

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

September 18, 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 September 18, 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 as **Exhibit "A"**.

The roll was called of the members of the Board, to-wit:

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| Donald G. Conklin | - | President |
| Jo Jones | - | 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.; Richard Fadal with TexaScapes, Inc.; Marc Marroquin with Premier Recreation Management Services, LLC; Andrew Hunt with Crossroads Utility Services, L.L.C.; Jimmy and Diana Sagnes with Sage Management Service; Lauren Smith with Public Finance Group, LLC; Jay Howard and Ja-Mar Prince with Texas Disposal Systems, Inc.; Sergeant Scott Zion with the Williamson County Sheriff's Office; Jessie Haug with the Girl Scouts Springwoods Service Unit; Anita Frey with the Hurricane Swim Team; Kevin Flahive with Armbrust & Brown, PLLC; and residents of the District, including but not limited to Tyler Christensen, Kristi Copeland, Lisa Genna, Inez Vanderburg and Terri Short.

Director Conklin called the meeting to order at 6:04 p.m., and stated that the Board would first receive citizen communications, and recognized Ms. Haug. Ms. Haug stated that there were approximately 400 Girl Scouts in the Springwoods Service Unit, many of which are residents of the District. She requested use of the Grand Pavilion and surrounding area within Rattan Creek Park and the restrooms within the community center from 5:00 p.m. until 8:30 p.m. on October 19 for the Girl Scouts Springwoods Service Unit's Halloween "spooktacular" event. Mr. Marroquin confirmed the availability of the Grand Pavilion on that date. The Board agreed and directed Ms. Haug to coordinate with Mr. Marroquin.

Direct Conklin then recognized Ms. Copeland. Ms. Copeland stated that she wanted the Board to take action on two items. She stated that the first item was proactive enforcement of deed restrictions. Ms. Copeland stated that the second item was property maintenance within the District. She stated that she found homes within the District to be in decline due to lack of maintenance and it was adversely affecting property values within the District. Ms. Copeland concluded by asking the Board to share its plan to address her concerns.

Ms. Genna then addressed the Board, stating that she wanted to know the relationship between the Architectural Control Committee under the restrictive covenants and the District. Director Conklin stated that the two were separate and had no formal relationship.

Director Conklin then addressed Ms. Vanderburg. Ms. Vanderburg stated that she shared Ms. Copeland's concerns and also desired that the Board live stream its meetings. She then stated that the Rattan Creek Neighborhood Association was operating the Architectural Control Committee and did not have any funding to do so. Ms. Vanderburg concluded by stating that she was concerned about declining property values within the District. Director Jones responded that the District's authority to enforce restrictive covenants, under certain circumstances, came from Section 54.237 of the Texas Water Code and not the restrictive covenants themselves.

Ms. Frey then addressed the Board, stating that the Hurricane Swim Team had approximately 165 swimmers this year, of which approximately 54% were residents of the District. She stated that she hoped to have around 200 swimmers next year.

Director Conklin then addressed Ms. Short. Ms. Short stated that she had lived in the District for 26 years and had a second home in a subdivision with a homeowners association. She stated that she understood the need to have restrictive covenants, but preferred that residents communicate with each other on issues rather than the District spending public funds to enforce them. Ms. Short then asked if recent ordinances adopted by the City of Austin's City Council permitting camping in public areas would impact the District's greenbelts and parks. Director Conklin responded that the greenbelts and parks within the District were owned by the District for use by District residents and that the Board worked closely with the Williamson County Sheriff's Office to regulate use of those areas.

Mr. Christensen then addressed the Board. He stated that he had purchased his home at 12719 Modena Trail in February and spent considerable resources to make improvements to the home. Mr. Christensen discussed with the Board a letter that he had received from Sage Management Service indicating that the trailer and deck on his property were in violation of applicable restrictive covenants and needed to be removed. He stated that he disagreed with Sage Management Service's interpretation of the restrictive covenants. Director Conklin thanked Mr. Christensen for attending the meeting and addressing the Board. He stated that the Board was working to improve its enforcement process, which included improving identification of violations. Director Conklin explained the District's current enforcement policy. Mr. Christensen stated that he wanted a determination on the matter. Director Conklin stated that the Board would address the matter at the appropriate time.

