

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

July 11, 2011

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on July 11, 2011, at the offices of Gray • Jansing & Associates, Inc., 8217 Shoal Creek Blvd., Suite 200, 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, 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; David Gray and John Hines of Gray • Jansing & Associates, Inc., the District's engineer; Autumn Phillips of Municipal Accounts & Consulting, L.P., the District's bookkeeper; and John Bartram of Armbrust & Brown, PLLC, the District's attorney.

Director Mink called the meeting to order at 12:14 p.m., and stated that the Board would first receive citizens' communications and Board member announcements. There being none, Director Mink then stated that the Board would consider approving the minutes of the June 13, 2011 Board meeting. Upon motion by Director Alger and second by Director Young, the Board voted unanimously to approve the minutes. Mr. Bartram then recommended a revision to the District's Registration Form to reflect that Ms. Phillips would be the contact at Municipal Accounts & Consulting going forward. Upon motion by Director Douthitt and second by Director Young, the Board voted unanimously to approve the revised District Registration Form, attached as Exhibit "B", and its filing with the Texas Commission on Environmental Quality;

Director Mink next recognized Ms. Phillips for a report from the District's bookkeeper. Ms. Phillips stated that she would be attending Board meetings going forward because Ms. Adkins was no longer with Municipal Accounts & Consulting. Ms. Phillips then presented the report attached as Exhibit "C" and the supplemental check register attached as Exhibit "D", and

reviewed the bills and invoices reflected on the cash flow reports and related supplement reports 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, and the capital projects fund breakdown. She stated that a CD with IBC Bank had matured, and she recommended that these funds be reinvested with IBC Bank until March 2012. She noted that the District's next debt service payments were due on September 1st and that she was working with Wells Fargo Bank to verify the details regarding the escrow notation in her report with respect to the surplus funds from the District 2002 bond issue. Ms. Phillips then reviewed the delinquent tax roll and noted that Bulldog Storage had apparently made payments on its outstanding balance. She then presented and recommended approval of the transfers attached as Exhibit "E". After discussion, upon motion by Director Asbury and second by Director Alger, the Board voted unanimously to approve the bills, invoices, and transfers as presented and to reinvest the IBC Bank CD as recommended.

Director Mink then stated that the Board would receive a report from the District's general manager and utility operator. Mr. Hunt first reviewed his directives. He presented a handout depicting the homepage of the District's new website, attached as Exhibit "F", and stated that the website project was largely complete, pending a few links and news articles. Director Alger suggested that information on the District's single-stream recycling program be added. She also asked if the District was receiving its recycling rebate from the contractor. Mr. Hunt stated that he would check on the rebate and prepare the outstanding website links and news articles for review by Directors Mink and Alger. He then reported that the 2010 Consumer Confidence Report had been mailed to customers and that he had not received any calls at this time. He next reported that the fire hydrant top end maintenance and repainting had been completed. He stated that, in the course of the repainting, the contractor had accidentally spilled about a gallon of paint, which the contractor was remediating. He also noted that one fire hydrant was frozen and had been bagged, and he recommend that the Board authorize repairs not to exceed \$805 to replace the stem and related components. He next addressed water loss and usage and reported that there were no write-offs to present this month. He stated that the overall amount of delinquencies was low. Mr. Hunt next reviewed the security report and stated that Deputy Shanks would attend the Board's September meeting. Director Alger asked how many hours the deputies were required to work for the District. Mr. Hunt stated that the deputies usually logged between 78 and 82 patrol hours per month. Director Douthitt asked if the patrol schedules could be adjusted, and Mr. Hunt confirmed that they could. Mr. Hunt suggested that any proposed scheduling changes be discussed with Deputy Shanks in September. Director Alger stated that she would also like to know if the deputies actually walked the trails. Mr. Hunt next reported on water conservation and drought management. He reviewed information presented to the Round Rock City Council on Lake Georgetown elevations attached as Exhibit "G". He stated that it was his understanding that the City of Round Rock planned to implement mandatory watering restrictions later in July or in August and that he would monitor the City's actions so that the District could respond accordingly. Mr. Hunt then concluded by reporting that he planned to work with Messrs. Bartram and Gray to review the District's existing pass-through agreements to reconcile the economics and the number of LUEs committed. After discussion, upon motion by Director

Asbury and second by Director Young, the Board voted unanimously to approve the additional fire hydrant repairs not to exceed \$805.

Director Mink then stated that the Board would receive a report from the District's engineer and recognized Mr. Hines, who directed the Board's attention to the engineering report attached as Exhibit "H". He stated that the Board had discussed financing alternatives for the wall project at the June meeting and that Mr. Bartram's office was working to obtain ownership and lien certificates on all of the affected lots. Mr. Hines stated that, once all of this information was assembled, he would prepare a letter to the owners inviting them to a meeting to discuss the project and secure the necessary easements. He anticipated that the project would be ready for bidding in October after all easements were in place. Mr. Hines then reported that the vacation of the right-of-way turnouts on Vista Hills Boulevard was scheduled to be on the July 26th Williamson County Commissioners Court agenda. Mr. Gray reported that the use of the surplus escrowed funds from the District's 2002 bond issue was under evaluation to determine to what extent the Texas Commission on Environmental Quality (the "TCEQ") had previously authorized the release of funds from escrow. He stated that the expenses incurred by the District in connection with its 2005 and 2010 wastewater line televising and repair projects should qualify for reimbursement from the escrowed funds and that the remaining balance could be released to the District's debt service fund to defease the outstanding bonds. He recommended that the Board authorize him to prepare a letter application to the TCEQ requesting release of the remaining escrowed funds for such purposes. He stated that the application could be prepared as a release of escrowed funds/use of surplus funds/change of conditions application to cover all bases. After discussion, upon motion by Director Douthitt and second by Director Young the Board voted unanimously to authorize Mr. Gray to prepare a letter application, to be signed by Director Mink, to the TCEQ requesting release of all remaining escrowed funds for the 2005 and 2010 wastewater line televising and repair projects and the transfer of the remaining balance to the District's debt service fund to defease outstanding debt.

Director Mink next recognized Mr. Bartram for a report from the District's attorney. Mr. Bartram first reviewed the consultant directives. He next reviewed updates to the District's Code of Ethics, Financial Investment, Travel and Professional Services Policy, as reflected in the Resolution Adopting Code of Ethics, Financial Investment, Travel and Professional Services Policy attached as Exhibit "I". Upon motion by Director Douthitt and second by Director Young, the Board voted unanimously to approve the Resolution Adopting Code of Ethics, Financial Investment, Travel and Professional Services Policy as presented. Mr. Bartram next reviewed updates to the District's Investment Policy, as reflected in the Resolution Adopting Investment Policy and Designating an Investment Officer attached as Exhibit "J". He stated that the changes included recommendations from Ms. Lane, the District's financial advisor. After discussion, upon motion by Director Asbury and second by Director Douthitt, the Board voted unanimously to approve the Resolution Adopting Investment Policy and Designating an Investment Officer as presented. Mr. Bartram then reviewed the District's 2010-2011 Texas Municipal League Intergovernmental Risk Pool equity return. He concluded by asking if the

Board desired to vote in the Pedernales Electric Cooperative's 2011 election. After discussion, the Board declined to cast a ballot.

Director Mink then stated that the Board would consider budget and tax items. Ms. Phillips presented and reviewed recommended amendments to the current year's budget. After discussion, upon motion by Director Douthitt and second by Director Alger, the Board voted unanimously to approve the Resolution Adopting Amended Budget attached as Exhibit "K". Ms. Phillips stated that a draft of the 2011-2012 budget would be presented at the Board's next meeting. She indicated that certain engineering expenses relating to the wall project and the solid waste collection expenses would be reclassified going forward. At this time, Mr. Bartram reviewed the memorandum attached as Exhibit "L", summarizing the schedule and process for adopting a budget and setting a tax rate.

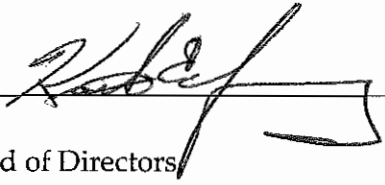
Director Mink next announced that the Board would conduct a recap of the CASE conference. Discussion ensued, and the Board generally agreed that this year's conference felt more professional than the previous conferences. Director Young encouraged the Board to submit any suggestions to him because he was now on the CASE board of directors.

Director Mink then stated that the Board would consider matters related to wholesale wastewater billing by the City of Round Rock. Mr. Bartram reported that the City had accepted the District's counterproposal to resolve the wastewater billing issues related to Mayfield Ranch pass-through service based on a winter-average methodology without an inflow and infiltration factor. He stated that drafts of an Amended and Restated Water and Wastewater Contract and related settlement agreement had been exchanged with the City, but that Michael Thane had been on vacation and that the paperwork had, thus, not been finalized. He stated that he would keep the Board posted on any developments.

Director Mink then questioned whether there were any future agenda items or further business to come before the Board. Mr. Hunt asked that the Board review and confirm its subcommittee assignments at the next meeting. Mr. Bartram stated that he would include an item to do so on the next agenda. There being no further business to come before the Board, the meeting was adjourned.

(Signature page follows.)

(SEAL)



Keith E. Young
Assistant Secretary, Board of Directors

Date: August 8, 2011

FILED FOR RECORD

9:45 am *PK*

JUL 07 2011

Nancy E. Ruter

County Clerk, Williamson Co. TX

CERTIFICATE OF POSTING FOR
VISTA OAKS MUNICIPAL UTILITY DISTRICT
AT

THE WILLIAMSON COUNTY JUSTICE CENTER (COURTHOUSE ANNEX)
405 MARTIN LUTHER KING STREET
GEORGETOWN, TEXAS 78626-5703

THE STATE OF TEXAS §

COUNTY OF WILLIAMSON §

I, *Paula Faris*, hereby certify that at *9:45 a.m.* on *July 7*, 20*11*, I posted a copy of the attached notice of meeting (agenda) of the Board of Directors of Vista Oaks Municipal Utility District (formerly known as Williamson County Municipal Utility District No. 9) inside the Williamson County Justice Center (Courthouse Annex) and on the outside posting board at the Williamson County Justice Center (Courthouse Annex).

I understand that the notice was posted in order to comply with the Open Meetings provisions of Chapter 551 of the Government Code and that the Board of Directors of the District will rely on this certificate in determining whether the provisions of Chapter 551 of the Government Code have been satisfied.

Witness my signature this *7th* day of *July*, 20*11*.

Paula Faris

Printed Name: *Paula Faris, deputy*

Company: *Williamson County Clerk*

FILED FOR RECORD

9:45 am PB
JUL 07 2011

Nancy E. Roster

County Clerk, Williamson Co. TX

VISTA OAKS
MUNICIPAL UTILITY DISTRICT

July 11, 2011

TO: THE BOARD OF DIRECTORS OF VISTA OAKS MUNICIPAL UTILITY DISTRICT AND
ALL OTHER INTERESTED PERSONS:

Notice is hereby given that the Board of Directors of Vista Oaks Municipal Utility District will hold a meeting at **12:00 noon on Monday, July 11, 2011 at the offices of Gray • Jansing & Associates, Inc., 8217 Shoal Creek Blvd., Suite 200, Austin, Texas.** The following matters will be considered and may be acted upon at the meeting:

PUBLIC COMMENT

1. Citizens' communications and Board member announcements;

CONSENT ITEMS

2. Minutes of June 13, 2011 meeting;
3. Revised District Registration Form;

REPORTS

4. Report from District's bookkeeper, including:
 - (a). Payment of bills and invoices;
 - (b). Transfers;
 - (c). Investments;
 - (d). Delinquent tax report;
5. Report from District's general manager and utility operator, including:
 - (a). Utility operations;
 - (b). Billing and collections, including past-due accounts and write-offs;
 - (c). Customer service;
 - (d). Water conservation and drought management;
 - (e). Review and analysis of existing pass-through service agreements;
 - (f). Website development and maintenance;
6. Report from District's engineer, including:
 - (a). Vista Hills Boulevard wall project, including:
 - (i). Report from wall project subcommittee on project financing options and alternatives;
 - (ii). Status of easements and related access matters, including:

- (iii). Vista Hills Boulevard right-of-way turnouts, including vacation by Williamson County and acceptance by District of Deed Without Warranty for right-of-way turnouts;
 - (iv). Schedule for bidding and construction;
 - (b). Escrowed funds from Series 2002 Bonds, including application to the Texas Commission on Environmental Quality for release of escrowed funds and related application materials and fee;
7. Report from District's attorney, including:
- (a). Consultant directives;
 - (b). Resolution Adopting Code of Ethics, Financial Investment, Travel, and Professional Services Policy;
 - (c). Resolution Adopting Investment Policy and Designating an Investment Officer;
 - (d). 2010-2011 Texas Municipal League Intergovernmental Risk Pool equity return;

DISCUSSION/ACTION ITEMS

8. Budget and tax items, including:
- (a). Amended budget, including Resolution Adopting Amended Budget (2010-2011);
 - (b). Schedule for adopting 2011-2012 budget and 2011 tax rate;
 - (c). Preliminary 2011 values;
 - (d). Draft operations and maintenance budget for 2011-2012;
9. CASE conference recap;
10. City of Round Rock service, including proposed resolution of wholesale wastewater billing issues related to Mayfield Ranch wastewater flow meter inaccuracy and unmetered pass-through wastewater service connection near Flora Vista Loop, including:
- (a). Amended and Restated Water and Wastewater Agreement;
 - (b). Full and Final Settlement and Release Agreement;
11. Future agenda items.

The Board of Directors is authorized by the Texas Open Meetings Act, Chapter 551, Texas Government Code, to convene in closed or executive session for certain purposes, including receiving legal advice from the District's attorney (Section 551.071); discussing real property matters (Section 551.072); discussing gifts and donations (Section 551.073), discussing personnel matters (Section 551.074); and discussing security personnel or devices (Section 551.076). If the Board of Directors determines to go into executive session to discuss any item on this agenda, the presiding officer will announce that an executive session will be held and will identify the

item to be discussed and the provision of the Open Meetings Act that authorizes the closed or executive session.



John W. Bratton

Attorney for the District

Vista Oaks Municipal Utility District is committed to compliance with the Americans with Disabilities Act. Reasonable accommodations and equal access to communications will be provided upon request. Please call Armbrust & Brown, PLLC at (512) 435-2300 for additional information.

