

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

July 14, 2014

THE STATE OF TEXAS           §  
  §  
COUNTY OF WILLIAMSON       §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on July 14, 2014, at the offices of Gray Engineering, Inc., 8834 N. Capital of Texas Highway, Suite 140, Austin, Texas. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the notice is attached as **Exhibit "A"**.

The roll was called of the members of the Board:

Douglas Mink	-	President
Allen Douthitt	-	Vice President
Mike Asbury	-	Secretary
Leslie Alger	-	Assistant Secretary/Treasurer
Keith E. Young	-	Assistant Secretary

and all of the Directors were present except Directors Douthitt and Alger, thus constituting a quorum. Also present at times during the meeting were Andrew Hunt of Crossroads Utility Services LLC, the District's general manager and utility operator; David Gray, John Hines, and Herb Edmonson of Gray Engineering, Inc., the District's engineer; Holly Gonzalez of Municipal Accounts & Consulting, L.P., the District's bookkeeper; Rhett Dawson and Nathan Neese of RMD Holdings, LP; and John Bartram of Armbrust & Brown, PLLC, the District's general counsel.

Director Mink called the meeting to order at 12:06 p.m. and stated that the Board would first receive citizens' communications and Board member announcements. Mr. Hunt stated that he had received a request from a resident to add a street light, which he would cover in more detail under his report.

Director Mink stated that the Board would next consider approving the minutes of the June 9, 2014 Board meeting. Upon motion by Director Young and second by Director Asbury, the Board voted unanimously to approve the minutes.

Director Mink then stated that the Board would consider the election items on the Supplemental Agenda. Mr. Bartram reminded the Board that director elections were now held in November of every even-numbered year, and he stated that it was time to call the 2014 Director election. He stated that the election could be canceled if uncontested. He then directed the Board's attention to the Order Calling Director Election for November 4, 2014, a copy of which is attached as **Exhibit "B"**. He recommended that the Board approve the Order calling the election and authorize his office to give notice of the election as required by law. He then confirmed that his office

had already posted the notice of the deadline to file an application for a place on the ballot, as required by the Texas Election Code. Mr. Bartram next reviewed the Resolution Approving Joint Election Agreement and Contract for Election Services, a copy of which is attached as **Exhibit "A"**. He stated that, under this arrangement, Williamson County would staff and conduct early and election day voting for the District's election at a cost that should be substantially lower than either purchasing or renting compliant voting equipment. He further stated that the District had the opportunity to conduct its election jointly with other jurisdictions, which would facilitate the conduct of the elections and enable District voters to vote a combined ballot for all applicable elections at a single polling location. At this time, Mr. Bartram reviewed the draft Joint Election Agreement and Contract for Election Services attached to the Resolution Approving Joint Election Agreement and Contract for Election Services. He noted that the Texas Election Code required the terms of a joint election agreement to be stated in a resolution, order, or other official action adopted by the Board and pointed out that the Resolution authorized the officers of the District to execute the agreement when finalized. After discussion, upon motion by Director Young and second by Director Asbury, the Board voted unanimously to (i) approve the Order Calling Director Election for November 4, 2014, as presented; (ii) approve the Resolution Approving Joint Election Agreement and Contract for Election Services, including the form of Joint Election Agreement and Contract for Election Services attached thereto, as presented; and (iii) authorize the District's attorney to give notice of the November 4, 2014 Director election.

Director Mink next announced that the Board would skip ahead on the agenda and consider a request from RMD Holdings, LP for pass-through service to a ±38 acre tract north of and adjacent to the District commonly referred to as the Palmer tract. At this time, Mr. Dawson introduced himself. He stated that his company had the Palmer tract under contract and was working with Mr. Gray on utility service and other engineering aspects associated with the property. He stated that he was planning to develop a condominium regime within the property that would consist of 123 detached single-family homes. He explained that the condominium approach would allow the community to be gated and provided more flexibility in building pad size and location. He reviewed poster board graphics of the proposed layout within the Palmer tract as well as Independence Park, a similar detached single-family condominium project that his company had developed. He indicated that the project would be gated from both Sam Bass Road and Arterial H. Mr. Dawson explained that, after a long period of inactivity with respect to Arterial H, Williamson County had bond funds available and was proceeding to construct the first two of four lanes of Arterial H from Sam Bass Road to Mayfield Ranch. He stated that the Palmer family was retaining five acres for future commercial development, which, he suspected, would likely wind up as office condos. He stated that it was planned that the Palmer tract would be annexed into the City of Round Rock and that he would be required to construct a water line within Arterial H to serve the property. At this time, Mr. Dawson requested Mr. Gray to elaborate on utility service to the Palmer tract. Mr. Gray noted that the Palmer tract had a history of difficulties in bringing utility service to the property. However, he stated that the timing was now right because of the County's decision to move forward with construction of Arterial H. He stated that part of the plan to provide utility service to the Palmer tract would include the City taking ownership of the County's water line along Sam Bass Road

