

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

December 19, 2016

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 19, 2016, 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.; Kevin Flahive with Armbrust & Brown, PLLC; and Captain Mike Gleason and Sergeant Troy Brogden with the Williamson County Sheriff's Office.

Director McNeil called the meeting to order at 6:05 p.m. and stated that the Board would first conduct a work session regarding proposed bills, invoices, transfers and investments. Ms. Bott reviewed the cash activity report, attached as **Exhibit "B"**, including the director and vendor payments, the four fund transfers, and closure of the certificate of deposit with Unity National Bank maturing on December 22, 2016. She also discussed with the Board the certificate of deposit with Memorial City Bank maturing on January 14, 2017, which she would propose to roll over if the interest rate is higher than that of the TexPool Operating Account. Ms. Bott then reviewed the November financials with the Board. She stated that there were some deficiencies in the developer deposits for special projects, out of which the District's consultants involved with such projects are paid. Ms. Bott recommended that the Board authorize payment of the invoices owed by the District for such special projects, with a direction that she hold the payments until the developers deposit additional funds to make up the deficiencies. Ms. Bott then distributed a fund balance reserve assignments report, attached as **Exhibit "C"**, and stated that in the near term the Board should consider assigning portions of the estimated net income of approximately \$2,850,000 from the 2015-2016 fiscal year to various capital projects. Director McNeil stated the Board would next consider approval of the bills, invoices, transfers and investments. Upon motion by Director Conklin and second by Director Green, the Board voted unanimously to approve payment of the bills and invoices—with the directive to Ms. Bott regarding holding payments for special projects as proposed—the four transfers and closure of the certificate of deposit.

The Board next received citizens communications. Captain Gleason addressed the Board, stating that he would retire on January 31, 2017. He introduced Sergeant Brogden to the Board, recommending that it consider requesting that he oversee the provision of security services to the District by off-duty Williamson County Sheriff's Deputies. The Board thanked Captain Gleason for his service to the District. Captain Gleason then discussed with the Board the circumstances surrounding recent assault in Rattan Creek Parking, arising in connection with an off-leash dog and involving a resident of the District.

There being no report from the Rattan Creek Neighborhood Association, Director McNeil stated the Board would next consider approval of the November 14, November 16 and November 22 minutes. Director Conklin exited the meeting at 6:41 p.m. Upon motion by Director Jones and second by Director Green, Directors Jones, Green, McNeil and Beaulieu voted to approve the November 14 minutes, as presented. Upon motion by Director Green and second by Director Jones, Directors Green, Jones, McNeil and Beaulieu voted to approve the November 16 minutes, as presented. Director Conklin returned to the meeting at 6:43 p.m. Director McNeil discussed with Mr. Flahive corrections on pages 2 and 3 of the November 22 minutes. Upon motion by Director Conklin and second by Director Jones, the Board voted unanimously to approve the November 22 minutes, as corrected. Director Conklin then exited the meeting at 6:45 p.m.

Director McNeil stated the Board would next received the park and landscape report. In Richard Fadal's absence, Mr. Hunt reviewed the report, attached as **Exhibit "D"**, with the Board.

The Board next received the pool and community center report. Mr. Marroquin distributed his report, attached as **Exhibit "E"**, and reviewed it with the Board. He stated that he had received positive feedback from swimmers regarding the new LED lights in the pool. Mr. Marroquin reviewed pool usage numbers, community center repair items and community center rental information with the Board. Director Conklin returned to the meeting at 6:52 p.m. The Board then discussed the Pool Committee's upcoming meeting with the coach of the Hurricane Swim team. Mr. Marroquin recommended that any new agreement with the team clearly reserve two swim lanes for residents at all times during swim team use of the pool.

Director McNeil then recognized Mr. Hunt to provide the general manager's report. Mr. Hunt referred the Board to his report, attached as **Exhibit "F"**, and handed out a proposal from Crossroads Utility Services, L.L.C. for upgrades to the water well in Rattan Creek Park in the maximum amount of \$16,411.08, attached as **Exhibit "G"**. He first discussed the proposal with the Board, describing the level transmitter, flow meter, panel meters, counters and other proposed improvements to the water well. Mr. Malish explained how the components would be expected to extend the life of the well. Mr. Hunt confirmed that his office would perform the work pursuant to its existing agreement with the District and the actual costs to the District may be less than \$16,411.08 maximum. He then reviewed the remainder of his report, including three proposed write-offs, with the Board. He stated that the Texas Commission on Environmental Quality (the "**TCEQ**") had reviewed the District's Phase II (Small) MS4 Annual Report for the fiscal year ended September 30, 2016 and concluded that the District was in compliance. Upon motion by Director Conklin and second by Director Green, the Board voted unanimously to authorize Crossroads Utility Services, L.L.C. to perform the work outlined in the proposal at a cost not to exceed \$16,411.08 and to approve the three write-offs, as proposed.

