

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

August 14, 2017

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on August 14, 2017, 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:

Mike Asbury	-	President
Robert Wells	-	Vice President
Leslie Alger	-	Secretary
Heath Reed-Green	-	Assistant Secretary
Carl R. Black	-	Assistant Secretary

and all of the Directors were present, except for Director Robert Wells, who arrived later, thus constituting a quorum. Also present at times during the meeting were Andrew Hunt of Crossroads Utility Services LLC, the District’s general manager and utility operator; Chris Lane of Samco Capital Markets, Inc., the District’s financial advisor; Herb Edmonson of Gray Engineering, Inc., the District’s engineer; Alexia Kolmodin of Municipal Accounts & Consulting, L.P., the District’s bookkeeper; and Jenn Scholl of Armbrust & Brown, PLLC, the District’s general counsel.

Director Asbury called the meeting to order at 12:04 p.m. and stated that the Board would first receive citizens’ communications and Board member announcements. Director Alger stated that several residents had complained that gravel from the roads was causing damage to their cars and property. Mr. Hunt stated that he would notify the County that the roads needed to be swept. Director Black stated that he observed the County sweeping the roads in a portion of the District earlier in the day.

There being no further citizens’ communications or Board member announcements, Director Asbury stated that the Board would consider taking action regarding budget and tax items. Ms. Lane reviewed the Tax Rate Summary report attached as **Exhibit “B”**. She stated that the District’s net taxable value for 2017 was \$269,024,101, which was up from ±\$261,910,880 in 2016, but she noted that property with a taxable value of \$3,677,827 was still under review. Ms. Lane explained that 60% of the value under review would be certified if the protest was successful, which would result in \$271,230,797 net taxable value for 2017 for the District. She stated that the average home value in the District was \$289,117, which was up from \$276,742 in 2016. Director Wells arrived at this time. Ms. Lane stated that, because values had come up, the tax rate would need to come down slightly to stay below the 8% rollback rate and that she was, therefore, recommending that the District establish a total proposed tax rate for 2017 of \$0.5200, comprised of a \$0.3300 debt service tax rate and a \$0.1900 operations and maintenance tax rate. Ms. Lane noted that the Board could always adopt a lower tax rate at the next meeting, but could not go higher than the proposed rate set at this meeting.

Mr. Hunt then reviewed the draft budget for the 2017-2018 fiscal year attached as **Exhibit “C”**, which he stated assumed a 98% collection rate. Ms. Lane stated that the proposed budget would use up about \$992,461 of the District’s debt service fund balance. Ms. Lane estimated that the District should end the fiscal year 2017-2018 with a debt service fund balance of \$128,827, which would be 28% of next year’s debt service requirements. Mr. Hunt stated that there were no budget items related to the fence and that some additional items may need to be added to the budget for repairs.

Ms. Scholl then advised that the Board needed to do three things at this meeting: (i) establish a proposed 2017 tax rate by record vote; (ii) schedule a public hearing at which the adoption of the 2017 tax rate would be considered; and (iii) authorize notice of the public hearing on the 2017 tax rate to be published in the newspaper. After discussion, upon motion by Director Wells and second by Director Alger, the Board voted to (i) establish a proposed 2017 tax rate of \$0.5200 per \$100 valuation; (ii) schedule a public hearing at noon on Monday, September 11, 2017 to consider the adoption of the tax rate; and (iii) authorize a notice of the public hearing to be published in the newspaper, with Directors Asbury, Wells, Alger, Reed-Green, and Black all voting “aye.”

Director Asbury stated that the Board would next consider the minutes of the July 10, 2017 Board meeting. Upon motion by Director Black and second by Director Reed-Green, the Board voted unanimously to approve the minutes.

Director Asbury then stated that the Board would consider Operations Services Agreement. Ms. Scholl stated that the primary term of the agreement would expire on September 30, 2017 and the agreement would continue to renew on a year to year basis until terminated. Mr. Hunt stated that he would like to propose revisions his compensation under the current agreement and that he would bring a memorandum summarizing the proposed changes to the Board’s next meeting.

Director Asbury then stated that the Board would consider the District’s fence enhancement projects, and recognized Mr. Edmonson. Mr. Edmonson reported that the warranty repairs were complete.

Director Asbury then stated that the Board would receive an update on the Arterial H Phase 1 road construction. Mr. Hunt reported that work on Arterial H had begun, but was likely slowed down due to recent rain storms.

Director Asbury then stated that the Board would receive an update on the RM 1431 roadway widening project, the Texas Department of Transportation (“*TXDOT*”) noise attenuation study, and related matters. Mr. Hunt reported that TXDOT was investigating what options the District may have to construct the sound wall, but explained that the design had not yet been finalized and the District would need to wait to see what the residents thought of the finalized design before deciding to propose an alternative design or not. Mr. Hunt stated that it would cost TXDOT approximately \$550,000 to complete the sound wall due to the sound attenuation requirements. He noted that the budget did not include an amount to review the older side of the wall for sound attenuation qualities and encouraged the Board to examine the sound attenuation qualities of the existing wall before spending money on any improvements because any money spent on improvements that TXDOT later determined did not satisfy the requirements would be wasted.

