

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

FEBRUARY 18, 2009

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 February 18, 2009, 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
John Lenz	-	Assistant Secretary

and all of said Directors were present, thus constituting a quorum. Also in attendance at the meeting were Gary Spoons with Southwest Water Company; Richard Fadal with TexasScapes; Bill Burke with Clearwater Management Co.; David Malish with Murfee Engineering Co.; Mark Maxwell with MaxWebs; Chuck Simms, former Board member; Kim Green, resident; and Sharlene Collins of Armbrust & Brown, L.L.P.

Director McNeil called the meeting to order and stated that the Board would first consider approval of the January 19 work session minutes. Upon motion by Director Collins and second by Director McNeil, the Board unanimously approved the minutes as presented. Director McNeil stated the Board would next consider approval of the minutes of the January 21 regular meeting. Upon motion by Director Collins and second by Director Jones, the Board approved the minutes with Director Conklin abstaining.

Director McNeil inquired as to whether there were any citizen communications. He recognized Chuck Simms who inquired as to the status of possible annexation of the District by the City of Austin and the creation of a limited district. Director McNeil stated that the District is not on the three-year annexation list at this time. The Board briefly provided information regarding annexation issues. Mr. Simms then inquired as to a proposed trail for the The Bluffs subdivision. Director Collins stated it was his understanding that that was a proposal by Williamson County. He suggested that Mr. Simms contact Lisa Berkman's office. Mr. Simms thanked the Board for the information.

The next item to come before the Board was to receive a report from the District's landscape maintenance contractor. Mr. Fadal briefly reviewed his report, a copy of which is attached hereto as Exhibit "B". He informed the Board that the Park Committee would be meeting next week to discuss upcoming issues and projects. He then directed the Board's attention to Proposal No. 7366

in the amount of \$485 for irrigation and replacement of sod. Upon motion by Director Jones and second by Director Lenz, the Board unanimously approved the proposal, a copy of which is attached hereto as Exhibit "C". Mr. Spoons noted that as of February 20 the soccer fields would re-open. He also informed the Board that on this coming Friday, the TCEQ would be hosting a Keep Austin Beautiful clean-up project within the District's Rattan Creek Park. Mr. Fadal stated that he and Mr. Spoons would review the areas with the TCEQ representatives. Mr. Spoons stated that the District would be able to use this toward MS4 compliance. Mr. Fadal then reported that the signs that had been approved last month were being fabricated. He stated that he anticipated that they would be installed before the next meeting. Mr. Fadal stated that he had no other items.

Director McNeil stated that the Board would next receive a report regarding the pool and community building operations and related matters. Mr. Burke stated that the pool operations were going well. He provided the District a copy of his insurance policy for the Community Center contract. Mr. Burke then discussed the revisions to the pool drains that would be required to comply with the Virginia Baker Act. He directed the Board's attention to a proposal from Hines Pools in the amount of \$2,500. Mr. Burke stated that this was within the budget that had been set for these improvements. Mr. Burke stated that he recommended the Board accept item numbers 1 and 3 of the Hines proposal. Director McNeil inquired as to why he was not recommending item number 2. Mr. Burke stated that he would be handling that work himself. Upon motion by Director McNeil and second by Director Collins, the Board unanimously approved item numbers 1 and 3 on the proposal, a copy of which is attached hereto as Exhibit "D". Mr. Burke then reported that the painting at the pool complex was almost completed. He stated that all of this was being done within the budget. He informed the Board that life guard certification class would take place at Easter time. He stated that they would be hiring about 25 guards this year and they were putting out notice that applicants were needed. Mr. Burke stated that he had no other items.

The next item to come before the Board was to receive a report from the District's general manager. Mr. Spoons briefly reviewed his report with the Board. He noted that most items had been discussed at the work session on Monday. He directed the Board's attention to the write-off list. Upon motion by Director Collins and second by Director Jones, the Board unanimously approved the write-off list as recommended by Mr. Spoons.

The next item to come before the Board was to consider payment of bills and invoices. Mr. Spoons stated that there were no additional bills other than the ones that had been approved Monday night. He stated that there were no additional transfers to be approved either.

