

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

August 21, 2019

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 August 21, 2019, 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:

Jo Jones	-	President
Donald G. Conklin	-	Vice President
Diana Christiano	-	Secretary
Kim Green	-	Treasurer/Assistant Secretary
Rachel Beaulieu	-	Assistant Secretary/Assistant 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.; Jennifer Fadal with TexaScapes, Inc.; Marc Marroquin with Premier Recreation Management Services, LLC; Dennis Hendrix with Crossroads Utility Services, L.L.C.; Jimmy and Diana Sagnes with Sage Management Services; Lauren Smith with Public Finance Group, LLC; Bob West with West, Davis & Company, LLP; Jay Howard and Ja-Mar Prince with Texas Disposal Systems, Inc.; Kevin Flahive with Armbrust & Brown, PLLC; and residents of the District, including but not limited to Inez Vanderburg, Elaine Mittel, Tim Malpass, Jan Johnson, Lisa Genna and Chenqxin Yang.

Director Jones called the meeting to order at 6:02 p.m., and stated that the Board would first consider approval of the July 8, 2019, July 15, 2019, July 17, 2019 and July 29, 2019 minutes. After discussion of corrections to lines 25, 38 and 41, upon motion by Director Green and second by Director Christiano, the Board voted unanimously to approve the July 8, 2019 minutes, as corrected. After discussion of a correction to line 32, upon motion by Director Beaulieu and second by Director Conklin, the Board voted unanimously to approve the July 15, 2019 minutes, as corrected, with Director Green abstaining. After discussion of corrections to lines 49, 125, 187 and 210, upon motion by Director Conklin and second by Director Christiano, the Board voted unanimously to approve the July 17, 2019 minutes, as corrected, with Director Green abstaining. And, after discussion of a correction to line 11, upon motion by Director Conklin and second by Director Green, the Board voted unanimously to approve the July 29, 2019 minutes, as corrected.

The Board next received citizen communications and Director Jones recognized Ms. Vanderburg. Ms. Vanderburg encouraged the Board to be proactive in its approach to restrictive covenant enforcement. She stated that she had contacted Sage Management Services, LLC regarding concerns about commercial uses of properties located at two addresses in the District, one located on Tamayo Drive and one located on Elkhorn Mountain Trail. Ms. Vanderburg

concluded by encouraging the Board to record or live stream its meetings. Director Jones then addressed Ms. Mittel. Ms. Mittel requested that the directors introduce themselves and state the committees that each serves on. She stated that she supported recording or live streaming Board meetings. Ms. Mittel concluded by asking the Board to describe the structure of its meetings. The directors then introduced themselves and described the committees that they served on. Director Jones then described the customary order of topics and action items on the Board's regular meeting agendas. Director Conklin encouraged residents with interest in or concerns about a particular matter to contact members of the committee assigned to that matter. Ms. Johnson then addressed the Board and asked the Board to live stream its meetings to better serve the District's residents with disabilities. Director Jones next addressed Ms. Genna. Ms. Genna asked about the 7-Eleven and self-storage projects and stated concerns about safety, lighting and traffic impact. She also asked about the status of the District's transition from Central Texas Refuse, Inc. to Texas Disposal Systems, Inc. as the District's solid waste services provider. Director Conklin stated that Mr. Howard was in attendance and would speak to the solid waste services question. He stated that Texas Disposal Systems, Inc. representatives would also be in attendance at RattanFest and that a mailer would go out to District residents. Director Conklin then described the District's land use plan, the 7-Eleven and self-storage projects' compliance with that land use plan, and the District's lack of discretionary authority over the projects.

There being no report from the Rattan Creek Neighborhood Association, Director Jones stated that the Board would next receive the financial advisor's report. Ms. Smith distributed her handout, attached as **Exhibit "B"**, which she stated was the same handout discussed at the August 19, 2019 work session. She stated that the total certified assessed valuation of the land within the District was \$1,359,361,489. Ms. Smith then discussed the three tax rate scenarios set forth in her handout, which were to maintain the same tax rate, to maintain the same tax burden on the average residence within the District, or to propose the maximum tax rate under 8% to provide maximum flexibility to the Board while finalizing the District's 2019-2020 budget and adopting the 2019 tax rate.