as well as a portion of the County's wastewater line serving the County's regional park. He confirmed that, for both water and wastewater, a pass-through arrangement with the District would be required. However, he stated that, because the wastewater line serving the County park was now in place, there was no longer a need to cut through lots within the District or route wastewater service through the HOA's greenbelt. He also noted that pass-through wastewater service was now much cleaner because of recent agreements with the City that eliminated wastewater metering requirements. Mr. Gray explained that, traditionally, pass-through service approved by the District involved a one-time capacity charge as well as an on-going per LUE fee for operation and maintenance of the District's lift station. He stated that, as required by the District's rate order, Mr. Dawson had already posted an escrow deposit of \$1,000 to cover the District's expenses in connection with this request and that he was aware that an additional amount would likely be required. Mr. Gray stated that most of the expenses would probably be on the legal side because he had already done all of the engineering work in connection with prior pass-through requests. Director Young asked if a builder had been identified for the project. Mr. Dawson stated that David Blackburn, who had experience with similar projects in Round Rock, was the proposed builder. Mr. Dawson stated that both the City and the County appeared to be on board with the proposed utility service to the Palmer tract, but that they were looking for a solid yes or no from the District before moving forward. Director Mink thanked Messrs. Dawson and Gray for the presentation and stated that the Board would receive legal advice regarding the request at the end of the meeting. Messrs. Dawson, Neese, and Gray thanked the Board for its time and then left the meeting.

Director Mink stated that the Board would next receive a report from the District's engineer and recognized Mr. Hines. Mr. Hines first directed the Board's attention to the engineering report attached as **Exhibit "D"**. He reported that the repairs to the hair-line cracks in Phase 1 of the wall project were not satisfactory and that he was having the contractor redo the work before processing the invoice. At Mr. Hines' request, Mr. Edmonson then updated the Board with respect to Phase 2 of the wall project. Mr. Edmonson reported that construction had commenced on the south side of Vista Isle and that the contractor hoped to average 150 feet of fence every three days. He stated that, so far, the residents had been fully cooperative. Mr. Edmonson then projected photographs of construction activity. He stated that he planned to have a quote for the spare fencing material that the District wanted by next month.

Mr. Hines next reported on Phase 3 of the wall project. He stated that this phase of the project was under design and that he would be working with the District's legal counsel on the temporary easements. Mr. Bartram asked Mr. Hines to provide a list of the lots on which easements would be required so that he could obtain ownership and lien certificates and draft the easement documents. Mr. Edmonson recommended that the subcommittee meet soon to review the layout for Phase 3. Mr. Bartram reminded Mr. Hines that, if fencing around the AT&T substation adjacent to Phase 1 of the project, was still contemplated as part of Phase 3, then someone would need to determine what in the way of easements or other approvals were required. Mr. Edmonson directed the Board's attention to the latest conceptual routing for the fence around the AT&T substation attached as **Exhibit "E"**. He stated that an easement from the HOA on the amenity center lot would be required. Mr. Bartram stated that AT&T's consent to gate

the access to the substation would also be required. Mr. Hunt stated that he had attempted to reconnect with the Matls, who owned the lot on which the AT&T substation was located, but that he was unable to reach them. Mr. Hines stated that he had recently met with an AT&T representative to determine if there was any conflict with AT&T's facilities in the Phase 3 area like there had been in Phase 1. He stated that AT&T had schematics that indicated that its lines should be adjacent to the street right-of-way, but that the as-built locations were not known and that, therefore, a similar problem might develop. Mr. Edmonson noted that several lots along Royal Vista were "back fed" by AT&T and that some sort of agreement with AT&T would need to be documented regardless. Mr. Hines suggested that perhaps the Phase 1 agreement could be amended to cover Phase 3. Director Mink asked what the next step should be. Mr. Edmonson suggested that he coordinate with AT&T once the design work was complete. Mr. Bartram recommended that the issue of gating the substation also be discussed with AT&T at that time.

Director Mink then stated that the Board would receive a report from the District's bookkeeper and recognized Ms. Gonzalez. Ms. Gonzalez first presented the bookkeeper's report attached as **Exhibit "F"**. She reviewed the bills and invoices and account activity for the District's operating, manager's, and lock box accounts; the account balances; the pledged securities reports; the budget comparison; the debt service payment schedule; the balance sheet; the tax collection report; the recycling rebate report; and the monthly transfers. She noted that the checks for the fees of office to Directors Douthitt and Alger would need to be voided due to their absence, and she pointed out the addition of three checks reimbursing Directors Alger, Asbury, and Young for CASE conference expenses. She reported that one investment CD had matured since the last Board meeting and that these funds had been reinvested for 12 months. She stated that three debt service fund CDs were scheduled to mature this month, and she recommended that these funds be transferred to the District's TexPool account in order to fund the District's September 1<sup>st</sup> bond payments. She then reported on recycling rebates and noted that 98.65% of the District's 2013 tax year levy had been collected. She concluded by reviewing the 2014 CASE conference checklist. After discussion, upon motion by Director Asbury and second by Director Young, the Board voted unanimously to approve the bills, invoices, transfers, and investment recommendations as presented.

