

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

December 12, 2011

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on December 12, 2011, at the offices of Gray • Jansing & Associates, Inc., 8217 Shoal Creek Blvd., Suite 200, 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, thus constituting a quorum. Also present at the meeting were Andrew Hunt of Crossroads Utility Services LLC, the District's general manager and utility operator; David Gray and John Hines of Gray • Jansing & Associates, Inc., the District's engineer; Autumn Phillips and Holly Guest of Municipal Accounts & Consulting, L.P., the District's bookkeeper; Deputy Steve Shanks of the Williamson County Sheriff's Department; and John Bartram of Armbrust & Brown, PLLC, the District's attorney.

Director Mink called the meeting to order at 12:00 p.m., and stated that the Board would first receive citizens' communications and Board member announcements. Mr. Hunt presented a letter from a customer, a copy of which is attached as **Exhibit "B"**, appealing the fine imposed for violation of the District's watering restrictions. He explained that the customer was apparently confused as to what restrictions applied within the District, and he noted that the District's current policy did not provide for initial warnings. Mr. Hunt stated that a second customer was fined under similar circumstances but had not appealed. Mr. Bartram noted that water restrictions and compliance was on the agenda under the District manager's report. After discussion, upon motion by Director Douthitt and second by Director Alger, the Board voted unanimously to waive the fines for both customers due to the confusing circumstances resulting from the City of Round Rock's water system emergency and to direct Mr. Bartram to incorporate an escalation provision in the District's drought contingency plan that would permit initial warnings in the future.

Director Mink then stated that the president of the HOA had asked if the District would be interested in taking over operation of the HOA's water wells. Mr. Hunt stated that he had received some information from the HOA related to this request, which he was evaluating. Mr. Hines stated that numerous upgrades and maintenance to the system may be required. Director Asbury stressed the strategic importance of keeping the responsibility for certain subdivision amenities at the HOA level, noting that District assets would become the property of the City of Round Rock upon annexation. The Board generally agreed.

Director Mink then recognized Deputy Shanks for the security report. Deputy Shanks reported on the community Christmas party the previous week and stated that things had generally been quiet. He reported that the Sheriff's Department's new computer system was still not working properly but that he hoped to be able to generate reports for activity within the District in the future. Deputy Shanks then wished the Board a merry Christmas and left the meeting. Director Mink asked how often Deputy Shanks would attend Board meetings. Mr. Hunt suggested at least quarterly, but stated that he believed Deputy Shanks could attend more frequently with advance notice. Director Alger asked if Deputy Shanks was charging the District for attending meetings. Mr. Hunt stated that he would confirm.

Director Mink then stated that the Board would consider the election items on the Supplemental Agenda. Mr. Bartram reminded the Board that it had previously directed him to prepare the paperwork necessary to change the District's Director election cycle from May to November of even-numbered years. He reviewed the Resolution Changing Date of Director Elections to November Uniform Election Date in Even-Numbered Years and Adjusting Terms of Office to Conform to New Election Date attached as **Exhibit "C"**, and recommended that, if the Board approved the change in election dates, the Board also authorize his office to complete and file a Voting Rights Act submission with the United States Department of Justice. After discussion, upon motion by Director Young and second by Director Asbury, the Board voted unanimously to approve the Resolution Changing Date of Director Elections to November Uniform Election Date in Even-Numbered Years and Adjusting Terms of Office to Conform to New Election Date as presented and to authorize the District's legal counsel to prepare and file a Voting Rights Act submission with the United States Department of Justice with respect to the change.

Director Mink then stated that the Board would consider approving the minutes of the November 14, 2011 Board meeting. Upon motion by Director Young and second by Director Douthitt, the Board voted unanimously to approve the minutes.

Director Mink next announced that the Board would consider approving a revised District Registration Form and authorizing the filing of the form with the Texas Commission on Environmental Quality ("TCEQ"). Mr. Bartram noted that the revisions reflected the extended terms of office resulting in connection with the change from May to November elections. Upon motion by Director Douthitt and second by Director Asbury, the Board unanimously approved the revised District Registration Form attached as **Exhibit "D"** and its filing.

Director Mink next recognized Ms. Phillips for a report from the District's bookkeeper. Ms. Phillips first presented the report attached as Exhibit "E", and reviewed the bills and invoices 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, and the capital projects fund breakdown. She recommended approval of the bills and invoices with the addition of check no. 1803 representing an additional per diem for Director Young's attendance at a subcommittee meeting. Ms. Phillips noted that the list of invoices included the charges for the IRIS system, and she pointed out that she had received a \$500 escrow from Waterloo Development in connection with its request for pass-through service. Mr. Hunt confirmed that the IRIS system had been set up. Ms. Phillips stated that another district client of hers split IRIS charges with the homeowners association. The Board generally doubted that the Vista Oaks HOA would be interested in cost-sharing. Ms. Phillips then stated that BBVA Compass Bank was now charging for the weekly lock box account sweeps and that she was investigating the reasons for these charges. She next reported that an investment CD with Bank of Houston was scheduled to mature in December, and she recommended re-investing these funds at the highest rate available at maturity. She next reviewed an updated budget comparison, and updated balance sheet, and the recycling rebate report, attached as Exhibit "F", and she recommended approval of two transfers. Ms. Phillips then concluded by reporting that the District was 98% collected on its 2011 taxes. After discussion, upon motion by Director Douthitt and second by Director Alger, 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 reviewed the manager's directives, which he stated had been completed or were in process. He confirmed that the hatches to the wet well at the lift station had been fixed. He reconfirmed that the IRIS system had been set up. He stated that a customer sign-up insert would be included in an upcoming utility billing and that sign-up information was also on the District's website. Mr. Hunt next reported on utility operations. He stated that water loss was acceptable at $\pm 4.8\%$. He stated that meters were being replaced on an as-needed basis. He reviewed recent website notices relating to the fire department's Santa ride and the District's wall project. Mr. Hunt next reviewed the delinquent accounts and recommended approval of one write-off. He stated that there was no significant update regarding water conservation and drought management, noting that the District was still under Stage 2 restrictions. Mr. Hunt reported that additional street lights were scheduled to be replaced in January, and he stated that he had received no complaints regarding solid waste services. He stated that the annual CPI adjustment to his company's compensation was scheduled to take effect in January and that he would have the exact amount of the adjustment at the next Board meeting. After discussion, upon motion by Director Asbury and second by Director Douthitt, the Board voted unanimously to approve the write-off.

Mr. Hunt then reported on a recent subcommittee meeting with Waterloo Development regarding possible pass-through service to the adjacent "Palmer" tract. Mr. Hunt stated that the developer was requested approximately 75 LUEs of service and that the next step was to meet

with the City of Round Rock to discuss logistics and the nature of a pass-through agreement. He stated that the developer was also planning to apprise the HOA of the project. Mr. Bartram stated that the developer's request for pass-through service may create an opportunity for the Board to negotiate certain restrictions or limitations on the use of the Palmer tract in order to ensure that the development was a benefit to the District and its property values, rather than a nuisance or other unattractive use, such as a ferret farm. Discussion of an appropriate escrow amount for this request ensued, and it was generally agreed that \$5,000 was an appropriate starting figure given the need to meet with and involve the City. Director Mink asked if the District could negotiate a buffer between the District and proposed Arterial H. Mr. Gray stated that the right-of-way for Arterial H had already been dedicated but that it was his understanding that it may be years before the City and County proceeded with construction of Arterial H, if it was ever built at all.

Director Mink then stated that the Board would receive a report from the District's engineer and recognized Mr. Hines, who directed the Board's attention to the engineering report attached as Exhibit "G". Mr. Hines reported that approximately all but five or six of the temporary construction easements for the wall project had been obtained and that he was in the process of coordinating execution of the contracts for the purchase of the permanent easements. He stated that the HOA was on board as well as the property owner on the east side of Vista Oaks Boulevard. He stated that he had not heard back from the property owner on the west side of the street yet. Director Alger asked if this owner had voiced any objections. Director Mink stated that he understood that one problem may be that these owners did not want to lose the gate in their existing fence. Mr. Hines stated that the gate would not be lost. After discussion, the Board directed Messrs. Hines and Hunt to follow up with the owner and determine what the issues may be. Director Asbury stated that, if there were objections, he would meet with the owner. Mr. Gray next addressed the schedule for bidding the project, which he stated was still scheduled for January. Director Asbury asked if the bid specifications would be on a linear foot basis, and Mr. Gray confirmed that they would. Director Asbury stated that the wall project could also be an opportunity to upgrade the HOA's landscaping. Mr. Bartram suggested that the HOA use a portion of the purchase price for the permanent easements to improve its landscaping. Director Mink indicated that this was a possibility. Mr. Hunt stated that the District would also need to coordinate with the HOA regarding the spray patterns of the HOA's irrigation system to ensure that the water was not hitting the wall.

Mr. Hines next reported on the status of the District's TPDES Phase II Small Municipal Separate Storm Sewer System (MS4) Permit. He stated that the notice of intent had been submitted but that the TCEQ had advised him that the application needed to be signed by the President or Vice President of the Board and posted in a public place built with public funds. He stated that he had contacted the Williamson County engineer's office to determine if the application could be posted there. Mr. Hines stated that, as part of the MS4 permitting process, his office had conducted an inspection of the District's drainage facilities and identified several structures that needed to be cleaned up. He stated that he had reviewed the scope of work with Mr. Hunt and that Crossroads Utility Services preferred that the work be handled by a separate contractor. After discussion, the Board directed Mr. Hines to solicit proposals for consideration

at the Board's next meeting. Mr. Hines then concluded by reporting that the District's application for release of escrowed funds had been filed with the TCEQ, deemed administratively complete, and was under review.

Director Mink next recognized Mr. Bartram for a report from the District's attorney. Mr. Bartram reviewed the consultant directives. At this time, Director Douthitt left the meeting.

Director Mink then stated that the Board would consider revisions to the District's investment policy. Mr. Bartram reviewed the current policy with the Board and recommended updates to reflect changes in the Public Funds Investment Act following the 2011 Legislative Session. Ms. Phillips noted that a "AAA" rating was no longer available. Mr. Bartram stated that he would modify that reference appropriately. After discussion, upon motion by Director Asbury and second by Director Alger, the Board voted unanimously to approve the Resolution Adopting Revised Investment Policy attached as Exhibit "H", updated to modify the reference to "AAA" rating as appropriate.

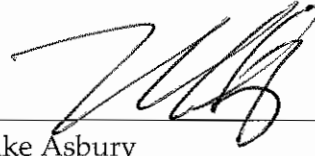
Director Mink next announced that the Board would consider an amendment to the District's Rate Order. Mr. Bartram recalled that, at the November Board meeting, the Board had directed him to incorporate the terms and provisions of the District's drought contingency plan into the Rate Order in order to facilitate enforcement of water restriction violations. Mr. Bartram stated that, in so doing, he had incorporated various other updates for the Board's consideration, including: a provision permitting the District to back charge customers for service calls that are determined to be the customer's responsibility; a more comprehensive provision addressing escrows for District approvals; and updates to billing and termination of service procedures, metering requirements, plumbing regulations, protection of District facilities, and enforcement. After discussion, upon motion by Director Alger and second by Director Young, the Board voted unanimously to approve the Amended Order Establishing Water and Wastewater Service Rates and Tap Fees and Adopting Certain General Policies with Respect to the District's Water, Wastewater and Drainage Systems attached as Exhibit "I".

Director Mink then questioned whether there were any future agenda items or further business to come before the Board. Director Asbury asked if recycling rebates could be reinvested in the community in some way. Mr. Bartram stated that there would need to be an appropriate "public purpose" and suggested that the Board develop a list of ideas and priorities on how these funds could be spent. Director Alger suggested that specific purposes might increase community interest and involvement, and the Board generally agreed.

There being no further business to come before the Board, the meeting was adjourned.

(Signature page follows.)

(SEAL)



Mike Asbury
Secretary, Board of Directors

Date: January 9, 2012

FILED FOR RECORD
3:17 PM
DEC 07 2011 *DM*

CERTIFICATE OF POSTING FOR
VISTA OAKS MUNICIPAL UTILITY DISTRICT
AT
THE WILLIAMSON COUNTY JUSTICE CENTER (COURTHOUSE ANNEX)
405 MARTIN LUTHER KING STREET
GEORGETOWN, TEXAS 78626-5703

Nancy E. Roster
County Clerk, Williamson Co TX

THE STATE OF TEXAS §

COUNTY OF WILLIAMSON §

I, *Dorothy Mikulencak* hereby certify that at 3:17 P.m. on 12-07 2011, I posted a copy of the attached notice of meeting (agenda) of the Board of Directors of Vista Oaks Municipal Utility District (formerly known as Williamson County Municipal Utility District No. 9) inside the Williamson County Justice Center (Courthouse Annex) and on the outside posting board at the Williamson County Justice Center (Courthouse Annex).

I understand that the notice was posted in order to comply with the Open Meetings provisions of Chapter 551 of the Government Code and that the Board of Directors of the District will rely on this certificate in determining whether the provisions of Chapter 551 of the Government Code have been satisfied.

Witness my signature this 7th day of Dec., 2011.

