

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

**APRIL 15, 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 April 15, 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 Tony Elmer and Andrew Hunt with Southwest Water Company; Autumn Phillips with Municipal Accounts and Consulting; Richard Fadal with TexasScapes; Bill Burke with Clearwater Management Co.; David Malish with Murfee Engineering Co.; residents of the District; 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 minutes of the March 16 regular meeting. Upon motion by Director McNeil and second by Director Jones, the Board approved the minutes with Director Lenz abstaining. Director McNeil stated the Board would next consider the March 18 minutes. Upon motion by Director Jones and second by Director McNeil, the Board approved the minutes with Director Collins abstaining.

Director McNeil inquired as to whether there were any citizen communications. He recognized Clare Nelson who addressed the Board. She stated that she was working on her Girl Scout silver award. She stated that she would like to locate a donation box at the Community Center for her "stockings for soldiers" project. She stated that she would also like permission to put a notice on the bulletin board about the donations and the type of requested donations. The Board agreed that the box could be placed at the Community Center with the understanding that the box needed to be emptied on a regular basis. Ms. Nelson also inquired as to whether the District would be able to make a financial donation. Director Conklin noted that financial donations were not normally made, however as the project went on they could look at contributing funds for specific items in the project. Ms. Nelson thanked the Board for their consideration.

Director McNeil next recognized Kim Green representing the Hurricane Swim Team. Ms. Green stated that the Hurricane Swim Team insurance had been received. She gave a copy to the

Board, a copy of which is attached hereto as Exhibit "B". Ms. Green stated that on behalf of the team, she would like to request lower rates for the use of the Community Center kitchen and the great room for the swim meets. She stated that they would be willing to put up the normal deposit. After discussion, the Board declined to vary from the regular in-District rates. Ms. Green thanked the Board for their consideration.

The next item to come before the Board was to receive a report from the District's general manager and consider approval of any related proposals. Mr. Hunt briefly reviewed the general manager's report. He stated that as the Board knew, Mr. Spoons was no longer with Southwest Water Company and Mr. Hunt would be taking over as the general manager on behalf of Southwest Water Company. He briefly reviewed the outstanding items. He then directed the Board's attention to the write-off list. He inquired as to whether the Board wanted to exclude the past-due amount from TXDOT. The Board stated that was correct. Upon motion by Director Conklin and second by Director Collins, the Board unanimously approved the write-off list with the exclusion of the TXDOT item. Mr. Hunt then introduced Tony Elmer, the manager of the Austin office of Southwest Water Company. Mr. Elmer stated that Southwest Water Company was committed to the District. He stated that they intend to bring their call center for Austin back to Austin in May. He stated that builder services were also being brought back from Houston to the Austin office. Mr. Elmer informed the Board that they would have an "IVR" system which would allow automated payment by customers through credit cards or checks. He stated that the 24-hour dispatch system was also being upgraded. Mr. Elmer also informed the Board that the billing supervisor in Austin is being brought back into her management job to work with the District. Mr. Elmer agreed that there were a number of personnel issues at this time. He stated that some employees have left to go to another company, including Mr. Spoons. He stated that Southwest Water Company still has over 50 employees in Austin. Mr. Elmer pledged to keep the same level of service for the District. The Board requested that Mr. Burke work with Mr. Hunt and his assistant to get Southwest Water Company's current staff up to speed on the pool and park facilities. Mr. Burke stated that he would do so. Mr. Elmer stated that he had no other items for the Board.

The next item to come before the Board was to receive a report from the District's bookkeeper and take any necessary action. Director McNeil noted that the bills had been paid and the transfers approved at the Monday night meeting. Ms. Phillips stated that they have signature cards for the manager's account. She stated that in light of the departure of Mr. Spoons and Ms. Wingrove, they would need to revise these accounts. She stated that the option would be listing Board members and the bookkeepers or perhaps the general managers. Director Collins suggested that they include a requirement that checks in the general manager's account be signed by one of the bookkeepers, being Mark Burton or Autumn Phillips, and one of the general managers, being Tony Elmer or Andrew Hunt. After discussion, upon motion by Director Collins and second by Director Jones, the Board unanimously approved the Resolution Adopting the General Manager's Account with this language added. A copy of the Resolution is attached hereto as Exhibit "C".

The next item to come before the Board was to receive a park maintenance report. Mr. Fadal briefly reviewed his report with the Board, a copy of which is attached hereto as Exhibit "D". He noted that he was satisfied with the proposed drought contingency plan. Mr. Fadal then presented Proposal No. 7379 for spring color planting. He stated that it was in the amount of \$2,167.50 and was within the District's landscape budget. Director Conklin inquired as to whether these were flowering plants likely to be eaten by the deer that had been visiting the District. Mr.