Director Mink then stated that the Board would receive a report from the District's general manager and utility operator. Mr. Hunt first presented the operations report attached as **Exhibit "G"** and reviewed his directives. He confirmed that the HOA had repaired the leak at the west well. He stated that he would continue to follow up with the Matls about the fencing around the AT&T substation. He reported that he had sent letters to the customers who had been overpaying their utility bills. And he confirmed that landscaping contract with ISS Grounds Control had terminated and that Sunscape Landscaping had completed its first mowing. Mr. Hunt next reported on water accountability, noting that water loss was holding steady at 1%. He stated that all water samples were satisfactory. He then reviewed the District's billing report and recommended approval of one write-off. Upon motion by Director Young and second by Director Asbury, the write-off was unanimously approved. Mr. Hunt next reported that the 21" transmission line manhole rehabilitation work was almost complete, and he

stated that he had recently updated the links on the District's website. He then reported that he had recently met with the HOA on Phases 2 and 3 of the wall project. He stated that Sergeant Breder had attended as well to discuss the pending changes to security patrol services. Mr. Hunt stated that the HOA had requested 90 days' notice before any patrol changes were implemented. He stated that some advance notice could probably be accommodated but that it might not be 90 days. Mr. Hunt next reported that the HOA had requested that a street light be installed at the intersection of Artesia Bend and Hoyer Cove, at the location depicted on **Exhibit "H"**. He stated that he had met with Pedernales Electric Cooperative ("PEC") about the request and that PEC had confirmed that a street light could be installed at that location but that PEC would not be responsible for the installation. Mr. Hunt added that PEC had also advised him that all new street lights were required to have LED fixtures, which would not match the other street lights in the District. He recommended that he contact the residents adjacent to the proposed street light location to determine if there was any opposition and then circle back with PEC on the LED requirement before the Board took any action. The Board concurred and directed Mr. Hunt to address the feasibility of installation of the additional street light in more detail at the Board's August meeting.

Director Mink next recognized Mr. Bartram for a report from the District's attorney. Mr. Bartram reviewed the consultant directives, which he noted were all complete or in process. Mr. Bartram next directed the Board's attention to the email and memorandum from the District's bond counsel regarding the Securities and Exchange Commission's new Municipalities Continuing Disclosure Cooperation Initiative (the "MCDC Initiative"), copies of which are attached collectively as **Exhibit "I"**. He stated that the MCDC Initiative provided issuers and underwriters with an opportunity to self-report possible continuing disclosure violations relating to bonds offered to the public since January 1, 2009. He reported that the District's bond counsel had confirmed that the MCDC Initiative did not apply to the District because the District's bond issues during this period had been private placements instead of public offerings.

Director Mink then stated that the Board would discuss and consider taking action regarding landscape maintenance services. Mr. Bartram directed the Board's attention to the notice to ISS Grounds Control of contract termination attached as **Exhibit "J"**. He then recommended that the Board ratify approval the Landscape Maintenance Agreement with Sunscape Landscaping, LLC. Upon motion by Director Young and second by Director Asbury, the Board voted unanimously to approve the Landscape Maintenance Agreement attached as **Exhibit "K"**.

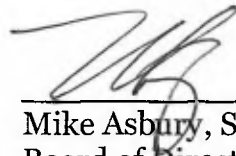
Director Mink then stated that the Board would receive the security report and consider taking related action. Mr. Hunt reported that a coalition of six municipal utility districts, representing ±27,000 residents, had submitted a letter, a copy of which is attached as **Exhibit "L"**, to the Williamson County Commissioners Court explaining the benefits that patrols within the districts have to the County and proposing an alternative rate. Mr. Hunt stated that the letter was expected to be considered by the Commissioners Court later in the week. He indicated that several district representatives planned to attend and that he would keep the Board apprised.

At 1:37 p.m., Director Mink announced that the Board would convene in executive session in order to receive legal advice regarding the pass-through service requested for the Palmer tract, as permitted under Section 551.071 of the Texas Government Code. The Board reconvened in open session at 2:12 p.m., at which time Director Mink confirmed that no action was taken in executive session. Director Young then moved as follows: (i) that an additional \$4,000 escrow deposit (*i.e.*, for a total of \$5,000) be required from RMD Holdings to cover the District's expenses in connection with the pass-through service request; (ii) that the Services Subcommittee be authorized to work with the District's consultants to review the request in more detail; (iii) that Mr. Hunt independently contact the City and the County to discuss specifics associated with pass-through service to the Palmer tract; and (iv) that RMD Holdings be notified that the request would need to be coordinated through the HOA and that an independent engineering study may be required to confirm the availability of capacity and other matters related to the request. Director Asbury seconded the motion, which then passed unanimously.

Director Mink then asked if there was any further business to come before the Board. There being none, the meeting was adjourned.

*(Signature page follows.)*

(SEAL)



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Mike Asbury, Secretary  
Board of Directors

Date: August 11, 2014