Dorothy Mikulencak

Printed Name: *Dorothy Mikulencak*

Company: *Williamson Co CLK*

**VISTA OAKS
MUNICIPAL UTILITY DISTRICT**

December 12, 2011

FILED FOR RECORD

3:17 PM
DEC 07 2011 DM

Nancy E. Roster

County Clerk, Williamson Co TX

TO: THE BOARD OF DIRECTORS OF VISTA OAKS MUNICIPAL UTILITY DISTRICT AND ALL OTHER INTERESTED PERSONS:

Notice is hereby given that the Board of Directors of Vista Oaks Municipal Utility District will hold a meeting at **12:00 noon on Monday, December 12, 2011 at the offices of Gray • Jansing & Associates, Inc., 8217 Shoal Creek Blvd., Suite 200, Austin, Texas.** The following matters will be considered and may be acted upon at the meeting:

PUBLIC COMMENT

1. Citizens' communications and Board member announcements;

ELECTION ITEMS

2. See Supplemental Agenda for election items;

CONSENT ITEMS

3. Minutes of November 14, 2011 meeting;
4. Revised District Registration Form;

REPORTS

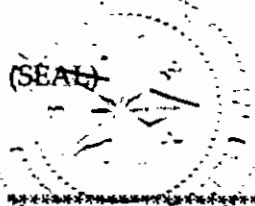
5. Security report;
6. Report from District's bookkeeper, including:
 - (a). Payment of bills and invoices;
 - (b). Transfers;
 - (c). Investments;
 - (d). Delinquent tax report;
7. Report from District's general manager and utility operator, including:
 - (a). Utility operations;
 - (b). Billing and collections, including past-due accounts and write-offs;
 - (c). Customer service;
 - (d). Solid waste and recycling services, including recycling rebate;
 - (e). Water conservation and drought management, including watering restrictions and compliance report;
 - (f). Pass-through service agreements, including:
 - (i). Review and analysis of existing agreements;

- (ii). Request from Waterloo Development for pass-through service to ±38-acre tract north of and adjacent to District (aka the Palmer tract), including report from Services Committee;
- (g). Website development and maintenance;
- (h). Status of street light replacement project;
- 8. Report from District's engineer, including:
 - (a). Vista Hills Boulevard wall project, including status of easements and related access matters;
 - (b). TPDES Phase II Small Municipal Separate Storm Sewer System (MS4) General Permit (TXR040000) compliance and administration;
 - (c). Escrowed/surplus funds from Series 2002 Bonds, including status of Application to the Texas Commission on Environmental Quality for Release of Escrowed Funds;
- 9. Report from District's attorney, including consultant directives;

DISCUSSION/ACTION ITEMS

- 10. Resolution Adopting Revised Investment Policy;
- 11. Amended Order Establishing Water and Wastewater Service Rates and Tap Fees and Adopting Certain General Policies with Respect to the District's Water, Wastewater, and Drainage Systems;
- 12. Future agenda items.

The Board of Directors is authorized by the Texas Open Meetings Act, Chapter 551, Texas Government Code, to convene in closed or executive session for certain purposes, including receiving legal advice from the District's attorney (Section 551.071); discussing real property matters (Section 551.072); discussing gifts and donations (Section 551.073), discussing personnel matters (Section 551.074); and discussing security personnel or devices (Section 551.076). If the Board of Directors determines to go into executive session to discuss any item on this agenda, the presiding officer will announce that an executive session will be held and will identify the item to be discussed and the provision of the Open Meetings Act that authorizes the closed or executive session.



John W. Barton
Attorney for the District

Vista Oaks Municipal Utility District is committed to compliance with the Americans with Disabilities Act. Reasonable accommodations and equal access to communications will be provided upon request. Please call Armbrust & Brown, PLLC at (512) 435-2300 for additional information. Hearing impaired or speech disabled persons equipped with telecommunications devices for the deaf may utilize the statewide Relay Texas program. 1-800-735-2988.

VISTA OAKS MUNICIPAL UTILITY DISTRICT
SUPPLEMENTAL AGENDA

FILED FOR RECORD
3:17 PM
DEC 07 2011 Om

December 12, 2011

Nancy E. Renteria
County Clerk, Williamson Co TX

TO: THE BOARD OF DIRECTORS OF VISTA OAKS MUNICIPAL UTILITY DISTRICT AND
TO ALL OTHER INTERESTED PERSONS:

Notice is hereby given that the Board of Directors of Vista Oaks Municipal Utility District will hold a meeting at 12:00 p.m. on Monday, December 12, 2011, at the offices of Gray • Jansing & Associates, Inc., 8217 Shoal Creek Blvd., Suite 200, Austin, Texas. The following additional matters may be considered and acted upon at the meeting:

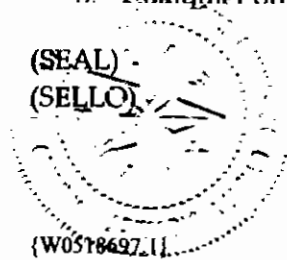
1. Resolution Changing Date of Director Elections to November Uniform Election Date in Even-Numbered Years and Adjusting Terms of Office to Conform to New Election Date;
2. Authorize Voting Rights Act submission to the U.S. Department of Justice;
3. Any other matters in connection with the District's Director elections.

EL DISTRITO MUNICIPAL DE SERVICIOS PÚBLICOS DE VISTA OAKS
AVISO SUPLEMENTAL A LA AGENDA
12 DE DICIEMBRE 2011

A: LA JUNTA DE DIRECTORES DEL DISTRITO MUNICIPAL DE SERVICIOS PÚBLICOS DE VISTA OAKS Y A TODA PERSONA INTERESADA:

Se pone en conocimiento del público que la Junta Directiva del Distrito Municipal de Servicios Públicos de Vista Oaks va a tener una reunión el lunes, 12 de diciembre 2011, a las 12:00 p.m. en las oficinas de Gray • Jansing & Associates, Inc., 8217 Shoal Creek Blvd., Suite 200, Austin, Texas. Los siguientes propósitos adicionales se consideran y pueden ser llevados a cabo en la junta:

1. Resolución cambiando la fecha de las elecciones de Directores para fecha uniforme en noviembre en años pares y ajustar los términos de oficina conforme la nueva fecha de elección.
2. Autorizar la presentación de la sumisión de la Ley de Derechos Electorales con el Departamento de Justicia de EE.UU.;
3. Cualquier otro asunto con respecto a la elección de Directores.



John W. Barton
 Attorney for the District
 Abogado del Distrito

The District is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. Please call 435-2300 for more information. Hearing impaired or speech disabled persons equipped with telecommunications devices for the deaf may utilize the statewide Relay Texas program, 1-800-735-2988.

**CERTIFICATE OF POSTING FOR
VISTA OAKS MUNICIPAL UTILITY DISTRICT
IN-DISTRICT POSTING LOCATIONS**

THE STATE OF TEXAS §

COUNTY OF WILLIAMSON §

I, Brian K. Gilbert hereby certify that at 11:00 a.m. on Dec. 8, 2011, I posted a copy of the attached notice of meeting of the Board of Directors of Vista Oaks Municipal Utility District (formerly known as Williamson County Municipal Utility District No. 9) within the boundaries of the District at a place readily accessible and convenient to the public at the District's two designated posting locations:

1. the mail center at the Northeast corner of the intersection of Vista Hills Blvd. and FM 1431, Round Rock, Texas; and
2. the Southeast corner of the intersection of Royal Vista Blvd. and Vista Isle Blvd., Round Rock, Texas.

I understand that the notice was posted in order to comply with the Open Meetings provisions of Chapter 551 of the Government Code and that the Board of Directors of the District will rely on this certificate in determining whether the provisions of Chapter 551 of the Government Code have been satisfied.

Witness my signature this 8 day of December, 2011.

Brian K. Gilbert

Printed Name: Brian K. Gilbert

Company: Capitol Courier

**VISTA OAKS
MUNICIPAL UTILITY DISTRICT**

December 12, 2011

TO: THE BOARD OF DIRECTORS OF VISTA OAKS MUNICIPAL UTILITY DISTRICT AND ALL OTHER INTERESTED PERSONS:

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PUBLIC COMMENT

1. Citizens' communications and Board member announcements;

ELECTION ITEMS

2. **See Supplemental Agenda for election items;**

CONSENT ITEMS

3. Minutes of November 14, 2011 meeting;
4. Revised District Registration Form;

REPORTS

5. Security report;
6. Report from District's bookkeeper, including:
 - (a). Payment of bills and invoices;
 - (b). Transfers;
 - (c). Investments;
 - (d). Delinquent tax report;
7. Report from District's general manager and utility operator, including:
 - (a). Utility operations;
 - (b). Billing and collections, including past-due accounts and write-offs;
 - (c). Customer service;
 - (d). Solid waste and recycling services, including recycling rebate;
 - (e). Water conservation and drought management, including watering restrictions and compliance report;
 - (f). Pass-through service agreements, including:
 - (i). Review and analysis of existing agreements;

- (ii). Request from Waterloo Development for pass-through service to ±38-acre tract north of and adjacent to District (aka the Palmer tract), including report from Services Committee;
 - (g). Website development and maintenance;
 - (h). Status of street light replacement project;
8. Report from District's engineer, including:
- (a). Vista Hills Boulevard wall project, including status of easements and related access matters;
 - (b). TPDES Phase II Small Municipal Separate Storm Sewer System (MS4) General Permit (TXR040000) compliance and administration;
 - (c). Escrowed/surplus funds from Series 2002 Bonds, including status of Application to the Texas Commission on Environmental Quality for Release of Escrowed Funds;
9. Report from District's attorney, including consultant directives;

DISCUSSION/ACTION ITEMS

- 10. Resolution Adopting Revised Investment Policy;
- 11. Amended Order Establishing Water and Wastewater Service Rates and Tap Fees and Adopting Certain General Policies with Respect to the District's Water, Wastewater, and Drainage Systems;
- 12. Future agenda items.

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(SEAL)



 Attorney for the District

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VISTA OAKS MUNICIPAL UTILITY DISTRICT
SUPPLEMENTAL AGENDA

December 12, 2011

TO: THE BOARD OF DIRECTORS OF VISTA OAKS MUNICIPAL UTILITY DISTRICT AND
TO ALL OTHER INTERESTED PERSONS:

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2. Authorize Voting Rights Act submission to the U.S. Department of Justice;
3. Any other matters in connection with the District's Director elections.

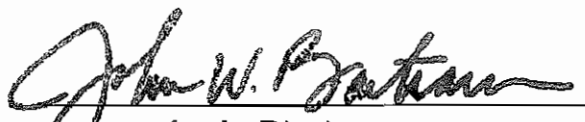
EL DISTRITO MUNICIPAL DE SERVICIOS PÚBLICOS DE VISTA OAKS
AVISO SUPPLEMENTAL A LA AGENDA
12 DE DICIEMBRE 2011

A: LA JUNTA DE DIRECTORES DEL DISTRITO MUNICIPAL DE SERVICIOS PÚBLICOS
DE VISTA OAKS Y A TODA PERSONA INTERESADA:

Se pone en conocimiento del público que la Junta Directiva del Distrito Municipal de Servicios Públicos de Vista Oaks va a tener una reunión el **lunes, 12 de diciembre 2011, a las 12:00 p.m. en las oficinas de Gray • Jansing & Associates, Inc., 8217 Shoal Creek Blvd., Suite 200, Austin, Texas.** Los siguientes propósitos *adicionales* se consideran y pueden ser llevados a cabo en la junta:

1. Resolución cambiando la fecha de las elecciones de Directores para fecha uniforme en noviembre en años pares y ajustar los términos de oficina conforme la nueva fecha de elección.
2. Autorizar la presentación de la sumisión de la Ley de Derechos Electorales con el Departamento de Justicia de EE.UU.;
3. Cualquier otro asunto con respecto a la elección de Directores.

(SEAL)
(SELLO)


Attorney for the District
Abogado del Distrito

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Mr. Andrew Hunt
Vista Oaks MUD
c/o Crossroads Utility Services, LLC
2601 Forest Creek Drive
Round Rock, TX 78665-1232

November 15, 2011

To: Whom it may concern:

I am writing this letter at the request of Mr. Andrew Hunt. I received a letter from The Vista Oaks MUD notifying me of an unauthorized water use. The incident occurred on October 19th, 2011 during the Stage 3 mandatory water restriction. The letter served as the official notice of a \$500.00 fine that was added to our account for the violation. Please review as I don't agree with the fine and would like it to be reduced or removed.

I received the news release from The BRA through a Williamson County internal memo on Friday Oct 7th, 2011 about the mandatory water restriction. I then proceeded to go to my trusted news sights YNN.com and KVUE.com to read the information. All articles specified the Cities of Georgetown and Round Rock along with Brushy Creek MUD and Chisholm Trail SUD but never mentioned Vista Oaks MUD. I dismissed the news until I saw staked signs at the entrance of Vista Oaks and figured, because in the last few month the HOA had put erroneous information on staked signs and my previous news article findings, that they didn't have their facts straight. I thought it strange but just to have a peace of mind I called Round Rock Utilities and the customer service representative said they didn't service our annexed part of the city. I felt comfortable with the answer because for the 14+ years that I've lived here, Round Rock has not extended a few of the city services associated with living in Round Rock based partly on the fact that we don't have a City of Round Rock Utilities bill.

In the meantime, the controller for our irrigation system was not working properly. For example, it would automatically turn on without any regards to date or time. My husband and I were aware of the malfunction so, in order to comply with the Stage II restrictions and not incur a possible penalty, my husband turned the system to manual irrigation setting on Saturday October 15, 2011.

On the week of October 24th, 2011, the week I received this letter, I called Mr. Hunt to file a complaint and to try and remove this charge based on the vague information given to the Vista Oaks Homeowners. He mentioned there were staked signs put up to notify me, in particular, of the announcement. To my defense, (1) there are various staked signs put up throughout the subdivision that aren't official. (2) The mentioned signs were put up at least four days after the news was aired which implies confusion. (3) These signs did not have MUD information visible to let me know they were official. (4) My conclusion came from checking various sources including the Wilco.org website where even as the BRA Lifted Emergency Restrictions on Oct.

