

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

April 13, 2015

THE STATE OF TEXAS           §  
  §  
COUNTY OF WILLIAMSON       §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on April 13, 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 Director Wells, 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; Keli Kirkley of Municipal Accounts & Consulting, L.P., the District's bookkeeper; 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 12:15 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 expressing concerns about the widening of FM 1431 and asking what the District was going to do to help. He stated that he would address this issue in more detail under the future fencing 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 March 9, 2015 Board meeting. Director Alger asked a clarification question regarding subcommittee assignments, and the Board generally agreed that the draft minutes were accurate. Upon motion by Director Young and second by Director Alger, the Board voted unanimously to approve the minutes.

Director Mink next announced that the Board would consider revising subcommittee assignments. Mr. Bartram reminded the Directors that, at the last meeting, the Board had generally agreed that Director Wells would replace Director Alger on the wall/fence subcommittee, that Director Mink would replace former Director Allen Douthitt on the audit/invoice review subcommittee, and that an appropriate item would be included on the April agenda to update the subcommittee assignments. Upon motion by Director Asbury and second by Director Mink, the Board voted unanimously to approve the revised subcommittee assignments reflected on **Exhibit "B"**. Director Young requested that his email address on the subcommittee assignment form be updated. Mr. Bartram noted the correction.

Director Mink then stated that the Board would consider taking action regarding pass-through utility service to the Palmer tract and the Williamson County Regional Park. Mr. Bartram presented updated drafts of the revised water and wastewater pass-through agreement with Williamson County for the regional park and the wastewater pass-through agreement for the Palmer tract, which he stated had been redlined against the initial drafts sent to the County and the Palmer tract developer. Copies of the redlined agreements are attached collectively as **Exhibit "C"**. Mr. Bartram stated that there were still a few details to be sorted out in each agreement but that he would be comfortable if the Board wanted to conditionally approve the latest drafts subject to resolution of the outstanding issues and to authorize the subcommittee to negotiate and execute the agreements. He stated that, although Mr. Hunt and he felt that the agreements were close to being finalized, several terms had evolved and that he wanted to be sure that the Board had an ample opportunity to provide input and ask questions. He suggested that a short executive session for legal advice for this purpose might, therefore, be prudent. Director Asbury asked how Arterial H fencing had been addressed in the latest drafts. Mr. Bartram stated that the Palmer tract agreement included a provision that required the owner of the adjacent commercial parcel to obtain the District's approval of perimeter fencing prior to construction in order to ensure consistency. He further stated that the County park pass-through agreement now included a cost-sharing provision for the remaining portion of the Arterial H fencing. Director Mink asked how payment of the capacity charge allocable to the Palmer tract was now structured. Mr. Bartram explained that one-half of the capacity charge was required to be paid at the time that the Palmer tract was annexed and related PUD zoning was approved and that the remaining one-half would need to be paid by the earlier of site plan application or three years. Director Mink then asked what the District's remedies were in the event of the developer's default. Mr. Bartram stated that the District could terminate the agreement and thereafter pursue all other remedies. Director Mink questioned whether terminating the agreement after there were customers was realistic, and he asked Mr. Bartram to take another look at the remedies provision. After further discussion, Director Young moved that the Board (i) conditionally approve the latest drafts of the County park and Palmer tract pass-through agreements subject to resolution of all outstanding issues; and (ii) authorize the Services Subcommittee to negotiate and execute the agreements when finalized. Upon second by Director Asbury, the motion passed unanimously. Mr. Neese thanked the Board and then left the meeting. Director Mink asked if development of the Palmer tract was expected to coincide with construction of Arterial H. Messrs. Bartram, Hunt, and Bayes all indicated that they were not aware of those details.

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 representatives of the group of affected districts had met with the rate analyst, and he recommended that the Board receive legal advice regarding the details learned at that meeting in executive session at the end of the Board meeting. The Board concurred.

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 reported that bids for Phase 3 had been received on March 17<sup>th</sup>. He reviewed the letter and bid tabulation attached as **Exhibit "D"**, noting that two bids had been received and that Fazzone Construction was the low bidder with a base bid amount of \$236,192.25. He confirmed that he had reviewed the bids, and he recommended award of contract to the low bidder. Mr. Bayes noted that an alternate for additional drain blocks, as necessary, had been included as well as an alternate for resodding disturbed areas. Director Asbury noted that there was a significant difference in the pricing of the resodding alternate item between the bidders. He suggested that the Board solicit separate proposals for resodding after completion of the work. The Board agreed. Director Mink asked if the scope of the work included fencing around the AT&T substation on Vista Hills Boulevard, and Mr. Bayes confirmed that it did; but he reminded

the Board that AT&T would not allow the access drive to be gated. After discussion, upon motion by Director Asbury and second by Director Alger, the Board voted unanimously to approve the award of contract for the Phase 3 wall/fence project to Fazzone Construction as the low bidder with the additional drain block alternate but without the resodding alternate. Director Mink asked when the project would start. Mr. Bayes explained that he would submit the contract documents to the contractor the following day and that the contractor would have ten days to execute the contract and obtain its bonds. After that, Mr. Bayes stated that it was just a matter of scheduling. Mr. Edmonson then left the meeting.