**CERTIFICATE OF POSTING FOR
VISTA OAKS MUNICIPAL UTILITY DISTRICT
IN-DISTRICT POSTING LOCATIONS**

THE STATE OF TEXAS §

COUNTY OF WILLIAMSON §

I, Brian K. Gilbert, hereby certify that at 11:15 a.m. on July 7, 2011, I posted a copy of the attached notice of meeting of the Board of Directors of Vista Oaks Municipal Utility District (formerly known as Williamson County Municipal Utility District No. 9) within the boundaries of the District at a place readily accessible and convenient to the public at the District's two designated posting locations:

1. the mail center at the Northeast corner of the intersection of Vista Hills Blvd. and FM 1431, Round Rock, Texas; and
2. the Southeast corner of the intersection of Royal Vista Blvd. and Vista Isle Blvd., Round Rock, Texas.

I understand that the notice was posted in order to comply with the Open Meetings provisions of Chapter 551 of the Government Code and that the Board of Directors of the District will rely on this certificate in determining whether the provisions of Chapter 551 of the Government Code have been satisfied.

Witness my signature this 7 day of July, 2011.

Brian K. Gilbert

Printed Name: Brian K. Gilbert

Company: Capitol Courier

**VISTA OAKS
MUNICIPAL UTILITY DISTRICT**

July 11, 2011

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 - (c). Customer service;
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(SEAL)


Attorney for the District

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DISTRICT REGISTRATION FORM*

When completed, mail to:
UTILITIES AND DISTRICTS SECTION, MC-152
TNRCC
PO BOX 13087
AUSTIN TX 78711-3087
 or fax to: 512/239-6190

Legal Name of District or Authority: Viola Oaks Municipal Utility District of Williamson County
 District's Mailing Address: c/o Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300
 City: Austin, Texas Zip: 78701
 District's Telephone Number: (512) 435-2300

A. BOARD MEMBERS:

TITLE	FULL NAME OF DIRECTOR (First, M.I., Last)	FULL MAILING ADDRESS (According to U.S. Post Office Standards, www.usps.com)	TELEPHONE NUMBERS			TERM OF OFFICE		
			Business	Fax	Home	Elected (E) Appointed (A) Elected by Precinct (P)	Term Begins (mm/dd/yyyy)	Term Ends (mm/dd/yyyy)
President	Douglas Mink	3415 Shinoak Drive, Austin, Texas 78731				E	05/10/2008	05/12/2012
Vice-President	Allen Douthitt	P.O. Box 2445, Round Rock, Texas 78880	(512) 733-0700			E	05/08/2010	05/10/2014
Secretary	Mike R. Asbury	3516 Ashmere Loop, Round Rock, Texas 78681	(512) 836-6552			E	05/10/2008	05/12/2012
Asst. Secretary	Leslie Alger	3920 Grayling Lane, Round Rock, Texas 78681	(512) 784-7432			E	05/08/2010	05/10/2014
Treasurer	Keith E. Young	3409 Executive Center Drive, Ste. 129, Austin, Texas 78731-1619	(512) 427-3231			E	05/08/2010	05/10/2014

(Note: List information for additional directors on back)

B. CONSULTANTS AND REPRESENTATIVES (as applicable):

POSITION	FULL NAME OF INDIVIDUAL	NAME OF FIRM OR ORGANIZATION	FULL MAILING ADDRESS (According to U.S. Post Office Standards, www.usps.com)	TELEPHONE NUMBERS	
				Business	Fax
General Manager	Andrew Hunt	Crossroads Utility Services LLC	2601 Forest Creek Drive, Round Rock, Texas 78665-1232	(512) 246-1400	(512) 246-1900
Operator	Andrew Hunt	Crossroads Utility Services LLC	2601 Forest Creek Drive, Round Rock, Texas 78665-1232	(512) 246-1400	(512) 246-1900
Attorney	John W. Bartram	Armbrust & Brown, PLLC	100 Congress Ave., Suite 1300, Austin, Texas 78701	(512) 435-2300	(512) 435-2360
Engineer	David Gray	Gray Jansing & Associates, Inc.	8217 Shoal Creek Blvd., Suite 200, Austin, Texas 76757-7592	(512) 452-0371	(512) 454-9933
Bookkeeper	Aulurn Phillips	Municipal Accounts & Consulting, L.P.	8834 Capital of Texas Hwy., Ste. 150, Austin, Texas 78759	(512) 782-2400	(512) 799-9968
Financial Advisor	Christina Lane	Samco Capital Markets	6805 Capital of Texas Hwy., Ste. 350, Austin, Texas 78731	(512) 343-0268	
Tax Collector	Deborah Hunt	Williamson County Tax Assessor/Collector	710 S. Main Street, Suite 102, Georgetown, Texas 78626-5701	(512) 943-1601	
Agent for Notice	John W. Bartram	Armbrust & Brown, PLLC	100 Congress Ave., Suite 1300, Austin, Texas 78701	(512) 435-2300	(512) 435-2360

* ALL INFORMATION IS SUBJECT TO THE OPEN RECORDS ACT AND WILL BE MADE AVAILABLE ON OUR WEB SITE (WWW.TNRCC.STATE.TX.US).

DISTRICT REGISTRATION FORM (continued)

A. BOARD MEMBERS: (continued)

TITLE	FULL NAME OF DIRECTOR (First, M.I., Last)	FULL MAILING ADDRESS (According to U.S. Post Office Standards, www.usps.com)	TELEPHONE NUMBERS			TERM OF OFFICE		
			Business	Fax	Home	Elected (E) Appointed (A) Elected by Precinct (P)	Term Begins (mm/dd/yyyy)	Term Ends (mm/dd/yyyy)

CERTIFICATION: I certify that the information contained herein is correct and complete to the best of my knowledge.

John W. Bartram
Signature/Title

John W. Bartram
Printed Name

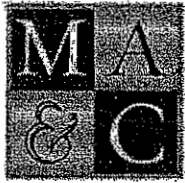
(512) 435-2300
Telephone

July 27, 2010
Date

If you have questions on how to fill out this form or about the Water Districts program, please contact us at 512/239-4691. Individuals are entitled to request and review their personal information that the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, contact us at 512/239-3282.

C. ADDITIONAL STATUTORY REQUIREMENTS (Texas Water Code):

1. Requirements generally applicable to most district and authorities:
 - a. §49.055(d). File copies of directors' sworn statements, bonds, and oaths with the District's records. File copies of directors' sworn statements and oaths with the Secretary of State within 10 days.
 - b. §36.054(e) and §49.054(f). File names, mailing addresses and terms of new directors with TNRCC within 30 days after election or appointment.
 - c. Audit and financial reports:
 - (1) §49.194(a). File audit with the TNRCC within 135 days of fiscal year end, or §49.197(d). File financial dormancy affidavit with the TNRCC by January 31, or §49.198(c). File annual financial report with the TNRCC within 45 days of fiscal year end.
 - (2) §49.194(c). File audit, financial dormancy affidavit, or financial report with the District's records.
 - (3) §49.194(d). Submit annual filing affidavit to the TNRCC with either audit, financial dormancy affidavit, or financial report.
 - (4) §49.158. Notify the TNRCC of adoption of a fiscal year within 30 days of initial financial activity or after a change in the District's fiscal year.
 - d. §49.199(a). Adopt a code of ethics and other policies and procedures.
2. Requirements applicable to certain district and authorities, as specified in the statutes:
 - a. §49.453. File with the TNRCC the name, address and telephone number of the District's Agent for Notice, the person responsible for issuing forms to comply with the Notice to Purchaser requirements of §49.452.
 - b. §49.455. File information form and map, or any amendments, with each county and the TNRCC.
 - c. §49.451. Post district name signs at two entrances to the District within 30 days of the District's creation.
 - d. §49.062. Publish and file with the TNRCC a resolution establishing a meeting place outside the District.
 - e. §49.307(b), §49.301(f) & §49.302. File orders excluding and annexing land with each county and the TNRCC.



**MUNICIPAL ACCOUNTS
& CONSULTING, L.P.**

**Vista Oaks Municipal
Utility District**

Bookkeeper's Report

July 11, 2011

Vista Oaks - GOF
Cash Flow Report - Checking Account
As of July 11, 2011

Num	Name	Memo	Amount	Balance
BALANCE AS OF 6/14/2011				\$37,928.42
Receipts				
	Weekly Wire Sweep		28,000.00	
	Interest Earned on Checking		7.90	
	Accounts Receivable		38,816.64	
	Accounts Receivable		6,660.91	
	CPF CD Interest Earned		92.49	
Total Receipts				73,577.94
Disbursements				
1610	Douglas Mink	VOID: Fees of Office 5/31/11	0.00	
1640	Pedemales Electric Corp	Utility Expense	(2,107.77)	
1641	Crossroads Utility Services	Management & Operations	(9,801.26)	
1642	Douglas Mink	Fees of Office 7/11/11	(141.52)	
1643	Keith Young	Fees of Office & Travel 7/11/11	(161.51)	
1644	Larry A Douthitt	Fees of Office & Travel 7/11/11	(151.51)	
1645	Leslie Alger	Fees of Office & Travel 7/11/11	(151.52)	
1646	Milke Asbury	Fees of Office 7/11/11	(141.52)	
1647	Larry A Douthitt	Fees of Office & Travel 6/27/11	(151.52)	
1648	Keith Young	Fees of Office 5/31/11	(141.52)	
1649	Chang Mei-Hsiang	Customer Deposit Refund	(220.99)	
1650	Judah Moseson	Customer Deposit Refund	(57.93)	
1651	Louis Stenning	Customer Deposit Refund	(76.62)	
1652	Nancy Weems Baker	Customer Deposit Refund	(4.32)	
1653	Rex Arseculeratne	Customer Deposit Refund	(17.74)	
1654	Richard Minorini	Customer Deposit Refund	(214.75)	
1655	Scott Yates	Customer Deposit Refund	(56.43)	
1656	Travis Cardwell	Customer Deposit Refund	(45.33)	
1657	Armbrust & Brown, PLLC	Legal Fees	(7,448.87)	
1658	City of Round Rock Environmental Services	Lab Fees	(45.00)	
1659	Gray Jansing & Associates, Inc.	Engineering Fees	(6,525.56)	
1660	ISS Grounds Control, Inc.	Remove tree near Springwillow Ln	(1,450.00)	
1661	Williamson County	Patrol Services-May	(3,588.97)	
1662	United States Treasury	2nd Quarter 941 2011 - EIN:74-2525157	(399.00)	
1663	Crossroads Utility Services	Management & Operations	(8,400.25)	
1664	Municipal Accounts and Consulting, LP	Bookkeeping Fees	(1,620.10)	
1665	A.T.&T	Telephone Expense	0.00	
1666	City of Round Rock	Purchase Water/Sewer Service	0.00	
1667	Pedemales Electric Corp	Utility Expense	0.00	
SRVCHG		Credit Card Charges	(1,248.43)	
Total Disbursements				(44,369.94)
BALANCE AS OF 7/11/2011				\$67,136.42

IRONSTONE BANK - #XXXXX1787

Vista Oaks - GOF
Cash Flow Report - Managers Account
 As of July 11, 2011

Num	Name	Memo	Amount	Balance
BALANCE AS OF 6/14/2011				\$5,000.00
Receipts				
	Interest Earned on Checking		0.62	
Total Receipts				0.62
Disbursements				
	No Disbursements Activity		0.00	
Total Disbursements				0.00
BALANCE AS OF 7/11/2011				<u>\$5,000.62</u>

Vista Oaks - GOF
Cash Flow Report - Compass Lockbox Account
 As of July 11, 2011

Num	Name	Memo	Amount	Balance
BALANCE AS OF 6/14/2011				\$789.83
Receipts				
	Accounts Receivable		34,992.86	
	Accounts Receivable		<u>2,050.96</u>	
Total Receipts				37,043.82
Disbursements				
SWEEP	Compass Bank	Weekly Wire Sweep	<u>(28,000.00)</u>	
Total Disbursements				<u>(28,000.00)</u>
BALANCE AS OF 7/11/2011				<u>\$9,833.65</u>

Vista Oaks MUD
Account Balances

As of July 11, 2011

Financial Institution (Acct Number)	Issue Date	Maturity Date	Interest Rate	Account Balance	Notes
Fund: Operating					
Certificates of Deposit					
IBC BANK (XXXX9872)	10/08/2010	07/05/2011	0.80 %	95,000.00	
TEXAS COMMUNITY BANK (XXXX1290)	11/15/2010	08/12/2011	0.95 %	95,000.00	
ALLEGIANCE BANK (XXXX6042)	01/10/2011	09/07/2011	0.75 %	125,000.00	
GREEN BANK (XXXX1552)	02/22/2011	10/20/2011	0.70 %	95,000.00	
IBC BANK (XXXX1464)	03/09/2011	11/05/2011	0.80 %	95,000.00	
BANK OF HOUSTON (XXXX0360)	04/16/2011	12/14/2011	0.45 %	95,000.00	
GREEN BANK (XXXX1416)	05/10/2011	01/05/2012	0.70 %	95,000.00	
ALLEGIANCE BANK (XXXX4414)	06/18/2011	02/15/2012	0.75 %	95,000.00	
Money Market Funds					
TEXPOOL (XXXX0001)	07/31/2008		0.08 %	210,267.24	
TEXPOOL (XXXX0005)	06/03/2010		0.08 %	75,083.79	
Checking Account(s)					
COMPASS BANK-CHECKING (XXXX7570)			0.10 %	9,833.65	Compass Lockbox
IRONSTONE BANK (XXXX1787)			0.20 %	67,136.42	Checking Account
IRONSTONE BANK (XXXX1795)			0.20 %	5,000.62	Managers
Totals for Operating Fund:				\$1,157,321.72	
Fund: Capital Projects					
Money Market Funds					
TEXAS CLASS (XXXX0002)	11/25/2008		0.24 %	418,706.30	Series 2002 ESC
Totals for Capital Projects Fund:				\$418,706.30	
Fund: Debt Service					
Certificates of Deposit					
ENTERPRISE BANK - DEBT (XXXX9855)	09/20/2010	08/20/2011	1.10 %	235,000.00	
ALLEGIANCE BANK - DEBT (XXXX8958)	11/12/2010	08/20/2011	0.80 %	150,000.00	
BANK OF HOUSTON - DEBT (XXXX0321)	03/09/2011	08/20/2011	0.45 %	240,000.00	
IBC BANK - DEBT (XXXX0972)	03/09/2011	08/20/2011	0.65 %	240,000.00	
TEXAS CAPITAL BANK-DEBT (XXXX2696)	11/10/2010	08/22/2011	1.15 %	240,000.00	
Money Market Funds					
TEXPOOL (XXXX0002)	07/31/2008		0.08 %	586,380.09	
Totals for Debt Service Fund:				\$1,691,380.09	
Grand total for Vista Oaks MUD:				\$3,267,408.11	

