

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

**JANUARY 20, 2010**

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 20, 2010, 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 Director Conklin, 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.; residents of the District; and Sharlene Collins of Armbrust & Brown, L.L.P.

Director McNeil convened the meeting at 6:05 p.m. and announced that the Board would go into executive session to discuss litigation regarding the playscape. At 6:22 p.m. the Board reconvened in open session. Director McNeil announced that no final action had been taken in executive session.

The next item to come before the Board was to consider approval of the minutes of the December 10 and December 14 meetings. Upon motion by Director Collins and second by Director Jones, the Board approved the December 10 minutes with Director Lenz abstaining. Upon motion by Director Jones and second by Director McNeil, the Board approved the December 14 minutes with Director Lenz abstaining.

Director McNeil stated that the Board would next receive citizen communications. He recognized Michelle Wong who stated that she was a resident of the District who had been keeping chickens in her backyard. She requested a variance from the Board to allow her to keep two chickens on her property. Director McNeil stated that the District did not have the ability to grant exceptions or variances to the restrictive covenants. Ms. Collins noted that complaints had been received regarding the animals being maintained on her property. Director McNeil then recognized Eric Clay with USTA Texas who proposed having the District allow the use of tennis courts for team use. He stated that the teams consisted of children ten years and younger. Mr. Clay stated that they would request a two hour block of time on Sunday afternoons. The Board told Mr. Clay that they would review the materials that he had distributed and contact him. Next, Director Jones

introduced Renee Mullins, a new resident of the District who was attending the Board meeting to observe. Ms. Mullins noted how much she enjoyed the neighborhood.

Director McNeil stated that the Board would next receive a maintenance report from the park and maintenance contractor, including the approval of landscaping proposals. Mr. Fadal briefly reviewed his report with the Board. He directed the Board's attention to Proposal No. 7624 in the amount of \$8,080 for winter greenbelt and park channel inlet silt clean-out. Upon motion by Director Collins and second by Director Jones, the Board unanimously approved the proposal, a copy of which is attached hereto as Exhibit "B". Mr. Fadal then reviewed Proposal No. 7516 in the amount of \$39,000 regarding landscape and irrigation improvements to Robinson Park. Mr. Fadal reviewed a proposal for construction of a pavilion in Robinson Park. The Board requested additional information which Mr. Fadal stated he would try to obtain from the internet.

Director McNeil stated that the Board would go on to the next agenda item while Mr. Fadal attempted to get the information. He recognized Mr. Burke who presented the pool and Community Center report. Mr. Burke briefly discussed the status of activities. He then presented a proposal for the pool ID system. A copy of the proposal is attached hereto as Exhibit "C". Mr. Burke stated that the total cost of \$10,675 was below the amount that had been budgeted in September. Upon motion by Director Jones and second by Director McNeil, the Board unanimously approved the proposal. The Board requested that Mr. Burke discuss with Round Rock ISD about increasing the school's share of the gas costs for heating the swimming pool. Mr. Burke stated that he would do so.

Director McNeil stated that the Board would return to the landscaping proposal items. Mr. Fadal distributed information regarding the specification options for the pavilion. After further discussion, upon motion by Director McNeil and second by Director Jones, the Board unanimously approved Proposal 7516, a copy of which is attached hereto as Exhibit "D". The Board then continued discussion regarding the pavilion for Robinson Park. Director Collins inquired as to the amount that had been budgeted in September for the project. Mr. Spoonts stated that it was \$45,000. After further discussion, upon motion by Director McNeil and second by Director Jones, the Board unanimously approved going forward with the pavilion in an amount not to exceed \$40,000. They directed the general manager work with the vendor and Mr. Fadal on the specifications.

Director McNeil stated that the Board would next receive a report from the District's general manager. Mr. Spoonts stated that most of his items had been discussed at the Monday work session. He directed the Board's attention to the write-off list. He noted that the customer's deposit had apparently been returned several years before. Upon motion by Director Collins and second by Director Jones, the Board unanimously approved the write-off list.

Director McNeil noted that the payment of bills and invoices and transfers between accounts had been approved at the Monday meeting.

The next item to come before the Board was to consider approval of the audit and management report for the year. It was noted that Ms. Chapman had attended the Monday night work session and had presented the audit and management report at that time. Director McNeil inquired as to whether there were any other questions regarding the audit. Upon motion by Director Collins and second by Director Jones, the Board unanimously approved the annual audit and management report, copies of which are attached hereto as Exhibit "E".

The next item to come before the Board was to consider approval of a Resolution Confirming the Annual Review of the District's Investment Policy. Ms. Collins directed the Board's attention to the draft resolution in their packet. She reminded the Board that they are required annually to review the investment policy. She stated that the investment policy was in compliance with state law. She stated they were not recommending any changes. Upon motion by Director McNeil and second by Director Lenz, the Board unanimously adopted the Resolution, a copy of which is attached hereto as Exhibit "F".

The next item to come before the Board was to consider approval of an Order Adopting Policies for Stormwater Protection. Ms. Collins directed the Board's attention to the draft in their packet. Ms. Collins stated that she had reviewed the draft that was being proposed and had some concerns regarding the language as to the District's ability to enter onto private property to make inspections. Ms. Collins requested the Board postpone action on this item so the language could be rewritten slightly. No action was taken.

The next item to come before the Board was to consider amendments to the District's rate order. Ms. Collins stated that new federal law regarding consumer protection was going into effect in March. She stated that the new law would prohibit due dates from falling on weekends or holidays. She stated that the amendment to the rate order would make it clear that in the event a due date fell on a weekend or holiday, it would be extended until the next business day. Upon motion by Director McNeil and second by Director Jones, the Board unanimously adopted the amendment to the rate order, a copy of which is attached hereto as Exhibit "G".

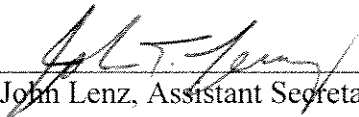
Director McNeil noted that the County's revisions to the security services contract had not yet been received and no action would be taken.

Director McNeil stated the Board would next receive a report from the District's engineer. Mr. Malish stated that most of his items had been covered Monday night. He briefly discussed the rainwater harvesting proposal. No action was taken. A copy of his report is attached hereto as Exhibit "H".

The next item to come before the Board was to consider any necessary action regarding restrictive covenants. Ms. Collins directed the Board's attention to the report in their packet. Ms. Collins stated that no action was required by the Board tonight. The Board inquired as to whether Mark Chutich was served with a copy of the judgment in his case. Ms. Collins stated that she did not know but would check and get back to the Board members.

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

(SEAL)

  
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John Lenz, Assistant Secretary  
Board of Directors

Date: 2-17-10