EXHIBIT B

27th 2011, Vista Oaks MUD was not listed among the affected. Mr. Hunt proceeded to informed me how the water is obtained by the Vista Oaks MUD. May I state, I live in an area where we have a Round Rock address and have my children go to their neighborhood designated schools. One school has a Leander address and the other a Georgetown address even though it's Leander ISD. Where the MUD gets the water has never been something I put thought in since Cedar Park, Leander, Round Rock and Georgetown are all within a 5 mile reach of our neighborhood. In looking further at this fine, may I point out The City of Georgetown has explained their penalty levels of offenses by stating, "Violations of these restrictions may result in a warning on first offense and fines of \$250 on second offense, \$500 on third offense, and \$750 on fourth offense." I asked if my fee could be waived or reduced based on my individual case. Mr. Hunt asked for me to put my request in writing for him to present it to the Board and have them give the final say regarding this fine. I appreciate your attention to this matter.

Sincerely,

Jessica Rowling
4109 Springwillow Lane
Round Rock, TX 78681

**RESOLUTION CHANGING DATE OF DIRECTOR ELECTIONS TO
NOVEMBER UNIFORM ELECTION DATE IN EVEN-NUMBERED YEARS AND
ADJUSTING TERMS OF OFFICE TO CONFORM TO NEW ELECTION DATE**

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

WHEREAS, Vista Oaks Municipal Utility District (the "District") is a political subdivision of the State of Texas, operating under Chapters 49 and 54 of the *Texas Water Code* (the "Water Code");

WHEREAS, the Water Code provides that the District is governed by a board of five directors who serve staggered four-year terms following elections held on the uniform election date established by the *Texas Election Code* (the "Election Code") in May of each even-numbered year;

WHEREAS, historically, in order to best assist the voters of the District by maintaining consistency and accessibility in voting practices, polling places, and election procedures, the District has, pursuant to Title 3, Chapter 31, Subchapter D of the Election Code, contracted with the county elections administrator of Williamson County (the "County Elections Administrator") to perform election services for elections ordered by the District;

WHEREAS, pursuant to Section 41.001(d) of the Election Code, as amended by Senate Bill 100, Acts of the 82nd Legislature, Regular Session, 2011 ("Senate Bill 100"), a county elections administrator is no longer required to enter into a contract to furnish election services for an election held on the uniform election date in May of an even-numbered year;

WHEREAS, pursuant to Section 41.0052(a) of the Election Code, as amended by Senate Bill 100, the governing body of a political subdivision, other than a county, that holds its general election for officers on a date other than the November uniform election date may, not later than December 31, 2012, change the date on which it holds its general election for officers to the November uniform election date;

WHEREAS, Section 41.0052(b) of the Election Code, as amended by Senate Bill 100, provides that a governing body changing an election date pursuant to Section 41.0052(a) of the Election Code, as amended by Senate Bill 100, must adjust the terms of office to conform to the new election date;

WHEREAS, the County Elections Administrator has advised the District that it will be willing to continue to contract with the District for election services if the District changes the date on which it holds its director elections to the November uniform election date in accordance with Section 41.0052(a) of the Election Code, as amended by Senate Bill 100;

WHEREAS, the Board of Directors of the District (the "Board") has determined it to be in the best interest of the District to change the date on which it holds its general election for directors to the November uniform election date in accordance with Section 41.0052(a) of the Election Code,

as amended by Senate Bill 100, in order to maintain the opportunity to contract with the County Elections Administrator for election services and thereby best assist the voters of the District by maintaining consistency and accessibility in voting practices, polling places, and election procedures;

WHEREAS, the Board further desires to adjust the terms of office to conform to the new election date, as required by Section 41.0052(b) of the Election Code, as amended by Senate Bill 100;

IT IS, THEREFORE, ORDERED BY THE BOARD OF DIRECTORS OF THE DISTRICT THAT:

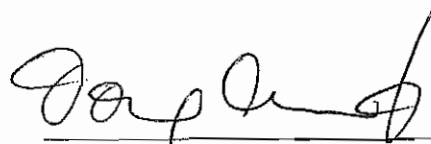
1. In accordance with Section 41.0052(a) of the Election Code, as amended by Senate Bill 100, and notwithstanding Section 49.103(b) of the Water Code, the date on which the District holds its general election for directors is hereby changed to the November uniform election date in even-numbered years.

2. In accordance with Section 41.0052(b) of the Election Code, as amended by Senate Bill 100, the terms of office of the District's incumbent directors as of the date of this Resolution are hereby adjusted to conform to the new date for the general election of directors. Accordingly, and in order to effect the change, the terms of office of the current members of the Board are hereby extended approximately six months to expire on the first succeeding November uniform election date, such that the director terms of office expiring on the uniform election date in May 2012 are extended to expire on the uniform election date in November 2012 and the director terms of office expiring on the uniform election date in May 2014 are extended to expire on the uniform election date in November 2014.

3. The officers and consultants of the District are authorized and directed to take all actions necessary or convenient to carry out the terms of this Resolution.

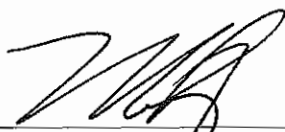
PASSED AND APPROVED this 12th day of December, 2011.

(SEAL)



Douglas Mink, President
Board of Directors

ATTEST:



Mike Asbury, Secretary
Board of Directors

DISTRICT REGISTRATION FORM*

When completed, mail to:
UTILITIES AND DISTRICTS SECTION, MC-152
TNRCC
PO BOX 13087
AUSTIN TX 78711-3087
 or fax to: 512/239-6190

Legal Name of District or Authority: Vista Oaks Municipal Utility District of Williamson County
 District's Mailing Address: c/o Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300
 City: Austin, Texas Zip: 78701
 District's Telephone Number: (512) 435-2300

A. BOARD MEMBERS:

TITLE	FULL NAME OF DIRECTOR (First, M.I., Last)	FULL MAILING ADDRESS (According to U.S. Post Office Standards, www.usps.com)	TELEPHONE NUMBERS			TERM OF OFFICE		
			Business	Fax	Home	Elected (E) Appointed (A) Elected by Precinct (P)	Term Begins (mm/dd/yyyy)	Term Ends (mm/dd/yyyy)
President	Douglas Mink	3415 Shinoak Drive, Austin, Texas 78731				E	05/10/2008	11/06/2012
Vice-President	Allen Douthitt	P.O. Box 2445, Round Rock, Texas 78680	(512) 733-0700			E	05/08/2010	11/04/2014
Secretary	Mike R. Asbury	3516 Ashmere Loop, Round Rock, Texas 78681	(512) 836-6552			E	05/10/2008	11/06/2012
Asst. Secretary	Leslie Alger	3920 Grayling Lane, Round Rock, Texas 78681	(512) 784-7432			E	05/08/2010	11/04/2014
Treasurer	Keith E. Young	3409 Executive Center Drive, Ste. 129, Austin, Texas 78731-1619	(512) 427-3231			E	05/08/2010	11/04/2014

(Note: List information for additional directors on back)

B. CONSULTANTS AND REPRESENTATIVES (as applicable):

POSITION	FULL NAME OF INDIVIDUAL	NAME OF FIRM OR ORGANIZATION	FULL MAILING ADDRESS (According to U.S. Post Office Standards, www.usps.com)	TELEPHONE NUMBERS	
				Business	Fax
General Manager	Andrew Hunt	Crossroads Utility Services LLC	2801 Forest Creek Drive, Round Rock, Texas 78665-1232	(512) 246-1400	(512) 246-1900
Operator	Andrew Hunt	Crossroads Utility Services LLC	2801 Forest Creek Drive, Round Rock, Texas 78665-1232	(512) 246-1400	(512) 246-1900
Attorney	John W. Bartram	Armbrust & Brown, PLLC	100 Congress Ave., Suite 1300, Austin, Texas 78701	(512) 435-2300	(512) 435-2360
Engineer	David Gray	Gray Jansing & Associates, Inc.	8217 Shoal Creek Blvd., Suite 200, Austin, Texas 78757-7592	(512) 452-0371	(512) 454-9933
Bookkeeper	Autumn Phillips	Municipal Accounts & Consulting, L.P.	8834 Capital of Texas Hwy., Ste. 150, Austin, Texas 78759	(512) 782-2400	(512) 795-9968
Financial Advisor	Christina Lane	Samco Capital Markets	6805 Capital of Texas Hwy., Ste. 350, Austin, Texas 78731	(512) 343-0268	
Tax Collector	Deborah Hunt	Williamson County Tax Assessor/Collector	710 S. Main Street, Suite 102, Georgetown, Texas 78626-5701	(512) 943-1601	
Agent for Notice	John W. Bartram	Armbrust & Brown, PLLC	100 Congress Ave., Suite 1300, Austin, Texas 78701	(512) 435-2300	(512) 435-2360

* ALL INFORMATION IS SUBJECT TO THE OPEN RECORDS ACT AND WILL BE MADE AVAILABLE ON OUR WEB SITE (WWW.TNRCC.STATE.TX.US).

DISTRICT REGISTRATION FORM (continued)

A. BOARD MEMBERS: (continued)

TITLE	FULL NAME OF DIRECTOR (First, M.I., Last)	FULL MAILING ADDRESS (According to U.S. Post Office Standards, www.usps.com)	TELEPHONE NUMBERS			TERM OF OFFICE		
			Business	Fax	Home	Elected (E) Appointed (A) Elected by Precinct (P)	Term Begins (mm/dd/yyyy)	Term Ends (mm/dd/yyyy)

CERTIFICATION: I certify that the information contained herein is correct and complete to the best of my knowledge.

John W. Bartram
Signature/Title

John W. Bartram
Printed Name

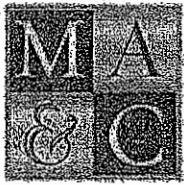
(512) 435-2300
Telephone

December 29, 2011
Date

If you have questions on how to fill out this form or about the Water Districts program, please contact us at 512/239-4691. Individuals are entitled to request and review their personal information that the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, contact us at 512/239-3282.

C. ADDITIONAL STATUTORY REQUIREMENTS (Texas Water Code):

1. *Requirements generally applicable to most district and authorities:*
 - a. §49.055(d). File copies of directors' sworn statements, bonds, and oaths with the District's records. File copies of directors' sworn statements and oaths with the Secretary of State within 10 days.
 - b. §36.054(e) and §49.054(f). File names, mailing addresses and terms of new directors with TNRCC within 30 days after election or appointment.
 - c. Audit and financial reports:
 - (1) §49.194(a). File audit with the TNRCC within 135 days of fiscal year end, or §49.197(d). File financial dormancy affidavit with the TNRCC by January 31, or §49.198(c). File annual financial report with the TNRCC within 45 days of fiscal year end.
 - (2) §49.194(c). File audit, financial dormancy affidavit, or financial report with the District's records.
 - (3) §49.194(d). Submit annual filing affidavit to the TNRCC with either audit, financial dormancy affidavit, or financial report.
 - (4) §49.158. Notify the TNRCC of adoption of a fiscal year within 30 days of initial financial activity or after a change in the District's fiscal year.
 - d. §49.199(a). Adopt a code of ethics and other policies and procedures.
2. *Requirements applicable to certain district and authorities, as specified in the statutes:*
 - a. §49.455. File with the TNRCC the name, address and telephone number of the District's Agent for Notice, the person responsible for issuing forms to comply with the Notice to Purchaser requirements of §49.452.
 - b. §49.455. File information form and map, or any amendments, with each county and the TNRCC.
 - c. §49.451. Post district name signs at two entrances to the District within 30 days of the District's creation.
 - d. §49.062. Publish and file with the TNRCC a resolution establishing a meeting place outside the District.
 - e. §49.307(b), §49.301(f) & §49.302. File orders excluding and annexing land with each county and the TNRCC.



MUNICIPAL ACCOUNTS
& CONSULTING, L.P.

