

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

November 10, 2014

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on November 10, 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
Leslie Alger	-	Vice President
Mike Asbury	-	Secretary
Keith E. Young	-	Assistant Secretary
Robert Wells	-	Assistant Secretary

and all of the Directors were present except Director Alger, who arrived later, thus constituting a quorum. Also present at times during the meeting were Andrew Hunt of Crossroads Utility Services LLC, the District's general manager and utility operator; 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 12:03 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 following item on the consent agenda: the minutes of the October 13, 2014 Board meeting. Upon motion by Director Asbury and second by Director Young, the Board voted unanimously to approve the minutes.

Director Mink next announced that the Board would consider taking action regarding RMD Holdings, LP's request for pass-through service to a ±38 acre tract north of and adjacent to the District commonly referred to as the Palmer tract. Mr. Bartram first distributed the updated capacity report by Murfee Engineering Company, Inc., a copy of which is attached as **Exhibit "B"**. Mr. Hunt stated that, based on his initial review, the report confirmed that there was adequate capacity in the District's wastewater system to accommodate pass-through wastewater service to the Palmer tract. He noted that Mr. Dawson had apparently dropped the request for pass-through water service because of an opportunity to connect directly to the City of Round Rock's water system. He further noted that the request for pass-through service had been increased to 155 LUEs. Mr. Dawson stated that this number was all-inclusive and incorporated the commercial portion being retained by the Palmer family as well as the irrigation for his residential project. Mr. Hunt stated that he had forwarded the report to the City but had not received any feedback yet. He indicated that the next step would be to schedule a meeting with the City, the County, and all other interested parties to discuss the details and necessary paperwork. Mr. Dawson stated that he had been advised that the City's attorney had

postponed initiating a draft agreement until after the updated capacity study was complete, and he requested that the District let the City's attorney know that the capacity study was done and confirm that the Board was still interested in moving forward with the request for pass-through service. Mr. Bartram stated that he would do so. At this time, Director Alger arrived.

Director Mink then stated that the Board would receive the security report and consider taking related action. Mr. Bartram stated that, at Mr. Hunt's request, he had included an item on the agenda to consider how frequently the deputies performing security patrol services in the District would be compensated, noting that, if more than once per month, changes to the District's bank account resolutions might be required. Director Asbury asked what the deputies were expecting. Mr. Hunt stated that, to his knowledge, the deputies were expecting to be paid once a month and that, therefore, no changes to the District's account resolutions were required at this time. Mr. Bartram then reported that the District's bookkeeper could perform the additional payroll work for the deputies' compensation for \$100 per hour as an additional service under the existing contract, and he recommended that the Board specifically approve the additional service in lieu of a formal contract amendment. Upon motion by Director Wells and second by Director Young, the Board voted unanimously to approve the payroll work for security deputies as an additional service under the District's existing bookkeeping contract with Municipal Accounts & Consulting at the rate of \$100 per hour.

Director Mink stated that the Board would next receive a report from the District's engineer and recognized Mr. Hines. Mr. Hines stated that he was substituting for Don Bayes, who was on vacation. He then directed the Board's attention to the engineering report attached as **Exhibit "C"**. Mr. Edmonson then updated the Board with respect to Phase 2 of the wall project. Mr. Edmonson reported that he was meeting the contractor on site the following day to do a final check on the cross-fences. He indicated that this should wrap things up as far as construction of the fence. He noted, however, that an invasive vine had already grown over the fences at 4208 and 4210 Summercrest, and he asked how the Board wanted to handle the matter. After discussion, the Board directed Mr. Hunt to discuss the situation with the homeowners and request permission to control or remove the vines. Mr. Edmonson next reported that affixing the logos to, and acid washing of, the columns were complete. He stated that the contractor had damaged some of the HOA's irrigation heads during construction but that it was difficult to determine what was broken because the irrigation system itself could not be charged due to the fact that the irrigation well pump was not working. Mr. Edmonson stated that the contractor had been working directly with the HOA on the matter and had offered to pay the HOA \$5,000, which was the allowance for landscape repairs in the contract. He indicated, however, that the HOA had estimated the damage to be \$6,300, including entire zone replacement, the documentation for which was not conclusive. The Board generally agreed that the contractor should be responsible for what the contractor damaged and no more. Mr. Hunt suggested that the fence subcommittee meet with the HOA with authority to resolve the matter for an amount not to exceed \$5,000 as per the allowance under the contract. The Board generally agreed and directed the subcommittee to meet with the HOA. Mr. Hunt stated that he would set up the meeting. Director Wells asked if the spare fence panels could be relocated to the lift station at this time. Mr. Edmonson stated that they could be moved and that he would coordinate that work with the contractor. Mr. Edmonson then concluded the report on Phase 2 of the wall project by presenting and recommending approval of (i) pay estimate no. 4 in the amount of \$12,072.15, a copy of which is attached as **Exhibit "D"**, which he stated reflected work through October 30th and 97% completion; and (ii) change order no. 2, a copy of which is attached as **Exhibit "E"**, reflecting a \$3,936.50 deduct to adjust final quantities to as-built conditions. Upon motion by Director Asbury and second by Director Wells, the Board voted unanimously to approve the pay estimate and change order. Director Mink asked about the status of easement acquisition for Phase 3. Mr. Hunt responded that about 60% of the easements had been secured and that another batch was expected soon. He stated that no major

issues had been encountered. Director Mink asked if anyone had wanted to keep the old fencing wood from the Phase 2 project. Mr. Edmonson stated that a couple of residents had kept their wood. Director Mink noted that the Phase 3 wood was generally much nicer and that there may be increased interest. Mr. Edmonson stated that the contractor selected for Phase 3 would coordinate that with the residents. Director Mink then asked if there was any action necessary regarding AT&T encroachments along Royal Vista Boulevard. Mr. Hines stated that AT&T had provided approximate utility locations for the lots that were "back-served" off of Royal Vista Boulevard, and he suggested that an encroachment agreement similar to the one done for Phase 1 be put in place.

