

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

February 12, 2018

THE STATE OF TEXAS           §  
  §  
COUNTY OF WILLIAMSON       §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on February 12, 2018, 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, except for Director Leslie Alger, 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; Alexia Kolmodin of Municipal Accounts & Consulting, L.P., the District's bookkeeper; and Jenn Scholl of Armbrust & Brown, PLLC, the District's general counsel.

Director Asbury called the meeting to order at 12:14 p.m. and stated that the Board would first receive citizens' communications and Board member announcements. Director Black stated that there had been some recent posts on the Next Door social network for Vista Oaks containing questions about the District's rates, and he asked if one of the Directors should respond. Mr. Hunt recommended that one of the Directors create a post on the social network directing anyone with District-related questions to contact him, as the District's general manager. Mr. Hunt then reported that seven of the acrylic acorn bulbs near the pool would need to be replaced, noting that the lights were likely broken by children throwing rocks. He stated that it would cost about \$300 per bulb to complete the repairs. Mr. Hunt then mentioned that the bases were starting to rust and recommended that the District investigate the possibility of replacing the lights with other non-glass alternatives. After discussion, the Board agreed that it would be a good idea for Mr. Hunt to investigate alternative styles of lights.

Director Asbury next stated that the Board would consider the minutes of the January 8, 2018 Board meeting. Upon motion by Director Wells and second by Director Reed-Green, the Board voted unanimously to approve the minutes.

Director Asbury stated that the Board would consider the annual review items on the agenda. Mr. Hunt 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 Black and second by Director Reed-Green, 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 “B”**. Mr. Hunt noted that the District would need to conduct an audit of water consumption for the last five years in order to compare it against the District’s goals for 2020.

Ms. Scholl next stated that it was time for the Board to conduct its annual review of the District’s Code of Ethics and Financial Investment, Travel and Professional Services Policy; Investment Strategies; Investment Officers; and Qualified Brokers and recommended a few updates, which she characterized as administrative “housekeeping” based on legislation passed during the 2017 session. After discussion, upon motion by Director Wells and second by Director Black, the Board voted unanimously to approve the Resolution Confirming Annual Review of Certain Financial Management Policies and Adopting Amended Code of Ethics and Financial Investment, Travel and Professional Services Policy; Adopting Amended Investment Strategies; Designating Investment Officers; and Adopting List of Qualified Brokers attached as **Exhibit “C”**.

Director Asbury then stated that the Board would receive an update on the Arterial H Phase 1 road construction. Mr. Hunt reported that the project was under construction and should be completed soon.

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 the only thing he had to report was that he had been notified that TXDOT had entered into a contract to construct the sound wall.

Director Asbury then stated that the Board would receive an update on the Round Rock-Leander 138-kV transmission line. Mr. Hunt stated that he was working on scheduling the corrosivity tests to find a baseline sample for the master meter against which any effects on the District’s water supply could be measured and he stated that he should have the results within the next week.

Director Asbury then stated that the Board would consider taking action regarding wholesale water and wastewater service, including the City’s wholesale rate increases. Mr. Hunt reported that Ms. Littlefield and Mr. Bartram had forwarded the rate analyst’s summary of the flaws in the rate structure to Steve Sheets, the City Attorney, and advised him that it was likely that the districts would file a rate challenge unless an agreement to modify the rates was reached. He stated that he had not heard if there had been any response from Mr. Sheets. He then presented the engagement letter with Gilbert Wilburn, PLLC attached as **Exhibit “D”** and recommended approval. He stated that the District had engaged Mr. Wilburn previously in order to prepare a filing during the last rate increase. After discussion, upon motion by Director Wells and second by Director Reed-Green, the Board voted unanimously to approve the engagement letter, contingent upon approval by the other four participating districts and with the District’s share of costs not to exceed an equal split between all five participating districts.

Director Asbury stated that the Board would receive the security report and consider taking related action. Mr. Hunt stated that he had not received this month’s security report, but that he was not aware of any major 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 “E”**. Mr. Edmonson stated that he did not have any updates. Mr. Hunt stated that the District’s engineer had previously prepared the bid package for the existing lights and that he

would coordinate with the engineer as necessary to investigate new light alternatives. Mr. Hunt then stated that he had discovered that the lights were installed on property owned by the Vista Oaks Homeowner's Association (the "HOA") and were not within an easement in favor of the District. He stated that, upon annexation, if the lights were not within an easement in favor of the District, they would become property of the HOA, while lights that were within an easement in favor of the District would become property of the City upon annexation. Director Reed-Green asked if it was possible to investigate placing the lights within a blanket easement in favor of the District. Mr. Hunt responded that he would look into the possibility of creating easements for the property that the lights were located in.

Director Asbury then stated that the Board would receive a report from the District's bookkeeper and recognized Ms. Kolmodin. Ms. Kolmodin presented the bookkeeper's report attached as Exhibit "F" 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; the monthly transfers; and the latest quarterly investment report. She noted that the per diem for Director Alger would need to be voided due to her absence. She then recommended approval of the bills and invoices and the transfers. After discussion, upon motion by Director Wells and second by Director Black, the Board voted unanimously to approve the bills, invoices, and transfers, as presented, with the void noted. Mr. Hunt added that he would be working with Ms. Kolmodin to identify the District's excess funds so that the excess funds could be incorporated into the budget for future years.

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 "G" and reviewed his directives from the prior Board meeting. He reported that water loss was at  $\pm 0.11\%$  for the year and  $\pm 3.21\%$  for the month of January. He reported that there were no issues with water quality and the utility system was generally operating well. He reported that the District was under voluntary watering restrictions, there were no issues with the website, there had been no serious solid waste/recycling collection issues, and the monthly recycling rebate was \$23.47. He added that the billing report was healthy and that he did not have any write-offs to present this month. Director Asbury noted that the trash contractor had missed one pick-up. Mr. Hunt then reported that Williamson County had completed the sweeping program, the parking knuckles and cul-de-sacs would be completed later this spring, and the website would be updated to reflect this new information.

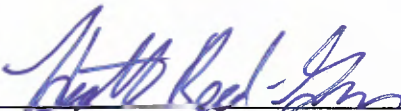
Director Asbury then recognized Ms. Scholl for purposes of receiving a report from the District's attorney. Ms. Scholl reviewed the directives from the previous Board meeting, which she stated were either complete or in process. She then directed the Board's attention to the Disclosure Statement from SAMCO Capital Markets, Inc., the District's financial advisor, regarding MSRB Rule G-42 attached as Exhibit "H", which she stated was a required disclosure from the District's financial advisor regarding requirements of municipal advisors under applicable securities laws.

Director Asbury next announced that the Board would consider its future meeting schedule and agenda items. After discussion, the Board agreed to move their regularly scheduled March meeting to Monday, March 19, 2018, due to the spring break holiday.

There being no further business to come before the Board, the meeting was adjourned at 12:58 p.m.

(SEAL)



  
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Heath Reed-Green, Assistant Secretary  
Board of Directors

Date: March 19, 2018