

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

**JANUARY 16, 2008**

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 January 16, 2008, at the offices of Southwest Water Company, 9511 Ranch Road 620 North, 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
Chuck Simms	-	Assistant Secretary

and all of said Directors were present, except Director Collins, thus constituting a quorum. Also present at the meeting were Gary Spoons of Southwest Water Company; David Malish of Murfee Engineering Co., Inc.; Richard Fadal of TexaScapes, Inc.; Bill Burke of Clearwater Management Co.; Mike Hardison with Peña Swayze and Company; residents of the District; and Sharlene Collins of Armbrust & Brown, L.L.P.

Director McNeil convened the meeting and stated that the Board would first consider approval of various sets of minutes. Upon motion by Director Conklin and second by Director Jones, the Board unanimously approved the December 6, 2007 minutes. Upon motion by Director Conklin and second by Director Jones, the Board unanimously approved the December 17 minutes. Upon motion by Director Jones and second by Director Simms, the Board unanimously approved the December 19 minutes.

Director McNeil stated the Board would next receive citizen communications. Director Conklin introduced Boy Scouts from Troop 164. David Mack, Randy Mack, Glenn Colby and Nathan Manickavasagam introduced themselves. They each stated that they were attending the meeting to gain their merit badge for citizenship in the community service. The Board welcomed them to the meeting.

The next item to come before the Board was to consider approval of the annual audit. Mr. Hardison introduced himself and proceeded to review the audit. He stated that there were no changes from the draft that had been sent out the prior week. He stated they were able to issue an unqualified opinion. He briefly reviewed the management discussion analysis, the financial reports, the notes to the financials and the supplemental information. He stated that the fund

balances of the District remained strong. He then briefly reviewed the management letter. He stated that they had noted a significant deficiency as to the failure to properly post tax revenues. He stated that he was requesting that management provide a written response to the Board. Director Conklin requested that after the manager responds, he would like an analysis of the response from Peña Swayze and Company. Mr. Hardison stated they would do so. Director McNeil requested that there be a specific agenda item to review the response from the general manager. Ms. Collins stated she would have an item on the agenda. Mr. Hardison then briefly discussed the client representation letter which had been signed by Mr. Spoons and needed to be signed by the President of the Board. Director McNeil stated he would take a few minutes to read the representation letter prior to signing it. After further discussion, upon motion by Director Conklin and second by Director Jones, the Board unanimously approved the audit and management letter, copies of which are attached hereto as Exhibit "B".

Director Conklin stated the Board would next consider adoption of a resolution regarding the annual review of the investment policy. Ms. Collins briefly reviewed the resolution with the Board. She noted that the list of brokers had been updated. She stated they were not suggesting any changes to the policy at this time. Upon motion by Director Conklin and second by Director Jones, the Board unanimously approved the Resolution, a copy of which is attached hereto as Exhibit "C".

Director Conklin stated the Board would next receive a maintenance report from the park and landscape maintenance contractor including consideration of proposals. Mr. Fadal briefly reviewed his report, a copy of which is attached hereto as Exhibit "D". He stated that he would like an opportunity to discuss park issues at the February work session. He stated that he would like to discuss the expansion of the basic maintenance scope of services to the additional areas. Director Conklin requested that as much information as possible be submitted by Mr. Fadal to the Board a week in advance. The Board then discussed the possibility of street sweeping due to a larger than normal tree leaf growth and subsequent falling of leaves. Director Jones stated that she would like to get a cost estimate for street sweeping for the taxpayers to understand the cost of pushing the leaves into the street. Mr. Spoons stated that he would obtain one. Mr. Fadal then presented Proposal No. 6986 for work on the Rattan Creek Trail in the amount of \$3,978. After discussion, upon motion by Director McNeil and second by Director Jones, the Board unanimously approved the proposal, a copy of which is attached hereto as Exhibit "E".

