

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

March 9, 2015

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on March 9, 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 except Directors Alger and Wells, who arrived later, 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 of Gray Engineering, Inc., the District’s engineer; Keli Kirkley of Municipal Accounts & Consulting, L.P., the District’s bookkeeper; Rhett Dawson and Nathan Neese of RMD Holdings, LP; and John Bartram of Armbrust & Brown, PLLC, the District’s general counsel.

Director Mink called the meeting to order at 12:02 p.m. and stated that the Board would first receive citizens’ communications and Board member announcements. Mr. Hunt stated that he had received inquiries from residents asking for updates on Arterial H fencing. He stated that this issue could be discussed later during the meeting under the applicable agenda item.

There being no further citizens’ communications or Board member announcements, Director Mink stated that the Board would next consider approving the minutes of the February 9, 2015 Board meeting. Upon motion by Director Asbury and second by Director Young, the Board voted unanimously to approve the minutes.

Director Mink next announced that the Board would consider revised account resolutions. Mr. Bartram recommended updates to the operating and bookkeeper’s account resolutions to facilitate the payment of security patrol deputies. Ms. Kirkley supported the revisions. After discussion, upon motion by Director Young and second by Director Mink, the Board voted unanimously to approve (i) the revised Secretary’s Certificate and Resolutions Regarding Bookkeeper’s Account attached as **Exhibit “B”**; and (ii) the revised Secretary’s Certificate and Resolutions Regarding Operating Account attached as **Exhibit “C”**.

Director Mink then stated that the Board would consider taking action regarding pass-through utility service to the Palmer tract. Mr. Hunt asked if there was any update from the developer. Mr. Neese stated that his side had reviewed and responded to the various agreements with the City of Round Rock, Williamson County, and the District and that they

were waiting for approval or another round of comments. Mr. Hunt asked if a decision had been made on which manhole would be used to connect sewer service to the Palmer tract. Mr. Neese confirmed that they had selected a manhole and that he had sent a graphic depiction to Mr. Hunt the previous week. Mr. Hunt asked if an exhibit depicting the segment of wastewater line to be transferred to the City could also be provided. Mr. Neese stated that he could probably get something together by the end of the week. Mr. Bartram asked that copies of these graphics be sent to him as well. He stated that he had reviewed the changes to the draft pass-through agreement for the Palmer tract and that, although he would likely have some comments, he had not seen anything that was a non-starter. He stated that his biggest concern at this point was having a holistic understanding of all of the various City and County agreements and pieces of the puzzle. Mr. Dawson stated that his impression was that Charlie Crossfield, the County's and City's attorney, had seen the latest comments to the Palmer tract pass-through agreement and was ok with that draft. Mr. Hunt stated that he had emailed County Commissioner Valerie Covey and Charlie Crossfield last week for an update but had not received any response. At this time, Directors Alger and Wells arrived at the meeting. Mr. Bartram then stated that probably the biggest business issue that the Board needed to consider was the timing of the payment of the capacity charge. He explained that the District's original draft had required a lump sum, up-front payment for all 155 LUEs of capacity, but that the developer had revised that to a pay-per-connection basis, which he and Mr. Hunt knew from prior experience could be an administrative hassle. Director Wells suggested that a quarterly payment scenario could possibly ease the administrative burden. Mr. Bartram suggested that a deadline for payment could also be incorporated. Mr. Dawson stated that he would be ok with a pay-per-connection or quarterly payment scenario but that he would like to avoid any up-front payment obligations. He added that a five-year payment deadline would also be acceptable. He then asked if the Board was ready to take action today. Mr. Bartram reiterated that he would like to have a full understanding of the City and County aspects of this matter before he would be comfortable recommending that the Board take any action. He further stated that the subcommittee still needed to review and provide feedback on the developer's latest turn of the Palmer tract pass-through agreement. After discussion, the subcommittee agreed to meet at 3:00 p.m. on Thursday, March 12th, to review and develop a response to the developer's last draft. Mr. Dawson then asked if there were any other open items at this time. Mr. Bartram asked about the status of the developer escrow. Mr. Dawson stated that he had not been notified that any additional funds were required. Mr. Hunt stated that he would investigate the status of the escrow deposit. Messrs. Dawson and Neese then thanked the Board for its time and left the meeting.

Director Mink next announced that the Board would consider taking action regarding wholesale water and wastewater service, including the City's proposed rate increases. Mr. Hunt reported that he did not have any new information on this matter at this time but that he expected to have an update at the Board's April meeting.

Director Mink then stated that the Board would consider taking action regarding capital improvement projects and recognized Mr. Bayes for a report on Phase 3 of the wall project. Mr. Bayes stated that he was not able to get the project bid in time to have a final bid tabulation by today's meeting. He stated that two contractors had picked up the bid materials, that a pre-bid conference was scheduled for the next day, that bids would be opened the following week, and that he would present the bid tabulation at the Board's next meeting. Mr. Hunt confirmed that 100% of the easements for Phase 3 had been obtained. Director Mink asked Mr. Bayes for his opinion on the timing of payment of the capacity charge for pass-through service to the Palmer tract. Mr. Bayes stated that the developer's desire to avoid paying for capacity up front was expected. He indicated that capacity was a valuable asset and that the Board should be aware of the issues associated with committing capacity without getting paid. Mr. Hunt then stated that he would address proposed Phase 4 of the wall project and prioritizing future fencing projects