The Board next considered approval of the August 19, 2019 and August 21, 2019 minutes. The Board identified corrections to lines 40, 74, 81, 90, 95, 98, 101 and 119 of the August 19, 2019 minutes. Upon motion by Director Jones and second by Director Green, the Board voted unanimously to approve the August 19, 2019 minutes, as corrected. The Board then identified corrections to lines 101, 113, 141, 209, 236 and 299 of the August 21, 2019 minutes. Upon motion by Director Conklin and second by Director Green, the Board voted unanimously to approve the August 21, 2019 minutes, as corrected.

There being no report from the Rattan Creek Neighborhood Association, Director Conklin stated that the Board would next address the District's 2019-2020 budget and 2019 tax rate. Ms. Smith addressed the Board and reviewed the 2019 Tax Rate Analysis summary and related materials attached as **Exhibit "B"**. She reported that the assessed valuation of the

property in the District for 2019 was \$1,359,361,489. Ms. Smith then recommended that the District levy a tax rate of \$0.2830, the same rate levied in 2018, which would be allocated \$0.0382 for debt service and \$0.2448 for operations and maintenance. She then reviewed the alternative tax rates and allocations with the Board. Director Conklin then opened the public hearing regarding the proposed 2019 tax rate and asked if anyone in attendance desired to address the Board. There being no one in attendance desiring to address the Board, Director Conklin then closed the public hearing. Mr. Hunt then distributed the updated budget, attached as **Exhibit "C"**, and reviewed it with the Board. He stated that the budget reflected the changes directed by the Board at the September 16, 2019 work session. Mr. Hunt stated that it was a balanced budget that contemplated the recommended \$0.2830 tax rate. Director Conklin stated that the contingency in the budget was the lowest that he could recall, with the District utilizing almost all tax proceeds to meet current operations and maintenance obligations. He stated that the Board should be mindful of this when considering pursuit of additional projects and/or obligations. After discussion, Director Green made a motion that the Board: (i) adopt the 2019-2020 budget, as presented, including the Resolution Adopting Budget attached as **Exhibit "D"**; and (ii) adopt a 2019 tax rate of \$0.2830, with \$0.0382 allocated to debt service and \$0.2448 allocated to operations and maintenance, as recommended, including the Order Levying Taxes attached as **Exhibit "E"**. Director Jones seconded Director Green's motion. Director Christiano then stated that she supported the higher tax rate of \$0.2930, due to the impact that Senate Bill 2 would have on the District's tax rate moving forward. After discussion, the Board voted 4-1 to approve items (i) and (ii) set forth in Director Green's motion, with Directors Conklin, Jones, Green and Beaulieu voting "aye" and Director Christiano voting "nay".

Director Conklin then stated that the Board would receive the restrictive covenants report and recognized Mr. and Mrs. Sagnes. Mrs. Sagnes stated that Sage Management Service had received many new complaints and reviewed her report with the Board. Mr. Sagnes described the status of the alleged violations at 13204 Quadros Pass. Director Green then asked Mrs. Sagnes why residents' and tenants' names were included in the report. Mrs. Sagnes stated that this was in error and that names would not be included in the report moving forward.

The Board next received the District accountant's report. Ms. Bott reviewed the cash activity report, attached as **Exhibit "F"**. She stated that ten checks had been added to the report discussed with and approved by the Board at the September 16, 2019 work session, and reviewed those additional checks with the Board. Upon motion by Director Conklin and second by Director Jones, the Board voted unanimously to approve the ten additional checks, as set forth in the updated cash activity report.

Director Conklin stated that the Board would next receive the security report. Sergeant Zion reviewed the report, attached as **Exhibit "G"**. He stated that the Williamson County Sheriff's Office had received 161 calls from within the District during the month of August. Sergeant Zion stated that the investigation regarding the arson in the Grand Pavilion was ongoing. He then invited the residents in attendance to contact the Williamson County Sheriff's Office with respect to any persons camping within the District's greenbelts or parks. Sergeant Zion confirmed that representatives of the Williamson County Sheriff's Office would be in attendance at Rattan Fest.

