

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

February 13, 2017

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on February 13, 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; Nancy Olson of McCall Gibson Swedlund Barfoot PLLC, the District's auditor; and John Bartram of Armbrust & Brown, PLLC, the District's general counsel.

Director Asbury called the meeting to order at 12:07 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 January 9, 2017 Board meeting. Upon motion by Director Reed-Green and second by Director Black, the Board voted unanimously to approve the minutes, as presented.

Director Asbury then stated that the Board would receive a report from the District's auditor in connection with the audit of the District's financial statements for the fiscal year ended September 30, 2016. Ms. Olson presented the Audit Report, attached as **Exhibit "B"**, including a summary of (i) the independent auditor's report, which she explained contained a "clean", or what was now referred to as an "unmodified", opinion; (ii) the Management's Discussion and Analysis, which she explained was a summary of District operations in accordance with applicable governmental accounting standards; (iii) the basic financial statements and the notes thereto; (iv) the required supplementary information; and (v) the Texas supplementary information. She reviewed the balance sheet and income statement and focused the Board's attention on the notes addressing long-term debt and deposits and investments. Ms. Olson then reviewed the Board representation letter attached as **Exhibit "C"**, noting that similar letters would also be signed by the District's bookkeeper and operator. Mr. Bartram pointed out that the Board representation letter incorporated certain "knowledge" and "reliance" qualifiers that took into account the fact that the Board was relying on the advice of the District's bookkeeper and operator in making the representations set forth in the letter. After discussion, upon motion by Director Alger and second by Director Wells, the Board voted

unanimously to approve the Board representation letter and the Audit Report and to authorize filing of the District's audit with the Texas Commission on Environmental Quality (the "TCEQ") and the Texas Comptroller.

Director Asbury then stated that the Board would consider the annual review item on the agenda. Mr. Bartram reminded the Board that, at the January meeting, he had suggested that the Board consider amending and restating the District's code of ethics and financial management policies to convert to Armbrust & Brown's standard form and that the Board had deferred action for a month so that the Board members and bookkeeper had time to review the new structure. Mr. Bartram stated that, in order to facilitate that review, Jenn Scholl in his office had prepared a memorandum highlighting the differences between the existing form and the proposed new form, a copy of which is attached as **Exhibit "D"**. A general discussion of the scope of the policies and the differences between the two forms ensued, after which Director Black moved that the Board convert to the new form and approve the Resolution Confirming Annual Review of Certain Financial Management Policies and Adopting Amended and Restated Code of Ethics and Financial Investment, Travel and Professional Services Policy; Investment Strategies; Investment Officers, and List of Qualified Brokers attached as **Exhibit "E"**. Upon second by Director Reed-Green, the motion carried unanimously.

Director Asbury then stated that the Board would consider the District's fence enhancement projects, and recognized Mr. Edmonson. Mr. Edmonson first presented and recommended approval of the following pay estimates for Phase 4, copies of which are attached collectively as **Exhibit "F"**: pay estimate no. 3 in the amount of \$48,303.33 and pay estimate no. 4 in the amount of \$14,768.99. Mr. Edmonson stated that these pay estimates together covered work through January and represented approximately 90% to 95% completion. He stated that all work should be wrapped up within the next few weeks and that he should be in a position to recommend acceptance of the project for operation and maintenance at the March Board meeting. 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 Reed-Green suggested that the District give the residents a deadline to submit any complaints about the construction. Mr. Hunt concurred that this might not be a bad idea. Mr. Edmonson recommended against it, noting that his firm checked the contractor's work for compliance with the plans and specifications, which was not something that the residents were really qualified to weigh in on. However, he assured the Board that, if resident concerns were received, they would be investigated and addressed on an ad hoc basis. After further discussion, upon motion by Director Wells and second by Director Alger, the Board voted unanimously to approve pay estimate nos. 3 and 4 for the Phase 4 wall project. Mr. Edmonson then concluded by noting that, as far as he knew, construction of Arterial H was still held up due to permitting issues at TCEQ.