The next item to come before the Board was to consider approval of a Resolution to the TCEQ for Release of Escrowed Funds and Change of Scope of Projects. Ms. Collins stated that the \$156,534.37 remaining in escrow in the capital projects fund related to drainage fees bonded in 1999. Ms. Collins reminded the Board that those fees had been paid by the developer to the City of Austin in lieu of on-site drainage. She stated that when the bonds were approved in 1999 by the TCEQ, the TCEQ required the funds be escrowed until the District was able to provide information from the City of Austin that proved that the fees had been used by the City of Austin for drainage projects. She stated that the City of Austin had never been able to provide any information that it had used the funds for that purpose. Ms. Collins stated that she was recommending that the Board consider requesting a change of projects to the inspection of the District's sewer system and the release of those funds for that use. Upon motion by Director Conklin and second by Director Jones,

the Board unanimously adopted the Resolution and requested that Mr. Malish proceed with the filing of the application. A copy of the Resolution is attached hereto as Exhibit "E".

The next item to come before the Board was to consider approval of an Amendment to the District's rate order. Mr. Spoons directed the Board's attention to the draft in their packet. He stated that this would require a customer who is disconnected for any reason other than by request, to put up an additional \$100 deposit for each disconnection that takes place. After discussion, upon motion by Director Collins and second by Director McNeil, the Board unanimously approved the amended rate order, a copy of which is attached hereto as Exhibit "F".

Director McNeil stated the Board would next receive a report from the District's engineer. Mr. Malish briefly reviewed his report, a copy of which is attached hereto as Exhibit "G".

The next item to come before the Board was to consider approval of Pay Estimate No. 1 for the Rattan Creek Trail extension. Mr. Malish reported that the trail was finished and looks very nice. He stated that the pay estimate is in the amount of \$50,848.74. He stated that they were withholding retainage at this time. Mr. Malish stated that he recommended approval of the pay estimate. Upon motion by Director McNeil and second by Director Collins, the Board unanimously approved Pay Estimate No. 1, a copy of which is attached hereto as Exhibit "H".

Director McNeil stated the Board would return to the pool and community building report. Mr. Maxwell discussed the invoices for the security system and the cost related thereto. He stated that the confusion over the billings seemed to have been resolved and should be correct in the future.

The next item to come before the Board was to take any necessary action regarding the MS4 stormwater activity and proposals. Mr. Spoons stated that the committee would be meeting at the Community Center on Friday at 1:00 p.m. to discuss this matter.

Director McNeil stated that the next item to come before the Board was to review restrictive covenant violations. Ms. Collins directed the Board's attention to the summary in their packet. She then reviewed the status of two pending cases in litigation, and one case that appeared to have come into compliance. The Board thanked her for the update.

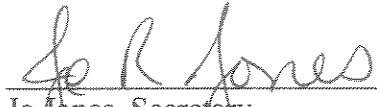
Director McNeil stated the Board would return to citizen communications. He recognized Kim Green who inquired as to whether the Hurricane Swim Team could use the existing storage unit at the Rattan Creek Park after it is no longer being used by the McNeil Swim Team. Mr. Burke stated that he did not have an objection to the Hurricanes using the storage unit and verified that it would be empty by May 1. After discussion, the Board agreed that it could be used by the Hurricane Swim Team but noted that it wanted the storage unit to be moved to another area. Mr. Burke stated that the new location would have to include some kind of concrete footing for the storage unit. Ms. Green stated that the Swim Team would contribute to the cost of pavers or other form of stabilization on which to place the storage unit. She thanked the Board for their consideration.

Director McNeil inquired as to whether there were any further items to come before the Board. He requested the Mr. Malish work with Ms. Collins to have a proposed amendment to the

rate order regarding requirements for developers to put up funds for review of construction plans and projects. Mr. Malish stated that he would do so.

There being no further items to come before the Board, upon motion by Director McNeil and second by Director Jones, the meeting was adjourned.

(SEAL)



Jo Jones, Secretary
Board of Directors

Date: March 18, 2009