

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

**SEPTEMBER 2, 2009**

THE STATE OF TEXAS     §  
  §  
COUNTIES OF TRAVIS     §  
    AND WILLIAMSON     §

A special meeting of the Board of Directors of North Austin Municipal Utility District No. 1, open to the public, was held on September 2, 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 Crossroads Utility Services; Autumn Phillips with Municipal Accounts and Consulting; Richard Fadal with TexasScapes; Bill Burke with Clearwater Management Co.; David Malish with Murfee Engineering Co.; Mark Maxwell with MaxWebs; Lt. Gleason with the Williamson County Sheriff's Department; and Sharlene Collins of Armbrust & Brown, L.L.P.

Director McNeil called the meeting to order and stated that the Board would consider the approval of the minutes later in the meeting after Director Lenz arrived.

Director McNeil inquired as to whether there were any items regarding the Community Center or pool. There were none.

Director McNeil stated the Board would next consider any necessary action regarding the Lock Box Clearing Account Agreement and related Collateral Security Agreement. Ms. Collins reviewed the issues relating to interest to be earned on the account, reserves which must be kept in the account, and number of times the District's funds could be wired out of that account on a regular basis. Director McNeil inquired as to whether the District would pay a penalty if a customer check bounced and there was not enough money in the account to cover the check. Ms. Phillips stated it was her understanding that they would need to keep a minimum amount of money in the District's account to avoid that problem. Director McNeil requested that Ms. Collins obtain a copy of the contract regarding the account to be opened. She stated she would do so. Ms. Collins also discussed the requirement for either a bond or insurance to cover the Compass employees and the courier service that handles District funds. Ms. Collins stated that Texas Municipal League was willing to issue insurance to cover this but it was between \$3,000 and \$3,500 per year depending on the amount of the deductible. She stated that Mr. Bartram in her office was talking with Compass

Bank representatives as to whether they could obtain a bond or insurance with the District as the insured. The Board agreed that they would consider this matter at the next meeting.

The next item to come before the Board was to discuss and take any necessary action regarding security services for the District. Director Conklin reviewed the status of discussions with Williamson County regarding this matter. He stated that the Commissioners' Court intended to make some decision at the next meeting. Lt. Gleason discussed the options as well. The Board requested that Ms. Collins add this to the next agenda as well. No action was taken.

Director McNeil stated the Board would next discuss and consider engaging Peña Swayze and Company to review permitted uses for capital project funds balances. Ms. Phillips briefly reviewed the analysis that had been done by her firm. The Board also reviewed the memorandum from Ms. Collins regarding the uses of the funds, a copy of which is attached hereto as Exhibit "B". After discussion, the Board agreed that it was comfortable that all of the funds had been released from escrow for permitted uses or had been approved for the booster pump station projects. It was noted that the remaining money was from the Rattan Creek lift station lawsuit. The Board directed Ms. Phillips to transfer to the operating fund. The Board declined to have an additional audit done.

The next item to come before the Board was to consider approval of drilling test water well for irrigation. Directors Collins and McNeil discussed possible wells in both the Rattan and Robinson Parks. They discussed the cost savings that should be realized from not having to buy potable water from the City of Austin for irrigation at the parks. Director Collins stated that Mr. Fadal had informed him that the District's landscaping was in danger of dying and having to be replaced if watering is curtailed as required by the City of Austin. The Board directed Ms. Collins to have an item on the next agenda to declare an emergency regarding the well projects.

Director McNeil stated the Board would now go back to consideration of the minutes of the previous meetings. Upon motion by Director Collins and second by Director Jones, the Board approved the July 13 minutes with Directors Lenz and Conklin abstaining. Upon motion by Director Collins and second by Director Jones, the Board unanimously approved the July 15 meeting minutes with Directors McNeil and Conklin abstaining.

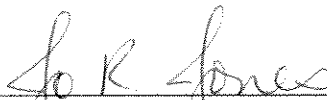
After a short break, the Board conducted a budget work session. No final action was taken.

Director McNeil inquired as to whether there were any further items to come before the Board. There being none, the meeting was adjourned.

(SEAL)

Date: \_\_\_\_\_

9.16.09

  
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Jo Jones, Secretary  
Board of Directors