Director McNeil stated the Board would next consider approval of numerous resolutions proposed by Ms. Bott. Ms. Bott explained that the first resolution proposed for approval, the Resolution Regarding General Manager's Account, attached as **Exhibit "H"**, would increase the

maximum amount that can be paid out of the account to non-utility companies from \$4,000 to \$10,000, substitute Mr. Hunt for Gary Spoons as a signatory, and substitute Director Beaulieu for Keith Collins as a signatory. Upon motion by Director Conklin and second by Director Green, the Board approved the resolution, as presented. Ms. Bott then presented three additional resolutions, each of which substitute Director Beaulieu for Keith Collins as a signatory on a District account. Upon motion by Director Jones and second by Director Green, the Board voted unanimously to approve the Resolution Approving Change in Bank Signatories and Change Certificate (Manager's Account), attached as **Exhibit "I"**. Upon motion by Director Jones and second by Director Conklin, the Board voted unanimously to approve the Secretary's Certificate and Resolutions Regarding Operating Account, attached as **Exhibit "J"**. Upon motion by Director Jones and second by Director Green, the Board voted unanimously to approve the Resolution Approving Change in Bank Signatories and Change Certificate (Operating Account), attached as **Exhibit "K"**.

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'd received a few complaints of trash and debris from the Continental Properties construction site, which complaints were addressed by the developer. He stated he would soon receive the site development permit for the Rattan Creek pavilion. Mr. Malish stated the Land Use Plan amendment processed by CSW Development had been completed and the restrictive covenant recorded. He stated that the Board had approved payment of the City of Austin permitting fee for the Tamayo Bridge project and he would submit the permit application within one week. Mr. Malish and Mr. Flahive then discussed with the Board the status of Continental Properties' variance request. Mr. Flahive confirmed that the developer had retained local counsel and engaged the City of Austin relating to the letter required by the Board as a condition of its grant of the requested variance. Mr. Malish then discussed with the Board the four bids that his office received for the Booster Station Enclosure project and Robinson Park Bathroom project. However, he stated that two bidders arrived late to the bid opening, so only two bids could be considered by the Board. The bids from Bailey Elliot Construction and from G Creek Construction are outlined in his letter to the Board, attached as **Exhibit "M"**. Mr. Malish clarified that the Base Bid was for the Booster Station Enclosure project; Alternative 1 included the cost to add heaters and air conditioners to the two Booster Station Enclosures; Alternative 2 included the cost to add the Robinson Park Bathroom project; and Alternatives 1 and 2 included all of the above. He then discussed with the Board that a Change of Scope may need to be filed with and approved by the TCEQ because the Booster Station Enclosure project was a bond project for which \$400,000 was allocated and the actual cost of design, permitting and construction would exceed that amount. Mr. Malish stated that he would determine those actual costs and prepare the Change of Scope, if necessary, which could be submitted either before or after the contract was awarded. Upon motion by Director Jones and second by Director Green, the Board voted unanimously to award the contract to G Creek Construction in the amount of \$699,545 for Alternatives 1 and 2, subject to the contractor's compliance with HB 1295, and to authorize Mr. Malish to prepare and submit the Change of Scope to the TCEQ, if necessary. The Board then directed Mr. Hunt and Ms. Bott to research and determine the total cost of installation of the water well in Rattan Creek Park.

The Board next received the restrictive covenants report. Mr. Flahive stated three matters had been referred to his office by Sage Management over the preceding months, of which two had been resolved. He discussed the third matter with the Board, explaining that the District's standard enforcement process had been concluded and the Board would need to determine whether to initiate litigation. The Board directed Mr. Flahive to obtain a

recommendation from Mr. Jeff Hobbs in his office and provide the recommendation to the Board at its January meeting.

The Board then discussed committee assignments. After discussion and upon motion by Director McNeil and second by Director Jones, the Board voted unanimously to approve the Amended and Restated Resolution Establishing Committees and Appointing Committee Members, attached as **Exhibit "N"**.

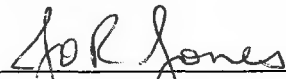
Director McNeil stated the Board would next discuss and consider taking any necessary action regarding the City of Austin wholesale rate case. Director Conklin reported to the rest of the Board on the November 29 City of Austin meeting. He stated the next City of Austin meeting would occur on January 4.

There being no future annexation, limited district conversion, other City of Austin related issues, or other issues to come before the Board, upon motion by Director McNeil and second by Director Green, the Board voted unanimously to adjourn at 9:10 p.m.

(SEAL)



Date: January 18, 2017


Joel Jones, Secretary
Board of Directors