Director Jones then stated that the Board would receive the District accountant's report. Ms. Bott reviewed the cash activity report, attached as **Exhibit "C"**. She stated that two checks had been added to the report discussed with the Board at the August 19, 2019 work session, one to Dobbs Tennis Courts, Inc. for the tennis court resurfacing project and one to LJA Engineering, Inc. for SWMP implementation. Upon motion by Director Conklin and second by Director Beaulieu, the Board voted unanimously to approve payment of the bills and invoices and the five transfers, all as set forth in the updated cash activity report.

The Board then considered the proposal from West, Davis & Company, LLP for audit services for the fiscal year ending September 30, 2019, attached as **Exhibit "D"**. Mr. West addressed the Board and explained that the estimated fee for the audit would be \$10,500, which was the same fee charged in prior years. Director Conklin asked Mr. Hendrix and Ms. Bott if their firms had encountered any issues working with Mr. West's firm on the audits in prior years. Both responded that they had encountered no problems and enjoyed working with Mr. West's firm. Upon motion by Director Conklin and second by Director Christiano, the Board voted unanimously to approve the proposal, as presented.

Director Jones then stated that the Board would return to the budget and tax items on the agenda. Ms. Bott presented the draft 2019-2020 budget, stating that it was the same budget presented by Andrew Hunt at the August 19, 2019 work session. Mr. Flahive then advised that the Board needed to do three things at the meeting: (a) establish a proposed tax rate by record

vote; (b) schedule a public hearing at which the adoption of the tax rate would be considered; and (c) authorize notice of the public hearing on the tax rate to be published in the newspaper. After discussion, Director Beaulieu made a motion to: (i) establish a proposed 2019 tax rate of \$0.2932 per \$100 of assessed valuation; (ii) schedule a public hearing at 6:00 p.m. on September 18, 2019 to consider the adoption of the tax rate; and (iii) authorize a notice of the public hearing to be published in the newspaper. Director Green seconded Director Beaulieu's motion. Director Conklin then stated that while he would vote to approve the proposed tax rate contemplated in Director Beaulieu's motion to preserve flexibility while the Board finalizes its 2019-2020 budget, he would not be likely to vote to increase the District's tax rate above the 2018 rate of \$0.2830 at the September 18, 2019 regular meeting. The Board then voted unanimously to approve items (i) through (iii) set forth in Director Beaulieu's motion.

Director Jones then stated that the Board would receive the restrictive covenants report and recognized Mr. and Mrs. Sagnes. Mrs. Sagnes stated that Sage Management Services, Inc. had received nine complaints between the July 27, 2019 regular meeting and issuance of their report in the August 21, 2019 packet, and another 15 complaints earlier in the day. She then reviewed her report with the Board. Mrs. Sagnes asked if Sage Management Services, Inc. was to follow the process adopted by the Board at its July 8, 2019 special meeting. Director Conklin confirmed that to be the case until or unless the Board adopts changes to the process. Director Beaulieu and Director Conklin then acknowledged that the Restrictive Covenant Enforcement Committee had not yet provided the final postcard for Sage Management Services, Inc.'s use, and stated that it would do so as soon as possible. Director Jones then addressed Mr. Malpass. Mr. Malpass stated that he was the new owner of the property located at 13122 Amarillo Avenue and had received a letter from Sage Management Services, Inc. relating to the fence in the front yard being in violation of applicable restrictive covenants. Director Jones thanked Mr. Malpass for attending the meeting, explained that the enforcement matter was early in the process, and summarized the Board's communications with the prior owner of the property. Mr. Malpass discussed the content of the seller's disclosure that he'd received prior to purchasing the property with the Board. After discussion, Mr. Malpass requested a longer time period within which to remove the fence. Upon motion by Director Conklin and second by Director Beaulieu, the Board voted unanimously to abate the enforcement action until the October 16, 2019 regular meeting, at which time the Board would determine whether the fence has been removed and, if not, consider moving forward with the enforcement action. Director Jones then addressed Mr. Yang. Mr. Yang explained that he resided at 13204 Quadros Pass, that he had received a letter from Sage Management Services, Inc., that he was an engineer that worked from home, that the photos included with the letter were taken while yard work was in-process and that the alleged violations had been resolved. Mrs. Sagnes stated that Sage Management Services, Inc. would confirm during the next tour of the District.

Director Jones stated that the Board would next receive the security report. There being no Williamson County Sheriff's Office representatives in attendance to provide the report, Director Conklin asked Mr. Marroquin to address Community Center security issues raised in Detective Waldon's report.

