

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

August 17, 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 August 17, 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
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.; Marc Marroquin, Jr. with Clearwater Management; Linda Loup with Public Finance Group, LLC; Kevin Flahive with Armbrust & Brown, PLLC; Joshua Baran with JAB Engineering, LLC; Kevin Hunter with CSW Development; Randall Wright with Central Texas Refuse, Inc. and Round Rock Refuse, Inc.; and Omar Phoenix, Tony Trout, Leon Fainbuch and Blair Lapwing, residents of the District.

Director McNeil called the meeting to order at 6:08 p.m. and stated that the Board would first receive citizen communications and recognized Mr. Phoenix. He stated that he would like to see blinking red lights added to some of the stop signs within the District and installation of additional signage providing notice of Williamson County's on-leash ordinance and the fine for violating the ordinance. Mr. Spoons stated that 15 more on-leash signs had been obtained and would be installed. He stated that the amount of the fine is not absolute, as it increases with repeat offenses, and was not stated on the signage. Director McNeil stated that the stop signs within the District were Williamson County facilities and recommended that Mr. Phoenix contact the county with his concern. Director McNeil then recognized Mr. Trout. He stated that his swim team had requested use of the pool on numerous occasions, but the Board had not elected to grant the requested use of the pool. However, he understood that the Board was considering entering into a Pool Use Agreement with another swim team. He asked what distinctions the Board had made between his requests and the pending request. Director McNeil stated that the McNeil High School swim team had been allowed to use the pool because many of the team members were residents of the District and the swim team paid a fee for that use which offset pool operation and maintenance expenses. He stated that the team presently requesting use of the pool during times formerly used by the McNeil High School swim team, which had recently moved practice locations, would also be largely comprised of residents and pay a fee, which were differences between the present request and Mr. Trout's requests. Director Green stated the present request was also for a smaller swim team and less use of the

pool than Mr. Trout had requested. Director McNeil then addressed Mr. Fainbach. He stated that he wanted to express his gratitude to the Board and the Williamson County Sheriff's Office for their diligence in enforcing the on-leash ordinance and addressing resident concerns relating to non-compliance with the ordinance. Director Conklin stated that the Board had recently addressed the issue at length with representatives of the Williamson County Sheriff's Office during a budget work session and requested that residents continue to let the Board and law enforcement know of times and locations of repeated non-compliance within the District so enforcement can be focused on those times and locations. Director McNeil then addressed Mr. Lapwing. He asked the Board if it had taken any actions relating to his request for additional street lighting near mail kiosks within the District. Mr. Spoons responded that funds were being allocated in the proposed budget to fund additional lighting and reported that he had engaged in encouraging conversations with Williamson County Engineer Joe England regarding the matter.

There being no report from the Rattan Creek Neighborhood Association, the Board next considered approval of the July 20 meeting minutes. Upon motion by Director Collins and second by Director Jones, the Board voted unanimously to approve the July 20 minutes, as presented.

Director McNeil stated that the Board had approved the audit engagement letter with West, Davis & Company for the year ending September 30, 2016, attached as **Exhibit "B"**, at the August 15 meeting.

The Board next considered approval of a Resolution Confirming Annual Review of Water Conservation and Drought Contingency Plan, attached as **Exhibit "C"**. Mr. Flahive stated the proposed resolution approved the plan without change, as it had been prepared in 2015. He asked if the Board had any questions or changes to the plan. The Board had no questions or changes and, upon motion by Director Collins and second by Director Jones, voted unanimously to approve the resolution.

Director McNeil stated the Board would next discuss the budget and tax items on the agenda. Ms. Loup reviewed the notice from the Travis County Tax Office providing the 2016 per-parcel collection fee of \$1.44 and the certified appraised values stating a net taxable value of property within the District of \$101, 200,997.00. She then referred the Board to her handout, attached as **Exhibit "D"**, and reviewed with the Board the various scenarios including use of the tax rate included in the draft budget, a tax rate providing for no increase in resident tax bills and multiple incremental reduced tax rates. Ms. Loup recommended that the Board take the same action that it had in past years to establish a maximum proposed tax rate for the purpose of publishing notice for the public hearing on the tax rate, with the understanding that the actual tax rate to be adopted by the Board at the public hearing would be a lesser rate. She recommended that the maximum proposed tax rate be \$0.3120, a 1.58% reduction in the tax rate from the 2015 tax rate of \$0.3170. Upon motion by Director McNeil and second by Director Collins, the Board voted unanimously to approve a maximum proposed tax rate of \$0.3120. Director McNeil then recognized Mr. Spoons to provide the current draft 2016-2017 budget. Mr. Spoons referred the Board to the draft budget, attached as **Exhibit "E"**, and discussed with the Board the changes to the pool and community center operation costs resulting from the anticipated decrease in the contract amount for those services after November 30, 2016, due to a change in contractors resulting from Bill Burke's retirement. The Board then discussed having an additional special meeting budget work session later in the month. Director McNeil stated the Board would next schedule the public hearing at which the Board would consider adopting the tax rate. Mr. Flahive stated the proposed date for that public hearing was the Board's regularly scheduled September 19 meeting at 6:00 p.m. at the community center. Upon motion