**Vista Oaks Municipal
Utility District**

Bookkeeper's Report

December 12, 2011

Vista Oaks - GOF
Cash Flow Report - Checking Account
As of December 12, 2011

Num	Name	Memo	Amount	Balance
BALANCE AS OF 11/15/2011				\$191,050.15
Receipts				
	10/11 Recycling Rebate		359.98	
	CD Interest		437.26	
	Accounts Receivable - DIT		6,825.21	
	CD Interest		499.73	
	Accounts Receivable		47,187.91	
	Weekly Wire Sweep		48,504.00	
	Weekly Wire Sweep		3,469.00	
	Weekly Wire Sweep		10,933.00	
	Weekly Wire Sweep		20,645.00	
Total Receipts				138,861.09
Disbursements				
1754	TCEQ	Filing Fee MS4	(100.00)	
1779	AT&T	Telephone Expense	(92.87)	
1780	City of Round Rock	Purchase Water/Sewer Service	(34,852.50)	
1781	Pedernales Electric Corp	Utility Expense	(2,121.98)	
1783	Douglas Mink	Fees of Office 12/12/11	(150.41)	
1784	Keith Young	Fees of Office 12/12/11	(161.51)	
1785	Larry A Douthitt	Fees of Office 12/12/11	(151.51)	
1786	Leslie Alger	Fees of Office 12/12/11	(151.51)	
1787	Mike Asbury	Fees of Office 12/12/11	(141.52)	
1788	Meredith Duyer Lewis	Customer Deposit Refund	(133.65)	
1789	Ambrust & Brown, PLLC	Legal Fees	(8,989.42)	
1790	Crossroads Utility Services	Management & Operations	(9,083.05)	
1791	Gray Jansing & Associates, Inc.	Engineering Fees	(9,781.83)	
1792	Maxwell Locke & Ritter LLP	FYE 09/30/2011 Auditing Fees	(2,500.00)	
1793	Municipal Accounts and Consulting, LP	Bookkeeping Fees	(2,419.30)	
1794	PostNet TX166	Yard Signs - Watering Schedule	(130.00)	
1795	Round Rock Refuse, Inc.	Garbage Expense	(14,319.00)	
1796	Sun Tech Electric, Inc.	Repair Trail Lights	(374.00)	
1797	TCEQ	Permit Fees	(1,958.65)	
1798	Williamson County	Patrol Services - October	(3,407.25)	
1799	AT&T	Telephone Expense	0.00	
1800	City of Round Rock	Purchase Water/Sewer Service	0.00	
1801	Pedernales Electric Corp	Utility Expense	0.00	
1802	William Central Appraisal District	Quarterly CAD Fees	(2,922.75)	
SRVCHG		Credit Card Charges	(1,662.17)	
Total Disbursements				(95,604.88)
BALANCE AS OF 12/12/2011				<u>\$234,306.36</u>

FIRST CITIZENS BANK - #XXXX1787

Vista Oaks - GOF
Cash Flow Report - Managers Account
 As of December 12, 2011

Num	Name	Memo	Amount	Balance
BALANCE AS OF 11/15/2011				\$5,002.26
Receipts				
	No Receipts Activity		<u>0.00</u>	
Total Receipts				0.00
Disbursements				
7017	TechRadium, Inc.	Utiligent Software Use Fees 11/2011-11/2012	<u>(1,515.00)</u>	
Total Disbursements				<u>(1,515.00)</u>
BALANCE AS OF 12/12/2011				<u><u>\$3,487.26</u></u>

Vista Oaks - GOF
Cash Flow Report - Compass Lockbox Account
 As of December 12, 2011

Num	Name	Memo	Amount	Balance
BALANCE AS OF 11/15/2011				\$46,069.20
Receipts				
	Accounts Receivable - DIT		3,795.89	
	Accounts Receivable		<u>52,134.57</u>	
Total Receipts				55,930.46
Disbursements				
JE		OCT Wire & Fax Notice	(23.00)	
RTNCK	Compass Bank	Customer Returned Checks (1)	(500.00)	
SWEEP	Compass Bank	Weekly Wire Sweep	(48,504.00)	
SWEEP	Compass Bank	Weekly Wire Sweep	(3,469.00)	
SWEEP	Compass Bank	Weekly Wire Sweep	(10,933.00)	
SWEEP	Compass Bank	Weekly Wire Sweep	<u>(20,645.00)</u>	
Total Disbursements				<u>(84,074.00)</u>
BALANCE AS OF 12/12/2011				<u>\$17,925.66</u>

Vista Oaks MUD
Account Balances
As of December 12, 2011

Financial Institution (Acct Number)	Issue Date	Maturity Date	Interest Rate	Account Balance	Notes
Fund: Operating					
Certificates of Deposit					
BANK OF HOUSTON (XXXX0360)	04/16/2011	12/14/2011	0.45 %	95,000.00	
GREEN BANK (XXXX1416)	05/10/2011	01/05/2012	0.70 %	95,000.00	
ALLEGIANCE BANK (XXXX4414)	06/18/2011	02/15/2012	0.75 %	95,000.00	
IBC BANK (XXXX9872)	07/05/2011	03/01/2012	0.80 %	95,000.00	
TEXAS COMMUNITY BANK (XXXX2900)	08/12/2011	04/08/2012	0.85 %	95,000.00	
GREEN BANK (XXXX1552)	10/20/2011	05/17/2012	0.60 %	95,000.00	
IBC BANK (XXXX1464)	11/05/2011	06/02/2012	0.65 %	95,000.00	
Money Market Funds					
TEXPOOL (XXXX0001)	07/31/2008		0.08 %	118,706.14	
TEXPOOL (XXXX0005)	06/03/2010		0.08 %	75,109.48	
Checking Account(s)					
COMPASS BANK-CHECKING (XXXX7570)			0.10 %	17,925.66	Compass Lockbox
FIRST CITIZENS BANK (XXXX1787)			0.20 %	234,306.36	Checking Account
FIRST CITIZENS BANK (XXXX1795)			0.20 %	3,487.26	Managers
Totals for Operating Fund:				\$1,114,534.90	
Fund: Capital Projects					
Money Market Funds					
BANK OF TEXAS (XXXX-ESC)	09/08/2011		0.44 %	440,880.45	SR 2002 ESCROW
Totals for Capital Projects Fund:				\$440,880.45	
Fund: Debt Service					
Certificates of Deposit					
BANK OF HOUSTON - DEBT (XXXX0575)	10/12/2011	02/15/2012	0.25 %	150,000.00	
TEXAS CAPITAL BANK-DEBT (XXXX0003)	10/12/2011	02/15/2012	0.25 %	150,000.00	
ALLEGIANCE BANK - DEBT (XXXX8093)	10/12/2011	08/15/2012	0.70 %	240,000.00	SERIES 2002
IBC BANK - DEBT (XXXX7992)	10/13/2011	08/15/2012	0.65 %	170,000.00	
Money Market Funds					
TEXPOOL (XXXX0002)	07/31/2008		0.08 %	11,236.08	
Totals for Debt Service Fund:				\$721,236.08	
Grand total for Vista Oaks MUD:				\$2,276,651.43	

Methods Used For Reporting Market Values

Certificates of Deposits:	Face Value Plus Accrued Interest
Securities/Direct Government Obligations:	Market Value Quoted by the Seller of the Security and Confirmed in Writing
Public Fund Investment Pool/MM Accounts:	Balance = Book Value = Current Market

Vista Oaks MUD
Summary of Pledged Securities

As of December 12, 2011

Financial Institution: ALLEGIANCE BANK		
Total CDs, MM:	\$95,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: ALLEGIANCE BANK - DEBT		
Total CDs, MM:	\$240,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: BANK OF HOUSTON		
Total CDs, MM:	\$95,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: BANK OF HOUSTON - DEBT		
Total CDs, MM:	\$150,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: BANK OF TEXAS		
Total CDs, MM:	\$440,880.45	Collateral Security Required: Yes
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: COMPASS BANK-CHECKING		
Total CDs, MM, and Checking Accounts:	\$17,925.66	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: FIRST CITIZENS BANK (Depository Bank)		
Total CDs, MM, and Checking Accounts:	\$240,716.37	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: Yes
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: GREEN BANK		
Total CDs, MM:	\$190,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	

Vista Oaks MUD
Summary of Pledged Securities
 As of December 12, 2011

Financial Institution: IBC BANK		
Total CDs, MM:	\$190,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: IBC BANK - DEBT		
Total CDs, MM:	\$170,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: TEXAS CAPITAL BANK-DEBT		
Total CDs, MM:	\$150,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: TEXAS COMMUNITY BANK		
Total CDs, MM:	\$95,000.00	Collateral Security Required: No
Less FDIC coverage:	\$250,000.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	
Financial Institution: TEXPOOL		
Total CDs, MM:	\$205,051.70	Collateral Security Required: No
Less FDIC coverage:	\$0.00	Collateral Security Agreement On File: No
Total pledged securities:	\$0.00	Investment Policy Received: Yes
Ratio of pledged securities to investments:	N/A	

Vista Oaks - GOF
Actual vs Budget
October 2011

	Oct 11	Budget	\$ Over Budget	Oct 11	YTD Budget	\$ Over Budget	Annual Budget
Income							
14100 · Service							
14110 · Water - Customer Service Revenue	50,019	19,951	30,068	50,019	19,951	30,068	375,842
14210 · Sewer - Customer Service Fee	28,517	26,229	2,288	28,517	26,229	2,288	314,750
14310 · Penalties & Interest	1,592	1,250	342	1,592	1,250	342	15,000
14410 · Mayfield Ranch Pass Thru	2,033	1,958	75	2,033	1,958	75	23,496
14430 · Basic Services	25,707	10,008	15,699	25,707	10,008	15,699	309,040
Total 14100 · Service	107,867	59,396	48,471	107,867	59,396	48,471	1,038,128
14140 · Connection Fees	15			15			
14300 · Property Taxes							
14320 · Property Tax	5,158	1,068	4,090	5,158	1,068	4,090	517,125
14325 · Property Tax Penalty	0	21	(21)	0	21	(21)	1,000
Total 14300 · Property Taxes	5,158	1,089	4,069	5,158	1,089	4,069	518,125
14400 · Miscellaneous							
14330 · Miscellaneous Income	1,000	60	940	1,000	60	940	725
14360 · Recycling Rebate	343	0	343	343	0	343	0
14370 · Interest Earned on Temp. Invest	14	583	(570)	14	583	(570)	7,000
14390 · Interest Earned on Checking	0	13	(13)	0	13	(13)	150
Total 14400 · Miscellaneous	1,357	656	701	1,357	656	701	7,875
Total Income	114,397	61,141	53,256	114,397	61,141	53,256	1,564,128
Expense							
16100 · Wholesale Services							
16125 · Purchase Water	53,554	20,940	32,614	53,554	20,940	32,614	427,000
16220 · Purchase Sewer Service	0	23,833	(23,833)	0	23,833	(23,833)	286,000
16410 · Garbage Expense	14,414	14,333	81	14,414	14,333	81	172,000
Total 16100 · Wholesale Services	67,968	59,107	8,861	67,968	59,107	8,861	885,000
16200 · District Facilities							
15410 · Management & Operations	7,542	7,625	(84)	7,542	7,625	(84)	91,500
16130 · Maintenance & Repairs - Water	975	2,083	(1,109)	975	2,083	(1,109)	25,000
16131 · Water Loss Prevention	0	417	(417)	0	417	(417)	5,000
16150 · Laboratory Expense	314	38	277	314	38	277	450
16160 · Utilities	612	750	(138)	612	750	(138)	9,000
16170 · Night Watchman Lights	1,523	1,583	(60)	1,523	1,583	(60)	19,000
16175 · Streetlight Maintenance	0	4,167	(4,167)	0	4,167	(4,167)	50,000
16201 · Storm System Expense (MS4)	0	833	(833)	0	833	(833)	10,000
16205 · Drainage Maintenance	0	2,500	(2,500)	0	2,500	(2,500)	30,000
16210 · Inspection Expense	0	0	0	0	0	0	0
16230 · Maintenance & Repairs - Sewer	637	875	(238)	637	875	(238)	10,500
16312 · Meter Replacement	548	625	(77)	548	625	(77)	7,500
16390 · Telephone Expense	35	105	(70)	35	105	(70)	1,260
16580 · Patrol Service	3,407	3,583	(176)	3,407	3,583	(176)	43,000

	Oct 11	Budget	\$ Over Budget	Oct 11	YTD Budget	\$ Over Budget	Annual Budget
16622 · LS Preventive O&M	0	333	(333)	0	333	(333)	4,000
16623 · Water Distribution Repairs	0	0	0	0	0	0	0
Total 16200 · District Facilities	15,594	25,518	(9,924)	15,594	25,518	(9,924)	306,210
16300 · Administrative							
16320 · Tax Assessor/Appraisal	794	800	(6)	794	800	(6)	3,200
16380 · Permit Expense	0	0	0	0	0	0	2,500
16440 · Seminar Expense	0	0	0	0	0	0	8,000
16450 · Legal Notices & Other Publ.	0	83	(83)	0	83	(83)	1,000
16460 · Printing & Office Supplies	444	333	111	444	333	111	4,000
16470 · Filing Fees	216	67	149	216	67	149	800
16480 · Delivery Expense	360	104	256	360	104	256	1,250
16520 · Postage	19	42	(23)	19	42	(23)	500
16530 · Insurance & Surety Bond	6,450	1,300	5,150	6,450	1,300	5,150	1,500
16540 · Contractor Mileage	4	67	(62)	4	67	(62)	800
16560 · Miscellaneous Expense	404	208	195	404	208	195	2,500
16565 · Credit Card Fees	1,602	1,000	602	1,602	1,000	602	12,000
16600 · Payroll Expenses	1,130	1,446	(315)	1,130	1,446	(315)	17,348
16610 · Director Reimbursement	40	167	(127)	40	167	(127)	2,000
16611 · Arbitrage Expense	0	0	0	0	0	0	850
16612 · Website Maintenance	300	100	200	300	100	200	1,200
Total 16300 · Administrative	11,762	5,716	6,046	11,762	5,716	6,046	59,448
16370 · Election Expense	0	0	0	0	0	0	7,500
16400 · Professional							
16330 · Legal Fees	8,192	6,250	1,942	8,192	6,250	1,942	75,000
16340 · Auditing Fees	0	10,000	(10,000)	0	10,000	(10,000)	20,000
16350 · Engineering Fees	3,060	1,667	1,393	3,060	1,667	1,393	20,000
16351 · Engineering Fees - Special	0	833	(833)	0	833	(833)	10,000
16352 · Engineering Fees - Wall	2,284	4,167	(1,883)	2,284	4,167	(1,883)	50,000
16430 · Bookkeeping Fees	1,850	1,833	17	1,850	1,833	17	22,000
16490 · Financial Advisor Fees	0	850	(850)	0	850	(850)	1,700
Total 16400 · Professional	15,386	25,600	(10,214)	15,386	25,600	(10,214)	198,700
16645 · Capital Outlay - Fence Project	0	50,000	(50,000)	0	50,000	(50,000)	600,000
Total Expense	110,710	165,941	(55,231)	110,710	165,941	(55,231)	2,056,858
Net Income	3,687	(104,799)	108,487	3,687	(104,799)	108,487	(492,730)