Director Jones then addressed Mrs. Fadal to provide the park and landscape maintenance report. Mrs. Fadal referred the Board to the report, attached as **Exhibit "E"**, and reviewed the report with the Board. She stated that TexaScapes, Inc. had complete MS4 training of its staff. Mrs. Fadal stated that pruning around the trails within the greenbelts was ongoing. She stated that irrigation had increased by approximately 20% due to the drier weather. Director Green then asked about the uneven mowing throughout the greenbelts and stated that she would provide photos to Richard Fadal. Mrs. Fadal stated that Mr. Fadal would look into it.

Directors Jones and Beaulieu then discussed Rattan Fest on September 28, 2019 and the actions that TexaScapes, Inc. would take in preparation for the event, including turning off the sprinklers and spot treating for fire ants.

The Board next received the solid waste services report. Mr. Howard introduced Ja-Mar Prince and stated that Mr. Prince would serve as the District's account manager with Texas Disposal Systems, Inc. and take over as the primary contact following the transition. Mr. Howard then discussed the transition with the Board, stating that trash pickup days would remain the same for all residents. He stated that recycling pickup days would remain the same for approximately 80% of the residents, and that the pickup days for approximately 20% of the residents would need be shifted to a new regular pickup day. He stated that the new carts would be dropped off at each residence within the District prior to September 30, 2019, which would be the last pickup date for Central Texas Refuse, Inc., so that residents would not go without carts for any period of time. Director Beaulieu then asked, and Mr. Howard confirmed, that Texas Disposal Systems, Inc. would provide the monthly reporting as set forth in the request for proposals and the Solid Waste & Recycling Collection & Disposal Agreement.

The Board then received the pool and community center report. Mr. Marroquin reviewed his report, attached as **Exhibit "F"**. He stated that July was the busiest month of the summer and that there were no injuries or incidents to report. Mr. Marroquin stated that he would work with a new renter group and the cleaning services provider to ensure that the community center is consistently secured. He stated that approximately 30 people attended the adult swim night at the pool. Director Conklin thanked Mr. Marroquin for his great work putting on the various events at the community center and pool. He then requested that Mr. Marroquin prepare a report showing the in-District and out-of-District members of the swim teams using the pool and present it at the September 18, 2019 meeting. Director Beaulieu then discussed an inquiry received from a Hunter's Chase resident with children on the Hurricane Swim Team and children that are not on the swim team about receiving a discount from the out-of-District pool membership rate. After discussion, the Board directed the Pool Committee to look into the request.

The Board next received the general manager's report. Mr. Hendrix stated that Mr. Hunt provided the report at the August 19, 2019 work session. The Board discussed with Mr. Hendrix and Mr. Flahive that the agenda item identified as "splash pad construction" should read "splash pad diligence" and the item identified as "pool building remodeling" should read "pool building replacement".

At 7:57 p.m., Director Jones stated that the Board would take a brief recess. The Board reconvened at 8:04 p.m. and Director Jones addressed Mr. Malish to provide the engineer's report. Mr. Malish reviewed his report, attached as **Exhibit "G"**, with the Board. He stated that the site plan for the Tamayo Bridge project was still pending approval by Williamson County. Mr. Malish stated that he had contacted Commissioner Cook to request assistance and received a call from the Williamson County Engineer, Terron Evertson, shortly thereafter. He stated that Mr. Evertson stated that he would review the site plan in the near term. Mr. Malish then stated that he had been contacted by the project engineer for the self-storage project with a request to set a water meter. He stated that he explained the outstanding items to be provided as a condition of setting the meter, most of which had been received. Mr. Malish stated that the only outstanding item was for the wastewater line serving the project to be inspected and a letter evidencing that the line passed the inspection be furnished to his office. He recommended that the Board accept the unmetered fire-flow water line and the wastewater line serving the project for ownership, operation and maintenance, conditioned upon the project engineer providing the