The next item to come before the Board was to receive a report regarding pool operations and reconstruction. Mr. Burke briefly reviewed his report, a copy of which is attached hereto as Exhibit "F". He stated that the pool had been closed on January 8. He discussed leaks in pool lines. He stated they were continuing to investigate additional leaks. Mr. Burke reminded the Board that the heater will need to be replaced at some point before the pool opens. Mr. Burke suggested that they order it in April. The Board stated that they would prefer to store the diving board until it is time to reopen the pool. Mr. Burke stated that he would take care of that. Mr. Spoons inquired as to whether Mr. Burke had purchased any other items which would need to be on an itemized list for insurance. Mr. Burke stated there were no others. Mr. Spoons reminded the Board that they had given \$3,500 to the Hurricane Swim Team for their losses in the fire. He stated that the team has not provided receipts showing the proof of expenditures for the replacements. Director Conklin agreed to contact Kim Green regarding the lack of receipts being provided. Director McNeil noted that the funds were given to the team contingent upon

the money being expended on replacement items and the copies of receipts being given to the District by the team. The Board agreed that a summary of the contributions to the team should be put in the newsletter. Mr. Burke stated that he is getting questions as to whether the pool will be open for summer. The Board discussed the fact that the opening of the pool is uncertain at this time due to the delay in beginning construction. The Board requested that Mr. Burke contact Springwoods MUD as to the possibility of having District residents use the Springwoods pool.

The next item to come before the Board was to so receive a report from the District's general manager and consider paying bills and invoices. Mr. Spoons reported that Davey Trees had almost completed its project. He then directed the Board's attention to the bills and invoices for payment. He stated that he had three additional invoices including the City of Austin water and wastewater bill in the amount of \$248,174.62. Mr. Spoons stated that he recommended payment of the bills as amended. Upon motion by Director Conklin and second by Director Jones, the Board unanimously approved the payment of bills and invoices are recommended. Mr. Spoons noted that there were no write-offs tonight. Mr. Spoons reported to the Board that the tap fees for Camden project were being determined. He stated that the estimate was approximately \$115,000 plus about \$3,500 for additional out-of-pocket expenses of the District.

The next item to come before the Board was to consider necessary action regarding the ECO Resources merger with Southwest Water Company. Ms. Collins and Mr. Spoons discussed the assignment of the ECO Resources contract to Southwest Water. After discussion, upon motion by Director McNeil and second by Director Jones, the Board unanimously approved the assignment, a copy of which is attached hereto as Exhibit "G".

The next item to come before the Board was to receive a report from the District's engineer. Mr. Malish briefly reviewed his report, a copy of which is attached hereto as Exhibit "H". Mr. Malish reported that on January 8 Brian Gill had reviewed the booster pumps project and stated that it appeared to Mr. Gill that all controls were in place. Mr. Malish stated that he had heard that the City of Austin was ready to approve the project. Mr. Malish then briefly discussed the status of the Amber Oaks project. He stated that Camden was also ready to buy meters for their project. Mr. Malish then discussed the trail project. He stated that he had talked to Joe England, the engineer for Williamson County regarding remaining issues. Mr. Malish stated he would be putting together a set of plans to give to the County. The Board then briefly discussed work that had been done in the Southwestern Bell easement which had resulted in damage to the Robinson Park. Ms. Collins stated that she would pull the easement and review it.

The next item to come before the Board was to take any necessary action regarding the approval of a proposal for the MS4 permitting. The Board briefly discussed that the work session would take place on January 30 at 9:00 a.m. Mr. Spoons stated that there would be a number of other districts that wanted to participate as well. Director Conklin suggested that Ms. Collins also post a meeting for January 31 at 9:00 a.m. in the event the work session needs to be more than one day. Ms. Collins stated she would do so.

The next item to come before the Board was to consider acceptance of the booster pump station project. Mr. Malish requested that this be postponed until February.

The next item to come before the Board was to consider the restrictive covenants. Ms. Collins directed the Board's attention to the report in their packet. Director Jones updated the Board on the Davila mediation. Director Simms noted that there had not been a submission to the architectural control committee as had been agreed to in the mediation. Ms. Collins stated that if Mr. Davila did not take the actions that he had agreed to, the trial would proceed.

Director McNeil inquired as to whether there were any further items to come before the Board. There being none, upon motion by Director McNeil and second by Director Jones, the meeting was adjourned.

(SEAL)

  
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Jo Jones, Secretary  
Board of Directors

Date: 2.20.08