

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

January 12, 2015

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on January 12, 2015, 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:

Douglas Mink	-	President
Leslie Alger	-	Vice President
Mike Asbury	-	Secretary
Keith E. Young	-	Assistant Secretary
Robert Wells	-	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; Don Bayes and Herb Edmonson of Gray Engineering, Inc., the District's engineer; Michael Luft of Municipal Accounts & Consulting, L.P., the District's bookkeeper; and John Bartram of Armbrust & Brown, PLLC, the District's general counsel.

Director Mink called the meeting to order at 12:06 p.m. and stated that the Board would first receive citizens' communications and Board member announcements. Mr. Hunt reported that the HOA had requested certain timing adjustments to the trail lights near the amenity center, which he was in the process of evaluating. The Board generally agreed that any changes should also be coordinated with the Sheriff's Department coordinator for the District.

There being no further citizens' communications or Board member announcements, Director Mink stated that the Board would next consider approving the minutes of the December 8, 2014 Board meeting. Upon motion by Director Young and second by Director Wells, the Board voted unanimously to approve the minutes.

Director Mink then stated that the Board would consider the audit of the District's financial statements for the fiscal year ended September 30, 2014. Mr. Bartram directed the Board's attention to the updated audit report attached as **Exhibit "B"**. He stated that the District's auditor had made a few minor updates based on input from Mr. Hunt and himself but that, otherwise, the report had not changed from the draft reviewed by Mr. Toldan at the Board's December meeting. Mr. Bartram also directed the Board's attention to the Board representation letter attached as **Exhibit "C"**, noting that there were no changes from the version reviewed by Mr. Toldan in December. Director Alger confirmed that the Audit Subcommittee had reviewed and approved the audit report. She then moved that the Board approve the audit report, the Board representation letter, and the filing of the audit report with the Texas Commission on Environmental Quality. Upon second by Director Wells, the Board voted unanimously to do so.

Director Mink then stated that the Board would consider taking action regarding pass-through utility service to the Palmer tract. Mr. Bartram reported that drafts of the agreements discussed at the latest meeting with City of Round Rock staff were in process and that he and Mr. Hunt were firming up certain details. Mr. Hunt indicated that the PUD zoning for the proposed project had apparently been approved by the City's planning and zoning commission, and he stated that the Board should consider whether the permitted uses were acceptable. He further confirmed that the developer had been invoiced for an additional escrow deposit but that the funds had not yet been received. Mr. Luft stated that he had not checked the mail that day and that the funds may have been received. Director Mink stated that he was hearing concerns from residents about fencing along Arterial H, noting that the zoning materials he had received purported to show a wall in certain areas but not others. Mr. Hunt stated that he would review the construction plans for Arterial H and request clarification from Rhett Dawson on the details of the wall depicted in the zoning materials.

Director Mink then stated that the Board would receive the security report and consider taking related action. Mr. Hunt stated that he had not yet received the security report for the last month but that he was not aware of any issues. He indicated that the District was still in the process of getting the deputies set up for direct deposit for bi-weekly compensation. Mr. Bartram then explained that Williamson County had recently determined that the new agreements approved by the District and the Sheriff's Department back in October needed to be approved by the Commissioner's Court and that the County was apparently insisting that all districts approve the same form of agreements notwithstanding the fact that the County attorney's office had approved certain revisions requested by the District months ago. He stated that the County had advised that any changes to the form documents would need to be summarized and justified to the Commissioners Court. Mr. Bartram stated that the current plan was to request that the Commissioners Court approve the documents previously negotiated and approved by the County attorney's office with the addition of a signature page for the County Judge and that, if the Commissioners Court refused to do so, the Board could evaluate the District's options. The Board generally concurred with this approach.

Director Mink stated that the Board would next receive a report from the District's engineer and recognized Mr. Bayes, who directed the Board's attention to the engineering report attached as **Exhibit "D"**. At Mr. Bayes' request, Mr. Edmonson then updated the Board with respect to Phase 2 of the wall project. Mr. Edmonson reported that the final all bills paid affidavit had been received and that the project was now complete. Mr. Edmonson next reported on Phase 3 of the wall project. He stated that he had received from AT&T earlier that morning a response on the District's proposed Encroachment Agreement, which would need to be reviewed by Mr. Bartram. Mr. Hunt stated that approximately 97% of the easements for Phase 3 had been completed and that there were only three outstanding. He stated that one of these was from a new resident who was in favor of the project and that he just needed to coordinate a time to get the easement executed. He stated that another outstanding easement was from a resident who was in the process of selling his house. Mr. Hunt explained that this resident had requested certain revisions to the easement documentation that were not appropriate, and he suggested that he revisit this easement once the project was underway. He stated that the third outstanding easement was from a resident who he had not been able to get in touch with. He stated that he had no contact information for this resident and it would likely come down to catching the resident at home. He suggested that the Board proceed with bidding Phase 3 and that he would continue to pursue the outstanding easements, noting that they would likely fall in to place once construction was underway. Mr. Bayes asked if the AT&T encroachment needed to be resolved before bidding. Mr. Bartram stated that he had not had an opportunity to review the latest response from AT&T but, at a quick glance, it appeared that document submitted by AT&T covered an encroachment into an AT&T easement instead of an AT&T encroachment into areas in which AT&T had no easement, which was his understanding

of the current situation. Mr. Bartram stated he would review the document submitted by AT&T in more detail and circle back with Mr. Bayes. Mr. Bayes stated that he did not feel that this should hold up the bidding and indicated that the Board could be in a position to consider the award of contract by its March meeting if not the February meeting. After discussion, upon motion by Director Asbury and second by Director Wells, the Board voted unanimously to proceed with bidding Phase 3 of the wall/fence project.