required letter. Upon motion by Director Conklin and second by Director Jones, the Board voted unanimously to accept the unmetered fire-flow water line and the wastewater line serving the self-storage project for ownership, operation and maintenance, conditioned upon the project engineer providing a letter evidencing that the wastewater line had passed inspection to Mr. Malish. Mr. Malish then stated that he was ready to publicly bid the water line relocation project on the NW Austin Office Partners LLC site. The Board directed Mr. Malish to do so and to present the bid tabulation to the Board for consideration at the September 18, 2019 regular meeting. Mr. Malish then discussed the status of the wastewater line serving the Broadstone at Parmer Lane project, the need to inspect the line, and the approximately \$2,500 remaining on deposit by the developer of the project, Continental Properties. He then discussed the proposal in the packet, attached as **Exhibit "H"**, the scope of which was to inspect the self-storage site wastewater line and the Broadstone at Parmer Lane wastewater line, each at a cost of approximately \$1,500. Mr. Malish stated that the self-storage site developer was having the wastewater line inspected at its cost, and he recommended that the Board have the wastewater line serving the Broadstone at Parmer Lane project inspected at a cost of approximately \$1,500, to be deducted from the deposit prior to refunding the balance to Continental Properties in connection with closing out the matter. The Board agreed and directed Mr. Malish to bring specific proposals for consideration at the September 18, 2019 regular meeting. Mr. Malish then discussed the Parmer Lane Bridge project with the Board, reviewed the proposed changes to the bridge to increase stormwater flows, and stated that the preliminary design was under review by contractors to determine the feasibility of the design. He stated that if the design is determined to be viable, he would then present it to Bob Daigh, Director of Infrastructure for Williamson County, who had expressed an interest in partnering with the District on the project. Mr. Malish then discussed his preliminary findings relating to the condition of sidewalks within the District. He, Mr. Flahive and the Board discussed the condition of the sidewalks, practical and legal issues relating to improving the condition of the sidewalks, and options for moving forward with diligence into the matter. The Board then directed Mr. Malish to work with Mr. Hunt to prepare preliminary options and cost estimates for a representative portion of the sidewalks within the District in a heavily traveled area for presentation at the September 18, 2019 regular meeting. Mr. Malish then presented a proposal from his office to prepare a GIS map of the District, attached as **Exhibit "I"**, and explained the options to include additional infrastructure, improvements and/or information in the map, at the Board's election. He explained that his office had been working on a GIS map for Wells Branch MUD and that he could have a staff member from his office present it to the Board to illustrate the utility of the mapping. Director Conklin stated that he would be interested in seeing the finished product, upon completion. The Board discussed scheduling a presentation in November 2019, but took no action. Director Conklin then followed up on his July 17, 2019 request that Mr. Malish reexamine and update his summary of the District's outstanding water and wastewater service commitments and estimated demand for the few remaining undeveloped tracts within the District. Mr. Malish stated that he would do so and present it at the September 18, 2019 regular meeting.

There being no lobbyists' report, bond projects, or City of Austin wholesale rate cases or related issues to come before the Board, the Board next discussed future annexation, limited district conversion or other City of Austin related issues. Director Conklin updated the Board on the content of the discussion that he and Director Jones had with Randi Jenkins, Senior Business Process Consultant with Austin Water Utility, during a recent meeting.

Director Jones then stated that the Board would receive the attorney's report. Mr. Flahive presented the Agreement for Gas Installation by Texas Gas Service Company, attached as **Exhibit "J"**. He stated that the \$71,748.86 fee to be paid by the District would fund the 6" gas main relocation project necessary for the District to construct the Tamayo Bridge project.

Mr. Flahive stated that the 6” gas main relocation project would be designed, permitted, constructed and installed solely by Texas Gas Service Company. He stated that he believed the fee to be paid to Texas Gas Service Company would fall within the scope of the approved use of proceeds from the District’s \$6,200,000 Unlimited Tax and Revenue Refunding Bonds, Series 2016; however, he would confirm with bond counsel and coordinate with Ms. Bott regarding the appropriate source of funds for the \$71,748.86 payment to Texas Gas Service Company. Upon motion by Director Conklin and second by Director Green, the Board voted unanimously to approve the Agreement for Gas Installation by Texas Gas Service Company and the payment of the \$71,748.86 fee to Texas Gas Service Company, as presented. Mr. Flahive then presented a proposal from Capital Surveying Company Inc., to prepare an as built title survey of the Rattan Creek Park lot, at a cost of \$13,800 if a tree survey is included, attached as **Exhibit “K”**. Mr. Flahive discussed recent inquiries from the Board and committees of the Board regarding the locations of potential improvements within the park, including a new monument sign for the community center, a splash pad, and a new pool building, all of which necessitated understanding the location of property lines, easements, other encumbrances, and existing improvements. He stated that his office had obtained a current title report for use by the surveyor in preparing the survey, if the Board elected to authorize the survey. After discussion, upon motion by Director Conklin and second by Director Jones, the Board voted unanimously to approve the proposal, including the tree survey component, as presented. Mr. Flahive then briefly discussed the content of Senate Bill 1640 amending Section 551.143 of the Texas Open Meetings Act, potential implications of same and his office’s work to ensure compliance under circumstances where a special or rescheduled meeting of the Board must be scheduled outside of a meeting. He stated that he would return to the Board with any actions that may be necessary to address the legislation. He then presented the Resolution Establishing Offices and Meeting Places of the Board of Directors and Establishing Locations for the Posting of Notice of Meetings of the Board, attached as **Exhibit “L”**. Upon motion by Director Beaulieu and second by Director Conklin, the Board voted unanimously to approve the resolution, as presented.