Director Mink next announced that the Board would receive a report from the Community Projects Subcommittee on possible future capital improvement projects. Mr. Hunt stated that the committee had not met and that he would try to get a meeting scheduled.

Director Mink then stated that the Board would receive a report from the District's bookkeeper. Ms. Gonzalez first presented the bookkeeper's report attached as **Exhibit "F"** 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; the Palmer tract escrow deposit report; the latest quarterly investment report; and the monthly transfers. She suggested that she hold check nos. 10075 and 10076, which were per diem payments for the Community Projects Subcommittee members, pending the meeting that Mr. Hunt was going to schedule. The Board generally agreed. Ms. Gonzalez noted that she had also included a holding check for the District's annual TCEQ permit fees. She explained that, although no invoice had yet been received this year, these fees had been due by the end of November last year and that, therefore, she had included a check for payment to be safe. Discussion about the nature of the permit fees ensued. Mr. Bartram asked Ms. Gonzalez to send a copy of the back-up documentation to Mr. Hunt for review. Ms. Gonzalez confirmed that she would do so. After discussion, upon motion by Director Young and second by Director Wells, the Board voted unanimously to approve the bills, invoices, and transfers as presented.

Director Mink next recognized Mr. Hunt for purposes of receiving a report from the District's general manager and utility operator. Mr. Hunt reviewed the report attached as **Exhibit "G"**. He reported that the new street light for Artesia Bend had been ordered. He confirmed that he had met with one of the residents and that the resident had not expressed any concerns. He next reported that, now that Mr. Dawson had dropped his request for pass-through water service, the Board would need to consider whether to lower the LUE charge. He stated that there would be time to discuss this as negotiations proceeded. Mr. Hunt stated that water loss was 1.7% for the month and 2.74% for the fiscal year ended September 30, 2014. He confirmed that there had been no water quality complaints and that all test results were satisfactory. He then reviewed the billing and delinquent accounts reports and stated that there were no write-offs this month. He stated that he had received no complaints regarding solid waste / recycling services. He advised the Board that solid waste collection would be delayed a day over Thanksgiving and Christmas and that he had included this information on the District's website. Mr. Hunt next presented the proposal attached as **Exhibit "H"** to pave and curb the access road to the District's lift station. He stated that the total cost for the turn-key work was \$10,605.90, and he confirmed that the Board had budgeted \$30,000 for lift station improvements this year. Director Alger asked what other improvements were contemplated in that budgeted amount. Mr. Hunt stated that the biggest item was possibly expanding the fenced area to create room to store the excess fence panels. However, he stated that he was also investigating possible storage alternatives with the HOA. After further discussion, upon motion by Director Asbury and second by Director Alger, the Board voted unanimously to approve the proposal to pave and curb access to the lift station. Mr. Hunt then concluded his report by

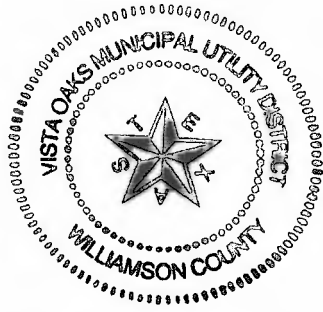
advising the Board that he had discussed with the District's website contractor an updated and interactive map that could be posted on the District's website and used to report street light outages. Director Alger stated that such a map could be useful for other purposes as well. The Board generally agreed. Mr. Hunt stated that the District's website contractor could complete the map work for \$800. Upon motion by Director Young and second by Director Asbury, the Board voted unanimously to approve creation of an interactive map for the District's website at a cost of \$800.

Director Mink then recognized Mr. Bartram for purposes of receiving a report from the District's attorney. Mr. Bartram reviewed the directives from the previous Board meeting, which he stated were either complete or in process. He stated that the auditor had confirmed that, as long as Director Alger, as a certified public accountant, continued to review the District's financial statements, no changes to this year's audit process would be necessary. Director Asbury stated that he had discussed this issue with former Director Allen Douthitt and that Mr. Douthitt was willing to stay involved in the audit and budgeting process as a subcommittee member. The Board generally agreed that Mr. Douthitt's continued involvement was advisable due to his industry expertise and knowledge of the District. Mr. Hunt then confirmed that he was in the process of coordinating to get the additional law enforcement liability coverage in place for the deputies performing patrol services in the District. Mr. Bartram indicated that the deputies might also need to post a bond per the requirements of the Water Code. After discussion, the Board directed that the District pay the cost of such bonds, if needed. Mr. Bartram next reported that the District's bank had advised Ms. Gonzalez that it would not investigate the recent fraudulent account activity further because the District had not suffered any loss. He also reported that Ms. Gonzalez had determined that the District had incurred \$1,142 in legal and bookkeeping fees in connection with the fraud activity. He stated that Director Alger had raised the question of possibly making an insurance claim for these expenses, and he asked if the Board wanted to do so, noting that there might be a deductible if coverage applied. The Board generally agreed not to pursue the matter.

Director Mink then asked if there was any further business to come before the Board. There being none, the meeting was adjourned at 1:23 p.m.

(Signature page follows.)

(SEAL)



Mike Asbury Secretary
Board of Directors

Date: December 8, 2014