

**MINUTES OF MEETING OF
THE BOARD OF DIRECTORS OF
VISTA OAKS MUNICIPAL UTILITY DISTRICT**

January 9, 2017

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on January 9, 2017, at the offices of Gray Engineering, Inc., 8834 N. Capital of Texas Highway, Suite 140, Austin, Texas. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the notice is attached as **Exhibit “A”**.

The roll was called of the members of the Board:

Mike Asbury	-	President
Robert Wells	-	Vice President
Leslie Alger	-	Secretary
Heath Reed-Green	-	Assistant Secretary
Carl R. Black	-	Assistant Secretary

and all of the Directors were present, thus constituting a quorum. Also present at times during the meeting were Andrew Hunt of Crossroads Utility Services LLC, the District’s general manager and utility operator; Herb Edmonson of Gray Engineering, Inc., the District’s engineer; Keli Kirkley of Municipal Accounts & Consulting, L.P., the District’s bookkeeper; and John Bartram of Armbrust & Brown, PLLC, the District’s general counsel.

Director Asbury called the meeting to order at 12:10 p.m. and stated that the Board would first receive citizens’ communications and Board member announcements. There being none, Director Asbury then stated that the Board would consider the minutes of the December 12, 2016 Board meeting. Upon motion by Director Wells and second by Director Reed-Green, the Board voted unanimously to approve the minutes, as presented.

Director Asbury then stated that the Board would consider the annual review items on the agenda. Mr. Bartram first stated that it was time for the Board to conduct its annual review of the District’s code of ethics and financial management policies. He explained that during the past year, Jenn Scholl in his office had overhauled the form code of ethics and financial management policies that was used by most of his firm’s other district clients. He stated that the District’s current code of ethics and financial management policies dated back to the District’s prior legal counsel and that, although certain updates had been made over the years, the District had not converted to Armbrust & Brown’s standard form. Mr. Bartram stated that he had prepared and amended and restated version of the District’s code of ethics and financial management policies based on his firm’s updated form, a draft of which is attached as **Exhibit “B”**, and he asked whether the Board desired to consider converting to a different form at this time or to continue with the District’s historic form. Mr. Bartram summarized the pros and cons of converting and not converting and stated that, if the Board desired to convert to the new form, then it might be a good idea to defer formal action for a month in order to give all of the Board members and the bookkeeper ample time to review the new structure. The Board generally agreed to convert to the new form but to defer action for a month so that everyone could review and get comfortable with the changes. Mr. Bartram stated that he would bring this

item back on the February agenda.

Mr. Bartram next stated that it was time for the Board to conduct its annual review of the District's water conservation and drought contingency plan. He reviewed the District's current plan with the Board and recommended that the District's utility system profile be updated. After discussion, upon motion by Director Alger and second by Director Wells, the Board voted unanimously to approve the Resolution Confirming Annual Review of Water Conservation and Drought Contingency Plan and Updating Water and Wastewater Utility System Profile attached as **Exhibit "C"**.

Mr. Bartram next stated that it was also time for the Board to conduct an annual review of the District's written procedures for post bond issuance federal tax compliance. He reviewed the District's current procedures and highlighted the arbitrage, private use, and records retention requirements. He stated that these procedures would likely evolve over time to keep up with underlying regulatory changes but that no changes were proposed at this time. After discussion, upon motion by Director Alger and second by Director Wells, the Board voted unanimously to approve the Resolution Confirming Annual Review of Written Procedures for Post Bond Issuance Federal Tax Compliance attached as **Exhibit "D"**.

Mr. Bartram then stated that it was also time to conduct an annual review of the District's identity theft prevention program under the federal government's "red flag rules" and directed the Board's attention to the memorandum and Resolution Confirming Annual Review of Identity Theft Prevention Program attached collectively as **Exhibit "E"**. Mr. Hunt reported that the plan had proved effective and that he had no recommended updates to the program at this time. He then summarized some issues that his company had experienced in other districts. Upon motion by Director Wells and second by Director Black, the Board voted unanimously to approve the Resolution Confirming Annual Review of Identity Theft Prevention Program, as presented.

Director Asbury then stated that the Board would consider the District's fence enhancement projects, and recognized Mr. Edmonson. Mr. Edmonson first reported on the status of Phase 4. He stated that about 25% of the project was left. He noted that there had been some delays over the holidays but that the project should be complete by the end of January and on the agenda for acceptance in February. He stated that contractor had submitted another pay request but that it had not been submitted in time for today's meeting and would be presented for approval next month. Mr. Hunt stated that he would coordinate with the contractor and Mr. Edmonson upon completion in order to determine the final cost of the project so that a request could be submitted to Williamson County for reimbursement in accordance with the cost-sharing agreement. Director Wells stated that he had heard a lot of positive feedback from the residents; but he noted that there was still a lot of construction debris along Sam Bass Road. Mr. Edmonson stated that he would have the contractor get that cleaned up that week. Discussion of the status of re-vegetation and construction of Arterial H ensued. Mr. Edmonson stated that, as far as he knew, construction of Arterial H was still held up due to permitting issues at TCEQ. He added that he would verify the condition of the Arterial H erosion controls the next time he was on site. Mr. Hunt then concluded the fence report by confirming that the repairs to the Phase 1 wall approved at the December meeting had been completed and that payment for that work was included in the bookkeeping report for today's meeting.

