

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

December 8, 2014

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on December 8, 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 Directors Wells and Alger, both of whom 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; Don Bayes and Herb Edmonson of Gray Engineering, Inc., the District’s engineer; Keli Kirkley of Municipal Accounts & Consulting, L.P., the District’s bookkeeper; Brian Toldan of McCall Gibson Swedlund Barfoot PLLC, the District’s auditor; Chris Lane of SAMCO Capital Markets, Inc., the District’s financial advisor; Rhett Dawson of RMD Holdings, LP; and John Bartram of Armbrust & Brown, PLLC, the District’s general counsel.

Director Mink called the meeting to order at 12:05 p.m. and stated that the Board would first receive citizens’ communications and Board member announcements. Director Asbury reported that a resident had approached him about extending the Phase 2 fencing at the intersection of Sam Bass Road and Vista Isle Drive. At this time, Director Wells arrived at the meeting.

There being no citizens’ communications or further Board member announcements, Director Mink stated that the Board would next consider the sworn statements and oaths of office for the Directors deemed re-elected as of November 4th. Upon motion by Director Asbury and second by Director Mink, the Board voted unanimously to approve the sworn statements and oaths of office for Directors Young and Wells. Mr. Bartram stated that Director Alger could complete her sworn statement and oath upon arrival.

Director Mink then stated that the Board would consider the election of officers. Mr. Bartram reviewed the existing slate of officers. After discussion, the Board agreed that the current slate of officers would remain unchanged.

Director Mink then stated that the Board would consider approving a revised District Registration Form. Mr. Bartram reviewed the revised District Registration Form attached as **Exhibit “B”**, noting that it had been updated to reflect the new terms of office for the Directors

re-elected on November 4, 2014. Upon motion by Director Mink and second by Director Wells, the Board voted unanimously to approve the revised District Registration Form and its filing.

Director Mink then stated that the Board would consider approving the minutes of the November 10, 2014 Board meeting. Upon motion by Director Mink and second by Director Asbury, the Board voted unanimously to approve the minutes.

Director Mink next recognized Mr. Toldan for purposes of receiving a report from the District's auditor in connection with the audit of the District's financial statements for the fiscal year ended September 30, 2014. Mr. Toldan suggested that the Board skip his item until Director Alger arrived because she served on the Board's audit committee. The Board generally agreed, and Director Mink announced that the Board would next 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. Dawson stated that, due to scheduling confusion, he had missed a meeting with City, County, and District staff regarding the project. He stated that he was curious to learn how that meeting had gone and was in attendance to answer in any questions that the Board might have. Mr. Bartram stated that Directors Young and Asbury, Mr. Hunt, and he had attended the meeting on behalf of the District, and he summarized the issues discussed at the meeting. He stated that the meeting had been productive and that it was now clearer to all what existing agreements needed to be revised and what new agreements needed to be drafted. At this time, Director Alger arrived at the meeting. Mr. Bartram alerted Mr. Dawson to the fact that Murfee Engineering Company had billed the District for the updated capacity study and that Mr. Dawson's developer escrow was now probably close to, if not totally, depleted. Mr. Dawson stated that he would replenish the escrow promptly and requested Mr. Hunt to email him with an amount.

Director Mink then stated that the Board would circle back and consider the sworn statement and oath of office for Director Alger. Upon motion by Director Mink and second by Director Wells, the Board voted unanimously to approve Director Alger's sworn statement and oath of office.

Director Mink then re-recognized Mr. Toldan for purposes of receiving a report from the District's auditor in connection with the audit of the District's financial statements for the fiscal year ended September 30, 2014. Mr. Toldan presented the draft Audit Report attached as **Exhibit "C"**, including a summary of (i) the independent auditor's report, which he explained contained an unqualified, "clean" opinion; (ii) the Management's Discussion and Analysis, which he explained was a summary of District operations prepared by the District's bookkeeper on behalf of District management in compliance with applicable governmental accounting standards; (iii) the basic financial statements and the notes thereto; (iv) the required supplementary information; and (v) the Texas supplementary information. He then reviewed the income statement, budget comparison, and comparative schedule of revenues. Mr. Toldan next reviewed the Board representation letter attached as **Exhibit "D"**, noting that similar letters would also be signed by the District's bookkeeper and operator. He confirmed that the letter incorporated certain "knowledge" qualifiers that took into account the fact that the Board was relying on the advice of the District's bookkeeper and operator in making the representations set forth in the letter. Mr. Toldan explained that he had completed the audit work earlier this year and that these documents were being presented in draft format with the understanding that very little was expected to change before the Board considered formal approval next month. He stated that this would give the Board's audit committee an opportunity to review the audit over the holidays, and he confirmed that former director Allen Douthitt could still be involved in this process. He stated that he would be making a few updates to the presentation of certain information for consistency purposes at the recommendation of the District's bond counsel and that he would get those revisions to the

audit committee as soon as possible. Ms. Lane stated that, because the District only had private debt outstanding, these changes were not technically necessary; but she agreed that there was no harm in incorporating them to be consistent with other districts. Mr. Bartram stated that he would include the audit on the Board's January meeting agenda with the understanding that Mr. Toldan would not plan to attend that meeting unless something material arose. At this time, Director Alger reported that she had recently accepted a job with the Leander Independent School District beginning in January. She stated that the school district was ok with her continuing to serve on the Board but that, after consultation with Mr. Bartram, she was disclaiming all fees of office earned after commencement of her new employment. Mr. Toldan and Ms. Lane then left the meeting.