Vista Oaks MUD
District Debt Service Payments
07/01/2011 - 12/31/2012

<u>Paying Agent</u>	<u>Series</u>	<u>Date Due</u>	<u>Date Paid</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Due</u>
Debt Service Payment Due 09/01/2011						
WELLS FARGO BANK, NA	2002	09/01/2011	08/31/2011	175,000.00	58,213.75	233,213.75
WELLS FARGO BANK, NA	2004	09/01/2011	08/31/2011	385,000.00	24,123.00	409,123.00
WELLS FARGO BANK, NA	2010R	09/01/2011	08/31/2011	295,000.00	80,801.00	375,801.00
		Total Due 09/01/2011		855,000.00	163,137.75	1,018,137.75
Debt Service Payment Due 03/01/2012						
WELLS FARGO BANK, NA	2002	03/01/2012		0.00	54,626.25	54,626.25
WELLS FARGO BANK, NA	2004	03/01/2012		0.00	16,923.50	16,923.50
WELLS FARGO BANK, NA	2010R	03/01/2012		0.00	75,078.00	75,078.00
		Total Due 03/01/2012		0.00	146,627.75	146,627.75
Debt Service Payment Due 09/01/2012						
WELLS FARGO BANK, NA	2002	09/01/2012		185,000.00	54,626.25	239,626.25
WELLS FARGO BANK, NA	2004	09/01/2012		400,000.00	16,923.50	416,923.50
WELLS FARGO BANK, NA	2010R	09/01/2012		305,000.00	75,078.00	380,078.00
		Total Due 09/01/2012		890,000.00	146,627.75	1,036,627.75
		District Total		\$1,745,000.00	\$456,393.25	\$2,201,393.25

Vista Oaks - GOF
Balance Sheet
As of October 31, 2011

	Oct 31, 11
ASSETS	
Current Assets	
Checking/Savings	
11100 · Cash in Bank	308,409.23
11110 · Managers	5,002.26
11115 · Compass Lockbox	46,069.20
Total Checking/Savings	359,480.69
Other Current Assets	
11300 · Time Deposits	854,880.04
11500 · Accounts Receivable	168,234.64
11510 · Allowance For Doubtful Accounts	(1,200.00)
11520 · Maintenance Tax Receivable	525,387.82
11567 · A/R - Mayfield	3,986.25
11580 · Accrued Interest	1,776.36
11730 · Due From DSF	2,079.24
11740 · Due From CPF	5,699.94
11745 · Due From CORR	61,588.97
Total Other Current Assets	1,622,433.26
Total Current Assets	1,981,913.95
TOTAL ASSETS	1,981,913.95
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
12000 · Accounts Payable	128,587.06
Total Accounts Payable	128,587.06
Other Current Liabilities	
12050 · Accrued AP	25,103.25
12100 · Payroll Liabilities	139.64
12610 · Customer Meter Deposits	115,800.00
12760 · Due to TCEQ	4,467.38
12770 · Unclaimed Property	1,197.07
12790 · Deferred Taxes	525,387.82
Total Other Current Liabilities	672,095.16
Total Current Liabilities	800,682.22
Total Liabilities	800,682.22
Equity	
13010 · Unassigned Fund Balance	684,814.32
13020 · Assigned Fund Balance	492,730.00
Net Income	3,687.41
Total Equity	1,181,231.73
TOTAL LIABILITIES & EQUITY	1,981,913.95

VISTA OAKS MUD
Capital Projects Fund Breakdown
as of 12/12/2011

Net Proceeds for All Bond Issues

Checking Account \$0.00

Receipts

Series 1996 - Bond Proceeds	\$3,000,000.00
Series 1996 - Interest Earnings	0.00
Series 1998 - Bond Proceeds	3,750,000.00
Series 1998 - Interest Earnings	0.00
Series 2000 - Bond Proceeds	2,625,000.00
Series 2000 - Interest Earnings	69,507.21
Series 2002 - Bond Proceeds	3,775,000.00
Series 2002 - Interest Earnings	68,338.47

Disbursements

Series 1996 - Disbursements (Attached)	(3,000,000.00)
Series 1998 - Disbursements (Attached)	(3,750,000.00)
Series 2000 - Disbursements (Attached)	(2,694,507.21)
Series 2002 - Disbursements (Attached)	(3,402,458.02)
Total Cash Balance	440,880.45

Balances by Account

Investments - CD's	\$0.00
Texas Class (MM# TX-01-0454-0001)	0.00
Texas Class (MM# TX-01-0454-0002)	0.00
Bank of Texas Escrow (600024642)	440,880.45
Total Cash Balance	\$440,880.45

Balances by Bond Series

Beginning Balance	\$0.00
Series 2002 - Bond Proceeds	440,880.45
Total Cash Balance	\$440,880.45

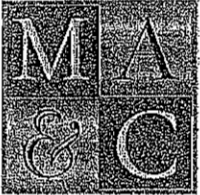
Remaining Costs/Surplus By Bond Series

Series 1996 - Remaining Costs	\$0.00
Series 1998 - Remaining Costs	0.00
Series 2000 - Remaining Costs	0.00
Series 2002 - Remaining Costs	0.00
Total Amount in Remaining Costs	0.00
Series 1996 - Surplus & Interest	0.00
Series 1998 - Surplus & Interest	0.00
Series 2000 - Surplus & Interest	0.00
Series 2002 - Surplus & Interest	440,880.45
Total Surplus & Interest Balance	440,880.45
Total Remaining Costs/Surplus	440,880.45

-12-
**\$148,778 to GOF (W/W Tring Line Rehab and balance to DSF)

VISTA OAKS MUD
TAX ANALYSIS FISCAL YEAR END 09/30/12

PERCENTAGE	TAX YEARS 2011			TAX YEARS 2010			TAX YEARS 2009			GRAND DEBT SERV	TOTAL MAINT	TOTAL	
	DS 64%	MT 36%	TOTAL 2011	DS 74%	MT 26%	TOTAL 2010	DS 81%	MT 19%	TOTAL 2009				
PRIOR YEAR TAX LEVY	0.00 916,337.51	0.00 526,406.65	0.00 1,442,744.16	4,515.01 0.00	1,559.73 0.00	6,074.74 0.00	1,193.09 0.00	278.39 0.00	1,471.48 0.00	PRIOR YEAR TAX LEVY	15,669.29 916,337.51	3,844.79 526,406.65	19,514.08 1,442,744.16
COLLECTIONS:										COLLECTIONS:			
OCT 11 TAXES	8,978.66	5,157.96	14,136.62	0.00	0.00	0.00	0.00	0.00	0.00	OCT 11 TAXES	8,978.66	5,157.96	14,136.62
OCT 11 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	OCT 11 PENALTY	0.00	0.00	0.00
NOV 11 TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	NOV 11 TAXES	0.00	0.00	0.00
NOV 11 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	NOV 11 PENALTY	0.00	0.00	0.00
DEC 11 TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	DEC 11 TAXES	0.00	0.00	0.00
DEC 11 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	DEC 11 PENALTY	0.00	0.00	0.00
JAN 12 TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	JAN 12 TAXES	0.00	0.00	0.00
JAN 12 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	JAN 12 PENALTY	0.00	0.00	0.00
FEB 12 TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	FEB 12 TAXES	0.00	0.00	0.00
FEB 12 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	FEB 12 PENALTY	0.00	0.00	0.00
MAR 12 TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	MAR 12 TAXES	0.00	0.00	0.00
MAR 12 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	MAR 12 PENALTY	0.00	0.00	0.00
APR 12 TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	APR 12 TAXES	0.00	0.00	0.00
APR 12 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	APR 12 PENALTY	0.00	0.00	0.00
MAY 12 TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	MAY 12 TAXES	0.00	0.00	0.00
MAY 12 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	MAY 12 PENALTY	0.00	0.00	0.00
JUNE 12 TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	JUNE 12 TAXES	0.00	0.00	0.00
JUNE 12 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	JUNE 12 PENALTY	0.00	0.00	0.00
JULY 12 TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	JULY 12 TAXES	0.00	0.00	0.00
JULY 12 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	JULY 12 PENALTY	0.00	0.00	0.00
AUG 12 TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	AUG 12 TAXES	0.00	0.00	0.00
AUG 12 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	AUG 12 PENALTY	0.00	0.00	0.00
SEPT 12 TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	SEPT 12 TAXES	0.00	0.00	0.00
SEPT 12 PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	SEPT 12 PENALTY	0.00	0.00	0.00
TOTALS	8,978.66	5,157.96	14,136.62	0.00	0.00	0.00	0.00	0.00	0.00	TOTALS	8,978.66	5,157.96	14,136.62
TAXES	8,978.66	5,157.96	14,136.62	0.00	0.00	0.00	0.00	0.00	0.00	TAXES	8,978.66	5,157.96	14,136.62
PENALTY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	PENALTY	0.00	0.00	0.00
TOTALS	8,978.66	5,157.96	14,136.62	0.00	0.00	0.00	0.00	0.00	0.00	TOTALS	8,978.66	5,157.96	14,136.62
ADJUSTMENTS	512.36	294.34	806.70	0.00	0.00	0.00	0.00	0.00	0.00	ADJUSTMENT	512.36	294.34	806.70
TAX REC @ 10/31/11	907,871.21	521,543.03	1,429,414.24	4,515.01	1,559.73	6,074.74	1,193.09	278.39	1,471.48	TAX REC @ 10/31/11	923,540.50	525,367.62	1,448,928.32
TAX RATES	0.4700	0.2700	0.7400	0.5500	0.1900	0.7400	0.5000	0.1400	0.7400				



MUNICIPAL ACCOUNTS
& CONSULTING, L.P.

December 12, 2011

Texpool
Attn: Diane Parker
600 Travis St, Ste 7200
Houston, TX 77002
Fax (866) 839-3291

RE: Vista Oaks MUD

Dear Diane,

Please consider this letter as written authorization by Vista Oaks MUD to transfer the following funds:

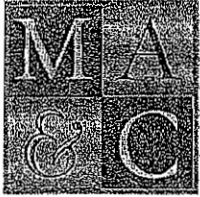
Transfer \$3,935.58 from Pool Account
To Account

If you should have any questions, please contact Autumn Phillips at (512) 782-2401.

Sincerely,

Vista Oaks MUD

TRANSFER FROM TAX TEXPOOL ACCOUNT TO GOF TEXPOOL ACCOUNT



MUNICIPAL ACCOUNTS
& CONSULTING, L.P.

December 12, 2011

Texpool
Attn: Diane Parker
600 Travis St, Ste 7200
Houston, TX 77002
Fax (866) 839-3291

RE: Vista Oaks MUD

Dear Diane,

Please consider this letter as written authorization by Vista Oaks MUD
to transfer the following funds:

Transfer \$10,229.36 from Pool , Account
To Account

If you should have any questions, please contact Autumn Phillips at (512) 782-2401.

Sincerely,

Vista Oaks MUD

TRANSFER FROM TAX TEXPOOL ACCOUNT TO DSF TEXPOOL ACCOUNT

Vista Oaks - GOF
Actual vs Budget
October 2011

Ordinary Income/Expense	Oct 11	Budget	\$ Over Budget	Oct 11	YTD Budget	\$ Over Budget	Annual Budget
Income							
14100 · Service							
14110 · Water - Customer Service Revenue	50,019	19,951	30,068	50,019	19,951	30,068	375,842
14210 · Sewer - Customer Service Fee	28,517	26,229	2,288	28,517	26,229	2,288	314,750
14310 · Penalties & Interest	2,607	1,250	1,357	2,607	1,250	1,357	15,000
14410 · Mayfield Ranch Pass Thru	2,033	1,958	75	2,033	1,958	75	23,496
14430 · Basic Services	25,707	25,753	(46)	25,707	25,753	(46)	309,040
Total 14100 · Service	108,882	75,142	33,741	108,882	75,142	33,741	1,038,128
14300 · Property Taxes							
14320 · Property Tax	5,158	1,068	4,090	5,158	1,068	4,090	517,125
14325 · Property Tax Penalty	0	21	(21)	0	21	(21)	1,000
Total 14300 · Property Taxes	5,158	1,089	4,069	5,158	1,089	4,069	518,125
14400 · Miscellaneous							
14330 · Miscellaneous Income	0	60	(60)	0	60	(60)	725
14360 · Recycling Rebate	343	0	343	343	0	343	0
14370 · Interest Earned on Temp. Invest	14	583	(570)	14	583	(570)	7,000
14390 · Interest Earned on Checking	0	13	(13)	0	13	(13)	150
Total 14400 · Miscellaneous	357	656	(299)	357	656	(299)	7,875
Total Income	114,397	76,887	37,511	114,397	76,887	37,511	1,564,128
Expense							
16100 · Wholesale Services							
16125 · Purchase Water	53,554	20,940	32,614	53,554	20,940	32,614	427,000
16220 · Purchase Sewer Service	27,058	23,833	3,225	27,058	23,833	3,225	286,000
16410 · Garbage Expense	14,414	14,333	81	14,414	14,333	81	172,000
Total 16100 · Wholesale Services	95,026	59,107	35,920	95,026	59,107	35,920	885,000
16200 · District Facilities							
15410 · Management & Operations	7,542	7,625	(84)	7,542	7,625	(84)	91,500
16130 · Maintenance & Repairs - Water	975	2,083	(1,109)	975	2,083	(1,109)	25,000
16131 · Water Loss Prevention	0	417	(417)	0	417	(417)	5,000
16150 · Laboratory Expense	314	38	277	314	38	277	450
16160 · Utilities	612	750	(138)	612	750	(138)	9,000
16170 · Night Watchman Lights	1,523	1,583	(60)	1,523	1,583	(60)	19,000
16175 · Streetlight Maintenance	0	4,167	(4,167)	0	4,167	(4,167)	50,000
16201 · Storm System Expense (MS4)	0	833	(833)	0	833	(833)	10,000
16205 · Drainage Maintenance	0	2,500	(2,500)	0	2,500	(2,500)	30,000
16230 · Maintenance & Repairs - Sewer	637	875	(238)	637	875	(238)	10,500
16312 · Meter Replacement	548	625	(77)	548	625	(77)	7,500
16390 · Telephone Expense	35	105	(70)	35	105	(70)	1,260
16580 · Patrol Service	3,407	3,583	(176)	3,407	3,583	(176)	43,000
16622 · LS Preventive O&M	0	333	(333)	0	333	(333)	4,000