Director Asbury then stated that the Board would receive an update on the RM 1431 roadway widening project, the Texas Department of Transportation ("**TXDOT**") noise attenuation study, and related matters. Mr. Hunt stated that he had not received any updates from TXDOT or the City of Cedar Park.

Director Asbury then stated that the Board would receive an update on the Round Rock-Leander 138-kV transmission line. Mr. Hunt referred the Board to the last several pages of his operations report, which he indicated summarized the location and cost of the proposed routes for the transmission line. Mr. Hunt highlighted the routes that directly affected the District and neighboring areas and stated that the project continued to move forward through the Public Utility Commission process.

Director Asbury then stated that the Board would receive the security report and consider taking related action. Mr. Hunt directed the Board's attention to the security report attached as **Exhibit "F"** and stated that, other than an increase in package and mail theft, a murder-suicide that was in the news over the holidays, and an incident in which kids had accidentally shot a car window with a BB gun, he was not aware of any significant issues.

Director Asbury then stated that the Board would receive a report from the District's engineer and recognized Mr. Edmonson. Mr. Edmonson presented his report attached as **Exhibit "G"**. He reminded the Board that the five-year regulatory wastewater collection system televising and cleaning project had been postponed until after the holidays because the original bid was too high. He stated that, now that the holidays were over, he planned to pick that project back up. Mr. Edmonson summarized the public bidding requirements. He stated that he would check with a couple of local contractors on current pricing to determine if proposals could be solicited or if advertisement was required, and he recommended that the Board authorize him to proceed to solicit proposals or advertise, as appropriate. After discussion, upon motion by Director Wells and second by Director Black, the Board voted unanimously to authorize Mr. Edmonson to solicit proposals or advertise the project, as applicable, after confirming current pricing.

Director Asbury then stated that the Board would receive a report from the District's bookkeeper and recognized Ms. Kirkley. Ms. Kirkley presented the bookkeeper's report attached as **Exhibit "H"** and reviewed the bills and invoices and account activity for the District's operating, manager's, and lock box accounts; the account balances; the pledged securities reports; the budget comparison; the debt service payment schedule; the balance sheet; the tax collection report; the recycling rebate report; and the monthly transfers. She recommended approval of the bills and invoices as well as the following additional checks: check no. 10863 in the amount of \$350 for CASE membership renewal; check no. 10864 in the amount of \$2,198 for Municipal Accounts & Consulting's monthly bookkeeping fee; and check no. 10865 in the amount of \$100 for the annual TCEQ storm water permit fee. After discussion, upon motion by Director Alger and second by Director Reed-Green, the Board voted unanimously to approve the bills, invoices, and transfers as presented. Mr. Bartram noted that the agenda included an item for renewal options for the tax assessor-collector bond. Ms. Kirkley confirmed that this had been addressed at the December meeting and that the bond had been renewed based on the discounted three-year option.

Director Asbury then stated that the Board would receive a report from the District's general manager and utility operator. Mr. Hunt first presented the operations report attached as **Exhibit "I"**. He reported that there had been a slight water gain, that water quality was satisfactory, that the billing report was healthy with no write-offs, and that there had been a couple of solid waste/recycling collection complaints. Director Black stated that trash collection had been late or the next day a few times recently. Mr. Hunt suspected that this may have been due to the holidays; but he stated that, if it continued, he would follow up with the contractor. Mr. Hunt also reported that Round Rock Refuse, now known as Central Texas Refuse, had submitted its annual CPI adjustment calculation, which amounted to a 1.5% increase in the monthly rate from \$17.50 to \$17.76. He confirmed that he had checked the math and that the increase was in compliance with the contract. He further stated that he would review the

District's rate order to determine if any adjustment to retail rates were necessary to cover the increase in costs. Director Asbury asked if there were any other trash collection options, and Mr. Hunt confirmed that there were several other contractors. He stated that Central Texas Refuse had recently undergone both upper and lower level management changes, and he feared that the company was trying to do more with less. Director Asbury stated that it was definitely nice to have a contractor that picked up pretty much everything; but he stated that it was good to know that there were alternatives if service suffered. Mr. Hunt next reported on utility operations, noting that the flow meter at the lift station had been repaired and that water meter replacements were on going. He then concluded by reporting that he had received no updates regarding the County's road re-surfacing project. Director Black stated that there had been a lot of gravel left on the roadways following the recent leveling work and that several residents were upset. Discussion ensued, and Mr. Hunt stated that he would follow up with the County.

Director Asbury then recognized Mr. Bartram for purposes of receiving a report from the District's attorney. Mr. Bartram stated that there were no directives outstanding.

Director Asbury next announced that the Board would consider its future meeting schedule and agenda items. Mr. Bartram reminded everyone that the Board would need to meet in February to review and consider approval of the audit for the 2016 fiscal year, and he asked the Directors to calendar the meeting for quorum purposes.

There being no further business to come before the Board, the meeting was adjourned at 1:13 p.m.





Leslie Alger, Secretary
Board of Directors

Date: February 13, 2017