Director Mink 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 included in his operations report. He also reviewed the supplemental security report attached as **Exhibit "E"**. He noted that nothing alarming had been going on in the District. Mr. Bartram then reported that, after the Board's November meeting, it had been determined that, pursuant to applicable federal law, the patrol deputies should be paid once every two weeks instead of once per month. Mr. Bartram stated that he had discussed this issue with the District's general manager and bookkeeper and that, in order to facilitate this requirement, the collective recommendation was to convert the District's existing manager's account to a bookkeeper's account with increased check-writing authority and a higher maximum balance. Mr. Hunt stated that he would still be responsible for reviewing and approving the deputies' time sheets. Ms. Kirkley stated that, if the Board desired to move forward with a bookkeeper's account, she would also recommend approval of the correlating signature cards. After discussion, upon motion by Director Alger and second by Director Asbury, the Board voted unanimously to approve the Secretary's Certificate and Resolutions Regarding Bookkeeper's Account attached as **Exhibit "F"** and the correlating signature cards for the new account.

Director Mink stated that the Board would next receive a report from the District's engineer and recognized Mr. Bayes, who directed the Board's attention to the engineering report attached as **Exhibit "G"**. At Mr. Bayes' request, Mr. Edmonson then updated the Board with respect to Phase 2 of the wall project. Mr. Edmonson reported that the HOA had been able to get its irrigation system pressurized and that doing so had helped determine what damage the contractor was responsible for. He stated that the repairs were now complete and that a walk-through was being scheduled with the HOA for final approval. Mr. Edmonson then recommended approval of pay estimate no. 5 in the amount of \$4,500, a copy of which is attached as **Exhibit "H"**, which he stated reflected work through December 1st. Upon motion by Director Young and second by Director Asbury, the Board voted unanimously to approve pay estimate no. 5. Mr. Edmonson then presented pay estimate no. 6 in the amount of \$20,586.85, a copy of which is attached as **Exhibit "I"**, which he stated was the final pay estimate for the Phase 2 wall project. He recommended approval of the final pay estimate and acceptance of the project for operation and maintenance contingent on receipt of an all bills paid affidavit as referenced in the engineer's letter of recommendation regarding acceptance of project for operation and maintenance attached as **Exhibit "J"**. Director Asbury asked if the spare fence panels had been moved. Mr. Edmonson confirmed that the spare panels had been relocated to the lift station. After further discussion, upon motion by Director Wells and second by Director Young, the Board voted unanimously to approve pay estimate no. 6 and to accept Phase 2 of the wall project for operation and maintenance contingent on receipt from the contractor of a final all bills paid affidavit. Mr. Edmonson next reported on Phase 3 of the wall project, the bidding of which had been postponed until after the holidays. Mr. Hunt stated that about 80% of the easements had been secured and that only six were outstanding, four of which just needed to be coordinated for execution. Mr. Bartram then reported that he had prepared the Encroachment Agreement attached as **Exhibit "K"** to address the AT&T encroachments for the "back-served"

lots along Royal Vista Boulevard. He stated that the form was the same as that used for the AT&T encroachments in Phase I of the wall project. Upon motion by Director Asbury and second by Director Wells, the Board voted unanimously to approve the Encroachment Agreement. Mr. Bayes stated that Mr. Edmonson would coordinate execution by AT&T. Mr. Hunt then concluded the report on the wall project by noting that he had met with the subcommittee on possible future capital improvement projects and that he would report on suggestions for Phase 4 of the wall project at the Board's next meeting.

Director Mink then stated that the Board would receive a report from the District's bookkeeper. Ms. Kirkley first introduced herself. She stated that Holly Gonzalez was no longer with Municipal Accounts & Consulting. Ms. Kirkley stated that she had been working on the District's books behind the scenes for several years and that she would be attending the Board's meetings going forward. She then presented the bookkeeper's report attached as **Exhibit "L"** 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 noted that one investment CD was scheduled to mature on December 10th, and she recommended that these funds be reinvested at the best rate available at maturity. After discussion, upon motion by Director Asbury 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 first addressed his directives. He stated that the vines growing on the Phase 2 fence had been trimmed and that the situation looked better. He stated that he would follow up with a letter to the lot owner. He then reviewed the operations report attached as **Exhibit "M"** and noted that operations had generally been quiet. He reported that the lift station cleaning had been scheduled for this month and that the annual master meter calibrations had been completed. He stated that there had been a 0.41% water gain for the month and that water loss was averaging $\pm 1\%$ for the year. He confirmed that all test results were satisfactory. He then reviewed the billing and delinquent accounts reports and recommended the approval of one write-off, which, upon motion by Director Young and second by Director Wells, was unanimously approved by the Board. Mr. Hunt next reported on solid waste / recycling services and the District's website. He confirmed that the new interactive map for reporting street light issues was in process. The Board discussed notifying residents of this new map when functional. Mr. Hunt next presented Phase II (Small) MS4 Annual Report Form for the North Austin Stormwater Quality Coalition attached as **Exhibit "N"**. He stated that, in order to meet the filing deadline, he had reviewed and executed the report on behalf of the District, and he requested the Board to ratify approval and filing of the report. Upon motion by Director Young and second by Director Wells, the Board voted unanimously to do so. Mr. Hunt then concluded by reporting that the City of Round Rock had recently completed a new cost of service study and had scheduled a meeting with its wholesale customers later in the week to review that information. Mr. Hunt stated that he would attend the meeting and report in more detail at the Board's January meeting. He noted that correspondence from the City indicated that the revised wholesale rates would not be implemented until October 2015.

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.

Director Mink then asked if there was any further business to come before the Board. There being none, the meeting was adjourned at 1:15 p.m.



Mike Asbury, Secretary
Board of Directors

Date: January 12, 2015