

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF  
THE RIVER PLACE MUNICIPAL UTILITY DISTRICT**

**July 28, 2015**

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The Board of Directors of the River Place Municipal Utility District of Travis County, Texas met in regular session, open to the public on July 28, 2015 at the River Place Country Club, 4207 River Place Boulevard, Austin, Texas beginning at 2:00 p.m., pursuant to notice duly given in accordance with the law.

The roll was called of the following members of the Board to wit:

James F. Casey	President
Kenneth Bartlett	Vice President
Arthur Jistel	Secretary
Pat Reilly	Treasurer
Claudia Tobias	Assistant Secretary/Treasurer

All Directors were present, thus constituting a quorum. Also present were General Manager Patricia Rybachek of Severn Trent Environmental Services ("ST"); Herb Edmonson of Gray & Associates, the District's engineer; Morgan Johnson and Suzanne McCalla of McGinnis Lochridge; and Scott Crosby, President, of the River Place Homeowners Association (the "HOA").

Upon calling the meeting to order, Director Casey recognized Mr. Crosby who addressed the Board. Mr. Crosby then updated the Board on the status of the HOA's appeal of Austin Water Utility's water and wastewater rates charged to District residents as of October 2014 when the City of Austin (the "City") took over the District's water and wastewater system. He reported that the HOA had completed and submitted its settlement proposal to the City. Mr. Crosby explained that the HOA has chosen to settle with City to avoid a long and expensive legal battle. He told the Board that the settlement included the following provisions:

1. The City agrees to refund to the individual District customers the difference between the City's rates and the earlier District rates as of October 2014.
2. The City agrees to pay the HOA \$800,000 to pay off legal fees incurred with the lawsuit and to pay down the District's outstanding debt.
3. The City agrees not to impose a special surcharge back to customers of the District to recoup the City's legal expenses.

After a question from the Board, Mr. Crosby stated that approximately \$750,000 would remain out of the \$800,000 paid to the HOA by the City for the payment of the District's debt service obligations. He added that the \$750,000 would be placed in an escrow account to be used by the District as needed to pay debt service payments and that the HOA would work with the District to ensure that the money is made available to the District. Mr. Crosby emphasized that the settlement agreement was still subject to final approval by the City Council.

Mr. Crosby further reported that Randall Wilburn, Attorney for the HOA, had reported to the HOA on the wholesale water rate case against the City brought by several utility districts. After further discussion, the Board thanked Mr. Crosby for his time, and Mr. Crosby departed the meeting.

The next item of business was approval of the monthly consent agenda containing the minutes of the June 23, 2015, regular meeting and payment of bills and expenses. Upon a motion duly made by Director Bartlett and seconded by Director Jistel, the Board voted unanimously to approve the Consent Agenda as presented.

Next, the Board discussed the improvements to the parklands within the District. Director Reilly reviewed proposed changes to the District's Parks Projects Maintenance Schedule (the "Parks Schedule"), a copy of which is attached hereto. The Board questioned the need for the Annual Bird Survey, and Ms. Morgan stated that her office would research the District's requirement to perform the survey. President Casey noted that according to a recent article in the Austin American Statesman, a petition had been filed in July seeking to remove the golden-cheeked warbler from the federal government's endangered species list. Ms. Rybachek confirmed the proposed changes to the Parks Schedule would be thoroughly discussed during the District's next management meeting. She pointed out that the District's proposed budget would be presented at the August meeting and that the final budget would need to be approved at the District's September Board of Directors meeting.

The Board next discussed the District's request that the City maintain the areas located outside of the fenced areas surrounding the City's facilities in addition to the City's maintenance of the land within the fences. Director Reilly stated that the Board should contact Don Zimmerman, City Council member for District 6, regarding setting up a meeting to discuss the issue. Ms. Rybachek reported that TexaScapes, Inc. had submitted a bid to perform the work in the event that the City does not agree to maintenance of the areas.

Ms. Johnson then updated the Board on the wholesale water rate case against the City brought by several utility districts. She explained that the Administrative Law Judge (the "ALJ") at the State Office of Administrative Hearings had determined that the City did not meet its burden of proof to show that the water and wastewater rates charged by the City were just and reasonable and that the ALJ was recommending that the Public Utility Commission (the "PUC") set the water and wastewater rates the City's charges to the petitioners at the same level in place prior to the City's first rate increase in February 2013. Ms. Johnson pointed out that the rate case was limited to the four utility districts that had filed the petition against the City but that it was likely that the City's other wholesale customers would attend the City's annual wholesale water rate meeting scheduled for August 11, 2015, to determine if they will receive the same rates.