Vista Oaks MUD
Summary of Pledged Securities
As of July 11, 2011

Financial Institution: ALLEGIANCE BANK		
Total CDs, MM:	\$220,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: ALLEGIANCE BANK - DEBT		
Total CDs, MM:	\$150,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: BANK OF HOUSTON		
Total CDs, MM:	\$95,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: BANK OF HOUSTON - DEBT		
Total CDs, MM:	\$240,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: COMPASS BANK-CHECKING		
Total CDs, MM, and Checking Accounts:	\$9,833.65	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: ENTERPRISE BANK - DEBT		
Total CDs, MM:	\$235,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: GREEN BANK		
Total CDs, MM:	\$190,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: IBC BANK		
Total CDs, MM:	\$190,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	

Vista Oaks MUD
Summary of Pledged Securities
As of July 11, 2011

Financial Institution: IBC BANK - DEBT		
Total CDs, MM:	\$240,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: IRONSTONE BANK (Depository Bank)		
Total CDs, MM, and Checking Accounts:	\$72,137.04	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: Yes
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: TEXAS CAPITAL BANK-DEBT		
Total CDs, MM:	\$240,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: TEXAS CLASS		
Total CDs, MM:	\$418,706.30	Collateral Security Required: No
Less FDIC coverage:	\$0.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: TEXAS COMMUNITY BANK		
Total CDs, MM:	\$95,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: TEXPOOL		
Total CDs, MM:	\$871,731.12	Collateral Security Required: No
Less FDIC coverage:	\$0.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	

Vista Oaks - GOF
Actual vs. Budget Comparison
 May 2011

	May 2011			October 2010 - May 2011			Annual	
	Actual	Budget	Over/(Under)	Actual	Budget	Over/(Under)	Budget	
Revenues								
14110	Water - Customer Service Revenue	72,106	34,435	37,671	335,592	275,482	60,110	413,223
14210	Sewer - Customer Service Fee	26,884	25,833	1,051	178,351	206,667	(28,316)	310,000
14310	Penalties & Interest	1,205	1,250	(45)	11,062	10,000	1,062	15,000
14320	Property Tax	3,456	5,212	(1,756)	355,440	358,881	(3,441)	358,881
14325	Property Tax Penalty	332	67	265	1,333	533	800	800
14330	Miscellaneous Income	0	0	0	726	0	726	0
14370	Interest Earned on Temp. Invest	1,445	1,000	445	6,828	8,000	(1,172)	12,000
14390	Interest Earned on Checking	0	25	(25)	149	200	(51)	300
14410	Mayfield Ranch Pass Thru	1,958	1,928	30	15,525	15,420	105	23,130
14430	Trash Service	0	12,500	(12,500)	58,224	100,000	(41,776)	150,000
Total Revenues		107,386	82,250	25,136	963,230	975,183	(11,953)	1,283,334
Expenditures								
15410	Management & Operations	7,530	7,519	11	52,502	60,152	(7,650)	90,228
16125	Purchase Water	46,746	28,035	18,712	257,910	224,277	33,632	336,416
16130	Maintenance & Repairs - Water	446	1,833	(1,388)	10,556	14,667	(4,111)	22,000
16131	Water Loss Prevention	0	417	(417)	0	3,333	(3,333)	5,000
16150	Laboratory Expense	45	38	8	261	300	(39)	450
16160	Utilities	591	750	(159)	4,750	6,000	(1,250)	9,000
16170	Night Watchman Lights	1,523	1,667	(144)	11,346	13,333	(1,987)	20,000
16175	Streetlight Maintenance	0	0	0	47,500	48,600	(1,100)	48,600
16200	Drainage Maintenance	4,169	1,292	2,877	19,929	10,333	9,596	15,500
16210	Inspection Expense	0	5	(5)	0	40	(40)	60
16220	Purchase Sewer Service	15,288	24,500	(9,212)	161,540	196,000	(34,461)	294,000
16230	Maintenance & Repairs - Sewer	1,462	875	587	7,412	7,000	412	10,500
16312	Meter Replacement	0	625	(625)	1,092	5,000	(3,908)	7,500
16320	Tax Assessor/Appraisal	0	0	0	2,165	1,875	290	2,500
16330	Legal Fees	7,069	5,000	2,069	59,051	40,000	19,051	60,000
16340	Auditing Fees	0	0	0	18,000	20,000	(2,000)	20,000
16350	Engineering Fees	2,065	1,000	1,065	19,873	8,000	11,873	12,000
16351	Engineering Fees - Special	6,015	500	5,515	47,947	4,000	43,947	6,000
16380	Permit Expense	0	0	0	1,959	2,500	(541)	2,500
16390	Telephone Expense	0	105	(105)	628	840	(212)	1,260
16410	Garbage Expense	14,462	12,500	1,962	85,598	100,000	(14,402)	150,000
16430	Bookkeeping Fees	1,563	1,833	(271)	13,132	14,667	(1,535)	22,000
16440	Seminar Expense	0	667	(667)	100	5,333	(5,233)	8,000
16450	Legal Notices & Other Publ.	0	63	(63)	1,325	500	825	750
16460	Printing & Office Supplies	402	250	152	2,813	2,000	813	3,000
16470	Filing Fees	32	8	24	573	67	507	100
16480	Delivery Expense	150	75	75	833	600	233	900
16490	Financial Advisor Fees	0	0	0	1,700	0	1,700	0
16520	Postage	10	42	(31)	240	333	(94)	500
16530	Insurance & Surety Bond	0	0	0	1,421	2,000	(579)	2,000
16540	Contractor Mileage	75	75	0	463	600	(137)	900
16560	Miscellaneous Expense	271	417	(146)	1,424	3,333	(1,909)	5,000
16565	Credit Card Fees	0	375	(375)	5,322	3,000	2,322	4,500
16580	Patrol Service	3,589	3,583	6	28,575	28,667	(91)	43,000
16600	Payroll Expenses	1,453	1,446	8	11,788	11,565	222	17,348
16610	Director Reimbursement	0	150	(150)	0	1,200	(1,200)	1,800
16611	Arbitrage Expense	0	417	(417)	400	3,333	(2,933)	5,000
16622	LS Preventive O&M	0	208	(208)	0	1,667	(1,667)	2,500
Total Expenditures		114,958	96,268	18,690	880,126	845,116	35,010	1,230,812

Excess Revenues (Expenditures)

<u>(\$7,572)</u>	<u>(\$14,018)</u>	<u>\$6,446</u>	<u>\$83,104</u>	<u>\$130,067</u>	<u>(\$46,963)</u>	<u>\$52,522</u>
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Vista Oaks MUD
District Debt Service Payments

01/01/2011 - 12/31/2011

Paying Agent	Series	Date Due	Date Paid	Principal	Interest	Total Due
Debt Service Payment Due 03/01/2011						
WELLS FARGO BANK, NA	2002	03/01/2011	03/01/2011	0.00	58,213.75	58,213.75
WELLS FARGO BANK, NA	2004	03/01/2011	03/01/2011	0.00	24,123.00	24,123.00
BANK OF AMERICA	2010R	03/01/2011	03/01/2011	0.00	80,801.00	80,801.00
Total Due 03/01/2011				0.00	163,137.75	163,137.75
 Debt Service Payment Due 09/01/2011						
WELLS FARGO BANK, NA	2002	09/01/2011		175,000.00	58,213.75	233,213.75
WELLS FARGO BANK, NA	2004	09/01/2011		385,000.00	24,123.00	409,123.00
BANK OF AMERICA	2010R	09/01/2011		295,000.00	80,801.00	375,801.00
Total Due 09/01/2011				855,000.00	163,137.75	1,018,137.75
District Total				\$855,000.00	\$326,275.50	\$1,181,275.50

Vista Oaks - GOF
 Balance Sheet
 As of May 31, 2011

	<u>May 31, 11</u>
ASSETS	
Current Assets	
Checking/Savings	
11100 · Cash in Bank	11,750.09
11110 · Managers	3,743.29
11115 · Compass Lockbox	789.83
Total Checking/Savings	<u>16,283.21</u>
Other Current Assets	
11300 · Time Deposits	1,205,850.34
11500 · Accounts Receivable	192,404.05
11510 · Allowance For Doubtful Accounts	(1,200.00)
11520 · Maintenance Tax Receivable	14,859.60
11567 · A/R - Mayfield	5,868.75
11580 · Accrued Interest	3,919.02
11730 · Due From DSF	7,560.60
11740 · Due From CPF	982.61
Total Other Current Assets	<u>1,430,244.97</u>
Total Current Assets	<u>1,446,528.18</u>
TOTAL ASSETS	<u><u>1,446,528.18</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
12000 · Accounts Payable	126,916.01
Total Accounts Payable	<u>126,916.01</u>
Other Current Liabilities	
12100 · Payroll Liabilities	279.30
12610 · Customer Meter Deposits	111,750.00
12740 · Due To CPF	295.89
12760 · Due to TCEQ	1,689.06
12770 · Unclaimed Property	1,101.65
Total Other Current Liabilities	<u>115,115.90</u>
Total Current Liabilities	<u>242,031.91</u>
Total Liabilities	242,031.91
Equity	
13010 · Unallocated Fund Balance	1,106,533.02
13080 · Deferred Taxes	14,859.60
Net Income	83,103.65
Total Equity	<u>1,204,496.27</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,446,528.18</u></u>

VISTA OAKS MUD
Capital Projects Fund Breakdown
as of 7/11/2011

Net Proceeds for All Bond Issues

Checking Account \$0.00

Receipts

Series 1996 - Bond Proceeds	\$3,000,000.00
Series 1996 - Interest Earnings	0.00
Series 1998 - Bond Proceeds	3,750,000.00
Series 1998 - Interest Earnings	0.00
Series 2000 - Bond Proceeds	2,625,000.00
Series 2000 - Interest Earnings	69,507.21
Series 2002 - Bond Proceeds	3,775,000.00
Series 2002 - Interest Earnings	68,164.32

Disbursements

Series 1996 - Disbursements (Attached)	(3,000,000.00)
Series 1998 - Disbursements (Attached)	(3,750,000.00)
Series 2000 - Disbursements (Attached)	(2,625,000.00)
Series 2002 - Disbursements (Attached)	(3,335,987.00)
Total Cash Balance	576,684.53

Balances by Account

Investments - CD's	\$0.00
Texas Class (MM# TX-01-0454-0001)	0.00
Texas Class (MM# TX-01-0454-0002)	418,706.30
Total Cash Balance	\$418,706.30

Balances by Bond Series

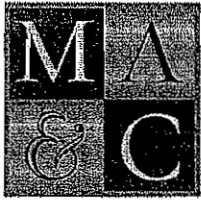
Beginning Balance	\$0.00
Series 2002 - Bond Proceeds	418,706.30
Total Cash Balance	\$418,706.30

Remaining Costs/Surplus By Bond Series

Series 1996 - Remaining Costs	\$0.00
Series 1998 - Remaining Costs	0.00
Series 2000 - Remaining Costs	0.00
Series 2002 - Remaining Costs	0.00
Total Amount in Remaining Costs	0.00
Series 1996 - Surplus & Interest	0.00
Series 1998 - Surplus & Interest	0.00
Series 2000 - Surplus & Interest	0.00
Series 2002 - Surplus & Interest	418,706.30
Total Surplus & Interest Balance	418,706.30
Total Remaining Costs/Surplus	418,706.30

VISTA OAKS MUD
TAX ANALYSIS FISCAL YEAR END 09/30/11

PERCENTAGE	TAX YEARS 2010			TAX YEARS 2009			TAX YEARS 2008			GRAND DEBT SERV	TOTAL MAINT	TOTAL
	DS 0.1432	MT 0.2556	TOTAL 2010	DS 0.2106	MT 0.1652	TOTAL 2009	DS 0.2106	MT 0.1652	TOTAL 2008			
PRIOR YEAR TAXES	0.00	0.00	0.00	4,756.90	1,110.41	6,869.31	0.00	0.00	2,873.97	1,222.65	284.44	15,166.30
PRIOR YEAR TAX LEVY	1,062,316.00	366,962.58	1,429,360.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
COLLECTIONS:												
OCT 10 TAXES	1,279.50	442.01	1,721.51	1,351.82	315.42	1,667.24	0.00	0.00	0.00	2,631.32	757.43	3,388.75
OCT 10 PENALTY	0.00	0.00	0.00	283.88	66.24	350.12	0.00	0.00	0.00	283.88	66.24	350.12
NOV 10 TAXES	39,360.76	13,689.90	53,050.66	(90.00)	(21.00)	(111.00)	0.00	0.00	0.00	39,269.76	13,672.90	52,942.66
NOV 10 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEC 10 TAXES	697,672.60	241,014.13	938,686.63	1,063.86	246.23	1,312.09	1,057.80	246.82	1,304.62	899,794.16	241,503.18	1,141,297.34
DEC 10 PENALTY	0.00	0.00	0.00	78.02	18.20	96.22	162.28	37.85	200.13	240.22	66.05	306.27
JAN 11 TAXES	188,145.47	64,896.71	253,141.18	0.00	0.00	0.00	0.00	0.00	0.00	188,145.47	64,896.71	253,141.18
JAN 11 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FEB 11 TAXES	64,816.47	22,391.15	87,207.62	76.73	17.67	94.40	0.00	0.00	0.00	64,892.20	22,408.82	87,301.02
FEB 11 PENALTY	422.72	146.03	568.75	16.93	4.42	23.35	0.00	0.00	0.00	441.85	160.46	602.31
MAR 11 TAXES	15,291.61	5,282.56	20,574.17	0.00	0.00	0.00	0.00	0.00	0.00	15,291.61	5,282.56	20,574.17
MAR 11 PENALTY	1,200.75	414.80	1,615.55	0.00	0.00	0.00	0.00	0.00	0.00	1,200.75	414.80	1,615.55
APR 11 TAXES	9,286.05	3,207.91	12,493.96	1,067.84	269.16	1,317.00	0.00	0.00	0.00	10,353.89	3,457.87	13,811.76
APR 11 PENALTY	713.74	246.56	960.30	288.32	67.27	355.59	0.00	0.00	0.00	1,002.06	313.83	1,315.89
MAY 11 TAXES	9,995.12	3,452.86	13,447.98	0.00	0.00	0.00	2.59	0.60	3.19	10,011.14	3,466.44	13,477.58
MAY 11 PENALTY	954.83	329.85	1,284.68	0.00	0.00	0.00	1.03	0.24	1.27	963.73	331.83	1,295.56
JUNE 11 TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JUNE 11 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JULY 11 TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JULY 11 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AUG 11 TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AUG 11 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SEPT 11 TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SEPT 11 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	1,029,129.52	355,517.47	1,384,646.99	4,136.40	965.61	5,104.01	1,223.62	295.51	1,509.13	1,030,380.65	355,440.11	1,385,820.66
TAXES	1,025,837.46	354,380.23	1,380,217.71	3,469.25	809.48	4,278.73	1,060.39	247.42	1,307.81	1,030,380.65	355,440.11	1,385,820.66
PENALTY	3,292.04	1,137.24	4,429.28	667.15	156.13	825.28	163.23	38.09	201.32	4,132.29	1,333.20	5,465.49
TOTALS	1,029,129.52	355,517.47	1,384,646.99	4,136.40	965.61	5,104.01	1,223.62	295.51	1,509.13	1,034,512.94	356,773.31	1,391,286.15
ADJUSTMENTS	(97.64)	(30.27)	(117.91)	(90.00)	(21.00)	(111.00)	0.00	0.00	0.00	(177.84)	(61.27)	(239.11)
TAX REC @ 09/31/11	36,392.88	12,672.06	49,064.94	1,899.68	279.02	1,479.56	1,269.56	296.20	1,565.16	47,557.71	14,859.60	62,417.31
TAX RATES	0.5500	0.1900	0.7400	0.6000	0.1400	0.7400	0.6000	0.1400	0.7400			



MUNICIPAL ACCOUNTS
& CONSULTING, L.P.

