

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

September 14, 2015

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on September 14, 2015, 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
[vacancy]	-	Assistant Secretary

and all of the Directors were present, thus constituting a quorum. Also present at times during the meeting were Bowman Mires, a resident of the District; Andrew Hunt of Crossroads Utility Services LLC, the District’s general manager and utility operator; Herb Edmonson of Gray Engineering, Inc., the District’s engineer; Keli Kirkley of Municipal Accounts & Consulting, L.P., the District’s bookkeeper; Chris Lane of SAMCO Capital Markets, Inc., the District’s financial advisor; and John Bartram of Armbrust & Brown, PLLC, the District’s general counsel.

Director Asbury called the meeting to order at 12:08 p.m. and stated that the Board would first receive citizens’ communications and Board member announcements. Mr. Hunt reported that he had received a letter from Bowman Mires, a copy of which is attached as **Exhibit “B”**, expressing an interest in being considered for appointment to the Board. He stated that Mr. Mires was in attendance at the meeting and that the Board could take this up under the Director items on the agenda.

Accordingly, Director Asbury stated that the Board would move on to the Director items. Mr. Bartram stated that there was still one vacancy on the Board, which was Place 4, the remaining term for which expired in November 2018. At this time, Mr. Mires introduced himself and reviewed his background, experience, and qualifications. He stated that he had lived in the District for ten years and was interested in serving on the Board. Upon motion by Director Wells and second by Director Alger, the Board voted unanimously to appoint Mr. Mires to Place 4 on the Board.

Director Asbury then stated that the Board would consider the Sworn Statement, Oath of Office, and bond for Director Mires. Upon motion by Director Wells and second by Director Alger, the Board voted unanimously to approve the Sworn Statement, Oath of Office, and director’s bond for Director Mires.

Director Asbury then stated that the Board would next discuss Open Meetings Act and Public Information Act issues related to the appointment of a new director. Mr. Bartram stated

that Director Mires, as a new Director, was required to undergo Open Meetings Act training within 90 days of taking office. He stated that a training video produced by the Texas Attorney General's office was available online or on compact disc, and he directed Director Mires' attention to the memorandum attached as **Exhibit "C"** for additional information. He next reviewed the Public Access Option Form attached as **Exhibit "D"**, which he stated would need to be completed within 14 days.

Director Asbury then stated that the Board would consider the election of officers. After discussion, Director Wells moved that the Board elect Director Mires as an Assistant Secretary and that the other officers remain unchanged. Upon second by Director Reed-Green, the motion passed unanimously.

Director Asbury next announced that the Board would consider its subcommittee appointments and directed the Board's attention to the subcommittee list attached as **Exhibit "E"**. After discussion, Director Reed-Green moved that the Board appoint Mr. Hunt and Director Wells to the Budget/Invoice Review/Audit Subcommittee. Upon second by Director Alger, the motion passed unanimously. Director Wells stated that he would help educate Director Mires on the invoice review process so that Director Mires could replace him on the committee in the future.

Director Asbury then stated that the Board would consider the revised account resolutions. Mr. Bartram recommended that the District's existing account resolutions and signature cards be updated to reflect the appointment of Director Mires. Ms. Kirkley stated that she would have revised signature cards available next month but recommended that the Board go ahead and approve the updates this month. Upon motion by Director Wells and second by Director Alger, the Board voted unanimously to approve the updated Secretary's Certificate and Resolutions Regarding Operating Account, Secretary's Certificate and Resolutions Regarding Manager's Account, and Secretary's Certificate and Resolutions Regarding Lock Box Clearing Account, attached collectively as **Exhibit "F"**, and updated signature cards for such accounts.

Director Asbury then stated that the Board would consider the revised District Registration Form. Mr. Bartram recommended that the District's current registration form be updated to reflect the appointment of Director Mires to the Board. Upon motion by Director Alger and second by Director Wells, the Board voted unanimously to approve the revised District Registration Form and its filing.

