

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

August 31, 2016

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

A special meeting of the Board of Directors of North Austin Municipal Utility District No. 1, open to the public, was held on August 31, 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 them 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 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.; Richard Fadal with TexaScapes, Inc.; David Malish with Murfee Engineering Co. Inc.; Bill Burke and Marc Marroquin with Clearwater Management; Carol Martin with Clearwater Management to record the minutes; and Mark Howell and Reb Wayne, residents of the District.

Director McNeil called the meeting to order at 6:04 p.m. and stated that the Board would conduct a work session on the 2016-2017 budget. Mr. Spoons provided the Board with some updated budget drafts. He noted that Mrs. Loup had provided several tax rate options at a previous meeting and he stated that there were several special project plans to discuss as well as a large contingency fund. Director Jones stated that she did not have a quote on the proposed District boundary wall project, but discussed several details of the proposed project. There was discussion about different styles of boundary walls, the suggested locations of installation, and the need to gather more information about easements and right-of-way regulations. The Board discussed project timelines and the possible creation of a sinking fund for the project to be completed in 2017-2018 fiscal year. The Board also discussed styles of floors that could be installed in the community center Great Room. There was discussion on whether the District should install a "splash pad" near the pool and whether there was space available for such a project. Mr. Spoons noted that the Board should consider the effects of installing more impervious coverage on District property and Director McNeil suggested earmarking a sinking fund for future plans to develop a "splash pad" with further research on possible locations. Director Green discussed whether the Board should consider hiring a lobbyist and noted that the District was not currently invited to participate with Wells Branch. There was discussion about the Board's concern with partnering with other MUD Boards that may have agendas that differ from the District's plans. Director Collins noted that legislature could ultimately pass laws that supersede any agreement made with the assistance of a lobbyist and that he wanted to

make sure that District funds were not spent on efforts that are impossible to pass. He suggested that the Board allocate \$25-30,000 in the 2016-2017 budget to investigate the legal possibilities and lobbyist options in that year. Mr. Malish recommended that the Board interview a particular lobbyist during their considerations. Director Conklin informed the Board that he believed there could be serious interest from the Senate to evaluate the annexation issue. He recommended that the Board create a sub-committee on the topic, hold special meetings to discuss it, and remain very focused on it in the following year. Director McNeil stated that a line item for the lobbyist issue would be created in the 2016-2017 budget proposal. He also stated that he was not comfortable with the amount of contingency funds in the proposed budget draft if there was not a reasonable expectation of a need to use those funds. There was discussion about how the excess funds were calculated and the Board examined ways to keep taxes low without harming future District funds. Director Jones discussed the realty market and expected valuation changes. Mrs. Bott provided numbers for the 2015-2016 fund balance and current reserve assignments. The Board reviewed current expected costs in relation to budgeted items with reserve funds and the amount that was currently in those funds. The Board questioned and made adjustments to each item with reserve funds as needed. The Board also adjusted the 2016 fiscal year end contribution amounts. There was discussion about the best way to track the amount of funds that are allocated to special projects. Director Conklin summarized that \$803,000 had been added to the 2016 FYE contributions to special projects and reserve funds. The Board then discussed the 2016-2017 proposed budget and changed rates based on actual expenses. The Board discussed possible tax rates after noting that \$286,000 still remained in the contingency fund. The Board requested to see adjustments to the draft budget reflecting a \$0.2890 per \$100 property valuation at the next meeting.

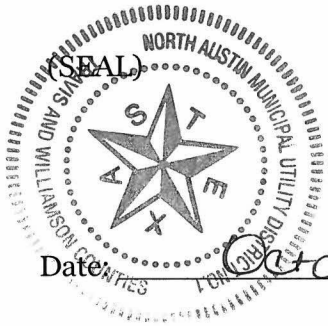
Director McNeil then stated that the Board would next consider the Pool Use Agreement with CK Swimming, LLC. Director McNeil noted that he had reviewed the agreement and recommended the Board's approval. Mr. Marroquin stated that the agreement had been condensed and adjusted based on Board concerns during a previous meeting. Upon motion by Director McNeil and seconded by Director Green, the Board voted 5-0 to approve the Pool Use Agreement with CK Swimming, LLC, attached as **Exhibit "B"**, as presented.

Director McNeil then stated that the Board would consider the Management Services Agreement for Community Center and Swimming Pool Operation and Maintenance Agreement, or a single agreement in lieu thereof, with Premier Recreation Management Services. Director McNeil had recommended that the previously separate contracts for pool management and community center management be combined going forward. Director Collins noted the possibility of needing to hire a different community center management company in the future and thus a concern with having the two contracts combined into one. Director McNeil noted that the contract would be an annual agreement that could be changed or terminated on an annual basis. Details of Mr. Marroquin's contract in reference to a schedule and hourly rates were discussed and the Board requested that certain details be adjusted and added, including after-hours rates and mark-up restrictions.

Director McNeil then stated that the Board would consider the proposed Land Use Plan amendment requested by CSW Development. Mr. Malish informed the Board that

CSW Development would need to apply for a change to allow commercial land uses. He stated that he would work with the applicant to prepare a restrictive covenant on the type of commercial uses and other pertinent details for that particular tract to present to the Board at the September 21, 2016 Board meeting.

Director McNeil inquired as to whether there were any further items to come before the Board including future agenda items. Mr. Marroquin reviewed a Boy Scouts of America request to use the community center. Directors Green and Jones suggested he waive rental fees but still require a damage deposit and stated that in the past these groups had done some community service work in the District to offset rental costs. They also noted that there would be an increase to the hourly rental rates in the community center in the 2016-2017 fiscal year. There being no further items to discuss, Director McNeil made a motion to adjourn the meeting, Director Collins seconded, and the meeting was adjourned at 8:30 p.m.



Date

October 19, 2014

Jo Jones, Secretary
Board of Directors