by Director Collins and second by Director Green, the Board voted unanimously set the public hearing for September 19 at 6:00 p.m. at the community center. Lastly, upon motion by Director Collins and Second by Director McNeil, the Board voted unanimously to authorize Mr. Flahive's firm to publish the Notice of Public Hearing on Tax Rate, attached as **Exhibit "F"**.

Director McNeil stated the Board would next receive the consultant reports. He stated that Mr. Fadal had provided his report at the August 15 meeting and the three proposals that he presented were approved by the Board at that meeting. Director McNeil then recognized Mr. Marroquin to provide the pool and community center report. He referred the Board to his report, attached as **Exhibit "G"**, and reviewed the report with the Board. Mr. Marroquin discussed with the Board the repair to the compressor for one of the two air conditioning units serving the community center, stating that the other unit would continue to operate and cool the community center during the repair.

Director McNeil then addressed Mr. Spoons to provide the general manager's report. Mr. Spoons stated that he had reviewed his report with the Board at the August 15 meeting. He introduced Mr. Wright to the Board and referred the Board to the proposed Amended and Restated Solid Waste & Recycling Collection & Disposal Agreement in the packet. Mr. Flahive stated that he had reviewed and commented on the agreement. He stated that if the financial terms were acceptable to the Board, he was agreeable to the extended term of the agreement of five years with five year renewals because the contractor had agreed to his modification to the agreement to provide the District with the unilateral right to terminate the agreement, with or without cause, upon 60 days' prior notice. Director McNeil asked if that adequately addressed the potential for annexation of the District by the City of Austin during the term of the agreement. Mr. Flahive stated that the annexation process would provide sufficient time for the District to provide the required notice to terminate the agreement. Mr. Flahive then discussed with the Board and Mr. Wright the two contractors named in the agreement and the need to add a provision to the agreement providing for joint and several liability among the two contractors, to which Mr. Wright agreed. Upon motion by Director Collins and second by Director Jones, the Board voted unanimously to approve the agreement, as modified by Mr. Flahive to include the joint and several liability provision agreed to by Mr. Wright, attached as **Exhibit "H"**.

Director Green then stated that she wanted to return to the pool and community center report to discuss the proposed Pool Use Agreement with CK Swimming, LLC. After discussion of proposed changes to the terms of the draft Pool Use Agreement and certificate of insurance in the packet, the Board elected to postpone the item to its next meeting to provide the Pool Committee with sufficient time to meet with Mr. Kjeldsen and work with Mr. Flahive to prepare a revised Pool Use Agreement for consideration by the Board.

Director McNeil then addressed Ms. Bott to provide the bookkeeper's report. She referred the Board to the cash activity report, attached as **Exhibit "I"**. Ms. Bott stated she had three checks for approval, those being checks to the City of Austin for the pavilion plan review fee, to LJA Engineering, Inc. for SWMP implementation, and to TexaScapes, Inc. for tree and debris removal. Upon motion by Director Collins and second by Director Conklin, the Board voted unanimously to approve the three payments.