July 11, 2011

Texpool
Attn: Diane Parker
600 Travis St, Ste 7200
Houston, TX 77002
Fax (866) 839-3291

RE: Vista Oaks MUD

Dear Diane,

Please consider this letter as written authorization by Vista Oaks MUD
to transfer the following funds:

Transfer \$8,677.89 from Pool 449, Account
To Account

If you should have any questions, please contact Autumn Phillips at (512) 782-2401.

Sincerely,

Vista Oaks MUD

TRANSFER FROM TAX TEXPOOL ACCOUNT TO DSF TEXPOOL ACCOUNT



MUNICIPAL ACCOUNTS
& CONSULTING, L.P.

July 11, 2011

Texpool
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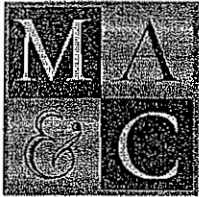
Transfer \$92.49 from Pool 449, Account
To TexasClass Account

If you should have any questions, please contact Autumn Phillips at (512) 782-2401.

Sincerely,

Vista Oaks MUD

TRANSFER FROM GOF TEXPOOL ACCOUNT TO CPF TEXASCLASS ACCOUNT



MUNICIPAL ACCOUNTS
& CONSULTING, L.P.

July 11, 2011

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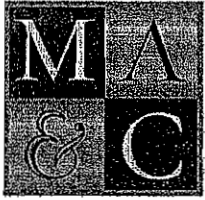
Sincerely,

Vista Oaks MUD

TRANSFER FROM TAX TEXPOOL ACCOUNT TO GOF TEXPOOL ACCOUNT

Vista Oaks - GOF
Account QuickReport
As of July 13, 2011

Num	Name	Memo	Amount	Balance
11100 - Cash in Bank				
CD INT				67,136.42
1639	City of Round Rock	Alligance Bank CD Interest Earned	565.77	67,702.19
1668	Douglas Mink	Purchase Water/Sewer Service	(79,297.26)	(11,595.07)
1669	Keith Young	2011 CASE Reimbursement	(2,623.75)	(14,218.82)
1670	AW Backflow Testing & Utilities Maintenan	CASE 2011 Reimbursement	(2,173.61)	(16,392.43)
1671	ISS Grounds Control, Inc.	Fire Hydrant Backflow Testing	(8,800.00)	(25,192.43)
1672	Round Rock Refuse, Inc.	Drainage Maintenance	(4,265.02)	(29,457.45)
1673		Garbage Expense	(14,398.55)	(43,856.00)
WIRE		Transfer to Checking	50,000.00	6,144.00
1674	Leslie Alger	CASE 2011 Expense Reimbursement	(1,850.43)	4,293.57
1673	Mike Asbury	CASE 2011 Expense Reimbursement	(2,220.87)	2,072.70
Total 11100 - Cash in Bank			(65,063.72)	2,072.70
TOTAL			(65,063.72)	2,072.70



MUNICIPAL ACCOUNTS
& CONSULTING, L.P.

July 11, 2011

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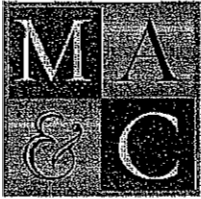
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Vista Oaks MUD

TRANSFER FROM TAX TEXPOOL ACCOUNT TO DSF TEXPOOL ACCOUNT



MUNICIPAL ACCOUNTS
& CONSULTING, L.P.

July 11, 2011

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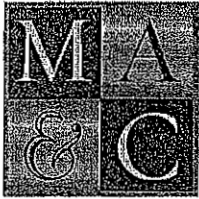
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Sincerely,

Vista Oaks MUD

TRANSFER FROM TAX TEXPOOL ACCOUNT TO GOF TEXPOOL ACCOUNT

Vista Oaks
Municipal Utility District
formerly Williamson County MUD #9

NEWS & INFO UTILITIES BOARD DOCUMENTS AMENITIES

Welcome to Vista Oaks Municipal Utility District

VISTA OAKS
MUNICIPAL UTILITY DISTRICT
196 CAGROUSE AVENUE, A 1208
AUSTIN, TEXAS 78701



News
The first news story would go here. There would be a link for further information.

Mailing List
Join our mailing list for notifications and alerts.
(Functionality to be added.)

The District

Vista Oaks is a 316-acre community located along FM 1431 between the growing cities of Round Rock and Cedar Park, Texas. This established community consists of more than 900 homes located along Honey Bear Creek and boasts family-friendly facilities including an Arrenity Center and Junior Olympic swimming pool, fire-pit and pavilion, sand volleyball court, basketball court, multiple playgrounds, and a tennis court. Residents of Vista Oaks also enjoy a lighted, concrete trail system that runs along Honey Bear Creek.

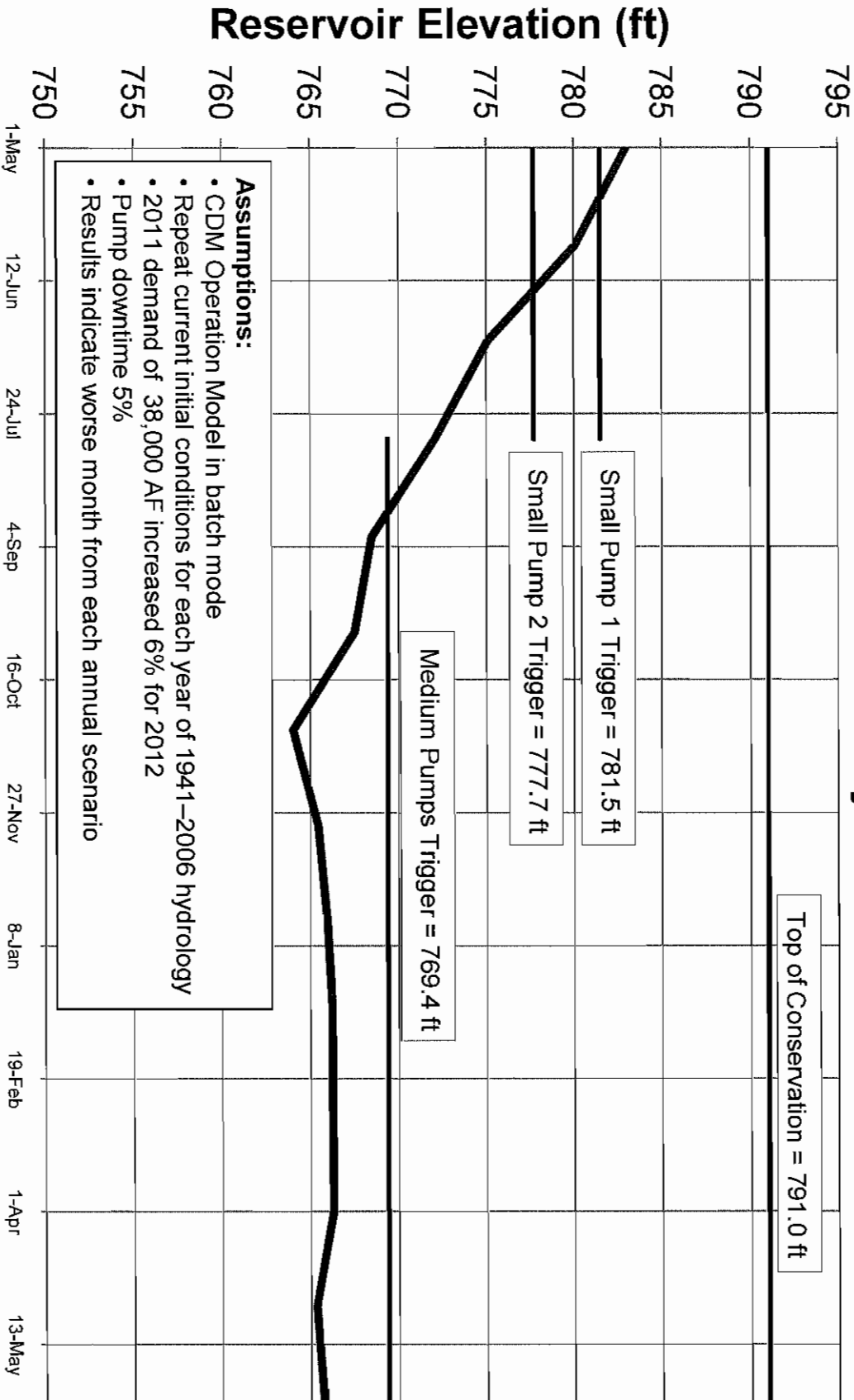
Vista Oaks, known as Williamson County MUD #9 until 2011, was created in 1987 by the legislature of the state of Texas. Vista Oaks Municipal Utility District provides water, solid waste collection, and wastewater service to the community.

Contact Us
Home | News | Board | Documents | Mailing List | Amenities | Links
Contact the organization with your comments, suggestions or concerns about this site.



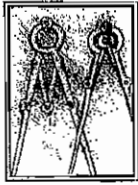
Lake Georgetown Worse Case Forecast

June 2011 – May 2012



Water Services
5/13/2011

Date



GRAY • JANSING & ASSOCIATES, INC.

MEMORANDUM

TO: Board of Directors, Vista Oaks MUD
FROM: John D. Hines, P.E.
DATE: June 29, 2011
Re: Engineering Report
GJA 1399-8446-54

The following is a brief summary of the activities that we have been working on since the last Board meeting:

General Engineering Items (*GJA Job No. 1399-8446-54*)

GJA has been working with the District's general manager and legal counsel on routine District-related matters since the last Board meeting.

City of Round Rock Wholesale Wastewater Rate Evaluation (*GJA No. 1399-10197-54*)

This issue appears to be headed towards resolution. The District's general manager and attorney are anticipated to update the Board on the latest developments.

Entrance Wall Improvement Project (*GJA No. 1399-10358-36*)(*No Change*)

GJA is working with the District's legal counsel in preparing the necessary easement documents, purchase agreements, and notifications for the upcoming wall improvement project. Specifically, we have identified the necessary parcels that will require new easements for the location of the wall. The easements include property owned by the Vista Oaks Owner's Association, two private residential parties, and Williamson County. With the assistance of the District's legal counsel, draft purchase agreements and costs associated with obtaining these easements from the Owner's Association and private lot owners have been prepared.

In addition to the purchased easements, there are also two right-of-way turnouts located on the westerly side of Vista Hills Boulevard that were originally planned for future subdivision connectivity but never became utilized for vehicular traffic. As a result, we have prepared the draft version of a *Deed Without Warranty* transfer document that can be used by Williamson County for converting the unused street turnouts from public r.o.w. to District property. Upon finalization by legal counsel and consideration by the Board for approval, GJA will coordinate execution and recordation of the necessary documents with Williamson County to make the conversion.

Simultaneously, we are also working with the District's attorney in obtaining the ownership information for the approximately 49 lot owners adjacent to the new wall and preparing notification letters to such. Since the new wall is proposed to replace the old wooden fence along these residential lots, the contractor doing the work will need to have access rights and/or construction easements established

Board of Directors
Vista Oaks MUD
June 29, 2011
Page 2

across the private property in order to complete the new wall, take down the old fence (private property), and make necessary cross-fence connections to the new wall. As part of the notification process, a community meeting with the residents directly adjacent to the new wall has also been discussed and can be scheduled in the next few weeks as progress continues with seeking the necessary access rights.

In summary, we anticipate having all of the easements, purchases, and private lot owner documents completed within the next 60-90 days. Once the property rights and permissions needed to construct the new wall have been obtained, GJA can proceed with public advertisement, solicitation of bids, and presentation of a recommendation to the Board. Should the Board accept one of the bids, we would proceed by notifying the selected contractor and continue to coordinate with the wall sub-committee, legal counsel, and private lot owners throughout the construction of the new wall (anticipated to be about a 3-4 month construction duration).

2010 Surplus Funds Application (*GJA No. 1399-10359-61*)

GJA met with the District's Board Subcommittee, attorney, general manager, and bookkeeper regarding the status of existing surplus/escrowed funds in the District's accounts and which projects might qualify for use of those funds. After discussion, it was agreed that we will approach the full Board with a recommendation that an application be filed with TCEQ to release the remaining surplus/escrowed funds from the District's bank accounts to pay for the televising work associated with the inflow and infiltration inspections required by the Edwards Aquifer Rules and Regulations of the District's wastewater system conducted in 2005 and 2010. The balance of the remaining surplus escrowed funds will be requested to be deposited in the District's debt service account for use in reducing the District's current debt service obligations. It is anticipated that this recommendation will be presented at the July 11th Board meeting and filed with TCEQ shortly thereafter.

David Gray and I will be in attendance at the July meeting to address any questions or comments you may have regarding these or other engineering-related matters.

JDH:J

**RESOLUTION ADOPTING A CODE OF ETHICS AND
FINANCIAL INVESTMENT, TRAVEL AND PROFESSIONAL SERVICES POLICY**

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

WHEREAS, the Board of Directors (the "Board") of Vista Oaks Municipal Utility District (the "District") is required by law to adopt a Code of Ethics and Financial Investment, Travel and Professional Services Policy (the "Policy") and to review the Policy on an annual basis; and

WHEREAS, in conjunction with its annual review of the Policy, the Board now desires to adopt an updated Policy;

NOW, THEREFORE, IT IS RESOLVED BY THE BOARD OF DIRECTORS OF VISTA OAKS MUNICIPAL UTILITY DISTRICT THAT:

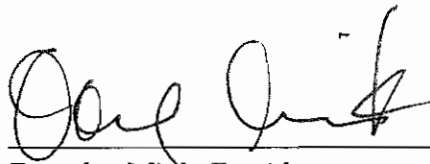
Section 1. The Board hereby confirms its annual review of the Policy.

