

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

April 14, 2014

THE STATE OF TEXAS §
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COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on April 14, 2014, 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
Allen Douthitt	-	Vice President
Mike Asbury	-	Secretary
Leslie Alger	-	Assistant Secretary/Treasurer
Keith E. Young	-	Assistant Secretary

and all of the Directors were present except Director Alger, thus constituting a quorum. Also present at the meeting were Andrew Hunt of Crossroads Utility Services LLC, the District's general manager and utility operator; John Hines of Gray Engineering, Inc., the District's engineer; Holly Gonzalez 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 12:07 p.m. and stated that the Board would first receive the security report. Mr. Hunt directed the Board's attention to the security report included in his operations report and noted that there was nothing specific to call out. He stated that he would request Sgt. Breder to attend Board meetings on a quarterly basis. Mr. Hunt next reviewed the email and related attachment, copies of which are attached as Exhibit "B", regarding Williamson County's proposed increase in security patrol costs. He stated that, under the proposed new policy, patrol costs were increasing by 50%, which would translate into a ±\$20,000 cost increase for the District at the current number of patrol hours. He added that patrol costs were also expected to increase annually and as patrol officers' salaries increased with promotions. Mr. Hunt stated that the municipal utility districts that contract with the County for security patrols were surprised by this change and were upset that the County had not provided any advance notice. He stated that, following those concerns, representatives of the County, including the Sheriff and Commissioners Birkman and Covey, had met with municipal utility district representatives the prior week to discuss the changes in more detail. Mr. Hunt explained that the County was not covering its own costs at the current

rates and that the proposed increase was designed make up the shortfall, as illustrated by the billing scenarios prepared by the County on Exhibit "C". He stated that the County was pushing all districts towards one of two options. He stated under the first option, which the County referred to as "Option 3", the district would contract with the County and the patrol officers would remain employees of the County. He explained that, under the second option, referred to by the County as "Option 4", the District would engage the patrol officers directly and the County would simply provide administrative payroll services. Director Young stated that it was his understanding that the County was responsible for providing law enforcement within the County regardless of whether it had a contract with the District and wondered what the result would be if the District decided not to continue the contract. Director Mink suspected that there would most likely be a drastic drop-off in the number of patrols within the District. Mr. Hunt stated that there were benefits from increased patrols, including preservation of property values, deterrence of criminal activity, and decreased response time. Director Young acknowledged the benefits; but he stated that, especially with the County's new sidewalk maintenance policy, it seemed like the County was picking on municipal utility districts. He added that he felt that the County should have some skin in the game and not just charge the districts at cost. The Board then discussed the two different contract scenarios, and Mr. Hunt noted that the District may have trouble finding deputies who were willing to work for low rates under "Option 4". He also acknowledged that, under the scenario in which the deputies were County employees, the tendency might be to request more junior patrol officers in order to keep costs down. Director Douthitt asked what the District's current contract provided. Mr. Bartram stated that the current contract provided for a rate of \$45.43 through the current fiscal year; however, he noted that the County could terminate the agreement upon 30 days' notice. The Board then discussed the goal of having a contract for security patrols and generally agreed that a primary purpose was an increased law enforcement presence to deter criminal activity. Mr. Hunt suggested that some of the cost increases could be offset by reducing patrol hours; however, he noted that the HOA may have some concerns about this. Director Mink stated that he would be open to adjusting the hours but suggested that the Board defer any reduction in patrol hours until after the summer when pool use decreased and kids were back in school. Mr. Hunt stated that the affected districts needed to develop a consolidated response to the County, and he suggested that one of those positions be to maintain the current rate structure through the end of the fiscal year for budgetary purposes. He also suggested that the former security subcommittee comprised of Director Mink and himself be reactivated to liaise with the County and other affected districts on this issue. The Board agreed and directed Mr. Hunt and Director Mink to proceed accordingly.

Director Mink then announced that the Board would receive citizens' communications and Board member announcements. There being none, Director Mink stated that the Board would next consider approving the minutes of the March 17, 2014 Board meeting. Upon motion by Director Young and second by Director Asbury, the Board voted unanimously to approve the minutes.

Director Mink next recognized Ms. Gonzalez for a report from the District's bookkeeper. Ms. Gonzalez 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; and the monthly transfers. She noted that the check for Director Alger's fee of office would need to be voided due to her absence. Ms. Gonzalez next reported that two investment CDs had matured between Board meetings and had been renewed. She then reported that the District's next bond payments were due September 1st. She stated that 96.94% of the District's 2013 tax year levy had been collected and that the District had received a recycling rebate in the amount of \$15.43. Ms. Gonzalez then concluded by reviewing the monthly transfer letters. Discussion of delinquent tax collections ensued. After discussion, upon motion by Director Douthitt and second by Director Asbury, the Board voted unanimously to approve the bills, invoices, transfers, and investment recommendations as presented.

