

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

May 12, 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 May 12, 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, 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; John Hines and Herb Edmonson 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 12:06 p.m. and stated that the Board would first receive citizens' communications and Board member announcements. There being none, Director Mink stated that the Board would next consider approving the minutes of the April 14, 2014 Board meeting. Upon motion by Director Douthitt and second by Director Young, the Board voted unanimously to approve the minutes.

Director Mink then suggested that, because Director Alger was running late, the Board skip the engineering report, which included the fence project, and receive a report from the District's bookkeeper. The Board concurred, and Director Mink recognized Ms. Gonzalez, who first presented the bookkeeper's report attached as Exhibit "B". She 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 the addition of check no. 2612 for Director Mink's

CASE conference registration fee. Ms. Gonzalez next reported that one investment CD was scheduled to mature before the next Board meeting, and she recommended that these funds be reinvested at the best rate available upon maturity and that an additional \$5,000 be added to the amount of the CD to bring the total up to \$100,000. She then reported that the District's next bond payments were due September 1st. At this time, Director Alger arrived at the meeting. Ms. Gonzalez stated that 97.82% of the District's 2013 tax year levy had been collected and reviewed the CASE conference update report. Ms. Gonzalez then concluded by reviewing the monthly transfer letters. 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 stated that the Board would next receive a report from the District's engineer and recognized Mr. Hines. Mr. Hines first directed the Board's attention to the engineering report attached as Exhibit "C". At Mr. Hines' request, Mr. Edmonson then updated the Board with respect to Phase 2 of the wall project. Mr. Edmonson reported that the preconstruction meeting had been held the previous week and that the Phase 2 sample panels had been relocated to Phase 1 so that the Board could confirm color match. He stated that he needed a concurrence from the Board as soon as possible so that the contractor could move forward with the manufacturing and curing process, which he estimated would take about 40 days. Director Asbury stated that the color tint was not an exact match but was close enough. He stated that his main concern was the consistency of the color throughout different manufacturing batches. Mr. Edmonson stated that he had not asked how many batches of product would be produced, but he stated that, because this color was one of the standard color options, it should be consistent throughout the batches. Director Douthitt noted that the color of the FenceCrete columns was actually a closer match to the Phase 1 CMU wall than the FenceCrete fence panels themselves. Director Asbury agreed but stated that the Board should avoid getting into custom colors, which would be harder to replace or duplicate in the future. Director Mink asked if the plan was still to purchase additional fence panels to keep as spares. Director Asbury stated that this would be a good idea, and Director Alger recalled that the Board had previously discussed storing extra panels at the lift station. Mr. Edmonson stated that he just needed to know how much extra fencing the Board wanted so that he could be sure it was ordered. Director Douthitt suggested two sections of additional fence panels, and the Board generally agreed that two sections would be sufficient. After further discussion, Director Asbury moved that the Board confirm that the color of the existing FenceCrete fence sample was acceptable and approve the purchase of two sections of additional fence panels as spares. Director Young seconded the motion, which then passed unanimously.

Mr. Edmonson stated that he would go ahead and issue the notice to proceed and have the FenceCrete samples removed this week. He stated that FenceCrete would notify residents by letter approximately two weeks in advance of construction. He added that FenceCrete planned to construct the fence in sections of four to five lots at a time and would move the existing fencing into each lot approximately three feet to make room for installation of the new fence. He stated that installation of the fence was a 120-day project, but that the manufacturing process typically did not count toward those days. Director Alger asked if residents would be given the option to keep their old fence panels. Mr. Edmonson confirmed that they would. He

stated that information regarding this option would be part of the contractor's notification letter and that it would be the residents' responsibility to coordinate with the contractor. Director Douthitt asked if there had been any utility surprises with this phase of the project. Mr. Edmonson reported that all of the utility "locates" had been completed and that, so far, no major conflicts had been identified. Mr. Hunt stated that, as soon as the alignment of the fence could be visualized near Mr. Pfeiffer's lot, he would re-approach Mr. Pfeiffer for an easement across his lot.