There being no further action on Director items, Director Asbury then stated that the Board would consider approving the minutes of the August 10, 2015 Board meeting. Upon motion by Director Alger and second by Director Wells, the Board voted unanimously to approve the minutes.

Director Asbury next announced that the Board would consider a proposal from McCall Gibson Swedlund Barfoot PLLC ("**MGSB**") for the audit of the District's financial statements for the fiscal year ending September 30, 2015. Mr. Bartram directed the Board's attention to the proposal attached as **Exhibit "G"**. He noted that the proposed fee for this year's audit was between \$14,000 and \$16,000, which was the same as last year's fee range. Mr. Bartram also reviewed the fraud questionnaire attached as **Exhibit "H"**, which he stated was provided by the auditor under Statement on Auditing Standard No. 99 as part of the auditor's audit planning process to document material misstatements caused by fraud, and he advised anyone with questions or concerns about fraud to contact the auditor. After discussion, upon motion by Director Alger and second by Director Wells, the Board voted unanimously to engage MGSB for the audit of the District's financial statements for the fiscal year ending September 30, 2015.

Director Asbury then stated that the Board would consider the budget and tax items on the agenda. Mr. Bartram summarized the process for adopting a budget and establishing a tax rate. Ms. Lane stated that the District had published a proposed tax rate of \$0.6186 but that Director Alger and Mr. Hunt had met to run alternative scenarios using a lower tax rate. She directed the Board's attention to the tax rate analysis materials attached as **Exhibit "I"** and stated that the tax rate could safely be lowered to an even \$0.61, comprised of a \$0.3750 debt service tax and a \$0.2350 operations and maintenance tax. Mr. Hunt and Ms. Kirkley then reviewed the proposed budget attached as **Exhibit "J"**, which Mr. Hunt explained was based on a \$0.61 tax rate and included various adjustments discussed at the August Board meeting. He stated that lowering the tax rate to \$0.61 would reduce the District's general fund balance by ±\$242,000 to equal an operating reserve of approximately six months as planned. Director Asbury stated that he would like to start thinking about projects that the District could undertake to improve the District prior to annexation, such as taking over irrigation of certain common areas. Mr. Bartram stated that this could probably be accomplished via a license agreement with the HOA.

Director Asbury then stated that the Board would conduct a public hearing on the District's 2015 tax rate. He opened the public hearing and inquired whether there was anyone present wishing to address the Board regarding the District's tax rate. There being no public comment, Director Asbury closed the public hearing. He then stated that the Board would consider adopting a budget. Upon motion by Director Wells and second by Director Reed-Green, the Board voted unanimously to approve the budget presented by Mr. Hunt and Ms. Kirkley and the Resolution Adopting Budget attached as **Exhibit "K"**. Director Asbury then stated that the Board would consider establishing the District's 2015 tax rate. Upon motion by Director Alger and second by Director Reed-Green, the Board voted unanimously to establish a tax rate of \$0.61, allocated as recommended by Ms. Lane, and to adopt the Order Levying Taxes attached as **Exhibit "L"**, with Directors Asbury, Wells, Alger, Reed-Green, and Mires all present and voting "aye".

Director Asbury then stated that the Board would consider approving an Amended and Restated Information Form. Mr. Bartram explained that the form needed to be updated to reflect the change in the District's tax rate. Upon motion by Director Wells and second by Director Reed-Green, the Board voted unanimously to approve the Amended and Restated Information Form attached as **Exhibit "M"** and its filing.