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 directed the Board's attention to the email from David Jones of RPS Klotz Associates attached as **Exhibit "G"**. He stated that RPS Klotz Associates was an engineering consultant on the sound wall project that had indicated a possible opportunity to work with the District or the HOA to construct the sound wall where the existing red brick wall is currently located. Mr. Hunt stated that TXDOT typically did not construct improvements outside of the right-of-way but that, if the appropriate easements were obtained and if the District or the HOA agreed to maintain the wall, TXDOT might consider it. He stated that the HOA had recently undergone a management and board of directors transition, so he recommended that the District participate in these discussions in order to ensure that the opportunity was not missed. The board concurred.

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 had no updates at this time.

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 "H"** and stated that 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 "I"**. He reported that his firm had sent out five requests for proposals for the five-year regulatory wastewater collection system televising and cleaning project and that he should have a recommendation regarding award of contract at the Board's March meeting. Mr. Edmonson stated that the current timing of the project was better than it had been over the holidays, and he anticipated that he would receive responses to all five requests for proposals. He indicated that the work would probably be scheduled in the April-to-May timeframe.

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 "J"** 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 and the transfers and stated that she would probably recommend that the District purchase a few CDs at next month's meeting in order to invest the tax collections that had been received. After discussion, upon motion by Director Alger and second by Director Wells, the Board voted unanimously to approve the bills, invoices, and transfers as presented.

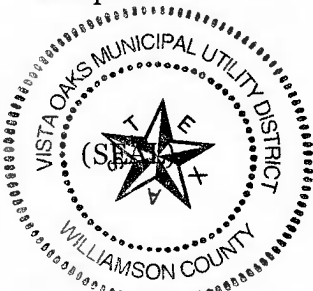
Director Asbury then stated that the Board would receive a report from the District's general manager and utility operator. Mr. Hunt first presented the operations report attached as **Exhibit "K"**. He reported that water loss was "fantastic" at less than 1% for the year. He reported that the utility system was generally operating well and that the annual inspection of the lift station pumps had been completed. He stated that nothing of concern was identified but that a couple of gaskets had been replaced. Mr. Hunt next reported that his crews had completed a survey of the trail lights and made a list of the bulbs that were dim or burned out so that they could be replaced. He added that he was still waiting on delivery of one replacement acorn lens. He next reported that the billing report was healthy with no write-offs, that there had been no solid waste/recycling collection complaints, and that the latest monthly recycling rebate was \$29. Mr. Hunt then addressed his outstanding directives. He stated that the County's road and bridge department was scheduled to be in the District later in the week to sweep up the excess gravel. Directors Wells and Black indicated that County crews had been in the District recently tarring and sealing cracks. Mr. Hunt stated that the roadway resurfacing project was tentatively scheduled for July, after a series of public hearings. Director Black asked if the County planned to address the low areas in the roads. Mr. Hunt stated that the project manager had indicated that the County would consider it. Mr. Hunt then concluded by reporting that he had reviewed the District's rate order after the recent increase in solid waste and recycling collection charges and had concluded that no adjustment was necessary at this time. However, he advised the Board that rates probably would need to be adjusted in October in connection with the City of Round Rock's annual wholesale rate increase.

Director Asbury then recognized Mr. Bartram for purposes of receiving a report from the District's attorney. Mr. Bartram reviewed the consultant directives report and noted that all prior directives were either complete or in process. He then reported that the District's original

MS4 consultant, Carroll & Blackman, Inc., had been acquired by LJA Engineering, Inc. in 2016 and that he had prepared an assignment document to reflect that change as well as to update LJA's hourly rate schedule and the budget for permit year four. After discussion, upon motion by Director Wells and second by Director Black, the Board voted unanimously to approve the Assignment and Amendment of Agreement for Engineering and Scientific Consulting Services with LJA Engineering, Inc. attached as **Exhibit "L"**.

Director Asbury next announced that the Board would consider its future meeting schedule and agenda items. Mr. Bartram noted that the March meeting might conflict with Spring Break and asked if the Board desired to reschedule that meeting. After discussion, the Board generally agreed that the March meeting would be rescheduled to Monday, March 6th.

There being no further business to come before the Board, the meeting was adjourned at 1:01 p.m.



A handwritten signature in black ink, appearing to read "Carl R. Black".

Carl R. Black, Assistant Secretary
Board of Directors

Date: March 6, 2017