Mr. Hines next presented a proposal from his firm for design and bid phase services for Phase 3 of the wall project, a copy of which is attached as Exhibit "D". He noted that the scope of work and proposed fee did not include construction phase services, which would be billed on a time and materials basis. After discussion, upon motion by Director Young and second by Director Asbury, the Board voted unanimously to approve the proposal. Director Douthitt asked if fencing around the AT&T substation, which had been omitted from Phase 1 of the project, was going to be picked up as part of Phase 3. The Board generally concurred that it should. Mr. Bartram recommended that he and Mr. Hines re-familiarize themselves with the issues associated with the AT&T substation. Mr. Hines stated that it could be included as an alternate and deleted later if necessary. Mr. Bartram asked if including fencing for the AT&T substation would affect Mr. Hines' engineering proposal, and Mr. Hines stated that it would not. Director Asbury then suggested that the Board start to think about what capital improvement projects should be completed prior to annexation and who would maintain those improvements after annexation. He stated that the HOA would not be able to afford to maintain the District's facilities and that he had briefly discussed with Mr. Bartram the possibility of the District converting to a limited district upon annexation for the purpose of performing certain services that the City of Round Rock may not want to perform. Mr. Hines suggested that the District develop a capital improvements plan so that something would be in place prior to being notified that the annexation process had been initiated. The Board generally agreed, and Director Douthitt stated that funds for preparation of a capital improvements plan could be included in next year's budget.

Director Young then asked if there was any report regarding the repairs to Phase 1 of the wall project. Mr. Hines reported that the repair work was in process but not yet entirely complete. He stated that all work should be finished by the Board's next meeting. Mr. Edmonson then left the meeting.

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 holding steady at 2%. He reported that the rest of the older, high-usage meters were scheduled to be replaced next year, which could further reduce the water loss numbers. Mr. Hunt next reviewed the District's billing report and stated that there were no delinquent accounts or write-offs this month. He addressed solid waste and recycling collection services and reported that the District's annual consumer confidence report had been completed and would be mailed out to residents in the next billing cycle. He stated that the consumer confidence report did not identify anything abnormal. Mr. Hunt then reported on water conservation, noting that the City of Round Rock was still on mandatory

restrictions. Director Douthitt noted that the watering restriction signage near the intersection of Vista Isle and Sam Bass Road was missing. Mr. Hunt stated that he would have the signage either refreshed or removed. Director Asbury asked Mr. Hunt to make sure that information regarding watering restrictions was on the District's website. Mr. Hunt stated that he would do so. He then reported that the District had received a cross-connection questionnaire from the Texas Commission on Environmental Quality (the "TCEQ"), which he had completed. Mr. Hunt next reported that the coalition of Austin-area districts cooperating on MS4 permit compliance and administration had met with Carroll & Blackman and that the updated storm water management plans and notices of intent for the coalition members were now ready for approval by the coalition members. He directed the Board's attention to the Stormwater Management Program for the coalition attached as Exhibit "F" and the Notice of Intent for the District attached as Exhibit "G" and recommended that the Board approve the filing of the Notice of Intent with the TCEQ. After discussion, upon motion by Director Young and second by Director Douthitt, the Board voted unanimously to approve the Stormwater Management Program for the North Austin Stormwater Quality Coalition, the Notice of Intent for the District, the filing of the Notice of Intent with the TCEQ, and the related filing fee.

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 in process. He then concluded by alerting the Board to the TCEQ's annual public drinking water conference in August.