	Oct 11	Budget	\$ Over Budget	Oct 11	YTD Budget	\$ Over Budget	Annual Budget
Total 16200 · District Facilities	15,594	25,518	(9,924)	15,594	25,518	(9,924)	306,210
16300 · Administrative							
16320 · Tax Assessor/Appraisal	794	800	(6)	794	800	(6)	3,200
16370 · Election Expense	0	0	0	0	0	0	7,500
16380 · Permit Expense	0	0	0	0	0	0	2,500
16440 · Seminar Expense	0	0	0	0	0	0	8,000
16450 · Legal Notices & Other Publ.	0	83	(83)	0	83	(83)	1,000
16460 · Printing & Office Supplies	444	333	111	444	333	111	4,000
16470 · Filing Fees	216	67	149	216	67	149	800
16480 · Delivery Expense	360	104	256	360	104	256	1,250
16520 · Postage	19	42	(23)	19	42	(23)	500
16530 · Insurance & Surety Bond	6,450	1,300	5,150	6,450	1,300	5,150	1,500
16540 · Contractor Milrage	4	67	(62)	4	67	(62)	800
16560 · Miscellaneous Expense	404	208	195	404	208	195	2,500
16565 · Credit Card Fees	1,602	1,000	602	1,602	1,000	602	12,000
16600 · Payroll Expenses	1,130	1,446	(315)	1,130	1,446	(315)	17,348
16610 · Director Reimbursement	40	167	(127)	40	167	(127)	2,000
16611 · Arbitrage Expense	0	0	0	0	0	0	850
16612 · Website Maintenance	300	100	200	300	100	200	1,200
Total 16300 · Administrative	11,762	5,716	6,046	11,762	5,716	6,046	66,948
16400 · Professional							
16330 · Legal Fees	8,192	6,250	1,942	8,192	6,250	1,942	75,000
16340 · Auditing Fees	0	10,000	(10,000)	0	10,000	(10,000)	20,000
16350 · Engineering Fees	1,384	1,667	(283)	1,384	1,667	(283)	20,000
16351 · Engineering Fees - Special	1,676	833	843	1,676	833	843	10,000
16352 · Engineering Fees - Wall	2,284	4,167	(1,883)	2,284	4,167	(1,883)	50,000
16430 · Bookkeeping Fees	1,850	1,833	17	1,850	1,833	17	22,000
16490 · Financial Advisor Fees	0	850	(850)	0	850	(850)	1,700
Total 16400 · Professional	15,386	25,600	(10,214)	15,386	25,600	(10,214)	198,700
16645 · Capital Outlay - Fence Project	0	50,000	(50,000)	0	50,000	(50,000)	600,000
Total Expense	137,768	165,941	(28,173)	137,768	165,941	(28,173)	2,056,858
Net Ordinary Income	(23,371)	(89,054)	65,683	(23,371)	(89,054)	65,683	(492,730)
Other Income/Expense							
Other Income							
70000 · Assigned Operating Surplus	0	0	0	0	0	0	492,730
Total Other Income	0	0	0	0	0	0	492,730
Net Other Income	0	0	0	0	0	0	492,730
Net Income	(23,371)	(89,054)	65,683	(23,371)	(89,054)	65,683	0

Vista Oaks - GOF
Balance Sheet
As of October 31, 2011

	Oct 31, 11
ASSETS	
Current Assets	
Checking/Savings	
11100 · Cash in Bank	308,409.23
11110 · Managers	5,002.26
11115 · Compass Lockbox	46,069.20
Total Checking/Savings	359,480.69
Other Current Assets	
11300 · Time Deposits	854,880.04
11500 · Accounts Receivable	168,234.64
11510 · Allowance For Doubtful Accounts	(1,200.00)
11520 · Maintenance Tax Receivable	525,387.82
11567 · A/R - Mayfield	3,986.25
11580 · Accrued Interest	1,776.36
11730 · Due From DSF	2,079.24
11740 · Due From CPF	5,699.94
11745 · Due From CORR	47,214.32
Total Other Current Assets	1,608,058.61
Total Current Assets	1,967,539.30
TOTAL ASSETS	1,967,539.30
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
12000 · Accounts Payable	128,587.06
Total Accounts Payable	128,587.06
Other Current Liabilities	
12050 · Accrued AP	37,786.80
12100 · Payroll Liabilities	139.64
12610 · Customer Meter Deposits	115,800.00
12760 · Due to TCEQ	4,467.38
12770 · Unclaimed Property	1,197.07
12790 · Deferred Taxes	525,387.82
Total Other Current Liabilities	684,778.71
Total Current Liabilities	813,365.77
Total Liabilities	813,365.77
Equity	
13010 · Unassigned Fund Balance	684,814.32
13020 · Assigned Fund Balance	492,730.00
Net Income	(23,370.79)
Total Equity	1,154,173.53
TOTAL LIABILITIES & EQUITY	1,967,539.30

Vista Oaks - GOF
 Recycle Rebate Revenue
 All Transactions

Date	Memo	Amount	Balance
14400 · Miscellaneous			
14360 · Recycling Rebate			
10/31/2011	09/11 Recycling Rebate	343.40	343.40
11/16/2011	10/11 Recycling Rebate	359.98	703.38
Total 14360 · Recycling Rebate		703.38	703.38
Total 14400 · Miscellaneous		703.38	703.38
TOTAL		703.38	703.38



MEMORANDUM

TO: Board of Directors, Vista Oaks MUD
FROM: John D. Hines, P.E.
DATE: December 5, 2011
Re: Engineering Report
GJA 1399-8446-54

The following is a brief summary of the activities that we have been working on since the last Board meeting:

General Engineering Items (*GJA Job No. 1399-8446-54*)

GJA has been working with the District's general manager and legal counsel on routine District-related matters since the last Board meeting.

Entrance Wall Improvement Project (*GJA No. 1399-10358-16*)

The temporary construction and permanent wall/landscape easements have been completed. GJA, Crossroads, Armbrust & Brown, and representatives with the Vista Oaks Owner's Association have diligently been working on the execution of the 49 temporary easement documents needed for the construction of the new wall. Approximately 80% of the easements have been executed to date thereby signifying the majority consensus and reaching the milestone for proceeding in the purchase of the three (3) permanent easements from the Vista Oaks Owner's Association and two resident property owners.

Upon completion of the three (3) Purchase Agreements and easement acquisitions (both temporary and permanent), GJA can proceed with public advertisement and bidding of the plans and specifications for the new masonry wall. The bids received will be tabulated and presented to the Board for consideration of award. After a bid has been accepted and the contract awarded, GJA will continue to coordinate with Crossroads and the O.A. in notifying residents of the anticipated construction schedule and help assist residents with any questions or project concerns they may have for the contractor.

Based on the current project status, we anticipate completing the easement acquisition and purchase agreements by mid-January, bid advertisement in late January, recommendation of award in February and start of construction in March. We will continue to inform the wall subcommittee and consultants of the progress and changes to the schedule as more information becomes available.

2010 Surplus Funds Application (*GJA No. 1399-10359-61*)

GJA has completed and submitted the application and support attachments for surplus funds to TCEQ on November 2, 2011. The Commission issued a formal response on November 15, 2011 stating that the

Board of Directors
Vista Oaks MUD
December 5, 2011
Page 2

application was administratively complete. We anticipate a final decision on the application within 60 – 90 days.

TCEQ N.O.I. & SWMP (GJA No. 1399-10496-42)

As part of the Stormwater Urban Area Contributing Zone under the TCEQ's 5-year permit period, Vista Oaks MUD is required to submit a Notice of Intent (NOI), Stormwater Management Plan (S.W.M.P.), and annual reports on the progress and implementation of the Stormwater Management Plan. The NOI and SWMP were submitted to TCEQ on November 17, 2011. GJA is continuing to finalize its investigation of the Districts' facilities and the annual report. We anticipate presentation of our findings at the January meeting.

Waterloo Development Tract – Pass Thru Utility Service (GJA No. 1399-10527-54)

The Board appointed subcommittee consisting of Director Young and Director Asbury (who was not present) met with representatives of Waterloo Development along with the District's consultants. After discussing the scope of the project, timing and other development-related issues, the subcommittee suggested that Waterloo Development schedule a meeting with the appropriate City of Round Rock staff to discuss how to proceed with the possibility of providing pass through utility service to the development from the District. The subcommittee will continue to work with representatives from Waterloo Development and the City of Round Rock staff to assess the District's ability to participate in the capacity of providing pass through service for this project and report back periodically to the District's Board of Directors without taking any action.

David Gray and I will be in attendance at the December meeting to address any questions or comments you may have regarding these or other engineering-related matters.

JDH:J

RESOLUTION ADOPTING REVISED INVESTMENT POLICY

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

WHEREAS, the Board of Directors (the "Board") of Vista Oaks Municipal Utility District (the "District") desires to adopt an investment policy and designate investment officers to be responsible for the investment of District funds;

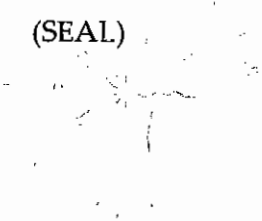
NOW, THEREFORE, IT IS RESOLVED BY THE BOARD OF DIRECTORS OF VISTA OAKS MUNICIPAL UTILITY DISTRICT THAT:

Section 1. The Investment Policy attached as Exhibit "A" is hereby adopted.

Section 2. This Resolution and other exhibits attached hereto supersede all prior Resolutions and related exhibits previously adopted by the Board.

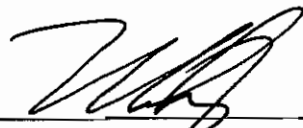
ADOPTED this 12th day of December, 2011.

(SEAL)



By: 
Douglas Mink, President
Board of Directors

ATTEST:


Mike Asbury, Secretary
Board of Directors

**JOINDER TO RESOLUTION ADOPTING INVESTMENT POLICY
AND DESIGNATING AN INVESTMENT OFFICER**

Municipal Accounts & Consulting, L.P., the bookkeeper for Vista Oaks Utility District (the "Bookkeeper"), joins in this Resolution Adopting Revised Investment Policy (the "Resolution") for purposes of acknowledging that the Bookkeeper has received and reviewed the Resolution and agrees to comply with the terms thereof.

**MUNICIPAL ACCOUNTS &
CONSULTING, L.P.**

BY: _____

NAME: _____

TITLE: _____

INVESTMENT POLICY

Section 1. Purpose. The purpose of this investment policy (the "Investment Policy") is to adopt rules and regulations which set forth the policies of Vista Oaks Municipal Utility District (the "District") with regard to the investment and security of District funds or funds under the District's control. It is further the purpose of this Investment Policy to ensure that purchases and sales of District investments are initiated by authorized individuals, conform to investment objectives and regulations, are properly documented and approved, and to provide for the periodic review of District investments to evaluate investment performance and security, all as required by applicable law.

Section 2. Appointment of Investment Officer; Standard of Care. Mark Burton and Autumn Phillips of Municipal Accounts & Consulting, L.P., the District's bookkeeper, shall be and are hereby designated the Investment Officer of the District (the "Investment Officer"), responsible for the supervision of investment of District funds pursuant to this Investment Policy. In the administration of his/her duties hereunder, the District's Investment Officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of his or her own affairs. The District's Board of Directors (the "Board"), Tax Assessor-Collector, Financial Advisor and other consultants shall be authorized to assist the Investment Officer in the carrying out of the duties of Investment Officer.

Section 3. Appointment of Investment Officer and Tax Assessor-Collector for Investment of District Funds. Pursuant to Section 49.157(b), Texas Water Code, the Board hereby designates the Investment Officer as the authorized representative of the District to (a) invest and reinvest the funds of the District; (b) withdraw District funds from appropriate accounts of the District for the investment of same in accordance with the terms of this Investment Policy; and (c) arrange for adequate security for uninsured deposits or funds of the District pursuant to and in compliance with a Public Funds Depositor Collateral Security Agreement which shall be substantially in the form attached as Exhibit "B" (the "Public Funds Depositor Collateral Security Agreement") and to execute said Public Funds Depositor Collateral Security Agreement(s) and any documentation required in connection therewith on behalf of the District. To the extent that the District's Tax Assessor-Collector is required to perform any of the functions set forth in (a), (b) or (c) above, the Tax Assessor-Collector will do so in accordance with the provisions of the Public Funds Investment Act and this Investment Policy, and under the supervision of and in consultation with the District's Investment Officer.

Section 4. Authority and Duties of Investment Officer. The following rules will apply to the District's Investment Officer:

A. The Board hereby instructs the Investment Officer to maintain the investments of the District in a manner consistent with the rules and regulations set forth in this Investment Policy and the Public Funds Investment Act, as amended.

B. No persons, other than those designated in Section 3 above, may deposit, invest, transfer, withdraw or otherwise manage District funds without express written authority of the Board.