Director Jones then stated that the Board would consider election of officers. She explained that personal and professional demands of her time led her to determine that she could not dedicate the time necessary to serve as President and she resigned from the position. Director Jones then nominated Director Conklin to serve as President. Director Green seconded the nomination and the Board voted unanimously to elect Director Conklin as President. Mr. Flahive then stated that the office of Vice President was vacant and asked if there were any nominations. Director Christiano nominated Director Jones to serve as Vice President. Director Green seconded the nomination and the Board voted unanimously to elect Director Jones as Vice President. The other officers remained unchanged. Director Conklin asked if Director Jones desired to run the remainder of the meeting and she agreed to do so.

The Board next discussed establishing an exploratory committee to investigate logistical challenges and costs for recording Board meetings. Director Beaulieu stated that she requested that the item be added to the agenda because residents of the District had been requesting that Board meetings be recorded or live streamed and that she was not sure how easy or difficult or how costly or inexpensive it would be to record or live stream meetings. She stated that she wanted to establish a committee to look into the options and report back to the Board. Director Green stated her preference that the Board’s consultants perform that diligence and report back to the Board as whole, rather than appointing a committee. Mr. Flahive stated that a number of options were available to the Board, each with its own benefits, challenges and costs, and that he and Mr. Hunt could investigate the matter and present their findings to the Board. Director Conklin stated that he desired to better understand the goals of recording or live streaming the Board’s meetings, as those goals would guide the discussion and determination of options

available to the Board. After discussion, the Board directed Mr. Flahive to coordinate with Mr. Hunt and present their findings at the September 18, 2019 regular meeting.

Mr. Flahive then asked that the Board approve an updated District Registration Form reflecting the change in officers. Upon motion by Director Conklin and second by Director Green, the Board voted unanimously to approve the updated District Registration Form attached as **Exhibit “M”**.

Director Jones then stated that the Board would discuss and consider modifying the Amended and Restated Resolution Adopting Rules Relating to Enforcement of Restrictive Covenants to establish more proactive policies for enforcement of alleged violations of restrictive covenants within the District. Director Beaulieu stated that she had requested that this item be added to the agenda because residents had requested that the Board take a proactive approach, rather than complaint-driven reactive approach, to restrictive covenant enforcement. Director Jones stated that she wanted to give the newly adopted policy, which Directors Conklin and Beaulieu spent considerable time preparing, some time to gauge its success. Director Christiano agreed with Director Jones’ position. Director Beaulieu stated that she thought residents preferred a proactive approach so that they would not have to file complaints against their neighbors and that she found the reactive approach to be unfair. Director Christiano stated that she had heard from a small group of vocal residents desiring a proactive approach, but was not sure that this position was held by many residents of the District. Director Green stated that she, too, wanted to see how the newly adopted policy worked before considering changes. Director Conklin stated that he was not opposed to a proactive approach, but was opposed to making the change at the time. He stated that the newly adopted policy, and the Board’s commitment to closely adhering to the policy, was more aggressive than at any time in the past 20 years and he wanted to see the impact on restrictive covenant compliance within the District before further escalating the District’s approach. Director Beaulieu then made a motion to modify the Amended and Restated Resolution Adopting Rules Relating to Enforcement of Restrictive Covenants to establish more proactive policies for enforcement of alleged violations of restrictive covenants within the District. The motion failed for lack of a second, and the Board took no action.

Director Jones then asked if there were any other matters to come before the Board. The Board directed Mr. Flahive to add an item for consideration of committee assignments to the agenda for the September 18, 2019 regular meeting. The Board then discussed scheduling the Town Hall and elected to hold the event in the community center on October 15, 2019, beginning with a meet and greet from 6:30 p.m. to 7:00 p.m. and a presentation at 7:00 p.m. There being no other matters to come before the Board, upon motion by Director Conklin and second by Director Green, the Board voted unanimously to adjourn at 10:21 p.m.

(SEAL)



Diana Christiano

Diana Christiano, Secretary
Board of Directors

Date: September 18, 2019