Director Conklin then addressed Mr. Fadal to provide the park and landscape maintenance report. Mr. Fadal referred the Board to the report, attached as **Exhibit "H"**, and reviewed the report with the Board. He stated that the designated wildflower area within the District's greenbelt had been mowed three times this year and grasses and weeds had already grown up since the last mowing. He requested that the Board provide him with the latitude to

mow the area up to four times per year if he determines that the additional mowing is necessary to keep grasses and weeds down. Mr. Fadal confirmed that this additional mowing, if performed, would not be an additional expense to the District. The Board agreed and advised Mr. Fadal that TexaScapes, Inc. could mow the wildflower area up to four times per year, if necessary or desirable. Mr. Fadal then presented proposal no. 9539 for trail repair within the greenbelts west of Tamayo Drive in the amount of \$20,817, attached as **Exhibit “I”**. Director Beaulieu pointed out that the trail entry from Marimba Trail was not marked on the exhibit to proposal no. 9539. Mr. Fadal confirmed that was an oversight and that the trail entry was within the scope of the proposal. Upon motion by Director Conklin and second by Director Green, the Board voted unanimously to approve proposal no. 9539. Mr. Fadal next presented proposal no. 9547 for fall overseeding and topdressing irrigated turf in the amount of \$18,940, attached as **Exhibit “J”**. Upon motion by Director Jones and second by Director Green, the Board voted unanimously to approve proposal no. 9547. Mr. Fadal then presented proposal no. 9557 for fall/winter color installation in the amount of \$1,113, attached as **Exhibit “K”**. Director Beaulieu asked where the flowers would be planted. Mr. Fadal stated that the flowers would be planted in three areas: (1) at the intersection of Elkhorn Trail and Tamayo Drive; (2) in Rattan Creek Park and (3) in Robinson Park. Upon motion by Director Green and second by Director Christiano, the Board voted unanimously to approve proposal no. 9557. Mr. Fadal then discussed the two leaning trees that had been removed from the flower bed in Rattan Creek Park, stating that he was looking at options for replacement plantings.

The Board next received the solid waste services report. Mr. Howard stated that the cart manufacturer would deliver the new carts to Texas Disposal Systems, Inc. later in the week. He stated that the Solid Waste & Recycling Collection & Disposal Agreement did not address residents desiring to have additional carts. Mr. Howard stated that Texas Disposal Systems, Inc. could contract directly with District residents for additional carts, if the Board was agreeable to that. The Board directed Mr. Howard to do so. Mr. Howard then discussed scheduling the initial four week leaf bag pickup time period later in the year. After discussion, Mr. Howard stated that he would tentatively plan to commence the leaf bag pickup period the last full week in November. He stated that the date could shift, depending on the timing of leaf drop, but that he needed to finalize the schedule approximately one month before commencing the leaf bag pickup period. Mr. Howard then discussed with the Board that only paper leaf bags would go into Texas Disposal System, Inc.’s diversion program, while plastic leaf bags would be disposed of with the other garbage. He then confirmed that he and Mr. Prince would attend Rattan Fest. The Board then requested, and Mr. Howard agreed, that he, Mr. Prince or another member of their team, would attend all regular Board meetings through the end of 2019 for increased communication with the Board during the solid waste provider transition.

The Board then received the pool and community center report. Mr. Marroquin reviewed his report, attached as **Exhibit “L”**. He stated that the winter season had begun at the pool. Mr. Marroquin then stated that St. Dominic Savio Catholic High School desired to renew its Lease of Pool with the District. The Board directed Mr. Marroquin to advise representatives of St. Dominic Savio Catholic High School that the District would renew the Lease of Pool, but may require an amendment to the Lease of Pool if the dates/times of usage did not track the terms of the Lease of Pool. Mr. Marroquin then discussed the recent and ongoing diving board repairs. Director Conklin then asked if the Boy Scouts that were meeting in the kitchen of the community center were using the appliances. Mr. Marroquin confirmed that the group was not using the appliances; it was just utilizing the kitchen as a meeting space.