together. He stated that the County was apparently still open to a cost-sharing arrangement for fencing along Arterial H and that he was trying to get in touch with Commissioner Covey to explore the details. Given this cost-sharing opportunity, Mr. Hunt suggested that it might be prudent to reprioritize and do the fence along Sam Bass Road and Arterial H before the fencing along FM 1431. Director Young stated that, if the County was willing to offer cost-participation for Arterial H fencing, the District should “strike while the iron is hot” and jump on it. Mr. Hunt stated that the HOA had advised him that it did not have any funds to contribute. Director Mink stated that it was his understanding that the HOA did in fact have some money and that he was not opposed to pushing back and asking the HOA to shoulder some of the financial responsibility for these community improvements. Director Asbury stated that from the residents’ perspective, the priorities might differ depending on where one lived in the District, but he suggested that HOA funds could help the District complete both the Sam Bass/Arterial H and FM 1431 fencing projects sooner rather than later. Director Alger concurred, noting that the HOA should really help with the FM 1431 fencing. Mr. Hunt stated that he would re-engage Commissioner Covey on the County’s commitment for cost-participation for Arterial H fencing.

Director Mink 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 included in his operations report. Director Wells reported that a Sheriff’s Department deputy had visited him the previous night to alert him to the fact that his garage door was open. Director Wells stated that the garage door had definitely been closed and that someone must have opened it and then been scared off by the security patrols. He stated that nothing was missing and that he was very appreciative for the extra security patrols provided by the District and comforted that the deputies were doing their job.

Director Mink stated that the Board would next receive a report from the District’s engineer and recognized Mr. Bayes. Mr. Bayes reported that he had not been able to locate any information on sound attenuation from the Texas A&M Transportation Institute but that he had been able to find some resources through the Texas Department of Transportation (“TXDOT”). He stated that there were a lot of variables involved and that the costs were about three times more than what the District had spent on its Phase 1 CMU wall. Discussion ensued. Director Mink asked if anyone knew anything about TXDOT’s plans to extend FM 1431 to Interstate Highway 35. Messrs. Hunt and Bayes stated that they did not. Director Mink stated that it was his understanding that, when FM 1431 was extended to I-35, TXDOT would be obligated to install sound attenuation along FM 1431. The Board generally agreed that this may be an additional reason to prioritize fencing along Sam Bass Road and Arterial H first.

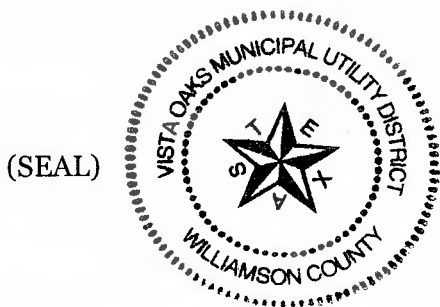
Director Mink then stated that the Board would receive a report from the District’s bookkeeper. Ms. Kirkley first presented the bookkeeper’s report attached as **Exhibit “D”** and reviewed the bills and invoices and account activity for the District’s operating, manager’s, and lock box accounts; the 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 transfers included a wire reversing to the District’s Compass Bank lock box account a ±\$85,000 customer payment made in error that had bounced after the weekly lockbox sweep. She also noted that she had not had time to prepare an investment recommendation to ladder out tax collections into investment CDs but that she would work something up and send that to Director Alger for approval later that afternoon. She then concluded by noting that approximately 92.98% of the District’s 2014 tax levy had been collected. After discussion, upon motion by Director Asbury and second by Director Young, 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 attached as **Exhibit "E"**. Mr. Hunt first addressed water accountability, noting that water loss had jumped to 3.9% for the month but was still averaging $\pm 1.8\%$ for the year. He stated that a couple of leaks had been discovered and repaired, which most likely accounted for the spike in the monthly numbers. He confirmed that all test results were satisfactory. He then reviewed the solid waste, billing, and delinquent accounts reports. He stated that there were no write-offs to consider this month and that the monthly recycle rebate was \$20. He next reported on maintenance and repair projects, noting that his crews had made some repairs to the block heater on the lift station generator, but that, otherwise, no major issues had been encountered. Mr. Hunt then concluded by reporting that an AT&T subcontractor had damaged a District 1" air release valve during boring activities. He stated that his crews were able to repair the damage easily and that all costs would be billed to the subcontractor. He added that the subcontractor had also damaged the HOA's irrigation system.

Director Mink then recognized Mr. Bartram for purposes of receiving a report from the District's attorney. Mr. Bartram first announced the dates for the 2015 Summer Capital Area Suburban Exchange ("CASE") Conference. He also directed the Board's attention to the annual membership renewal application attached as **Exhibit "F"**, which he stated had been included at the request of CASE's executive director. Ms. Kirkley stated that she had not received an invoice yet but that she would plan on including the membership renewal dues in next month's bills and invoices. Mr. Bartram then concluded by reviewing the directives from the previous Board meeting, which he stated were either complete or in process.

Director Mink then stated that the Board would consider its future meeting schedule and agenda items. Director Alger stated that her schedule had become extremely busy after going back to work. She suggested that Director Wells take her spot on the wall/fence subcommittee. Director Wells stated that he would be happy to do so. Director Alger then asked if former Director Allen Douthitt, who was still on the audit/invoice review subcommittee, was reviewing the bills and invoices. Ms. Kirkley stated that she had not received any communications from Mr. Douthitt on bills and invoices. Director Alger suggested that a current Board member take Mr. Douthitt's spot on the committee. Director Mink volunteered. Mr. Bartram stated that he would include an item on the April agenda to update the subcommittee assignments.

Director Mink then asked if there was any further business to come before the Board. There being none, the meeting was adjourned at 1:10 p.m.





Mike Asbury, Secretary
Board of Directors

Date: April 13, 2015