Ms. Johnson then reported that until City personnel are able to determine that the Nature Trail is being maintained properly, the City would not agree with the District's

statement that the Nature Trail "decommissioning project" is in full compliance with all City requirements. She explained that the City requested that one last inspection of the vegetation along the Nature Trail in late August be conducted to ensure that the vegetation survives. Ms. Johnson added that, after the inspection, the statement that the Nature Trail is in full compliance with all City requirements could be included in the proposed Strategic Partnership Agreement amendment and submitted to the City for approval.

The Board then discussed the HOA Firewise Committee's proposal to remove trees along the River Place wildland-urban-interface between developed lots in the District and the adjacent undeveloped areas to reduce wildfire risks. Director Reilly stated that the Committee was postponing the proposal, and he requested that the item be removed from the agenda.

Next, the Board reviewed a proposal for services from Maxwell, Locke & Ritter, LLP ("Maxwell"), for audit services for the fiscal year ended September 30, 2015, a copy of which is included in the Board packet attached hereto. Ms. Rybachek reported that Maxwell had agreed to reduce their originally proposed amount from \$19,500 to \$15,500, a reduction of \$5,000 over last year's costs of \$20,500. The Board expressed its satisfaction with Maxwell and their performance conducting District annual audits from previous years. After a brief discussion, upon a motion duly made by Director Reilly and seconded by Director Bartlett, the Board voted unanimously to authorize Maxwell to complete the District's audit for the fiscal year ended September 30, 2015 at a total cost to the District of \$15,500.

Next, the Board received reports from District consultants. A copy of the Board Packet, including all Consultant Reports, is attached as an exhibit to these minutes.

General Manager – Ms. Rybachek presented the General Manager's report in its entirety. Ms. Rybachek reported the resident of the District that had held his Annual Crawfish Boil at the District's Pavilion had not responded to ST's letter requesting payment of amounts owed in excess of the deposit for cleanup of the event. After discussion, the Board directed Ms. Rybachek to contact the resident by phone to request that the amount be paid. Director Casey suggested that if the resident did not timely pay the past due amount, the District's Attorney should write a letter to the resident requesting payment of the total amount due, and the Board concurred.

Director Casey noted that the Contact Sheet included in the Board Packet needed to be updated to reflect current contact information for the Board and the District's Consultants. Ms. Rybachek confirmed that the Contact Sheet would be updated as requested.

Ms. Rybachek next reported that the trails in the Woodlands Park and Sun Tree Park in the District were in need of repair due to recent storms. She stated that her

office would contact TexaScapes to obtain estimates for the Board's review to repair the trails.

Engineer – Mr. Edmonson presented the engineering report in its entirety, a copy of which is contained in the Board Packet. He stated that the irrigation equipment for the Woodlands Park had been installed, including the installation of the stainless steel intake enclosure. He added that the invoice for the project would be submitted at the District's August Board of Directors meeting after the equipment has been sufficiently operated to ensure that it was functioning as expected.

Attorney – Ms. McCalla reviewed with the Board a memorandum prepared by McGinnis Lochridge summarizing the water district-related bills passed during the 84<sup>th</sup> Legislative Session. A copy of the memorandum is included in the Board Packet.

Next, Director Jistel reported to the Board on various items related to the District's parks. He noted that the River Place Municipal Utility District Erosion Project (the "Erosion Project") approved by the Board as part of Bailey Ohlson's effort to achieve a Girl Scout Gold Award, was "on hold" until Ms. Ohlson could obtain plan approval from the Girl Scouts. He added that the trails were dry at this time of year, and he pointed out that the trails were getting plenty of use by District residents.

The Board scheduled its next meeting for August 25, 2015. With no other items to come before the Board, the meeting was adjourned at 3:07 p.m.

  
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Secretary, River Place MUD  
Board of Directors



**THE RIVER PLACE MUNICIPAL UTILITY DISTRICT  
July 28, 2015 Minutes Attachments**

1. Board Packet.