Section 2. The updated Code of Ethics and Financial Investment, Travel and Professional Services Policy attached as Exhibit "A" is hereby adopted.

Section 3. This Resolution, and the Policy, supersede all prior Resolutions, Policies, and related exhibits previously adopted by the Board.

ADOPTED this 11th day of July, 2011.

(SEAL)

By: 

Douglas Mink, President
Board of Directors

ATTEST:



Mike Asbury, Secretary
Board of Directors

ATTACHMENT "A"

CODE OF ETHICS

SECTION 1. Purpose. The purpose of this Code of Ethics is to set forth the standards of conduct and behavior for the members of the Board of Directors of VISTA OAKS MUNICIPAL UTILITY DISTRICT (the "District"), and its officers, employees, and persons handling investments for the District (collectively with the Directors, the "District Officials") in accordance with Chapters 171 and 176 of the Texas Local Government Code and Section 49.199 of the Texas Water Code, as amended.

SECTION 2. Conflicts of Interest. A Director will abstain from participating in a vote or decision on a matter involving a business entity in which the Director has a substantial interest if it is reasonably foreseeable that an action on the matter would confer an economic benefit on the business entity. A Director will abstain from acting as a surety for a business entity that has work, business, or a contract with the District. A Director will abstain from acting as a surety on any official bond required by an officer of the District. For these purposes, a person is considered to have a "substantial interest" in a business if (1) he owns 10% or more of the voting stock or shares of the business entity or owns either 10 percent or more or \$5,000 or more of the fair market value of the business entity; or (2) funds received from the business exceed 10% of his gross income for the previous year. A person has a substantial interest in real property if the interest is an equitable or legal ownership with a market value of \$2,500 or more. A Director is considered to have a substantial interest for these purposes if a person related to the Director within the first degree of affinity or consanguinity, as determined under Chapter 573, Government Code, has a substantial interest as defined herein. In addition, each Director shall comply fully with the disclosure statement requirements of Chapter 176, Texas Local Government Code.

ATTACHMENT "B"

POLICY CONCERNING LIMITS ON FEES OF OFFICE

SECTION 1. Purpose. The purpose of this Policy is to set a limit on the fees of office that a director may receive in a year in accordance with Section 49.060 (a-1) of the Texas Water Code.

SECTION 2. Limits. The District hereby sets a limit on the fees of office that a director may receive in a year for performing the duties of a director at an amount not to exceed \$7,200. In addition, a director is also entitled to receive reimbursement of actual expenses reasonably and necessarily incurred while engaging on behalf of the District.

ATTACHMENT "C"

TRAVEL EXPENSE POLICY

SECTION 1. Purpose. The purpose of this Travel Expense Policy is to set forth the policies of VISTA OAKS MUNICIPAL UTILITY DISTRICT (the "*District*") concerning travel expenses for members of the Board of Directors of the District at all meetings other than Board meetings in accordance with Section 49.199 of the Texas Water Code.

SECTION 2. Attendance at Meetings. Attendance at conferences, hearings, or other meetings outside the Austin area by the members of the Board of Directors must be sanctioned by the Board of Directors; attendance at local meetings will be at each Director's discretion, however, such local meetings must relate to the business of the District. Following the meeting, Directors attending any meeting shall report to the Board concerning the meeting.

SECTION 3. Meeting Expenses Outside of Austin. The District will pay a director fee of \$150 per day for days of the meeting and a director fee of \$150 for one travel day. At sanctioned meetings, the District will pay the single room rate for the hotel at which the meeting is being held or any other comparable hotel. For travel connected with attendance at a sanctioned meeting, the District will pay round trip mileage at the current IRS mileage rate for travel by car or round trip airfare at current commercial rates for standard (not first class) airfare.

SECTION 4. Meeting Expenses for Local Meetings. The District will pay Directors a director fee of \$150 per day and round trip mileage at the current IRS mileage rate for transportation to the meeting location.

SECTION 5. Reimbursement. Directors attending meetings will submit an itemized expense report to the Bookkeeper of the District before reimbursement is made. The Bookkeeper will submit such expense report to the Board of Directors for approval. Items on the expense report shall include lodging, meals, reasonable tips, and transportation. Reimbursement for meals will be limited to \$50 per day. Directors sharing expense items may split reported expenses in any matter they deem equitable, but the Board will pay no more than 100% of the actual total cost of the reimbursable items.

SECTION 6. Extraordinary Expenses. Any extraordinary expenses for a Director attending a sanctioned meeting must be approved by the Board prior to incurring the expense.

ATTACHMENT "D"

POLICY CONCERNING SELECTION, MONITORING,
REVIEW, AND EVALUATION OF PROFESSIONAL CONSULTANTS

SECTION 1. Purpose. The purpose of this Policy Concerning Selection, Monitoring, Review, and Evaluation of the Professional Consultants is to set guidelines for the Board of Directors for VISTA OAKS MUNICIPAL UTILITY DISTRICT (the "District") concerning its Professional Consultants in accordance with Section 49.199 of the Texas Water Code.

SECTION 2. Definition of Professional Consultant. "Professional Consultant" will include the District's attorney, auditor, manager, financial advisor, engineer, tax assessor/collector, development consultant and such other consultants other than employees that the District may engage.

SECTION 3. Selection of Consultants. Whenever the Board of Directors of the District decides to terminate the services of one or more of its Professional Consultants, the Board will solicit proposals and appoint a committee of two Directors to review any proposals received by the Board, to interview applicants if deemed necessary by such committee, and to make a recommendation to the entire Board of Directors concerning the selection.

SECTION 4. Monitoring of Professional Consultants. For those Professional Consultants with annual contracts, the Board of Directors of the District will review the performance of the Professional Consultants for the prior year at the time the contract is renewed. The Board of Directors will review the performance of its other Professional Consultants in connection with the review of its annual financial report or annual audit.

ATTACHMENT "E"

POLICIES RELATING TO USE OF MANAGEMENT
INFORMATION AND FORMATION OF AN AUDIT COMMITTEE

SECTION 1. Purpose. The purpose of this Policy Relating to Use of Management Information and Formation of an Audit Committee for VISTA OAKS MUNICIPAL UTILITY DISTRICT (the "*District*") is to provide written policies concerning use of management information in accordance with Section 49.199 of the Texas Water Code.

SECTION 2. Annual Budgets. In conjunction with the levy of a tax by the District or at such time as operation of the District's utility system commences, whichever occurs first, prior to each fiscal year, the Board of Directors of the District will adopt an annual budget in which revenues are anticipated for the next fiscal year for use in planning and controlling of costs and will compare the actual revenues and expenditures of the District to the budgeted revenues and expenditures on a semiannual basis or more frequently if warranted. This annual budget will cover operations expenses and revenue as well as debt service expenses and revenue.

SECTION 3. Audit Committee. At such time as the District is required to conduct annual audits, the District hereby appoints its Board of Directors as an audit committee, or any two members of the Board that the Board may appoint from time to time to review the annual audit prepared by the District Auditor.

SECTION 4. Accounting Standards. At such time as the District is required to conduct annual audits, the District hereby directs its auditor to adopt uniform auditing reporting requirements that use "Audits of State and Local Governmental Units" as a guide on audit working papers and that uses "Governmental Accounting and Financial Reporting Standards" and any further standards as may be required by the Texas Commission on Environmental Quality rules or State statutes as may be amended from time to time.

**RESOLUTION ADOPTING INVESTMENT POLICY AND
DESIGNATING AN INVESTMENT OFFICER**

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

WHEREAS, the Board of Directors (the "Board") of Vista Oaks Municipal Utility District (the "District") desires to adopt an investment policy and designate investment officers to be responsible for the investment of District funds;

NOW, THEREFORE, IT IS RESOLVED BY THE BOARD OF DIRECTORS OF VISTA OAKS MUNICIPAL UTILITY DISTRICT THAT:

Section 1. The Investment Policy attached as **Exhibit "A"** is hereby adopted.

Section 2. Mark M. Burton and Autumn Phillips of Municipal Accounts & Consulting, L.P., the District's bookkeeper, are hereby designated to serve as the District's investment officers. The District's investment officers are authorized to invest District funds in accordance with the direction of the Board and the Policy, but in no event may an investment officer invest District funds in contravention of Chapter 2256 of the Texas Government Code, the Public Funds Investment Act.

Section 3. This Resolution and other exhibits attached hereto supersede all prior Resolutions and related exhibits previously adopted by the Board.

ADOPTED this 11th day of July, 2011.

(SEAL)

By: 

Douglas Mink, President
Board of Directors

ATTEST:



Mike Asbury, Secretary
Board of Directors

**JOINDER TO RESOLUTION ADOPTING INVESTMENT POLICY
AND DESIGNATING AN INVESTMENT OFFICER**

Municipal Accounts & Consulting, L.P., the bookkeeper for Vista Oaks Utility District (the "Bookkeeper"), joins in this Resolution Adopting Investment Policy and Designating an Investment Officer (the "Resolution") for purposes of acknowledging that the Bookkeeper has received and reviewed the Resolution and agrees to comply with the terms thereof.

**MUNICIPAL ACCOUNTS &
CONSULTING, L.P.**

BY: Autumn Phillips

NAME: Autumn Phillips

TITLE: Bookkeeper

INVESTMENT POLICY

Section 1. Purpose. The purpose of this investment policy (the "Investment Policy") is to adopt rules and regulations which set forth the policies of Vista Oaks Municipal Utility District (the "District") with regard to the investment and security of District funds or funds under the District's control. It is further the purpose of this Investment Policy to ensure that purchases and sales of District investments are initiated by authorized individuals, conform to investment objectives and regulations, are properly documented and approved, and to provide for the periodic review of District investments to evaluate investment performance and security, all as required by applicable law.

Section 2. Appointment of Investment Officer; Standard of Care. Mark Burton and Autumn Phillips of Municipal Accounts & Consulting, L.P., the District's bookkeeper, shall be and are hereby designated the Investment Officer of the District (the "Investment Officer"), responsible for the supervision of investment of District funds pursuant to this Investment Policy. In the administration of his/her duties hereunder, the District's Investment Officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of his or her own affairs. The District's Board of Directors (the "Board"), Tax Assessor-Collector, Financial Advisor and other consultants shall be authorized to assist the Investment Officer in the carrying out of the duties of Investment Officer.

Section 3. Appointment of Investment Officer and Tax Assessor-Collector for Investment of District Funds. Pursuant to Section 49.157(b), Texas Water Code, the Board hereby designates the Investment Officer as the authorized representative of the District to (a) invest and reinvest the funds of the District; (b) withdraw District funds from appropriate accounts of the District for the investment of same in accordance with the terms of this Investment Policy; and (c) arrange for adequate security for uninsured deposits or funds of the District pursuant to and in compliance with a Public Funds Depositor Collateral Security Agreement which shall be substantially in the form attached as **Exhibit "B"** (the "Public Funds Depositor Collateral Security Agreement") and to execute said Public Funds Depositor Collateral Security Agreement(s) and any documentation required in connection therewith on behalf of the District. To the extent that the District's Tax Assessor-Collector is required to perform any of the functions set forth in (a), (b) or (c) above, the Tax Assessor-Collector will do so in accordance with the provisions of the Public Funds Investment Act and this Investment Policy, and under the supervision of and in consultation with the District's Investment Officer.

Section 4. Authority and Duties of Investment Officer. The following rules will apply to the District's Investment Officer:

- A. The Board hereby instructs the Investment Officer to maintain the investments of the District in a manner consistent with the rules and regulations set forth in this Investment Policy and the Public Funds Investment Act, as amended.

B. No persons, other than those designated in Section 3 above, may deposit, invest, transfer, withdraw or otherwise manage District funds without express written authority of the Board.

C. The Investment Officer will invest and reinvest District funds only in those investments authorized under this Investment Policy or by the Board, and only in the name of and solely for the account of Vista Oaks Municipal Utility District. The District's bookkeeper is authorized to wire transfer funds of the District only (1) for the purchase of investments solely in the name of Vista Oaks Municipal Utility District; (2) for the transfer of all or any portion of the principal of or interest earnings or profits or gains on any investment of the District to one or more previously authorized and established accounts of Vista Oaks Municipal Utility District; (3) for the transfer of District funds to any paying agent of the District for the payment of principal and semiannual interest payments on any outstanding bonds of the District and for the payment of paying agent fees relative to same; or (4) pursuant to the express written instructions of the Board.

D. The Investment Officer will attend at least one (1) training session relating to the Investment Officer's responsibilities under the Public Funds Investment Act, as amended, from an independent source approved by the Board or the Board's Investment Committee and containing at least ten (10) hours of instruction within twelve (12) months of assuming the duties of Investment Officer, and thereafter will attend an investment training session not less than once in a two-year period and receive not less than ten (10) hours of instruction relating to investment responsibilities under the Public Funds Investment Act from an independent source approved by the Board or the Board's Investment Committee. Such investment training must include education in investment controls, security risks, diversification of investment portfolio, strategy risks, market risks, and compliance with the provisions of the Public Funds Investment Act, as amended.

E. Not less frequently than each fiscal quarter, the Investment Officer will prepare and submit to the Board a written report of investment transactions for all invested funds of the District for the preceding reporting period. Such report shall (1) describe in detail the investment position of the District on the date of the report; (2) be prepared by the Investment Officer; (3) be signed by the Investment Officer; (4) contain a summary statement, prepared in compliance with generally accepted accounting principles, of each pooled fund group, if any has been created by the District, that states the beginning market value of the reporting period, additions and changes to the market value during the period, and ending market value for the period, and fully accrued interest for the reporting period; (5) state the book value and market value of each separately invested asset of the District at the beginning and at the end of the reporting period by the type of asset and fund type invested; (6) state the maturity date of each separately invested asset that has a maturity date; (7) state the account or

fund or pooled group fund, if the District has any, for which each individual investment was acquired; and (8) state the compliance of the District's investment portfolio as it relates to the investment strategy for each District account as set forth in this Investment Policy and relevant provisions of the Public Funds Investment Act, as amended. Such report must be presented to the Board within a reasonable period of time after the end of each fiscal quarter. If the District invests in other than (i) money market mutual funds, (ii) investment pools, or (iii) accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, all of the type authorized under Section 6 of this Investment Policy, the reports prepared under this Section 4.E. will be formally reviewed at least annually by an independent auditor, and the result of such review shall be reported to the Board by that auditor.

F. In the event District funds are invested or reinvested in Certificates of Deposit, the bookkeeper or Tax Assessor-Collector, as applicable, will solicit bids from at least two (2) bidders, either orally, in writing, electronically, or in any combination of those methods, for each such investment.