The Board next received the general manager’s report. Mr. Hunt reviewed his report, attached as **Exhibit “M”**, with the Board. He stated that the District’s water loss was -0.82%.

Mr. Hunt then presented two write-offs for approval. Mr. Hunt then discussed the website inquiries that he had received. He next presented a proposal to install an expression swing in Rattan Creek Park at a cost of \$2,197.90, attached as **Exhibit "N"**. Director Jones then left the meeting at 8:10 p.m. Mr. Hunt then reviewed the two proposals from Beacon Construction, Inc., together attached as **Exhibit "O"**. He stated that, in light of the concerns regarding the scope of the proposal for the splash pad project shared by the Board at the September 16, 2019 work session, he would revisit the proposals with the contractor to limit the scope to identifying options for locations, sizes and cost estimates for presentation to the Board prior to design and permitting. Director Conklin agreed with Mr. Hunt's approach to the proposal. Director Beaulieu stated that she wanted to receive feedback from the District's residents between receiving the initial information and determining whether to move forward with design and permitting. Director Jones then returned at 8:18 p.m. The Board then directed Mr. Hunt and Mr. Marroquin to obtain proposals to paint the existing pump house to match the community center, since it would likely be early 2021 before the new pump house would be completed. Mr. Hunt then confirmed that the lead and copper testing had been completed. He next reviewed the third and final proposal from Hot Dog Marketing for website design, web programming and development, foundational SEO, copywriting/copyediting, project management and one year of web hosting in the amount of \$30,140, attached as **Exhibit "P"**. Mr. Hunt confirmed that the proposal was modified to clarify and confirm that the website would be compliant with applicable law. Director Conklin asked if the website would have a function that would allow the District to send out updates to interested residents when new content is added to the website. Mr. Hunt and Director Beaulieu stated that they believed the website would have that general capability, but if additional functions were needed, those could be added at a later time. Upon motion by Director Conklin and second by Director Jones, the Board voted unanimously to approve the two write-offs. Upon motion by Director Conklin and second by Director Beaulieu, the Board voted unanimously to approve the proposal for the expression swing project, as presented. Upon motion by Director Jones and second by Director Christiano, the Board voted unanimously to approve the proposal from Hot Dog Marketing, as presented.

Director Conklin then addressed Mr. Malish to provide the engineer's report. Mr. Malish reviewed his report, attached as **Exhibit "Q"**, with the Board. He and Mr. Flahive updated the Board regarding the Texas Gas Service gas main relocation project, stating that the fee had been paid, but that Texas Gas Service representatives had not yet advised as to when the project would commence. Mr. Malish then stated that he would meet with Bob Daigh, Director of Infrastructure for Williamson County, the following week to discuss the Parmer Lane bridge project and that he would also address Williamson County approval of the site plan for the Tamayo Bridge project at that meeting. He then stated that the self-storage project had been completed. Mr. Malish stated that construction of the 7-Eleven project had not yet commenced. He stated that he planned to publicly bid the water line relocation project on the NW Austin Office Partners LLC site in the near term. Mr. Malish stated that he had received positive feedback from contractors as to the viability of the preliminary Parmer Lane bridge project design, which would allow for construction of the project without impacting traffic on Parmer Lane. He then stated that he had received the report from Wastewater Transport Services for wastewater line TVing. Mr. Malish stated that the report was difficult to follow and that he would not recommend using the same contractor in the future. He then stated that he was awaiting a final invoice from Oldcastle Materials, Inc. d/b/a Wheeler for the manhole project. Mr. Malish stated that he would inspect the work. Mr. Hunt and Mr. Malish then reviewed the proposal from Austin/San Antonio Concrete Raising LLC for sidewalk repair along Dallas Drive, attached as **Exhibit "R"**. They stated that the project, if pursued, would not address all problem areas along Dallas Drive, but it would improve the usability of the sidewalks. Mr. Malish then stated that his report was incorrect with respect to the Broadstone Apartments

retainage, as the total length of the wastewater line that was TVed was 855 linear feet. He stated that the percentage and \$925 charge against the retaining were correct and that he would request Ms. Bott to refund the remaining \$1,617 to the developer of the Broadstone Apartments project. Mr. Malish then briefly summarized his findings regarding the District's outstanding water and wastewater service commitments and estimated demand for the few remaining undeveloped tracts within the District. He stated that he would provide the requested information to Director Conklin. Director Green left the meeting at 9:05 p.m. The Board then discussed the sidewalk proposal. Director Green returned at 9:09 p.m. The Board took no action on the sidewalk proposal.