Director Asbury then stated that the Board would receive an update on the Round Rock-Leander 138-kV transmission line. Mr. Hunt stated that he did not have anything to report.

Director Asbury then stated that the Board would consider taking action regarding wholesale water and wastewater service, including review and analysis of the City's revised wholesale rate increases. Mr. Hunt reviewed the letter from the City of Round Rock, attached as **Exhibit "D"**, and stated that the City did not propose an increase in the wholesale water and wastewater rates for the 2018 fiscal year, but noted that the City proposed a 3.4% increase for the 2019 fiscal year and a 2.1% increase for the 2020 fiscal year. He stated that he would let the Board know at the next meeting if he recommended retaining a rate consultant to determine if the City's final adjustment to the District's rate was calculated correctly.

Director Asbury then stated that the Board would receive the security report and consider taking related action. Mr. Hunt directed the Board's attention to the security report attached as **Exhibit "E"** and stated that he was not aware of any significant issues.

Director Asbury then stated that the Board would receive a report from the District's engineer and recognized Mr. Edmonson. Mr. Edmonson presented his report attached as **Exhibit "F"**. He reported that the City and the Texas Commission on Environmental Quality (the "**TCEQ**") had resolved the dispute regarding the depth of the pond at the Gardens at Mayfield.

Director Asbury then stated that the Board would receive a report from the District's bookkeeper and recognized Ms. Kolmodin. Ms. Kolmodin presented the bookkeeper's report attached as **Exhibit "G"** and reviewed the bills and invoices and account activity for the District's operating, manager's, and lock box accounts; the account balances; the pledged securities reports; the budget comparison; the debt service payment schedule; the balance sheet; the tax collection report; the recycling rebate report; and the monthly transfers. She recommended approval of the bills and invoices and the transfers. After discussion, upon motion by Director Alger and second by Director Black, the Board voted unanimously to approve the bills, invoices, and transfers, as presented.

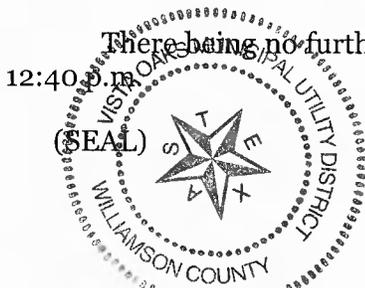
Director Asbury then stated that the Board would receive a report from the District's general manager and utility operator. Mr. Hunt first presented the operations report attached as **Exhibit "H"**. He reviewed his directives from the prior Board meeting. He reported that water loss was around -1.5% for the year and that there were no issues with water quality. He reported that the utility system was generally operating well noting that he had cleaned the wet well, repaired a broken service main on 3952 Grayling, and repaired one fire hydrant that was damaged when the fire department opened and closed the valve. He reported that Round Rock was under voluntary restrictions, there had been no solid waste/recycling collection complaints, a clean-up would be coordinated with the trash contractor in October, and there were no issues with the website. He stated that the billing report was healthy and that he did not have any write-offs. He then stated that two street lights could be installed on Vista Isle Drive in the locations indicated on the map of streetlight reporting for the District included in his report. He stated that the proposed locations would avoid having to bore under the street to connect electricity to the street lights and noted that one of the street lights would be installed within the right of way. He stated that he did not think it was as necessary to install street lights further down Vista Isle Drive because the homes in that area faced the street, which provided for better lighting within the street. He stated that, if the Board was comfortable with these two proposed locations, he would obtain proposals for the installation at the next Board meeting. After discussion, the Board directed Mr. Hunt to obtain proposals for the installation of the two street lights on Vista Isle Drive. Director Reed-Green inquired if the District was scheduled for a storm sewer clean up and about the settling of sedimentation in the detention pond. Mr. Hunt responded that, in the process of looking for illicit discharges, the District's MS4 consultant would send him a list of anything that the contractor observed was not draining properly and that the outfalls were cleaned every several years. Director Reed-Green then asked who owned

the water quality pond by the sport courts. Mr. Hunt stated that he did not know who owned the pond, but thought it might be an on-site detention pond for the amenity center, which he noted was owned by the HOA. Mr. Hunt then stated that the concrete foot bridges within the District should be inspected within the next budget season due to the fact that the bridges have survived several 100-year floods and that the concrete trails could be improved and expanded. Director Wells asked if there was any discussion of connecting Brushy Creek across RM 1431. Mr. Hunt stated that the County proposed installing a crosswalk or installing a tunnel underneath the road, but determined that it was too dangerous to install a crosswalk and too damp to install a tunnel.

Director Wells then recognized Ms. Scholl for purposes of receiving a report from the District's attorney. Ms. Scholl reviewed the consultant directives report and noted that all prior directives were either complete or in process.

Director Wells next announced that the Board would consider its future meeting schedule and agenda items.

There being no further business to come before the Board, the meeting was adjourned at 12:40 p.m.





Leslie Alger, Secretary
Board of Directors

Date: September 11, 2017