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 and Director Alger had met with Ms. Phillips and Ms. Gonzalez and had come to a consensus on the renewal terms, which he noted involved a \$400 per month increase in the base rate plus an increase in the hourly rate from \$75 to \$100. He stated that additional services would need to be approved by either the Board or the audit/finance committee. He noted that there had been a question regarding the effective date and asked Mr. Bartram if this issue had been resolved. Mr. Bartram stated that governmental entities were not permitted under Texas law to approve retroactive compensation and that, therefore, the renewal contract would need to take effect in May. He stated that it was his understanding that Ms. Phillips had approved this change. Mr. Bartram then directed the Board's attention to the proposed renewal Agreement for Bookkeeping Services attached as Exhibit "H". Director Douthitt stated that he and Director Alger had also discussed with Municipal Accounts & Consulting opportunities to reduce additional charges for check preparation after the meeting packet cut-off deadline. Mr. Bartram recalled that the Board had previously discussed extending the bookkeeper's report deadline to the Thursday before the Board meeting if there were outstanding items at the time of the normal packet cut-off deadline, and that, in such event, the report would be circulated via email prior to the Board meeting. The Board concurred with this approach and agreed that the bookkeeper would not be required to bring paper copies of the report to the Board meeting. After discussion, upon motion by Director Douthitt and second by Director Alger, the Board voted unanimously to approve the Agreement for Bookkeeping Services attached as Exhibit "H".

Director Mink then stated that the Board would receive the security report and consider taking related action. Mr. Hunt reviewed the security report attached as Exhibit "I" and noted that the deputies were stepping up traffic enforcement at the HOA's request. The Board directed Mr. Hunt to advise the patrol coordinator that these increased enforcement activities should be tempered with common sense so that residents were not frustrated coming and going from their homes. Mr. Hunt next reported on Williamson County's proposed increase in security patrol costs. He stated that the County was now offering three contract options, as summarized in the memorandum attached as Exhibit "J". He stated that, under the first option, which the County referred to as "Option 3A", the District would contract with the County, the patrol officers would remain employees of the County, and the District would pay an hourly rate based on the County's average patrol deputy costs. He stated that the second option, which the County was calling "Option 3B", was essentially the same as Option 3A but the District would pay for the actual costs of the individual deputies patrolling in the District. He explained that, under the third 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. Mr. Hunt reviewed the cost comparison analysis in his memorandum and stated that the difference among the three options was minimal for the District in terms of direct costs; however, he noted that employing the deputies directly would involve additional indirect and administrative costs. Mr. Bartram stated that having employees would involve various legal obligations, and he recommended that the Board steer away from Option 4 absent a compelling reason to consider Option 4. The Board concurred. Mr. Hunt stated that that the threshold question then became whether the Board wanted to keep patrol hours the same and pay more, or adjust hours and try to control costs. Discussion ensued, and the Board generally agreed that the number of patrol hours should be set annually during the budget process and in coordination with the HOA. Director Douthitt then presented his analysis of the patrol schedule for the month of March 2014, a copy of which is attached as Exhibit "K". He noted that there were big gaps between days on which patrols were performed, and he suggested that a more consistent patrol schedule needed to be developed. The Board concurred. Mr. Hunt stated that the County was pushing to get new agreements in place as soon as possible; however, he recommended that, because the District had not budgeted for the increase, the Board plan to approve a new contract effective October 1st. The Board generally agreed and directed Mr. Hunt to move forward with Option 3A. Mr. Hunt stated that he would advise the County and bring a contract back to the Board next month.


Director Mink then stated that the Board would discuss and consider taking action regarding landscape maintenance services. Mr. Hunt reported that the primary contacts at ISS Grounds Control, the District's current landscape company, had recently been laid off. He stated that ISS did have a replacement contact in place now but that there had been some service-related hiccups. He, therefore, recommended that the Board consider possible alternatives. After discussion, the Board directed Mr. Hunt to solicit alternative proposals for landscape maintenance services.

Director Mink then asked if there was any further business to come before the Board. Mr. Bartram noted that he had received notice from Williamson County that the per parcel

collection fee for the 2014 tax year would be \$0.24. There being no further business to come before the Board, the meeting was adjourned.

(Signature page follows.)

(SEAL)



Leslie Alger, Assistant Secretary
Board of Directors

Date: June 9, 2014