Mr. Hunt then addressed future wall/fence project phasing and directed the Board's attention to the draft Phase 4 Fencing Plan memorandum attached as **Exhibit "E"**, which contemplated Fence-crete style fencing along Sam Bass Road and Arterial H. He stated that provisions regarding sharing the cost of the Arterial H fence with Williamson County had been included in the revised pass-through agreement for the County's regional park. Mr. Hunt stated that, after factoring in the cost-sharing funds from the County, this proposed phase was anticipated to cost a little over \$200,000. Mr. Hunt then addressed the widening of FM 1431 and related fencing issues. He stated that a resident had volunteered to coordinate a meeting with the City of Cedar Park and the Texas Department of Transportation ("TXDOT") regarding noise abatement and landscaping for the portion of the project adjacent to the District. Mr. Hunt stated that he would attend the meeting on behalf of the District and noted that there may be cost-sharing opportunities for a fence along FM 1431 too. Director Mink stated that it was his understanding that, if TXDOT widened a highway, TXDOT was obligated to install a sound barrier wall adjacent to existing residential development. Mr. Bartram stated that he would research the legal requirements.

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 attached as **Exhibit "F"**. He noted that Sgt. Breeder had included information on soliciting, which was hard to regulate. Director Asbury stated that he thought soliciting was prohibited under the restrictive covenants.

Director Mink stated that the Board would next receive a report from the District's engineer and recognized Mr. Bayes. Mr. Bayes reviewed his report, attached as **Exhibit "G"**, and stated that he had nothing further to report at this time.

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 "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 but noted that the check for Director Wells' fee of office would need to be voided due to his absence. She pointed out the bills and invoices included renewal of the District's CASE membership. Director Alger asked when the Directors were supposed to register for the Summer CASE conference. Ms. Kirkley stated that she would circulate the registration information and suggested that the Board members who were attending the conference go ahead and register. Ms. Kirkley next pointed out that funds in the District's operating and debt service accounts had been laddered out into CDs as previously discussed. She next reported that approximately 97.28% of the District's 2014 tax levy had been collected. Ms. Kirkley next addressed the status of the Palmer tract escrow, noting that she had invoiced RMD Holdings, Ltd. for an additional \$2,500 the previous week. Director Asbury questioned whether the per diems earned by the subcommittee members working on the Palmer tract pass-through project should be billed against the escrow. After a brief discussion, the Board generally agreed that

they should. Ms. Kirkley then concluded by announcing the details of her firm's annual client appreciation event. After discussion, upon motion by Director Young and second by Director Mink, 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 directed the Board's attention to the operations report attached as **Exhibit "I"**. He first addressed water accountability, noting that there had been a gain of 0.32% for the month and that water loss was averaging  $\pm 1.56\%$  for the year. He confirmed that all test results were satisfactory. He then reviewed the solid waste, billing, and delinquent accounts reports. He stated that the winter-averaging calculations for the District's customers had been completed, and he recommended approval of three write-offs. Upon motion by Director Asbury and second by Director Alger, the Board voted unanimously to approve the write-offs. Mr. Hunt next reported that collections on delinquent accounts referred to the collections agency were averaging 36%. He stated that this was a very good return, noting that he was used to a return on collections in the 10% to 15% range. Mr. Hunt next reported that there had been no complaints regarding solid waste collections and that the monthly recycling rebate was \$14. Director Mink asked when Round Rock Refuse had most recently audited recycling participation in the District. Mr. Hunt stated that he would have to check. Director Mink asked Mr. Hunt to do so and, if it had been more than a year, to ask Round Rock Refuse to sample participation again. Mr. Hunt next reported that the website streetlight mapping tool had been completed and was being used by patrol deputies to report streetlight outages. He next reported on maintenance and repair projects, noting that there had been a fuse problem on the lift station generator. He stated that his crews were preparing for the District's annual valve, hydrant, and manhole survey, which was usually completed in April or May of each year. He indicated that he would have the crews check the condition of the transmission line manholes to determine if any needed to be spray-lined, particularly before initiation of pass-through wastewater service from the Palmer tract. Mr. Hunt then concluded that no action was necessary regarding the water conservation plan annual report agenda item at this time.

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

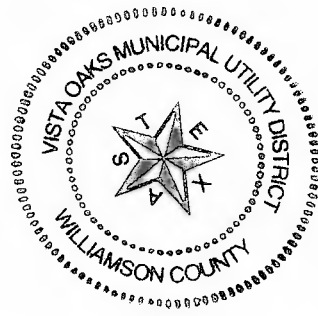
Director Mink then stated that the Board would consider its future meeting schedule and agenda items. The Board agreed that the May meeting would be held as scheduled on the 11<sup>th</sup>.

At 1:21 p.m., Director Mink announced that the Board would convene in executive session in order to receive legal advice regarding pass-through service to the Williamson County Regional Park and the Palmer tract and the City of Round Rock's proposed wholesale water and wastewater rate increases, as permitted by Section 551.071 of the Texas Government Code. The Board reconvened in open session at 1:28 p.m., and Director Mink confirmed that no action was taken in executive session.

Director Mink then asked if there was any further business to come before the Board. There being none, the meeting was adjourned at 1:29 p.m.

*(Signature page follows.)*

(SEAL)



A handwritten signature in black ink, appearing to read "Mike Asbury", is written above a horizontal line.

Mike Asbury, Secretary  
Board of Directors

Date: May 11, 2015