G. All purchases of investments, except investments in investment pools or in mutual funds, will be made on a delivery versus payment basis.

H. Not less frequently than each fiscal quarter, and as close as practicable to the end of such reporting period, the Investment Officer shall determine the market value of each District investment. Such market values will be included in the written reports submitted to the Board pursuant to Section 4E. The following methods will be used:

- (1) Certificates of deposit will be valued at their face value plus any accrued but unpaid interest.
- (2) Shares in money market mutual funds and investment pools, if any, will be valued at par plus any accrued but unpaid interest.
- (3) Other investment securities may be valued in any of the following ways:
 - (a) the lower of two bids for such security obtained from qualified securities brokers/dealers with whom the District may engage in investment transactions;
 - (b) the average of the bid and asked prices for such security as published in The Wall Street Journal or The New York Times;
 - (c) the bid price for such security published by any nationally recognized security pricing service; or
 - (d) the market value quoted by the seller of the security.

I. A written copy of the District's Investment Policy must be presented to any person offering to engage in an investment transaction with the District and to any investment management firm under contract with the District for the investment and management of its funds. The "qualified representative" of the business organization offering to engage in an investment transaction with the District or an investment management firm will execute a written instrument in a form acceptable to the District substantially to the effect that the business organization or firm has received and reviewed the Investment Policy and acknowledges that such business organization or firm has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the District and such organization or firm that are not authorized by the District's Investment Policy, except to the extent that such authorization is dependent on an analysis of the makeup of the District's entire investment portfolio or requires an interpretation of subjective investment standards. The Investment Officer may not acquire or otherwise obtain any authorized investment described in Section 6 hereof from a person who has not delivered to the District the written statement acknowledging receipt of this Investment Policy in a form substantially similar to that attached hereto as Exhibit "A" (the "Certificate of Compliance"). For purposes of this Section 4I, the "qualified representative" of a business organization offering to engage in an investment transaction with the District means a person who holds a position with a business organization who is authorized to act on behalf of the business organization, and who is one of the following:

- (1) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealers;
- (2) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution; or
- (3) for an investment pool, the person authorized to sign the written instrument on behalf of the investment pool by the elected official or board with authority to administer the activities of the investment pool.

The "qualified representative" of an investment management firm under contract with the District for the investment and management of its public funds is a person who is an officer or principal of such firm.

J. The Investment Officer shall disclose in writing to the Board any (i) "personal business relationship" that they may have with a business organization offering to engage in an investment transaction with the District, or (ii) any relationship within the second degree by affinity or consanguinity, as

determined by Chapter 573, Texas Government Code, as amended, to any individual seeking to sell an investment to the District. Any written disclosure statement filed with the Board by the Investment Officer pursuant to this section must also be filed with the Texas Ethics Commission. For purposes of this Section 4.J, the Investment Officer has a "personal business relationship" with a business organization if:

- (1) the Investment Officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
- (2) funds received by the Investment Officer from the business organization exceed 10 percent of the Investment Officer's gross income for the previous year; or
- (3) the Investment Officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for his or her personal account.

K. In conjunction with the District's annual financial audit, a compliance audit of management controls on investments and adherence to this Investment Policy must be performed. In connection with the compliance audit, the Board will review this Investment Policy and its investment strategies on an annual basis. In connection with the annual review, the Board will adopt a written resolution stating that it has reviewed this Investment Policy and the investment strategies set forth herein, and will indicate in such resolution either the continuance of this Investment Policy without amendment or the changes made to the Investment Policy and/or the investment strategies herein.

Section 5. General Investment Principles and Objectives. All investments of District funds or funds under the District's control will be made in accordance with the following general rules, regulations and policies:

A. Any sums of money in any fund of the District or in any fund established by the Board in connection with the authorization of the District's bonds, including, but not limited to, proceeds from the sale of such bonds, which funds are not required for the payment of obligations due or to become due immediately, shall be invested and reinvested, from time to time, only in the authorized investments specified in Section 6 hereunder; provided, however, that all such investments will be secured in the manner provided for the security of funds of municipal utility districts of the State of Texas (The Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended) or in such other manner as may be authorized by law from time to time and otherwise suitable for the District's needs.

B. The policy of the District is to invest District funds only in instruments which further the following investment objectives of the District

stated in order of importance: (1) preservation and safety of principal; (2) liquidity; and (3) yield. The District will continuously attempt to diversify its portfolio to reduce risks. The type, conditions and maturity date of District investments shall be consistent with the cash flow needs and operating requirements of the District, as determined from time to time by the Board, and consistent with the investment strategy for each District account as set forth in Section 7 hereunder.

C. If invested in certificates of deposits, the District's funds shall be secured, to the extent that such funds are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, by the pledge to the District of certain types of securities, as determined in the sole discretion of the District, which under the laws of the State of Texas may be used to secure the deposits of municipal utility districts, pursuant to and in compliance with a Public Funds Depositor Collateral Security Agreement which will be substantially in the form attached as Exhibit "B".

D. Securities pledged to the District shall be pledged pursuant to and in compliance with a Public Funds Depositor Collateral Security Agreement to be entered into by and between the District and the institution(s) pledging such securities. Securities pledged to the District shall either be deposited and held in safekeeping at the trust or safekeeping department of a commercial banking institution located in the State of Texas not affiliated with the pledging institution(s) or a federal home loan bank, or shall be held in a restricted securities account, joint safekeeping account or other similar account in a branch of the Federal Reserve Bank pursuant to any and all applicable regulations, operating circulars, bulletins and policies of the Federal Reserve Bank, including the terms and conditions of any applicable forms or agreements, as may exist now or hereafter be enacted, promulgated or issued by the Federal Reserve Bank. The Investment Officer will, within the limits of business practicality and consistent with the Federal Deposit Insurance Corporation Statement of Policy dated March 23, 1993 (or any subsequent applicable Statement of Policy issued by the FDIC relative to the securing of public funds), ensure that the District's uninsured funds are at all times secured as required by the Public Funds Collateral Act (Chapter 2257, Texas Government Code, as amended) and in the manner set forth in the Public Funds Depositor Collateral Security Agreement. The Investment Officer is authorized to execute Public Funds Depositor Collateral Security Agreements and any agreements, documents or forms required by the Federal Reserve Bank on behalf of the District, as and when required, and to approve the substitution of securities pledged to the District as collateral pursuant to and in the manner set forth in any Public Funds Depositor Collateral Security Agreement entered into by the District.

E. The Board recognizes that, within the framework of the above rules, decisions must be made concerning the type and duration of each investment transaction, and that such decisions are best made by the person

responsible for implementing the transaction based upon the facts and circumstances prevailing at the time. As a guide to making such decisions, it is the policy of the Board that priority should be given to proper security of the District's funds over maximizing the yield on investments. Furthermore, in cases where the rates of return on an investment security offered by competing banking institutions are substantially equivalent, the Investment Officer will give preference to those investments and investment institutions offering the greatest degree of administrative convenience and proximity, flexibility of investment arrangements and/or intangible benefits and community goodwill.

F. Except as otherwise provided, nothing herein shall be deemed or construed to authorize the withdrawal, expenditure or appropriation of funds of the District except by check or draft signed by three (3) members of the Board, or as otherwise provided by applicable statutes or the resolutions, rules, regulations, policies, orders or proceedings of the Board. Furthermore, the Board will retain sole responsibility for establishing and implementing this Investment Policy, and all investment transactions to be undertaken by the Investment Officer pursuant to the Investment Policy shall be subject to the further or more specific directions, instructions, orders, resolutions or actions of the Board.

Section 6. Authorized Investments The following categories of investment are authorized for investment of District funds:

A. Obligations of the United States or its agencies and instrumentalities;

B. Direct obligations of the State of Texas or its agencies and instrumentalities;

C. Other obligations, the principal and interest of which are unconditionally guaranteed, insured, or backed by the full faith and credit of the State of Texas, the United States, or any of their respective agencies and instrumentalities;

D. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated not less than A or its equivalent investment quality by a nationally recognized investment rating firm;

E. Certificates of deposit issued by a state or national bank domiciled in the State of Texas, a savings bank domiciled in the State of Texas, or a state or federal credit union domiciled in the State of Texas that are:

- (1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or by the National Credit Union Share Insurance Fund or its successor;

(2) secured by obligations of the type described in Section 2256.010(2), Texas Government Code, as amended, or

(3) secured in any other manner and amount provided by law for deposits of the District pursuant to a Public Funds Depositor Collateral Security Agreement approved and executed by the District.

F. No-load money market mutual funds that:

(1) are registered with and regulated by the Securities and Exchange Commission;

(2) provide the District with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a *et seq.*) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 *et seq.*);

(3) have a dollar-weighted average stated maturity of 90 days or fewer; and

(4) include in their investment objectives the maintenance of a stable net asset value of \$1.00 for each share.

G. Investment pools which meet the requirements set forth in Section 2256.016 and Section 2256.019, Texas Government Code, as amended;

H. No-loan mutual funds that:

(1) are registered with the Securities and Exchange Commission;

(2) have an average weighted maturity of less than two (2) years;

(3) are invested exclusively in obligations approved by Subchapter A. of the Public Funds Investment Act;

(4) are continuously rated as to investment quality as not less than AAA or its equivalent by at least one nationally recognized investment rating firm; and

(5) meet all requirements set forth in Section 2256.014, Texas Government Code, as amended.

Section 7. Investment Strategies. District investments will be made upon the evaluation of the specific investment objectives and strategies of each account of the District, and the primary objective for the selection of any District investment will be the understanding of the suitability of such investment to the financial requirements of the District. The District's investment strategy for each of its account is as follows:

A. Operating/General Account. The operating/general account is used for all operations and maintenance needs of the District and its funds will be invested to meet the operating and cash flow requirements of the District as determined by the District's Board. The highest priorities for this account are the liquidity and marketability of an investment if the need arises to liquidate the investment before its maturity. Of equal importance is the preservation and safety of the principal of investments in the operating account. When these priorities are met, the next consideration will be yield on investments held in the operating/general account.

B. Debt Service/Bond Fund Account. The District's debt service/bond fund account is used to pay the debt service on the District's outstanding bonds. The highest priority for this account is the preservation and safety of principal. Since the District knows the amount of its debt service requirements and when it will become due, investments for the debt service/bond fund account should be structured to coincide with the amount and timing of the debt service requirements. When the preservation and safety of principal and liquidity considerations for debt service purposes are assured, including the marketability of debt service/bond fund account investments in the event the need arises to liquidate an investment before its maturity, the yield on debt service/bond fund account investments should be considered. Since the amount of District funds in the debt service/bond fund account can be significant, diversification of the debt service/bond fund account investment portfolio may be necessary. The District may easily liquidate investments in an investment pool and therefore such investments may be appropriate in combination with longer term investments in the debt service/bond fund account.

C. Capital Projects/Construction Fund Account. The capital projects/construction fund account is used to pay for the District's capital improvements. The highest priority of this account is the preservation and safety of principal. In the event that funds held in the capital projects/construction fund account are for particular improvement projects that have been previously identified by the District's Board, the Board will have an idea of the approximate time when disbursements will be required to be made from this account. In this situation, investments in the capital projects/construction fund account should be structured so that they mature or can be liquidated on or about the dates upon which disbursements are expected to be made. Once the safety of principal and liquidity and marketability these investments are assured, the yield on such investments may be considered. Since District funds in the capital projects/construction fund account may not be needed for a year or more, longer term instruments should be considered to increase yield. However, if funds available in the District's capital projects/construction fund account are surplus construction funds from prior bond issues or interest earnings on such funds and are not earmarked for specific improvement projects, but rather viewed by the District's Board as an emergency reserve fund for major repairs or rehabilitation

projects, investments in the capital projects/construction fund account, at least to the extent that they are for emergency reserve purposes, should be kept in relatively short-term investments that can be easily marketed and liquidated if necessary, such as investment pools. Since investment pools are short term in nature, they would normally be used for District funds in this account only if the District knows that it will be disbursing funds in a relatively short period of time. However, on some occasions the yield on investment pools is higher than on longer-term investments, so their use may be optimal for funds in the capital projects/construction fund account.

Section 8. Miscellaneous.

A. In the event of any conflict or inconsistency between the terms of this Investment Policy and applicable requirements of law, such conflict or inconsistency will be resolved in favor of the more restrictive of this Investment Policy or the applicable requirements of law. In the event of any ambiguity or uncertainty as to the intent and application of any part, section, paragraph or provision of this Investment Policy, a written request for clarification or approval of a proposed action describing such circumstances will be submitted to the Board for a decision as to a proper course of action.

B. These rules, regulations and policies will remain in full force and effect unless and until amended, revised, rescinded, or repealed by action of the Board. The Board specifically reserves the right to change, alter, or amend any provision of this Investment Policy.

C. The provisions of this Investment Policy are severable, and if any provision or part of this Investment Policy or the its application to any person or circumstances is ever held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Investment Policy and the application of such provision or part of this Investment Policy will not be affected thereby.

The President or Vice-President is authorized to execute and the Secretary or Assistant Secretary to attest this Investment Policy on behalf of the Board and the District.

PASSED AND ADOPTED this the ____ day of _____, 20____.

* * * *

By: _____
Printed Name: _____
Title: _____

(DISTRICT SEAL)

ATTEST:

By: _____
Printed Name: _____
Title: _____

EXHIBIT "A"

CERTIFICATE OF COMPLIANCE FROM SELLERS OF INVESTMENTS AS REQUIRED BY
THE PUBLIC FUNDS INVESTMENT ACT

To: VISTA OAKS MUNICIPAL UTILITY DISTRICT (the "District")

From: _____
[Name of person offering or the "qualified representative" of the business organization offering to engage in an investment transaction with the District] _____
[Title of such person]

of _____ (the "Business Organization")
[Name of financial institution, business organization or investment pool]

Date: _____, 20____

In accordance with the provisions of the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, I hereby certify that:

1. I am an individual offering to enter into an investment transaction with the District or a "qualified representative" of the Business Organization offering to enter into an investment transaction with the District, as applicable, as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "Seller"), and that Seller meets all requirements under the Act to execute this Certificate.

2. Seller anticipates selling to the District investments (the "Investments") that are authorized by the District's Resolution Adopting Investment Policy and Investment Strategies and Designating an Investment Officer dated _____ (the "Investment Policy") and the Public Funds Investment Act.

3. I or a registered investment professional that services the District's account, as applicable, have received and reviewed the Investment Policy. The District has further acknowledged that Seller may rely upon the Investment Policy until the District provides Seller with any amendments to the Investment Policy or a newly adopted Investment Policy.