Fadal stated that he did not think so, and that there were fewer deer now. He stated that he would review the specific items before anything was planted. Upon motion by Director Conklin 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 on the pool operations. Mr. Burke briefly reviewed his report, a copy of which is attached hereto as Exhibit "F". He noted that the Virginia Baker statutory requirements regarding pool drains had been installed. Mr. Burke stated that he had done some research regarding the doggie plastic bag disposal units. After review of the equipment, the Board directed Mr. Burke just to have two garbage cans purchased and placed on the trail. The Board then discussed additional hours for the Community Center. It was noted that the cost would be \$1,400 per month increase for an additional 12-1/2 hours. A copy of the proposal is attached hereto as Exhibit "G". Director Jones and Mr. Burke discussed the need for the additional hours in order to market the use of the Community Center to the wider community. After further discussion, upon motion by Director Jones and second by Director Lenz, the Board unanimously approved the proposal. Mr. Burke then reviewed a proposal for pool registration to be handled by his company rather than Southwest Water. After discussion, the Board decided to allow Southwest Water to continue with this portion of the work.

Director McNeil stated the next item to come before the Board was to consider any proposals for the pool and Community Center complex. No items were presented.

Director McNeil stated the Board would next discuss and consider approval of an Order Establishing an Identity Theft Prevention Program. Ms. Collins briefly discussed the Federal Trade Commission requirements for entities such as the District to help consumers prevent identity theft. Ms. Collins stated that to implement the program, Southwest Water Company would need to undertake certain procedures. She stated that they also had an Amendment to the Management Services Agreement which would have Southwest Water agree to institute the program. After discussion, upon motion by Director Collins and second by Director Lenz, the Board unanimously adopted the Order Establishing the Identify Theft Program, a copy of which is attached hereto as Exhibit "H".

Director McNeil stated the Board would next need to consider approval of the Amendment to the Management Services Agreement. Upon motion by Director Collins and second by Director Lenz, the Board unanimously approved the Amendment to the Southwest Water Agreement, a copy of which is attached hereto as Exhibit "I".

Director McNeil stated the Board would next consider approval of an Order Establishing the Revised Drought Contingency Plan. Ms. Collins directed the Board's attention to the order and the draft in their packet. She reminded the Board that Mr. Fadal was satisfied with the plan at this point. Upon motion by Director Collins and second by Director Jones, the Board unanimously adopted the Order, a copy of which is attached hereto as Exhibit "J".

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 "K". Mr. Malish briefly discussed the remaining actions that had been taken on the Rattan Trail extension. He stated that the final work should be approved by the City of Austin prior to the next meeting. The Board discussed the dedication that would include Williamson County officials.

The next item to come before the Board was to take any necessary action regarding the MS4 stormwater activity and proposals. No action was needed.

Director McNeil stated the Board would next consider any necessary action regarding restrictive covenants. The Board briefly gave Ms. Collins direction on the pending Litchfield litigation. No other action was taken.

The next item to come before the Board was to consider comments to state legislators regarding Senate Bill 2144 regarding negotiated sales for District bonds. Ms. Collins briefly discussed the purpose of the bill. After discussion of the aspects of the bill and its implications, upon motion by Director Conklin and second by Director Jones, the Board unanimously authorized Director McNeil to execute a letter supporting Senate Bill 2144.

Director McNeil inquired as to whether there were any other items to come before the Board. Ms. Collins inquired as to whether the Board wanted to keep its June meeting date on the regular date. Director Conklin noted that was the first night of the CASE conference. After discussion, the Board directed Ms. Collins to schedule the work session for June 22 and the regular meeting for June 24. She stated she would do so.

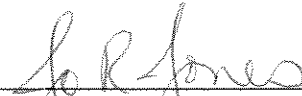
At 8:07 p.m. Director McNeil announced that the Board would convene in executive session pursuant to Section 551.071 to meet with the District's attorney regarding possible litigation and advice from the attorney. At 9:05 p.m. the Board reconvened in open session. Director McNeil noted that no action had been taken in executive session.

Director McNeil stated the Board would return to the agenda item regarding the replacement and/or repair of the defective playscapes in the Rattan Creek Park. Upon motion by Director Lenz and second by Director Collins, the Board unanimously approved filing a lawsuit against Champion Playgrounds, L.L.C. on the 31st day from the date of the demand letter if Champion Playgrounds, L.L.C. has not performed as requested.

Director McNeil inquired as to whether there were any further items to come before the Board. The Board directed Ms. Collins to request written statement of qualifications from operators/general managers who might be interested in providing services to the District. The Board also requested that Ms. Collins call Mr. Hunt regarding possible suppliers and installers of playscapes. She stated she would do so. There being no further items to come before the Board, the meeting was adjourned.

(SEAL)

Date: 05-20-09

  
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Jo Jones, Secretary  
Board of Directors