Director Mink 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 "E". He stated that water loss was 3% for the month and averaging 3.75% for the fiscal year. He stated that the reduction in water loss was most likely a combination of leak detection and repair and replacement of high-usage meters. Mr. Hunt next reviewed the District's billing report and stated that there were no delinquent accounts or write-offs this month. He then reported on water conservation, noting that the City of Round Rock was still on mandatory restrictions. He next reported that the coalition of Austin-area districts cooperating on MS4 permit compliance and administration would be meeting with Carroll & Blackman again in the next couple of weeks to finalize the updated storm water management plan and notice of intent, which he believed would be ready for Board approval at the May meeting. Mr. Hunt then reminded the Board about the upcoming CASE conference and encouraged any Board members interested in attending to register soon. He then concluded by reporting that the District had received a cross-connection questionnaire from the Texas Commission on Environmental Quality, which he would complete.

Director Mink stated that the Board would next receive a report from the District's engineer and recognized Mr. Hines. Mr. Hines directed the Board's attention to the engineering report attached as Exhibit "F" and addressed the wall project. With respect to Phase 2, Mr. Hines stated that the construction contract had been signed by FenceCrete and was ready for execution by the District. Mr. Hunt then updated the Board on the status of easement acquisition. He stated that Mr. Peddy had eventually executed his easement; but he stated that Mr. Pfeiffer had refused because he wanted the District to pinpoint precisely where the fence was going to be installed. Mr. Hunt stated that the exact alignment of the fence would not be known until construction was underway, and he suggested that the District proceed with the project and circle back with Mr. Pfeiffer once the location of the fence on Mr. Pfeiffer's lot could be determined specifically. Mr. Douthitt asked when construction of Phase 2 was supposed to commence. Mr. Hines estimated two weeks from the time that the construction contract was fully executed. Director Asbury asked if the contractor was supposed to erect a mock-up before moving forward. Mr. Hines stated that he would need to check with either Mr. Bayes or Mr. Edmonson, both of whom were out of the office at this time. Mr. Hunt concurred that at least the subcommittee should see a mock-up panel before a notice to proceed is issued. Director Mink stated that, based on prior emails, he was under the impression that color match would be

confirmed at the product submittal stage. Discussion ensued, and the Board generally agreed that the contract should not be executed until the subcommittee approved the color match. Director Young then moved that the Board authorize the subcommittee to execute the construction contract after viewing the Phase 2 product sample against a Phase 1 product sample and confirming that the color was satisfactory. Upon second by Director Douthitt, the motion passed unanimously. Mr. Hunt stated that he would coordinate the comparison using surplus blocks from Phase 1.

Mr. Hines next presented the proposal from Beacon Construction attached as Exhibit "G" to repair the root span cracks in Phase 1 of the wall project. He noted that the proposal was in the amount of \$2,280, which included the structural engineering fee and covered all five areas in which cracks had been identified. After discussion, upon motion by Director Asbury and second by Director Young, the Board voted unanimously to approve the proposal as presented. Mr. Hunt then asked if the Board wanted to move forward with Phase 3 of the project. He noted that, due to summer school closures, locations for informational meetings with residents might be limited. Director Mink stated that the HOA's recreation center had recently been renovated and could accommodate at least 40 to 50 people. After discussion, the Board generally agreed that it was time to move forward with Phase 3 of the project and directed Mr. Bartram to include Gray Engineering's Phase 3 engineering proposal on the May meeting agenda. Director Mink then noted that there was one resident on the corner of Vista Isle and Royal Vista that would have two different fencing products, and he questioned whether the Phase 3 portion of the fencing for this lot should be split-faced on the interior as well so that it matched the pre-cast concrete segment to the extent practical. The Board agreed that this should be considered as an option during Phase 3. Director Mink also noted that there had been questions at recent HOA meetings regarding why the District was not fencing other areas, such as along Sam Bass Road. Director Asbury pointed out that there were several such areas, some of which were of a higher priority in his mind. Mr. Hunt suggested that perhaps the cedar fencing removed as part of Phase 3 of the project could be made available to the HOA to provide to residents who wanted it.

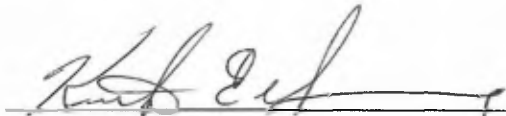
Director Mink next recognized Mr. Bartram for a report from the District's attorney. Mr. Bartram reviewed the consultant directives, which he noted were all complete or in process.

Director Mink next announced that the Board would consider the renewal of the District's bookkeeping contract with Municipal Accounts & Consulting, L.P. Director Douthitt stated that he had not had a chance to discuss the renewal terms with Director Alger. He suggested that he and Director Alger meet with Ms. Phillips and bring this item back next month. Ms. Gonzalez stated that that would be fine, noting that she had very limited authority when it came to contract negotiations.

Director Mink then asked if there was any further business to come before the Board. There being none, the meeting was adjourned at 1:26 p.m.

(Signature page follows.)

(SEAL)



Keith E. Young , Assistant Secretary
Board of Directors

Date: May 12, 2014