

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

AUGUST 19, 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 August 19, 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, except Directors Collins and Lenz, thus constituting a quorum. Also in attendance at the meeting were Gary Spoons with Crossroads Utility Services; Richard Fadal with TexasScapes; Bill Burke with Clearwater Management Co.; David Malish with Murfee Engineering Co.; Steve Peña and Kim Chapman with Peña Swayze and Company; Tim Kelley with Coastal Securities; and Sharlene Collins of Armbrust & Brown, L.L.P.

Director McNeil convened the meeting and stated that the Board would first consider approval of the July minutes. Director Conklin noted that he had been absent for both meetings. Director McNeil stated the minutes would be postponed until the September agenda.

The next item to come before the Board was to consider approval of an audit engagement letter with Peña Swayze and Company. Ms. Chapman reviewed the revised engagement letter with the Board. She stated that they had lowered the fees from a range of \$18,500 to \$20,000. It was noted that Municipal Accounts and Consulting would prepare the financial statements. Ms. Chapman stated that the auditors will be required to become familiar with the new general manager and their internal procedures. After discussion, upon motion by Director McNeil and second by Director Jones, the Board unanimously approved the audit engagement letter, a copy of which is attached hereto as Exhibit "B".

Director McNeil noted that there were no citizens in attendance who wished to speak.

The next item to come before the Board was to receive a report from the park maintenance contractor including related proposals. Mr. Fadal stated that the irrigation scheduled had been modified to Stage 2 water restrictions. He then reviewed Proposal No. 7531 in the amount of \$7,854 for fall overseeding. Upon motion by Director Jones and second by Director Conklin, the Board unanimously approved the proposal, a copy of which is attached hereto as Exhibit "C". It

was noted that the park committee will be responsible for the initiation of the overseeding. Mr. Fadal then presented Proposal No. 7558 in the amount of \$3,200 for rough cut mowing of the Robinson Park natural areas. 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 "D". Mr. Fadal then reviewed the optional proposals for the Robinson Park proposed improvements. After discussion, upon motion by Director Conklin and second by Director Jones, the Board unanimously approved option numbers 1 through 4, a copy of which is attached hereto as Exhibit "E". Mr. Fadal stated that that completed his items.

Director McNeil stated the Board would next receive a report from the pool and Community Center operator and consider related proposals. Mr. Burke briefly reviewed his report, a copy of which is attached hereto as Exhibit "F". He then reviewed a proposal for new timers for the lights. He stated this would be \$500. 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 "G".

Director McNeil inquired as to whether there would be any action required regarding the Community Center, pool and tennis court complex and other park proposals. There were none.

The next item to come before the Board was to receive a report from the District's general manager. Mr. Spoons stated that there had been a request for use of the tennis courts for a league. After discussion, the Board declined to allow that. Mr. Spoons informed the Board that T. F. Harper was now ready to start the ground work for the playscapes. He stated that the installation would not be completed until the first week of September. Mr. Spoons then directed the Board's attention to the write-off list. He stated that he would only be sending the ones over \$25 to collections. Upon motion by Director Conklin 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 receive a report from the District's bookkeeper and consider payment of bills and invoices. It was noted that most of the bills and invoices and transfers had been approved on Monday night. Mr. Spoons briefly reviewed an additional invoice from Tommy Patterson. The Board discussed the issues as to whether or not this amount was also owed. After discussion, the Board directed Mr. Spoons to obtain additional information prior to any authorization of payment. Mr. Spoons then reviewed the final Southwest Water bill. He stated that installation of the meters had been done prior to the transition. He also informed the Board that the remote meter reader was delivered to him but with some of the pieces missing. He stated that this was a \$5,000 item. Mr. Spoons suggested that the final invoice not be paid until the other pieces are delivered by Southwest Water. The Board agreed.

At 7:25 p.m. the Board convened in executive session pursuant to Section 551.071 of the Texas Government Code to confer with the District's attorney regarding the payment of bills and invoices. At 7:33 p.m. the Board reconvened in open session. Director McNeil stated that no action had been taken.

The next item to come before the Board was to consider revisions to the District's Resolution Regarding the General Manager's Account. Mr. Spoons reminded the Board that there had been a problem recently when Mr. Burton and Ms. Phillips had been on vacation at the same time. The Board discussed whether or not one of the bookkeeper representatives should be required to sign the manager's checks. Mr. Spoons stated that it would be much easier if two of the

Crossroads people would be required to sign checks. Mr. Spoons stated that Steve Held, Mike Morin, Mr. Spoons himself and Margret Wingrove would be the four authorized to sign general manager checks. After discussion, upon motion by Director McNeil and second by Director Jones, the Board unanimously approved the revised Resolution, a copy of which is attached hereto as Exhibit "H".

The next item to come before the Board was to consider any necessary action regarding the District's depository and lock box clearing. After discussion, upon motion by Director McNeil and second by Director Jones, the Board unanimously approved IronStone Bank as the new District depository. The Board then reviewed the lock box agreements. After discussion, the Board postponed action on this. Director McNeil stated that they would need to verify that all funds are swept into the District's depository every night without any of the funds being held back. Director McNeil also inquired as to why Crossroads was not a party to this agreement. Director McNeil also inquired as to whether there was a limitation on number of wires and/or transfers per week. The Board agreed that it would consider this at the September meeting.

The next item to come before the Board was to review the draft budget and tax rate projections. It was noted that there would be a work session in early September to consider the budget. Mr. Kelley then reviewed the taxable values from the two counties. He stated that the tax rate for debt service should be between \$0.11 and \$0.12.

The next item to come before the Board was to consider setting a public hearing regarding tax rates and authorize notice of the tax hearing. After discussion, upon motion by Director McNeil and second by Director Conklin, the Board unanimously approved setting a public hearing for September 16 at 6:00 p.m. at the Community Center to consider a maximum tax rate of \$0.3801.

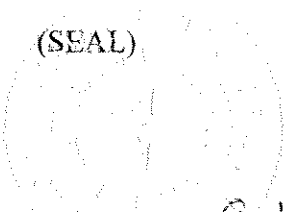
The next item to come before the Board was to receive a report from the District's engineer. Mr. Malish briefly reviewed his report, a copy of which is attached hereto as Exhibit "I". Mr. Malish stated that the pump stations did well when the electric service issues had arisen a few weeks ago.

The next item to come before the Board was to consider any necessary action regarding the stormwater pollution protection. Ms. Collins directed the Board's attention to the draft agreement in their packet. She stated that no action was requested tonight.

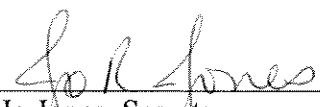
The next item to come before the Board was to consider action regarding the MS4 stormwater activity and proposals. Director McNeil stated that they had walked the stormwater areas the prior week.

The next item to come before the Board was to receive a report regarding restrictive covenant enforcement. Ms. Collins directed the Board's attention to the report in their packet. Ms. Collins inquired as to whether the Board wanted to pursue an inspection sticker violation. The Board stated that it did not. Ms. Collins then reviewed the 12602 Marimba Trail violation. The Board agreed to wait two more months.

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.



Date: 9.16.09



Jo Jones, Secretary
Board of Directors