Director Mink then stated that the Board would receive a report from the District's bookkeeper. Mr. Luft first introduced himself. He stated that Keli Kirkley was attending a company function and had been unable to attend today's meeting. He then presented the bookkeeper's report attached as **Exhibit "E"** 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. He indicated that the District was currently running approximately \$56,000 ahead of plan year-to-date. Director Alger asked why there were no security patrol charges this month. Mr. Hunt stated that it was his recollection that the County had submitted two invoices the previous month. Mr. Luft stated that he would ask Ms. Kirkley to confirm and follow-up with Director Alger via email after the meeting. After further discussion, upon motion by Director Alger and second by Director Asbury, the Board voted unanimously to approve the bills, invoices, and transfers as presented.

Director Mink next recognized Mr. Hunt for purposes of receiving a report from the District's general manager and utility operator. Mr. Hunt reviewed the operator's report attached as **Exhibit "F"**. He first addressed water accountability, noting that water loss was 3% for the month and averaging $\pm 1.3\%$ for the year. He confirmed that all test results were satisfactory. He then reviewed the billing and delinquent accounts reports and recommended the approval of two write-offs, which, upon motion by Director Asbury and second by Director Young, were unanimously approved by the Board. Mr. Hunt next reported on solid waste / recycling services, noting that there had been no complaints and that the District was averaging \$1 per ton in recycling rebates. He then reported on the District's website and indicated that the new interactive map for reporting street light issues was still in process. He next reported on maintenance and repair projects, noting that the lift station paving project was in the process of being completed. Mr. Hunt then concluded by reviewing the CPI adjustment calculation to his company's compensation. He stated that the adjustment had been implemented prematurely the previous month and should have been submitted to the Board first. Mr. Luft asked that Mr. Hunt send the CPI adjustment calculations to his firm in the future so that they could be tracked and confirmed under the contract. Mr. Hunt stated that he would do so. Director Alger stated that she appreciated Mr. Hunt bringing the premature implementation to the Board's attention and moved that, subject to Mr. Hunt's agreement to submit future CPI calculations to the Board and the District's bookkeeper in advance, the Board waive that requirement for this year. Upon second by Director Young, Director Alger's motion was approved unanimously.

Director Mink then stated that the Board would receive a report from the Community Projects Subcommittee on long range planning for capital improvement projects. Mr. Hunt stated that he had met with the committee to discuss future phases of the fence/wall project and directed the Board's attention to the fund balance analysis attached as **Exhibit "G"**. He indicated that the District could complete Phase 3 along Royal Vista Boulevard and Phase 4 proposed along FM 1431 but that, at the current tax rate, there would be insufficient funds for additional phases, such as fencing along Arterial H. Director Asbury asked if that factored in any funding from outside sources. Mr. Hunt stated that it did not and acknowledged that funds from pass-through arrangements, such as the Palmer tract, could provide funds for fencing in additional areas. Mr. Hunt recommended that the Board begin looking preliminarily at Phase 4

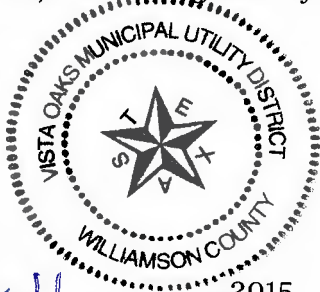
of the wall/fence project this year with a plan to complete the work next year. The Board then discussed the areas of the District that would benefit from upgraded fencing and generally agreed that the priorities were FM 1431, Sam Bass Road, and Arterial H in that order.

Director Mink next announced that the Board would consider taking action regarding wholesale water and wastewater service. Mr. Hunt reminded the Board that the City of Round Rock had updated its cost of service study and that rate increases would be implemented later in the year. He recommended that the District participate in a joint review of the City's proposed new rates by Jay Joyce of Expergy, noting that the District's share of that review would be \$3,000. Director Young supported the joint review, noting that those efforts had been beneficial in connection with the City's prior cost of service study. The Board generally agreed. After discussion, upon motion by Director Young and second by Director Asbury, the Board voted unanimously to participate in a joint review of the City's proposed wholesale water and wastewater rate increases and to approve the engagement letter with Jay Joyce of Expergy attached as **Exhibit "H"**, with the District's share not to exceed \$3,000.

Director Mink then recognized Mr. Bartram for purposes of receiving a report from the District's attorney. Mr. Bartram reviewed the directives from the previous Board meeting, which he stated were either complete or in process.

Director Mink then asked if there was any further business to come before the Board. There being none, the meeting was adjourned at 1:15 p.m.

(SEAL)



Mike Asbury, Secretary
Board of Directors

Date: May 11, 2015