There being no lobbyists' report, bond projects, City of Austin wholesale rate cases or related issues, or future annexation, limited district conversion or other City of Austin related issues to come before the Board, Director Conklin stated that the Board would next receive the attorney's report. Mr. Flahive then updated the Board on the work that he and Mr. Hunt had performed to prepare options and recommendations regarding recording/live-streaming Board meetings. Mr. Hunt then presented the seven options that he and Mr. Flahive had identified, including: (i) preparation, Board approval and posting of meeting notes summarizing all actions taken during each meeting on the District's website within 24 hours after the meeting; (ii) use of a stenographer to prepare a transcript of each meeting, which could serve as the permanent record of the meeting; (iii) audio recording each meeting, which recording could be posted on the District's website temporarily and utilized for preparation of written minutes to serve as the permanent record of the meeting; (iv) video recording of each meeting, which recording could be posted on the District's website temporarily and utilized for preparation of written minutes to serve as the permanent record of the meeting; (v) video recording of each meeting, which recording would be posted on the District's website and serve as the permanent record of the meeting; (vi) live-streaming the meeting in real time during the meeting, but not posting the video recording to the District's website, and continued use of written minutes as the permanent record of the meeting; and (vii) live-streaming the meeting in real time, posting the video recording to the District's website, and use of the video recording as the permanent record of the meeting. Mr. Hunt concluded by stating that if the Board desired to explore any of the presented options, he could assist by engaging media consultants that could advise the Board on the matter.

At 9:47 p.m., Director Conklin stated that the Board would convene in executive session pursuant to Section 551.071 of the Texas Government Code to receive legal advice from Mr. Flahive regarding recording/live-streaming Board meetings, the sidewalk repair proposal, and restrictive covenant enforcement matters. The Board reconvened in open meeting at 10:59 p.m. and Director Conklin stated that no actions were taken during executive session. He stated that the Board would return to the restrictive covenants agenda item and, upon motion by Director Conklin and second by Director Christiano, the Board voted unanimously to discontinue the restrictive covenant enforcement matter relating to the property located at 12719 Modena Trail and to direct Mr. Flahive to advise Mr. Christensen of the Board's action. After discussion, upon motion by Director Conklin and second by Director Green, the Board voted unanimously to direct Sage Management Service to continue to accept and investigate complaints and prepare and submit monthly reports to the Board, but to discontinue delivering written correspondence to District residents/landowners until directed further by the Board.

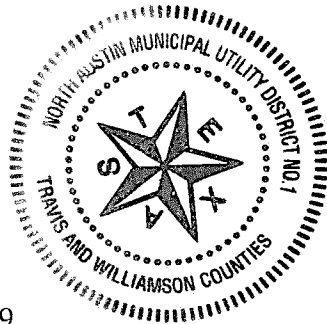
Director Conklin stated that the Board would next consider committee appointments. The Board determined that the Annexation/City of Austin Committee, the MS4 Committee and

the Solid Waste Disposal RFP Committee would be dissolved. Further, the Board removed parks from scope of the Parks & Greenbelt Committee and added parks to the scope of the Community Center Committee. Upon motion by Director Jones and second by Director Conklin, the Board voted unanimously to approve the Amended and Restated Resolution Establishing Committees and Appointing Committee Members, attached as **Exhibit "S"**, and to affirm the Board's delegation of authority to the City of Austin Rate Cases Committee to act on behalf of and bind the Board while taking part in meetings of the ad hoc committee with representatives of the other coalition members.

The Board then discussed recent complaints regarding District residents placing bulk trash items on or near the curbs in front of their homes for long periods of time prior to removal and options available to the District regarding same. The Board took no action.

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 11:47 p.m.

(SEAL)



Diana Christiano

Diana Christiano, Secretary
Board of Directors

Date: October 16, 2019