reseeding in the parks had done well this year, even though top dressing had not been applied. He stated that he would apply the top dressing in January or February. Mr. Fadal stated there were no major issues to address. He stated that he expected an increase in maintenance within the parks and greenbelts once the initial freeze occurred this winter.

Director McNeil stated the Board would next receive the pool and community center report. Mr. Burke referred the Board to his report, a copy of which is attached hereto as **Exhibit "D"**. He reviewed his report and the findings from the annual fire inspection. Mr. Burke stated that one deficiency was identified in the inspection, as a change in applicable regulations now requires that all pipes serving the fire sprinklers be located within climate controlled areas or insulated. He stated that the pipes in the external Community Center restrooms would be insulated to address the deficiency. Mr. Burke stated the boiler inspection for the pool heaters identified no deficiencies.

Director McNeil stated the Board would next receive the District general manager's report. Mr. Spoonts referred the Board to his report, a copy of which is attached hereto as **Exhibit "E"**. He stated the variable frequency drive for the pump in Pump House 1 had gone out and the District was down to one pump at the present time, but no adverse impacts had been reported. Mr. Spoonts stated the repair would occur as soon as possible. He then presented the proposed write-offs. Upon motion by Director Conklin and second by Director Jones, the Board voted unanimously to approve the write-offs as presented. Director Jones then discussed with the rest of the Board and Mr. Spoonts the vandalism of decorations during the caroling in the park event in Rattan Park on December 13. Director Conklin then discussed with the rest of the Board and Mr. Spoonts the incident involving a group of teenagers in Rattan Park and the actions taken by an off-duty deputy to address it.

The next item to come before the Board was to receive a report from the District's engineer. Mr. Malish referred the Board to his report, a copy of which is attached hereto as **Exhibit "F"**. He then reviewed his report with the Board. Mr. Malish stated that the project engineer for the project on Lots 4, 5 and 6 in Amber Oaks was working with the City of Austin to address many comments to the site plan for the project. He stated that he had completed his Rattan Creek drainage study report and had received three proposals for the surveying of up to 38 potentially affected single family lots within the District. Mr. Malish discussed with the Board the content of the written

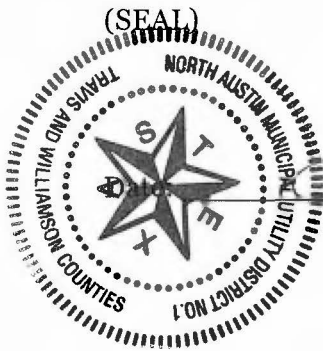
proposals from Capital Surveying Company, Inc. and RJ Surveying, in the amounts of \$27,800.00 and \$28,000.00, respectively. He also stated that he had received a verbal proposal from Surveying and Mapping, LLC in the amount of \$52,000.00. Director Collins stated that was abstaining from the discussion of this item and would abstain from the vote on this item due to his employment by Randall Jones Engineering, an affiliate of RJ Surveying. Mr. Malish stated that the scope of services to be provided by Capital Surveying Company, Inc. and RJ Surveying, as well as the proposed prices and quality of the firms, were so similar that he could not recommend one over the other. Director Green asked whether the elevation certificates were included in the proposed prices. Mr. Malish stated that the cost of the elevation certificates were not included in the proposed prices, as the surveying work would dictate whether and how many certificates would be needed. Director McNeil stated that the Board had traditionally selected the lower proposed price when the two contractors were otherwise equivalent. Upon motion by Director Conklin and second by Director Green, the Board voted unanimously to approve the proposal from Capital Surveying Company, Inc. in the amount of \$27,800.00, a copy of which is attached as **Exhibit "G"**, with Director Collins abstaining. Mr. Malish then reviewed with the Board a handout, a copy of which is attached as **Exhibit "H"**, providing an accounting of deposits made by property owners and/or developers requesting review or approval of land use plan amendments and/or plans and permits for development of land within the District. The Board then discussed and directed Mr. Flahive to research and determine whether the owner of the Lamey Tract owed parkland fees at this time pursuant to the terms of the District's approval of the land use plan amendment for the tract and, if so, to deliver a letter regarding same to the owner of the Lamey Tract. Mr. Spoonts then discussed with the Board the status of the Broadstone at Parmer apartment project and the need to request an additional \$10,000.00 deposit for anticipated expenses relating to inspections by RoadRunner Inspection Service of the last three buildings to be developed. Mr. Malish then discussed with the Board the status of the Continental and Standard Pacific projects and stated that he would require deposits prior to beginning his review of the plans for these projects.

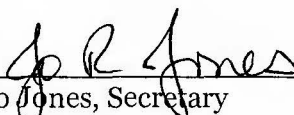
Director McNeil stated the next item to come before the Board was to discuss and consider the Board's committee appointments and related resolutions. Director Conklin stated that events over the prior months when urgent matters could not be quickly addressed by committees of the Board due to their lack of authority to take actions or commit to the payment of funds that are binding on the Board led him to request that Mr. Flahive prepare the proposed resolutions as discussion items. He stated that he did not have a strong opinion either way, but thought the matter warranted discussion by the Board. Director Jones discussed with the rest of the Board a hypothetical in which the air conditioner for the Community Center stops working and needs repair but the Board must notice and conduct a meeting in order to authorize the repair. Director McNeil stated that if committees would be provided with authority to take actions or commit to the payment of funds that would be binding on the Board, he thought that both members of the committee would need to sign off on the action. The Board then discussed the content of written minutes to be maintained by the committees in such instances. Mr. Flahive discussed with the Board the options before the Board with respect to whether and how much authority that may be delegated to the committees. The Board then discussed the membership of each committee, as presently constituted, and made changes as agreed to by all Board members. While discussing the Community Center Committee, the Board determined that the proposed amphitheater within Rattan Park would be a project that the committee, not the Parks & Greenbelt Committee, would work on. After further discussion, the Board directed Mr. Flahive to draft a new Resolution Establishing Committees and Appointing Committee Members reflecting the Board's discussion and present the resolution to the Board at the January regular meeting.

As there were no bond projects to discuss or restrictive covenant report items to be considered, the next item to come before the Board was to receive a report from the District's attorney. Mr. Flahive referred the Board to the memoranda regarding House Bills 23 and 1295,

copies of which are attached as **Exhibit "I"**. Mr. Flahive then reviewed the memoranda with the Board. With respect to House Bill 23, Mr. Flahive explained the three "triggers" that would create an obligation on the part of the Board members or agents or employees of the District that exercise discretion in the planning, recommending or selecting of contracts to complete a Conflicts Disclosure Statement on the form promulgated by the Texas Ethics Commission. With respect to House Bill 1295, he explained the broad reading of the legislation by the Texas Ethics Commission and the impact of the statute on all proposals and contracts with private business entities that come before the Board. Mr. Flahive stated that the Board was prohibited from approving all such proposals and contracts unless the private business entity had first complied with the legislation by completing and submitting a Certificate of Interested Parties, on the promulgated form, to the Texas Ethics Commission. He stated that he would meet with other attorneys in his office the following day to discuss procedures to be implemented to assist the firm's municipal utility district clients with complying with the legislation, which would take effect on January 1, 2016.

There being no other matters to come before the Board, upon motion by Director Green and second by Director McNeil, the Board voted unanimously to adjourn at 9:20 p.m.




Jo Jones, Secretary
Board of Directors

January 20 2016