4. Seller has implemented reasonable procedures and controls in an effort to preclude investment transactions between the District and Seller that are not authorized by the Investment Policy, except to the extent that this authorization is dependent upon an analysis of the District's entire portfolio or requires an interpretation of subjective investment standards.

5. Seller has reviewed or will review prior to sale the terms, conditions and characteristics of the investments to be sold to the District and has determined or will determine prior to sale, that (i) each of the Investments is an authorized investment for local governments under the Public Funds Investment Act; and (ii) each of the Investments is an authorized investment under the District's Investment Policy.

By: _____
Printed Name: _____
Title: _____

EXHIBIT "B"

PUBLIC FUNDS DEPOSITOR
COLLATERAL SECURITY AGREEMENT

This Public Funds Depositor Collateral Security Agreement (the "Agreement") is made and executed into as of the ____ day of _____, 20__ by and between VISTA OAKS MUNICIPAL UTILITY DISTRICT (the "Depositor") and _____ (the "Bank"), and any prior Agreement between Depositor and Bank relative to the subject matter hereof is hereby terminated as of the date first written above.

RECITALS:

Depositor, through action of its Board of Directors, has designated Bank as a depository for Depositor's funds. Funds on deposit with Bank to the credit of Depositor in excess of the federal deposit insurance limit are required to be secured by eligible security as provided for by the Public Funds Collateral Act, Section 2257.001 *et seq.* of the Texas Government Code (the "Public Funds Law"). Depositor and Bank understand and acknowledge that the amount of Depositor's uninsured deposits in Bank may vary substantially from time to time; that under the circumstances permitted herein, the Bank may release, add to or substitute for the securities pledged by Bank from time to time secure such uninsured deposits of Depositor; and that it is the intent of the parties that this Agreement be renewed and extended upon and at the time of each permitted release, addition or substitution of collateral securities and thereafter remain in force and effect for the full term thereof until terminated in the manner set forth herein. In order to perfect Depositor's security interest in eligible securities pledged by Bank from time to time to secure such uninsured deposits, the Board of Directors of the Bank (the "Bank Board") has authorized the undersigned Bank officer to enter into this Agreement on behalf of Bank under the terms of which Bank will either (i) cause _____, a _____, domiciled in Texas which has been designated by the Texas State Depository Board as a Texas State Depository to hold the collateral assets in a custody account as bailee for the benefit of Depositor, or (ii) cause the Federal Reserve Bank to hold the collateral assets in a restricted securities account, joint safekeeping account or other similar account as custodian/bailee for the benefit of Depositor (such _____ or the Federal Reserve Bank, as the case may be, hereinafter called the "Custodian").

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants in this Agreement, the parties agree as follows:

1. Grant of Security Interest. To secure the uninsured deposits maintained by Depositor with Bank from time to time, Bank hereby pledges and grants to Depositor a security interest in its Eligible Securities (as defined in the Public Funds Law) which are held, now or hereafter, by Custodian for the benefit of Depositor in accordance with the terms of this

Agreement (the "Collateral"). At all times during the term of this Agreement, the Collateral shall consist solely of the following:

general obligations of the United States of America or its agencies or instrumentalities backed by its full faith and credit;

direct obligations of the State of Texas or Texas State agencies and instrumentalities;

collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States of America, the underlying security for which is guaranteed by an agency or instrumentality of the United States of America;

other obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State of Texas or the United States of America or their respective agencies and instrumentalities;

other obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;

fixed-rate collateralized mortgage obligations that have an expected weighted average life of 10 years or less and which do not constitute a high-risk mortgage security as defined in the Public Funds Law; and

floating-rate collateralized mortgage obligations that do not constitute a high-risk mortgage security as defined in the Public Funds Law.

Bank shall cause Custodian to accept and hold the Collateral as bailee and/or custodian for Depositor to secure Bank's obligation to repay the deposits.

2. Receipts. The Collateral held by Custodian for the benefit of Depositor, as of the effective date of this Agreement, has been described on Trust Receipts (as defined in the Public Funds Law) issued by Custodian, copies of which Custodian has forwarded to Depositor, and such current Collateral is described on Exhibit "A-1", attached hereto and made a part hereof for all purposes. With respect to additional or substitute Collateral hereafter delivered by Bank to Custodian to hold for the benefit of Depositor, or any releases of securities previously held as Collateral ("Releases"), as contemplated by this Agreement, Bank shall cause Custodian to issue Trust Receipts or Releases describing such additional or substitute Collateral or released securities and promptly forward copies of same to Depositor. Such Trust Receipts and Releases which are furnished by Depositor by Custodian from time to time shall be deemed a part of this Agreement without further action on the part of any party hereto, and this Agreement shall apply to such released, additional or substitute Collateral to the same extent as if it were described on Exhibit "A-1", attached hereto. If the Custodian is the Federal Reserve Bank, such Trust Receipts or Releases will consist of a written confirmation (the "Advice"). Such Advice shall be subject to the terms and conditions of all applicable regulations, operating circulars,

bulletins and policies of the Federal Reserve Bank, including the terms and conditions of any applicable forms or agreements, as may now exist or hereafter be enacted, promulgated or issued by the Federal Reserve Bank (collectively "Applicable Regulations"). Upon request of Depositor, Bank agrees to provide or cause Custodian to provide a then-current list of all Collateral pledged by Bank to secure Depositor's funds to update Exhibit "A-1" to this Agreement.

3. Required Collateral Value. Bank agrees with Depositor that the total market value of the Collateral securing uninsured deposits maintained by Depositor with Bank will at all times during the term of the Agreement be not less than one hundred ten percent (110%) of the amount of such uninsured deposits (the "Required Collateral Value"). To insure that the Required Collateral Value is maintained, Bank will re-determine, on a daily basis, the amount of Depositor's uninsured deposits (taking into account that day's deposits, accrued interest, disbursements and withdrawals) held by Bank and (using the most recently determined market value of the Collateral) promptly add any additional Collateral which may be necessary to maintain the Required Collateral Value by either (i) depositing with Custodian for the purposes of this Agreement any additional Collateral or (ii) if the Custodian is the Federal Reserve Bank, transferring additional Collateral to a restricted securities account, joint safekeeping account or other similar account maintained by the Federal Reserve Bank. Determination of the market value of Collateral will be calculated monthly or more frequently on Depositor's request; provided, however, the foregoing shall not relieve Bank of its obligation to fully collateralize at all times the Depositor's uninsured deposits with Bank. If upon such monthly determination of the Collateral's market value, the Required Collateral Value is not then maintained, Bank will promptly deposit with Custodian for the purposes of this Agreement additional Collateral necessary to maintain the Required Collateral Value.

4. Release of Collateral. Custodian shall not release any part of the Collateral without Depositor's written authorization. Depositor agrees to furnish such authorization promptly upon Bank's request under the circumstance described in Sections 5, 6, or 13 of this Agreement. Depositor's authorization to Custodian to release from the Collateral only designated Eligible Securities shall terminate the security interest granted by Bank in this Agreement only with respect to such designated Eligible Securities. If the Custodian is the Federal Reserve Bank, this section shall apply except to the extent it is in conflict with the provisions of the Applicable Regulations, in which event the provisions of the Applicable Regulations shall govern the release of Collateral.

5. Substitution of Collateral. It is hereby agreed that upon obtaining the prior written consent of the Depositor, which consent shall not be unreasonably withheld, substitutions of the Collateral held hereunder may be made at any time so long as the fair market Value of the Eligible Securities being substituted is at least equal to the fair market value of the Eligible Securities being removed. If the Custodian is the Federal Reserve Bank, this section shall apply except to the extent it is in conflict with the provisions of the Applicable Regulations, in which event the provisions of the Applicable Regulations shall govern the substitution of Collateral.

6. Excess Collateral. At such times as the aggregate market value of the Collateral held by Custodian exceeds the Required Collateral Value, Depositor, upon request by Bank, shall authorize Custodian to permit the Bank to release the excess portion of the Collateral. Custodian shall have no further liability to Depositor with respect to those Eligible Securities released upon Depositor's authorization.

7. Additional Collateral. If at any time the aggregate market value of Collateral held by Custodian is less than the Required Collateral Value, Bank shall immediately upon learning of such circumstance, and without further action by Depositor, promptly either (i) deposit with Custodian sufficient additional Eligible Securities of the type specified in Section 1 as may be necessary to cause the aggregate market value of the Collateral to equal the Required Collateral Value, or (ii) transfer additional Eligible Securities of the type specified in Section 1 to the restricted securities account, joint safekeeping account or other similar account maintained by the Federal Reserve Bank as may be necessary to cause the aggregate market value of the Collateral to equal the Required Collateral Value and cause the Federal Reserve Bank to issue a corresponding Advice (and Bank will deposit with the Federal Reserve Bank additional Eligible Securities if and to the extent necessary to fulfill its obligations under this Agreement).

8. Earnings and Payments on Collateral. Bank shall be entitled to the interest income and earnings paid on the Collateral and Custodian may dispose of such interest income and earnings as directed by Bank without approval of Depositor, so long as Depositor has not notified Custodian of Bank's default under this Agreement. Bank shall be entitled to any principal payment or prepayment of the Collateral and Custodian may dispose of such principal payment or prepayment as directed by Bank without approval of Depositor, so long as (i) the Custodian has received a written accounting from the Bank indicating that the Required Collateral Value will be maintained after deducting from the market value of the Collateral (determined no more than four (4) days prior to such payment date) the amount of such principal payment or prepayment and (ii) Depositor has not notified Custodian of Bank's default under this Agreement. If the Custodian is the Federal Reserve Bank, this section shall apply except to the extent it is in conflict with the provisions of the Applicable Regulations, in which event the provisions of the Applicable Regulations shall govern the disposition of interest earnings and principal payments on the Collateral.

9. Default and Remedies. If Bank fails at any time to pay and satisfy, when due, any check, draft, or voucher lawfully drawn against any deposit or becomes insolvent or materially breaches its contract with Depositor, a default shall exist under this Agreement and Depositor shall give written notice of such default to Bank, and Bank shall have ten (10) days to cure same. In the event Bank fails to do so, it shall be the duty of Custodian, upon written demand of Depositor, to surrender or transfer the Collateral to Depositor or Depositor's nominee and Bank hereby irrevocably authorizes Custodian to surrender or transfer the Collateral upon the conditions herein specified. Depositor may sell all or any part of such Collateral in a commercially reasonable manner and out of the proceeds of the Collateral may pay Depositor all damages and losses sustained by it, together with all expenses of any and every kind incurred by it on account of such failure or insolvency sale. Depositor shall account to Bank for the remainder, if any, of said proceeds or Collateral remaining unsold. Such sale may be either at public or private sale; provided, however, Depositor shall give Bank ten (10)

days' written notice of the time and place where such sale shall take place, and such sale shall be to the highest bidder for cash. Depositor and Bank shall have the right to bid at such sale. If the Custodian is the Federal Reserve Bank, this section shall apply except to the extent it is in conflict with the provisions of the Applicable Regulations, in which event the provisions of the Applicable Regulations shall govern the Depositor's exercise of remedies against the Collateral.

10. Authorization and Records. The Bank Board has authorized the pledge of Bank assets to collateralize uninsured deposits maintained by Depositor pursuant to resolutions substantially in the form of Annex I attached to the form of Resolution Certificate and Certificate of Incumbency attached as Exhibit "B-1" (the "Resolution Certificate"), and has authorized the undersigned Bank officer to enter into, execute and deliver to Depositor this Agreement on behalf of Bank and to take all action which may be necessary or appropriate to create and perfect the security interest in the Collateral contemplated hereunder. Bank shall deliver to Depositor a fully executed Resolution Certificate as a condition precedent to the effectiveness of this Agreement and shall advise Depositor immediately of any revocation, amendment and modification thereof. Bank shall maintain this Agreement, its copies of all Trust Receipts, Releases and Advices, and the Resolution Certificate among its official records continuously until such time as this Agreement is terminated and all uninsured deposits of Depositor have been properly and fully paid out. This Agreement may be executed in one or more counterparts, each of which shall be an original.

11. Authorized Representative; Depositor Agreements. The Depositor hereby confirms that it has previously authorized its Investment Officer, Bookkeeper and/or Tax Assessor-Collector to execute this Agreement and any documentation required in connection therewith, including specifically pursuant to the Applicable Regulations and documentation related thereto, and to represent it and act on its behalf in any and all matters of every kind arising under this Agreement. During the term of this Agreement, the Depositor may further designate an additional officer or officers to singly or jointly represent and act on behalf of Depositor in any and all matters of every kind arising under this Agreement and, in such event, shall provide written notice thereof to Bank. In the event of any conflict between the provisions of this Agreement and any other agreement between the Depositor and the Bank relating to the deposits, this Agreement will control, unless the conflict is with the Applicable Regulations, in which event the Applicable Regulations will control. Bank and Depositor specifically agree that Depositor's prior approval is required for any par-for-par Collateral substitutions.

12. Custodian as Bailee. Custodian will promptly identify the pledge by Bank to Depositor of the Collateral on the Custodian's books and records and any additional or substitute Collateral and issue to Bank and Depositor Trust Receipts covering the Collateral. Similarly, Custodian will promptly remove from its books and records any securities released from the pledge by Bank in compliance with the terms of this Agreement and issue to Bank and Depositor appropriate Releases identifying the released securities. Custodian acknowledges that it is the bailee of Depositor for purposes of Section 2257.044 of the Public Funds Law, and its custodial capacity is deemed to be set forth on any Trust Receipt delivered to Bank and Depositor, whether such capacity is expressly so noted or not. If the Custodian is the Federal Reserve Bank, this section shall not apply, but Bank acknowledges the provisions of the Applicable Regulations which provide that the Federal Reserve Bank is acting as

custodian/bailee; that the Collateral identified on the Advice is subject to the custodial provisions of the Application Regulations; and that the disposition thereof is subject to Depositor's approval.

13. Financial Condition. Bank will provide a statement of its financial position to the Depositor on at least a quarterly basis. Bank will provide to the Depositor an annual statement audited by its outside auditors including a statement by its outside auditors as to its "fair presentation."

14. Amendment, Modification, Renewal. Each permitted release of previously pledged Collateral and each addition to or permitted substitution for Collateral shall be deemed and considered, without further action by Bank or Depositor, as an amendment to Exhibit "A-1" attached hereto and a contemporaneous renewal and extension of this Agreement for the term hereinafter stated upon the same terms and containing the same provisions as set forth herein, except as the Collateral subject to this Agreement may be modified or amended thereby; provided, however, that any such renewal and extension shall not affect any transaction entered into prior to such renewal and extension until Bank shall have properly and fully paid out all uninsured deposits (including any uninsured time deposits) and Depositor shall have authorized Custodian to redeliver to Bank's sole control all Collateral then in Custodian's possession. Otherwise, this Agreement may not be amended or modified except by mutual written agreement of the parties hereto.