C. The Investment Officer will invest and reinvest District funds only in those investments authorized under this Investment Policy or by the Board, and only in the name of and solely for the account of Vista Oaks Municipal Utility District. The District's bookkeeper is authorized to wire transfer funds of the District only (1) for the purchase of investments solely in the name of Vista Oaks Municipal Utility District; (2) for the transfer of all or any portion of the principal or interest earnings or profits or gains on any investment of the District to one or more previously authorized and established accounts of Vista Oaks Municipal Utility District; (3) for the transfer of District funds to any paying agent of the District for the payment of principal and semiannual interest payments on any outstanding bonds of the District and for the payment of paying agent fees relative to same; or (4) pursuant to the express written instructions of the Board.

D. As required by Chapter 49 of the Texas Water Code and the Public Funds Investment Act, the Investment Officer must attend at least one (1) training session relating to the Investment Officer's responsibilities under the Public Funds Investment Act, as amended, from an independent source approved by the Board or the Board's Investment Committee and containing at least ten (10) hours of instruction within twelve (12) months of assuming the duties of Investment Officer, and thereafter will attend an investment training session not less than once in a two-year period and receive not less than ten (10) hours of instruction relating to investment responsibilities under the Public Funds Investment Act from an independent source approved by the Board or the Board's Investment Committee. Such investment training must include education in investment controls, security risks, diversification of investment portfolio, strategy risks, market risks, and compliance with the provisions of the Public Funds Investment Act, as amended.

E. The Investment Officer must monitor, and develop methods and procedures to monitor, the market and book values of District investments, the rating changes of District investment, and the liquidation of District investments consistent with the provisions of the Public Funds Investment Act.

F. Not less frequently than each fiscal quarter, the Investment Officer will prepare and submit to the Board a written report of investment transactions for all invested funds of the District for the preceding reporting period. Such report shall (1) describe in detail the investment position of the District on the date of the report; (2) be prepared by the Investment Officer; (3) be signed by the Investment Officer; (4) contain a summary statement, prepared in compliance with generally accepted accounting principles, of each pooled fund group, if any has been created by the District, that states the beginning market value of the

reporting period, additions and changes to the market value during the period, and ending market value for the period, and fully accrued interest for the reporting period; (5) state the book value and market value of each separately invested asset of the District at the beginning and at the end of the reporting period by the type of asset and fund type invested; (6) state the maturity date of each separately invested asset that has a maturity date; (7) state the account or fund or pooled group fund, if the District has any, for which each individual investment was acquired; and (8) state the compliance of the District's investment portfolio as it relates to the investment strategy for each District account as set forth in this Investment Policy and relevant provisions of the Public Funds Investment Act, as amended. Such report must be presented to the Board within a reasonable period of time after the end of each fiscal quarter. If the District invests in other than (i) money market mutual funds, (ii) investment pools, or (iii) accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, all of the type authorized under Section 6 of this Investment Policy, the reports prepared under this Section 4.F. will be formally reviewed at least annually by an independent auditor, and the result of such review shall be reported to the Board by that auditor.

G. In the event District funds are invested or reinvested in Certificates of Deposit, the bookkeeper or Tax Assessor-Collector, as applicable, will solicit bids from at least two (2) bidders, either orally, in writing, electronically, or in any combination of those methods, for each such investment.

H. All purchases of investments, except investments in investment pools or in mutual funds, will be made on a delivery versus payment basis.

I. Not less frequently than each fiscal quarter, and as close as practicable to the end of such reporting period, the Investment Officer shall determine the market value of each District investment. Such market values will be included in the written reports submitted to the Board pursuant to Section 4.F. The following methods will be used:

- (1) Certificates of deposit will be valued at their face value plus any accrued but unpaid interest.
- (2) Shares in money market mutual funds and investment pools, if any, will be valued at par plus any accrued but unpaid interest.
- (3) Other investment securities may be valued in any of the following ways:
 - (a) the lower of two bids for such security obtained from qualified securities brokers/dealers with whom the District may engage in investment transactions;

- (b) the average of the bid and asked prices for such security as published in The Wall Street Journal or The New York Times;
- (c) the bid price for such security published by any nationally recognized security pricing service; or
- (d) the market value quoted by the seller of the security.

J. A written copy of the District's Investment Policy must be presented to any person offering to engage in an investment transaction with the District and to any investment management firm under contract with the District for the investment and management of its funds. The "qualified representative" of the business organization offering to engage in an investment transaction with the District or an investment management firm will execute a written instrument in a form acceptable to the District substantially to the effect that the business organization or firm has received and reviewed the Investment Policy and acknowledges that such business organization or firm has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the District and such organization or firm that are not authorized by the District's Investment Policy, except to the extent that such authorization is dependent on an analysis of the makeup of the District's entire investment portfolio or requires an interpretation of subjective investment standards. The Investment Officer may not acquire or otherwise obtain any authorized investment described in Section 6 hereof from a person who has not delivered to the District the written statement acknowledging receipt of this Investment Policy in a form substantially similar to that attached hereto as Exhibit "A" (the "Certificate of Compliance"). For purposes of this Section 4.J., the "qualified representative" of a business organization offering to engage in an investment transaction with the District means a person who holds a position with a business organization who is authorized to act on behalf of the business organization, and who is one of the following:

- (1) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealers;
- (2) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution; or
- (3) for an investment pool, the person authorized to sign the written instrument on behalf of the investment pool by the elected official

or board with authority to administer the activities of the investment pool.

The "qualified representative" of an investment management firm under contract with the District for the investment and management of its public funds is a person who is an officer or principal of such firm.

K. The Investment Officer shall disclose in writing to the Board any (i) "personal business relationship" that they may have with a business organization offering to engage in an investment transaction with the District, or (ii) any relationship within the second degree by affinity or consanguinity, as determined by Chapter 573, Texas Government Code, as amended, to any individual seeking to sell an investment to the District. Any written disclosure statement filed with the Board by the Investment Officer pursuant to this section must also be filed with the Texas Ethics Commission. For purposes of this Section 4.J, the Investment Officer has a "personal business relationship" with a business organization if:

- (1) the Investment Officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
- (2) funds received by the Investment Officer from the business organization exceed 10 percent of the Investment Officer's gross income for the previous year; or
- (3) the Investment Officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for his or her personal account.

L. In conjunction with the District's annual financial audit, a compliance audit of management controls on investments and adherence to this Investment Policy must be performed. In connection with the compliance audit, the Board will review this Investment Policy and its investment strategies on an annual basis. In connection with the annual review, the Board will adopt a written resolution stating that it has reviewed this Investment Policy and the investment strategies set forth herein, and will indicate in such resolution either the continuance of this Investment Policy without amendment or the changes made to the Investment Policy and/or the investment strategies herein.

Section 5. General Investment Principles and Objectives. All investments of District funds or funds under the District's control will be made in accordance with the following general rules, regulations and policies:

A. Any sums of money in any fund of the District or in any fund established by the Board in connection with the authorization of the District's bonds, including, but not limited to, proceeds from the sale of such bonds, which

funds are not required for the payment of obligations due or to become due immediately, shall be invested and reinvested, from time to time, only in the authorized investments specified in Section 6 hereunder; provided, however, that all such investments will be secured in the manner provided for the security of funds of municipal utility districts of the State of Texas (The Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended) or in such other manner as may be authorized by law from time to time and otherwise suitable for the District's needs.

B. The policy of the District is to invest District funds only in instruments which further the following investment objectives of the District stated in order of importance: (1) preservation and safety of principal; (2) liquidity; and (3) yield. The District will continuously attempt to diversify its portfolio to reduce risks. The type, conditions and maturity date of District investments shall be consistent with the cash flow needs and operating requirements of the District, as determined from time to time by the Board, and consistent with the investment strategy for each District account as set forth in Section 7 hereunder.

C. If invested in certificates of deposits, the District's funds shall be secured, to the extent that such funds are not insured by the Federal Deposit Insurance Corporation (the "FDIC") or the National Credit Union Share Insurance Fund, by the pledge to the District of certain types of securities, as determined in the sole discretion of the District, which under the laws of the State of Texas may be used to secure the deposits of municipal utility districts, pursuant to and in compliance with a Public Funds Depositor Collateral Security Agreement which will be substantially in the form attached as Exhibit "B.

D. Securities pledged to the District shall be pledged pursuant to and in compliance with a Public Funds Depositor Collateral Security Agreement to be entered into by and between the District and the institution(s) pledging such securities. Securities pledged to the District shall either be deposited and held in safekeeping at the trust or safekeeping department of a commercial banking institution located in the State of Texas not affiliated with the pledging institution(s) or a federal home loan bank, or shall be held in a restricted securities account, joint safekeeping account or other similar account in a branch of the Federal Reserve Bank pursuant to any and all applicable regulations, operating circulars, bulletins and policies of the Federal Reserve Bank, including the terms and conditions of any applicable forms or agreements, as may exist now or hereafter be enacted, promulgated or issued by the Federal Reserve Bank. The Investment Officer will, within the limits of business practicality and consistent with the FDIC Statement of Policy dated March 23, 1993 (or any subsequent applicable Statement of Policy issued by the FDIC relative to the securing of public funds), ensure that the District's uninsured funds are at all times secured as required by the Public Funds Collateral Act (Chapter 2257, Texas Government Code, as amended) and in the manner set forth in the Public

Funds Depositor Collateral Security Agreement. The Investment Officer is authorized to execute Public Funds Depositor Collateral Security Agreements and any agreements, documents or forms required by the Federal Reserve Bank on behalf of the District, as and when required, and to approve the substitution of securities pledged to the District as collateral pursuant to and in the manner set forth in any Public Funds Depositor Collateral Security Agreement entered into by the District.

E. The Board recognizes that, within the framework of the above rules, decisions must be made concerning the type and duration of each investment transaction, and that such decisions are best made by the person responsible for implementing the transaction based upon the facts and circumstances prevailing at the time. As a guide to making such decisions, it is the policy of the Board that priority should be given to proper security of the District's funds over maximizing the yield on investments. Furthermore, in cases where the rates of return on an investment security offered by competing banking institutions are substantially equivalent, the Investment Officer will give preference to those investments and investment institutions offering the greatest degree of administrative convenience and proximity, flexibility of investment arrangements and/or intangible benefits and community goodwill.

F. Except as otherwise provided, nothing herein shall be deemed or construed to authorize the withdrawal, expenditure or appropriation of funds of the District except by check or draft signed by three (3) members of the Board, or as otherwise provided by applicable statutes or the resolutions, rules, regulations, policies, orders or proceedings of the Board. Furthermore, the Board will retain sole responsibility for establishing and implementing this Investment Policy, and all investment transactions to be undertaken by the Investment Officer pursuant to the Investment Policy shall be subject to the further or more specific directions, instructions, orders, resolutions or actions of the Board.

Section 6. Authorized Investments The following categories of investment are authorized for investment of District funds:

A. Obligations of the United States or its agencies and instrumentalities;

B. Direct obligations of the State of Texas or its agencies and instrumentalities;

C. Other obligations, the principal and interest of which are unconditionally guaranteed, insured by, or backed by the full faith and credit of the State of Texas, the United States, or any of their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the FDIC or by the explicit full faith and credit of the United States;

D. With prior approval of the Board, obligations of states, agencies, counties, cities, and other political subdivisions having not less than an "A" rating or its equivalent investment quality by a nationally recognized investment rating firm;

E. Certificates of deposit issued by a bank or savings and loan association that has its main office or a branch office in the State of Texas that are guaranteed or insured by the FDIC or the obligations set forth above in Section 6.A.-D.;

F. Certificates of deposit if:

- (1) the funds are invested by the District through (a) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the Board as required by the Public Funds Investment Act, or (b) a bank or savings and loan association that has its main office or a branch office in the State of Texas and that is selected by the Board;
- (2) the broker or the bank or savings and loan association selected by the Board arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District;
- (3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
- (4) the Board appoints as custodian for the District with respect to the certificates of deposit issued for the account of the District:
 - (a) the bank or savings and loan association selected by the Board under Section 6.F.(1)(b);
 - (b) one of the following entities approved by the Board: a state or national bank that is designated by the State Comptroller as a state depository, has its main office or a branch office in the State of Texas, and has a capital stock and permanent surplus of \$5 million or more; the Texas Treasury Safekeeping Trust Company; a Federal Reserve bank or a branch of a Federal Reserve Bank; a federal home loan bank; or a financial institution authorized to exercise fiduciary powers that is designated by the State Comptroller as a custodian pursuant to Section 404.031(e), Texas Government Code; or

(c) a clearing broker-dealer registered with the Securities and Exchange Commission ("SEC") and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

(5) secured in any other manner and amount provided by law for deposits of the District pursuant to a Public Funds Depositor Collateral Security Agreement approved and executed by the District.

G. With prior approval of the Board, money-market mutual funds that are no-load and that:

- (1) are registered with and regulated by the SEC;
- (2) provide the District with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a *et seq.*) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 *et seq.*);
- (3) have a dollar-weighted average stated maturity of 90 days or fewer; and
- (4) include in their investment objectives the maintenance of a stable net asset value of \$1.00 for each share.

H. Public funds investment pools which meet the requirements set forth in Section 2256.016 and Section 2256.019, Texas Government Code, as amended;

I. Other types of mutual funds which are no-load and:

- (1) are registered with the SEC;
- (2) have an average weighted maturity of less than two (2) years;
- (3) are invested exclusively in obligations approved by the Public Funds Investment Act;
- (4) are continuously rated as to investment quality as not less than "AAA" or its equivalent by at least one nationally recognized investment rating firm; and
- (5) meet certain requirements of investment pools, as set forth in the Public Funds Investment Act.