Director Asbury then stated that the Board would consider the Wall and fence projects, and recognized Mr. Edmonson. Mr. Edmonson first reported on the status of Phase 3 of the wall project. He stated that the contractor's crews were currently working up Royal Vista. He stated that there had been one issue with the resident behind the AT&T substation but that, otherwise, things had been quiet and were moving along. He then presented and recommended approval of pay estimate no. 1 for Phase 3 of the wall project, a copy of which is attached as **Exhibit "N"**, which he stated was in the amount of \$16,009.26 and reflected work through August. Upon motion by Director Wells and second by Director Mires, the Board voted unanimously to approve the pay estimate. Mr. Edmonson next reported on the status of Phase 4 of the wall project. He stated that the survey work was being scheduled and that the surveyor should have a crew available in the next three weeks. Mr. Hunt then presented the proposal from Crossroads Utility Services LLC for coordination of obtaining any easements necessary from the homeowners adjacent to Phase 4 of the wall project, a copy of which is attached as **Exhibit "O"**. He indicated that the fee would be a flat fee of \$185 per lot. After discussion, upon motion by Director Wells and second by Director Reed-Green, the Board voted unanimously to approve the proposal. Mr. Bartram then directed the Board's attention to the materials attached as **Exhibit "P"**, which he stated had been provided by the Texas Department of Transportation ("**TXDOT**") in response to the District's open records request for information on noise study and

abatement projects in the Austin area. Mr. Hunt recalled that TXDOT had recently discovered that the proposed location of the sound barrier wall might conflict with existing utilities and was, therefore, in the process of conducting a re-evaluation. He stated that he had expressed to TXDOT that he could help obtain an easement from the HOA or the District if required. He further stated that the HOA representative on this matter was educating the affected residents about the opportunity to have TXDOT construct a sound barrier wall.

Director Asbury then stated that the Board would receive the security report and consider taking related action. Mr. Hunt stated that he had not yet received the latest security report but that he was not aware of any issues.

Director Asbury then stated that the Board would receive a report from the District's engineer and recognized Mr. Edmonson. Mr. Edmonson directed the Board's attention to the engineering report attached **Exhibit "Q"**. He stated that he had nothing further to report at this time.

Director Asbury then stated that he Board would receive a report from the District's bookkeeper and recognized Ms. Kirkley. Ms. Kirkley first presented the bookkeeper's report attached as **Exhibit "R"**. 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; the annual electricity usage report; and the monthly transfers. She recommended the addition of check no. 10419 to pay Director Mires' per diem for today's meeting and check no. 10420 to pay the Phase 3 wall project pay estimate previously approved during the meeting. Upon motion by Director Alger and second by Director Wells, 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 "S"** and reviewed his directives. He next addressed water accountability, noting that the report indicated a slight gain but that this was a typographical error and that water loss was really breakeven for the month and the year. Mr. Hunt confirmed that all test results were satisfactory, and he stated that there were no billing issues or write-offs to consider this month. He added that he had received no complaints regarding solid waste / recycling services and that the District had received a \$22 recycling rebate. He indicated that the HOA had publicized the October curb-side clean-up service. Mr. Hunt next alerted the Board to recent stories in the news about high water bills, which he indicated were really the result of higher usage during the hot and dry summer months. Director Asbury asked if the District was still replacing high usage meters. Mr. Hunt confirmed that the District replaced about 75 older meters per year. He next reported on recent utility maintenance activities. He stated that there had been a sewer back-up at a home on Honey Bear and that the District's "wye" connection would need to be replaced due to root growth. He further reported that he had installed, and would back bill the HOA, for a new RPZ valve at the amenity center. Mr. Hunt then concluded by stating that he would update the District's website with the new tax rate and board member information.

Director Asbury then recognized Mr. Bartram for purposes of receiving a report from the District's attorney. Mr. Bartram stated that there were no consultant directives outstanding and that he had nothing further to report at this time.

Director Asbury next announced that the Board would consider its future meeting schedule and agenda items. After discussion, the Board confirmed that the next meeting would be held as scheduled at noon on October 12, 2015.

Director Asbury then asked if there was any further business to come before the Board. There being none, the meeting was adjourned at 1:16 p.m.

(Signature page follows.)



October 12, 2015



Leslie Alger, Secretary
Board of Directors