15. Term. Unless sooner terminated as hereinafter provided, the term of this Agreement, and any renewal or extension hereof resulting from any release, addition to or substitution of securities pledged as Collateral hereunder, shall commence on the date of this Agreement, or the date of such release, addition or substitution, and continue for a term of ten (10) years.

16. Termination. Either Depositor or Bank may terminate this Agreement prior to the expiration of the term hereof upon thirty (30) days' advance written notice to the other or by entering into a new Public Funds Depositor Collateral Security Agreement which is intended to supersede and replace this Agreement; provided, however, that the terms of this Agreement shall continue to apply to all transactions entered into prior to such termination and until Bank shall have properly and fully paid out all uninsured deposits (including any uninsured time deposits) and Depositor shall have authorized Custodian to redeliver to Bank's sole control all Collateral then in Custodian's possession.

17. Custodian Fees. Any and all fees associated with the Custodian's holding of Collateral for the benefit of the Depositor will be paid by Bank and the Depositor will have no liability therefor.

(The remainder of this page intentionally left blank. Signature page(s) follow.)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day first above written.

DEPOSITOR:

VISTA OAKS MUNICIPAL UTILITY DISTRICT

By: _____

Printed Name: _____

Title: _____

BANK:

By: _____

Printed Name: _____

Title: _____

The Custodian, if other than the Federal Reserve Bank, joins in the execution of this Agreement for purposes of Sections 8, 9 and 12, and if the Custodian is the Federal Reserve Bank, such joinder is to be evidenced as set forth in the Applicable Regulations, the Advice and any documentation related thereto.

CUSTODIAN:

By: _____

Printed Name: _____

Title: _____

EXHIBIT "A-1"

[Description of Eligible Securities Pledged]

EXHIBIT "B-1"

RESOLUTION CERTIFICATE
AND CERTIFICATE OF INCUMBENCY
OF _____ BANK

The undersigned hereby certifies as follows:

1. I am the officer of the Bank holding the title designated on the signature line of this Certificate.

2. Attached hereto as Annex I is a full, true and correct copy of resolutions (the "*Resolutions*") duly adopted by the [Board of Directors] [Loan Committee] of the Bank in conformity with the Articles of Association and Bylaws of the Bank and in accordance with the laws of the State of Texas.

3. The Resolutions have not been amended, modified or rescinded, and are in full force and effect on the date hereof.

4. The Bank is duly organized and existing under the laws of _____.

5. All franchise and other taxes required to maintain the Bank's existence have been paid and none of such taxes are delinquent.

6. No proceedings are pending for the forfeiture of the Bank's authority to do business or for its dissolution, voluntarily or involuntarily.

7. The Bank is qualified to do business in each state where the nature of its business requires such qualification.

8. There is no provision in the Articles of Association, Bylaws or any other agreement, indenture or contract to which the Bank or its property is subject which limits the Resolutions, and the Resolutions are in conformity with the provision of the Bank's Articles of Association and Bylaws and with proceedings of the Board of Directors.

9. This resolution is made in order to comply with requirements of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended, and 12 U.S.C. 1823(e), and shall constitute a business record of the Bank and shall be continuously maintained in the official business records of Bank.

10. The undersigned officers have been duly elected to the positions set opposite their respective names below and are qualified to act in the present capacities in which they sign for the Bank.

11. The signatures appearing opposite each of the undersigned officers in his or her authentic signature and each of the undersigned holds the office designated for the same.

<u>Name</u>	<u>Office</u>	<u>Signature</u>
_____	_____	_____
_____	_____	_____

EXECUTED the _____ day of _____, 20____.

Printed Name: _____

Title: [Secretary] [Recording Officer]

ANNEX I
RESOLUTIONS

RESOLVED, that this Bank shall secure all deposits of VISTA OAKS MUNICIPAL UTILITY DISTRICT (the "District") in excess of amounts insured by the Federal Deposit Insurance Corporation on deposit with the Bank at any time in whatever amount ("Excess Funds"); and further

RESOLVED, in regard to the above-referenced deposits, that the Chairman of the Board of Directors, President, any Executive Vice-President, Vice-President, any Assistant Vice-President, or any other officer of the Bank is hereby authorized and directed to execute for and on behalf of the Bank the following documents, it being further agreed that the execution of any of the same prior to the adoption of these resolutions is hereby ratified, confirmed and adopted:

1. A Public Funds Depositor Collateral Security Agreement (the "Collateral Security Agreement") in favor of the District, covering the Collateral described therein;

2. Such other and further documents as may be deemed necessary or desirable by such officer or as required by the District in regard to the securing of the Excess Funds; and further

RESOLVED, that the officers executing any of the above-described documents are hereby authorized and empowered to do and perform any and all actions required by the terms and provisions of same to execute the same in the name and on behalf of the Bank, in such number of counterparts as the officer or officers executing the same shall deem necessary or desirable, with such terms, conditions, modifications, changes and provisions as the officer or officers executing the same may approve, the execution of such documents to evidence approval of the terms thereof conclusively; and further

RESOLVED, that any and all instruments executed and delivered on behalf of the Bank in connection with these resolutions by any person purporting to be an officer of the Bank shall be deemed to be the act of the Bank and shall be in all respects binding against the Bank; and further

RESOLVED, that all actions of all officers, agents or other representatives of the Bank taken or performed up to the date hereof in respect to the preparation, execution and delivery of the documents, certificates or other instruments contemplated hereby, and the taking prior to the date hereof of any and all actions otherwise required by the terms and provisions of the above-referenced documents, the, and they hereby are, in all respects approved, ratified and confirmed; and further

RESOLVED, that this approval is intended to comply in all respects with the requirements of applicable statutory law relating to insurance of accounts including specifically, but without limitation, the requirements of 12 U.S.C.A. ____ 1821(d)(9)(A) and 1823(e); and further

RESOLVED, that any deposit agreements between Bank and District and/or the Collateral Security Agreement are all intended to be, and shall be deemed to be, official records of the Bank; and further

RESOLVED, that any deposit agreements between Bank and District, the Collateral Security Agreement and these Resolutions shall be continuously maintained in the business records of the Bank.

RESOLUTION ADOPTING AMENDED BUDGET

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

WHEREAS, the Board of Directors (the "Board") of Vista Oaks Municipal Utility District (the "District") has previously projected the operating expenses and revenues for the District for the period October 1, 2010 through September 30, 2011, and adopted a budget consistent therewith;

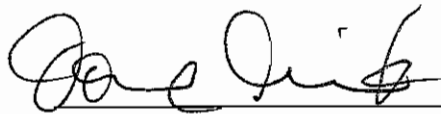
WHEREAS, as a result of factors not anticipated by the Board, the actual revenues and expenses of the District have varied from those set forth in the budget;

NOW, THEREFORE, IT IS RESOLVED BY THE BOARD OF DIRECTORS OF VISTA OAKS MUNICIPAL UTILITY DISTRICT THAT:

Section 1. The Amended Operating Budget attached as Exhibit "A" is hereby adopted.

Section 2. The Secretary of the Board is directed to file a copy of this Resolution Adopting Amended Budget in the official records of the District.

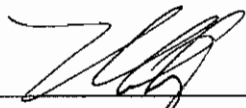
ADOPTED this 11th day of July, 2011.



Douglas Mink, President
Board of Directors

(SEAL)

ATTEST:



Mike Asbury, Secretary
Board of Directors

**Vista Oaks
Amended 2011 Budget**

	8 Month Actuals	8 Month Budget	Variance	Approved 2011 Budget	Amended 2011 Budget
Revenues					
Service					
14110 · Water - Customer Service Revenue	335,592	275,482	60,110	413,223	311,580
14210 · Sewer - Customer Service Fee	178,351	206,667	(28,316)	310,000	284,984
14410 · Mayfield Ranch Pass Thru	15,525	15,420	105	23,130	23,496
14430 · Basic Services	58,224	100,000	(41,776)	150,000	301,932
14310 · Penalties & Interest	11,062	10,000	1,062	15,000	15,000
Total Service Revenue	598,754	607,569	(8,815)	911,353	936,992
Property Taxes					
14320 · Property Tax	355,440	358,881	(3,441)	358,881	358,881
14325 · Property Tax Penalty	1,333	533	800	800	1,333
Total Tax Revenue	356,773	359,414	(2,641)	359,681	360,214
Miscellaneous					
14330 · Miscellaneous Income	726	0	726	0	725
14370 · Interest Earned on Temp. Invest	6,828	8,000	(1,172)	12,000	8,000
14390 · Interest Earned on Checking	149	200	(51)	300	150
Total Misc. Revenue	7,703	8,200	(497)	12,300	8,875
Total Revenues	963,230	975,183	(11,953)	1,283,334	1,306,081
Expenditures					
Wholesale Services					
16125 · Purchase Water	257,910	224,277	33,633	336,416	389,000
16220 · Purchase Sewer Service	161,540	196,000	(34,460)	294,000	255,377
16410 · Garbage Expense	85,598	100,000	(14,402)	150,000	159,500
Total Wholesale Services	505,048	520,277	(15,229)	780,416	803,877
District Facilities					
15410 · Management & Operations	52,502	60,152	(7,650)	90,228	91,500
16130 · Maintenance & Repairs - Water	10,556	14,667	(4,111)	22,000	22,000
16131 · Water Loss Prevention	0	3,333	(3,333)	5,000	5,000
16150 · Laboratory Expense	261	300	(39)	450	450
16160 · Utilities	4,750	6,000	(1,250)	9,000	9,000
16170 · Night Watchman Lights	11,346	13,333	(1,987)	20,000	19,000
16175 · Streetlight Maintenance	47,500	48,600	(1,100)	48,600	47,500
16200 · Drainage Maintenance	19,929	10,333	9,596	15,500	20,000
16210 · Inspection Expense	0	40	(40)	60	0
16230 · Maintenance & Repairs - Sewer	7,412	7,000	412	10,500	10,500
16312 · Meter Replacement	1,092	5,000	(3,908)	7,500	7,500
16390 · Telephone Expense	628	840	(212)	1,260	1,260
16580 · Patrol Service	28,575	28,667	(92)	43,000	43,000
16622 · LS Preventive O&M	0	1,667	(1,667)	2,500	2,500
16623 · Water Distribution Repairs	0	0	0	0	12,990
Total District Facilities	184,551	199,932	(15,381)	275,598	292,200
Administrative					
16320 · Tax Assessor/Appraisal	2,165	1,875	290	2,500	2,500
16380 · Permit Expense	1,959	2,500	(541)	2,500	2,500
16440 · Seminar Expense	100	5,333	(5,233)	8,000	8,000
16450 · Legal Notices & Other Publ.	1,325	500	825	750	1,000
16460 · Printing & Office Supplies	2,813	2,000	813	3,000	4,000
16470 · Filing Fees	573	67	506	100	800
16480 · Delivery Expense	833	600	233	900	1,250
16520 · Postage	240	333	(93)	500	500
16530 · Insurance & Surety Bond	1,421	2,000	(579)	2,000	1,500
16540 · Contractor Mileage	463	600	(137)	900	800
16560 · Miscellaneous Expense	1,424	3,333	(1,909)	5,000	2,500

**Vista Oaks
Amended 2011 Budget**

	<u>8 Month</u> <u>Actuals</u>	<u>8 Month</u> <u>Budget</u>	<u>Variance</u>	<u>Approved 2011</u> <u>Budget</u>	<u>Amended 2011</u> <u>Budget</u>
16565 · Credit Card Fees	5,322	3,000	2,322	4,500	6,000
16600 · Payroll Expenses	11,788	11,565	223	17,348	17,348
16610 · Director Reimbursement	0	1,200	(1,200)	1,800	2,000
16611 · Arbitrage Expense	400	3,333	(2,933)	5,000	2,500
Total Administrative	30,826	38,239	(7,413)	54,798	53,198
Professional					
16330 · Legal Fees	59,051	40,000	19,051	60,000	75,000
16340 · Auditing Fees	18,000	20,000	(2,000)	20,000	20,000
16350 · Engineering Fees	19,873	8,000	11,873	12,000	20,000
16351 · Engineering Fees - Special	47,947	4,000	43,947	6,000	50,000
16352 · Engineering Fees - Wall Project	0	0	0	0	40,000
16430 · Bookkeeping Fees	13,132	14,667	(1,535)	22,000	22,000
16490 · Financial Advisor Fees	1,700	0	1,700	0	1,700
Total Professional	159,703	86,667	73,036	120,000	228,700
Total Expenditures	880,128	845,115	35,013	1,230,812	1,377,975
Excess Revenues (Expenditures)	83,102	130,068	(46,966)	52,522	(71,894)

MEMORANDUM

To: Board of Directors – Vista Oaks Municipal Utility District
From: Armbrust & Brown, PLLC
Re: Schedule for Establishing District Tax Rate for 2011
Date: July 11, 2011

Before the Board adopts the District's 2011 tax rate, it is required to give notice of "each meeting at which the adoption of the tax rate will be considered." The notice must be published at least once in a newspaper of general circulation in the District *at least seven days* before the date of the meeting.

The District's 2011-2012 budget must be adopted before the 2011 tax rate is set. However, these can be approved at the same meeting if the Resolution Adopting Budget is approved prior to adoption of the tax rate. A timetable for adopting the District's tax rate, which will require no special meetings and only one publication, follows:

July 25	Williamson County chief appraiser to certify tax rolls to District.
August 8	Regular meeting. Discuss proposal to set tax rate and take record vote on proposed tax rate. Announce the date, time and place of the September 12 meeting, at which the Board will vote on and adopt the proposed tax rate.
September 5	Deadline for publication in the Round Rock Leader of the Notice of Public Hearing on Tax Rate.
September 12	Regular meeting. Adopt the District's 2011-2012 budget. Hold a public hearing on the District's proposed tax rate. Take a record vote on the District's tax rate. Adopt an Order Levying Taxes and authorize filing the Order Levying Taxes with Williamson County Tax Assessor-Collector.
September 30	Deadline to submit District's tax rate to Williamson County Tax Assessor-Collector.

NOTE: *If the District adopts a combined tax rate that would impose more than 1.08 times the amount of tax imposed by the District in the preceding year on a home appraised at the average appraised value of the homes within the District in that year (disregarding disabled and over-65 exemptions), the District's voters may petition to require that an election be held to determine whether or not to reduce the adopted tax rate to the "rollback tax rate", which is the current year's debt service and contract tax rate, plus the operation and maintenance tax that would impose more than 1.08 times the amount of operations and maintenance tax imposed by the District in the preceding year on a home appraised at the average appraised value of the homes within the District that year (disregarding disabled and over-65 exemptions).*