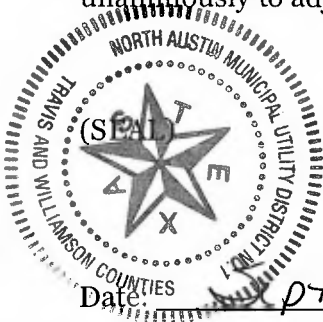
Director McNeil then addressed Mr. Malish to provide the engineer's report. Mr. Malish referred the Board to his report, attached as **Exhibit "J"**. He first discussed with the Board and Mr. Flahive the content of the proposed water line and wastewater line easements for the Amber Oaks Lots 4, 5 & 6 project, specifically whether the Board was agreeable to being obligated to restore improvements within the easements in the event the District damages or destroys such improvements while servicing its lines. He also discussed with the Board the unique nature of

placing District facilities within easements on a private drive, rather than public right-of-way, and the alternative of requiring that the three lots be served by a single master meter located in the public right-of-way. After discussion, the Board determined that it would not agree to any restoration obligation and directed Mr. Flahive to modify the proposed easements accordingly and provide same to the applicant's representative. Mr. Malish then discussed with the Board that he was ready to recommend approval of the plans for the Continental Properties project, having received all requisite fees but the park fees in the amount of \$98,400.00. Mr. Spoons stated that he understood the payment was being delivered. Mr. Flahive stated that, per the District's rate order, the park fees must be paid prior to connection of the project to the District's water and wastewater facilities. Mr. Spoons then discussed with the Board the proposal from Utility Specialists, Inc. in the amount of \$16,889.38 for the sewer line repair at the intersection of Pine Bluffs Trail and Greybull Trail, attached as **Exhibit "K"**. Upon motion by Director Collins and second by Director Conklin, the Board voted unanimously to approve the proposal, subject to the contractor's compliance with HB 1295. Mr. Spoons asked Mr. Flahive to have his office contact the contractor regarding same. Mr. Malish then discussed with the Board, Mr. Flahive, Mr. Hunter and Mr. Baran the proposed Land Use Plan amendment for the 5-acre tract of land located at the corner of Parmer Lane and Anderson Mill initially discussed at the July 20 meeting. He referred the Board to his report, attached as **Exhibit "L"**, stating that the District had sufficient water and wastewater service to serve the proposed project and the information he obtained from research and from the applicant illustrated that modifying the Land use Plan to permit the construction of the proposed five-story, approximately 55' tall, climate-controlled self-storage building on the rear portion of the tract would create increased tax base over that which could be constructed on the site under the current designation on the Land Use Plan. After discussion, the Board stated that it supported a Land Use Plan change to allow the applicant to construct the proposed self-storage building as described. However, the Board stated that it did not support a change to the Land Use Plan that would allow some other uses permitted under a commercial designation. Mr. Malish and Mr. Flahive discussed with Mr. Hunter and Mr. Baran the potential for modifying the Land Use Plan to add a conditional overlay designation that permitted only the additional self-storage use on the site. Mr. Hunter and Mr. Baran stated that they would discuss available options with City of Austin staff and contact Mr. Malish and Mr. Flahive in advance of the Board's September 21 meeting so that a recommendation could be made to the Board at that meeting.

The Board next considered the bond projects. Director Collins stated that he wanted to move forward with soliciting bids for the Booster Station Enclosure project, which was a bond project, and the Robinson Park Restroom project, which was not a bond project, and asked Mr. Flahive if both projects could be combined in an effort to obtain better value for the District. Mr. Flahive stated he was not aware of any prohibition against obtaining bids for both projects, together, so long as the bids and payment clearly delineated between the two projects to ensure that it was abundantly clear that the Booster Station Enclosure project was funded with bond proceeds and the Robinson Park Restroom project was not funded with bond proceeds. Mr. Malish stated that, in addition to clearly delineating between the two projects in his bid package, he would also include some alternates for each project. Upon motion by Director Collins and second by Director Green, the Board voted unanimously to direct Mr. Malish to prepare and advertise the bid package clearly delineating between the two projects as discussed.

There being no restrictive covenants report, future annexation, limited district conversion, other City of Austin issues, or attorney's report, Director McNeil stated that the Board would next discuss any other matters to come before the Board. After discussion, the Board elected to preliminarily schedule a special meeting on August 31 at 6:00 p.m. at the community center for an additional budget work session, consideration of the revised Pool Use

Agreement with CK Swimming, LLC, consideration of the proposed Land Use Plan amendment, and discussion of the proposed Management Services Agreement for Community Center and Swimming Pool Operation and Maintenance Agreement with Premier Recreation Management Services. Upon motion by Director McNeil and second by Director Conklin, the Board voted unanimously to adjourn at 7:48 p.m.



September 21, 2016

Jo R Jones
Jo Jones, Secretary
Board of Directors