Section 7. Investment Strategies. District investments will be made upon the evaluation of the specific investment objectives and strategies of each account of the District, and the primary objective for the selection of any District investment will be the understanding

of the suitability of such investment to the financial requirements of the District. The District's investment strategy for each of its account is as follows:

A. Operating/General Account. The operating/general account is used for all operations and maintenance needs of the District and its funds will be invested to meet the operating and cash flow requirements of the District as determined by the District's Board. The highest priorities for this account are the liquidity and marketability of an investment if the need arises to liquidate the investment before its maturity. Of equal importance is the preservation and safety of the principal of investments in the operating account. When these priorities are met, the next consideration will be yield on investments held in the operating/general account.

B. Debt Service/Bond Fund Account. The District's debt service/bond fund account is used to pay the debt service on the District's outstanding bonds. The highest priority for this account is the preservation and safety of principal. Since the District knows the amount of its debt service requirements and when it will become due, investments for the debt service/bond fund account should be structured to coincide with the amount and timing of the debt service requirements. When the preservation and safety of principal and liquidity considerations for debt service purposes are assured, including the marketability of debt service/bond fund account investments in the event the need arises to liquidate an investment before its maturity, the yield on debt service/bond fund account investments should be considered. Since the amount of District funds in the debt service/bond fund account can be significant, diversification of the debt service/bond fund account investment portfolio may be necessary. The District may easily liquidate investments in an investment pool and therefore such investments may be appropriate in combination with longer term investments in the debt service/bond fund account.

C. Capital Projects/Construction Fund Account. The capital projects/construction fund account is used to pay for the District's capital improvements. The highest priority of this account is the preservation and safety of principal. In the event that funds held in the capital projects/construction fund account are for particular improvement projects that have been previously identified by the District's Board, the Board will have an idea of the approximate time when disbursements will be required to be made from this account. In this situation, investments in the capital projects/construction fund account should be structured so that they mature or can be liquidated on or about the dates upon which disbursements are expected to be made. Once the safety of principal and liquidity and marketability these investments are assured, the yield on such investments may be considered. Since District funds in the capital projects/construction fund account may not be needed for a year or more, longer term instruments should be considered to increase yield. However, if funds available in the District's capital projects/construction fund account are surplus

construction funds from prior bond issues or interest earnings on such funds and are not earmarked for specific improvement projects, but rather viewed by the District's Board as an emergency reserve fund for major repairs or rehabilitation projects, investments in the capital projects/construction fund account, at least to the extent that they are for emergency reserve purposes, should be kept in relatively short-term investments that can be easily marketed and liquidated if necessary, such as investment pools. Since investment pools are short term in nature, they would normally be used for District funds in this account only if the District knows that it will be disbursing funds in a relatively short period of time. However, on some occasions the yield on investment pools is higher than on longer-term investments, so their use may be optimal for funds in the capital projects/construction fund account.

Section 8. Miscellaneous.

A. In the event of any conflict or inconsistency between the terms of this Investment Policy and applicable requirements of law, such conflict or inconsistency will be resolved in favor of the more restrictive of this Investment Policy or the applicable requirements of law. In the event of any ambiguity or uncertainty as to the intent and application of any part, section, paragraph or provision of this Investment Policy, a written request for clarification or approval of a proposed action describing such circumstances will be submitted to the Board for a decision as to a proper course of action.

B. These rules, regulations and policies will remain in full force and effect unless and until amended, revised, rescinded, or repealed by action of the Board. The Board specifically reserves the right to change, alter, or amend any provision of this Investment Policy.

C. The provisions of this Investment Policy are severable, and if any provision or part of this Investment Policy or the its application to any person or circumstances is ever held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Investment Policy and the application of such provision or part of this Investment Policy will not be affected thereby.

The President or Vice-President is authorized to execute and the Secretary or Assistant Secretary to attest this Investment Policy on behalf of the Board and the District.

PASSED AND ADOPTED this the ____ day of _____, 20____.

* * * *

By: _____
Printed Name: _____
Title: _____

(DISTRICT SEAL)

ATTEST:

By: _____
Printed Name: _____
Title: _____

EXHIBIT "A"

CERTIFICATE OF COMPLIANCE FROM SELLERS OF INVESTMENTS AS REQUIRED BY
THE PUBLIC FUNDS INVESTMENT ACT

To: VISTA OAKS MUNICIPAL UTILITY DISTRICT (the "District")

From: _____
[Name of person offering or the "qualified representative" of the business organization offering to engage in an investment transaction with the District] [Title of such person]

of _____ (the "Business Organization")
[Name of financial institution, business organization or investment pool]

Date: _____, 20____

In accordance with the provisions of the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, I hereby certify that:

1. I am an individual offering to enter into an investment transaction with the District or a "qualified representative" of the Business Organization offering to enter into an investment transaction with the District, as applicable, as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "Seller"), and that Seller meets all requirements under the Act to execute this Certificate.

2. Seller anticipates selling to the District investments (the "Investments") that are authorized by the District's Resolution Adopting Investment Policy and Investment Strategies and Designating an Investment Officer dated _____ (the "Investment Policy") and the Public Funds Investment Act.

3. I or a registered investment professional that services the District's account, as applicable, have received and reviewed the Investment Policy. The District has further acknowledged that Seller may rely upon the Investment Policy until the District provides Seller with any amendments to the Investment Policy or a newly adopted Investment Policy.

4. Seller has implemented reasonable procedures and controls in an effort to preclude investment transactions between the District and Seller that are not authorized by the Investment Policy, except to the extent that this authorization is dependent upon an analysis of the District's entire portfolio or requires an interpretation of subjective investment standards.

5. Seller has reviewed or will review prior to sale the terms, conditions and characteristics of the investments to be sold to the District and has determined or will determine prior to sale, that (i) each of the Investments is an authorized investment for local governments under the Public Funds Investment Act; and (ii) each of the Investments is an authorized investment under the District's Investment Policy.

By: _____
Printed Name: _____
Title: _____

EXHIBIT "B"

**PUBLIC FUNDS DEPOSITOR
COLLATERAL SECURITY AGREEMENT**

This Public Funds Depositor Collateral Security Agreement (the "Agreement") is made and executed into as of the ____ day of _____, 20__ by and between VISTA OAKS MUNICIPAL UTILITY DISTRICT (the "Depositor") and _____ (the "Bank"), and any prior Agreement between Depositor and Bank relative to the subject matter hereof is hereby terminated as of the date first written above.

RECITALS:

Depositor, through action of its Board of Directors, has designated Bank as a depository for Depositor's funds. Funds on deposit with Bank to the credit of Depositor in excess of the federal deposit insurance limit are required to be secured by eligible security as provided for by the Public Funds Collateral Act, Section 2257.001 *et seq.* of the Texas Government Code (the "Public Funds Law"). Depositor and Bank understand and acknowledge that the amount of Depositor's uninsured deposits in Bank may vary substantially from time to time; that under the circumstances permitted herein, the Bank may release, add to or substitute for the securities pledged by Bank from time to time secure such uninsured deposits of Depositor; and that it is the intent of the parties that this Agreement be renewed and extended upon and at the time of each permitted release, addition or substitution of collateral securities and thereafter remain in force and effect for the full term thereof until terminated in the manner set forth herein. In order to perfect Depositor's security interest in eligible securities pledged by Bank from time to time to secure such uninsured deposits, the Board of Directors of the Bank (the "Bank Board") has authorized the undersigned Bank officer to enter into this Agreement on behalf of Bank under the terms of which Bank will either (i) cause _____, a _____, domiciled in Texas which has been designated by the Texas State Depository Board as a Texas State Depository to hold the collateral assets in a custody account as bailee for the benefit of Depositor, or (ii) cause the Federal Reserve Bank to hold the collateral assets in a restricted securities account, joint safekeeping account or other similar account as custodian/bailee for the benefit of Depositor (such _____ or the Federal Reserve Bank, as the case may be, hereinafter called the "Custodian").

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants in this Agreement, the parties agree as follows:

1. Grant of Security Interest. To secure the uninsured deposits maintained by Depositor with Bank from time to time, Bank hereby pledges and grants to Depositor a security interest in its Eligible Securities (as defined in the Public Funds Law) which are held, now or hereafter, by Custodian for the benefit of Depositor in accordance with the terms of this

Agreement (the "Collateral"). At all times during the term of this Agreement, the Collateral shall consist solely of the following:

general obligations of the United States of America or its agencies or instrumentalities backed by its full faith and credit;

direct obligations of the State of Texas or Texas State agencies and instrumentalities;

collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States of America, the underlying security for which is guaranteed by an agency or instrumentality of the United States of America;

other obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State of Texas or the United States of America or their respective agencies and instrumentalities;

other obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;

fixed-rate collateralized mortgage obligations that have an expected weighted average life of 10 years or less and which do not constitute a high-risk mortgage security as defined in the Public Funds Law; and

floating-rate collateralized mortgage obligations that do not constitute a high-risk mortgage security as defined in the Public Funds Law.

Bank shall cause Custodian to accept and hold the Collateral as bailee and/or custodian for Depositor to secure Bank's obligation to repay the deposits.

2. Receipts. The Collateral held by Custodian for the benefit of Depositor, as of the effective date of this Agreement, has been described on Trust Receipts (as defined in the Public Funds Law) issued by Custodian, copies of which Custodian has forwarded to Depositor, and such current Collateral is described on Exhibit "A-1", attached hereto and made a part hereof for all purposes. With respect to additional or substitute Collateral hereafter delivered by Bank to Custodian to hold for the benefit of Depositor, or any releases of securities previously held as Collateral ("Releases"), as contemplated by this Agreement, Bank shall cause Custodian to issue Trust Receipts or Releases describing such additional or substitute Collateral or released securities and promptly forward copies of same to Depositor. Such Trust Receipts and Releases which are furnished by Depositor by Custodian from time to time shall be deemed a part of this Agreement without further action on the part of any party hereto, and this Agreement shall apply to such released, additional or substitute Collateral to the same extent as if it were described on Exhibit "A-1", attached hereto. If the Custodian is the Federal Reserve Bank, such Trust Receipts or Releases will consist of a written confirmation (the "Advice"). Such Advice shall be subject to the terms and conditions of all applicable regulations, operating circulars,

bulletins and policies of the Federal Reserve Bank, including the terms and conditions of any applicable forms or agreements, as may now exist or hereafter be enacted, promulgated or issued by the Federal Reserve Bank (collectively "Applicable Regulations"). Upon request of Depositor, Bank agrees to provide or cause Custodian to provide a then-current list of all Collateral pledged by Bank to secure Depositor's funds to update Exhibit "A-1" to this Agreement.

3. Required Collateral Value. Bank agrees with Depositor that the total market value of the Collateral securing uninsured deposits maintained by Depositor with Bank will at all times during the term of the Agreement be not less than one hundred ten percent (110%) of the amount of such uninsured deposits (the "Required Collateral Value"). To insure that the Required Collateral Value is maintained, Bank will re-determine, on a daily basis, the amount of Depositor's uninsured deposits (taking into account that day's deposits, accrued interest, disbursements and withdrawals) held by Bank and (using the most recently determined market value of the Collateral) promptly add any additional Collateral which may be necessary to maintain the Required Collateral Value by either (i) depositing with Custodian for the purposes of this Agreement any additional Collateral or (ii) if the Custodian is the Federal Reserve Bank, transferring additional Collateral to a restricted securities account, joint safekeeping account or other similar account maintained by the Federal Reserve Bank. Determination of the market value of Collateral will be calculated monthly or more frequently on Depositor's request; provided, however, the foregoing shall not relieve Bank of its obligation to fully collateralize at all times the Depositor's uninsured deposits with Bank. If upon such monthly determination of the Collateral's market value, the Required Collateral Value is not then maintained, Bank will promptly deposit with Custodian for the purposes of this Agreement additional Collateral necessary to maintain the Required Collateral Value.

4. Release of Collateral. Custodian shall not release any part of the Collateral without Depositor's written authorization. Depositor agrees to furnish such authorization promptly upon Bank's request under the circumstance described in Sections 5, 6, or 13 of this Agreement. Depositor's authorization to Custodian to release from the Collateral only designated Eligible Securities shall terminate the security interest granted by Bank in this Agreement only with respect to such designated Eligible Securities. If the Custodian is the Federal Reserve Bank, this section shall apply except to the extent it is in conflict with the provisions of the Applicable Regulations, in which event the provisions of the Applicable Regulations shall govern the release of Collateral.

5. Substitution of Collateral. It is hereby agreed that upon obtaining the prior written consent of the Depositor, which consent shall not be unreasonably withheld, substitutions of the Collateral held hereunder may be made at any time so long as the fair market Value of the Eligible Securities being substituted is at least equal to the fair market value of the Eligible Securities being removed. If the Custodian is the Federal Reserve Bank, this section shall apply except to the extent it is in conflict with the provisions of the Applicable Regulations, in which event the provisions of the Applicable Regulations shall govern the substitution of Collateral.

6. Excess Collateral. At such times as the aggregate market value of the Collateral held by Custodian exceeds the Required Collateral Value, Depositor, upon request by Bank, shall authorize Custodian to permit the Bank to release the excess portion of the Collateral. Custodian shall have no further liability to Depositor with respect to those Eligible Securities released upon Depositor's authorization.

7. Additional Collateral. If at any time the aggregate market value of Collateral held by Custodian is less than the Required Collateral Value, Bank shall immediately upon learning of such circumstance, and without further action by Depositor, promptly either (i) deposit with Custodian sufficient additional Eligible Securities of the type specified in Section 1 as may be necessary to cause the aggregate market value of the Collateral to equal the Required Collateral Value, or (ii) transfer additional Eligible Securities of the type specified in Section 1 to the restricted securities account, joint safekeeping account or other similar account maintained by the Federal Reserve Bank as may be necessary to cause the aggregate market value of the Collateral to equal the Required Collateral Value and cause the Federal Reserve Bank to issue a corresponding Advice (and Bank will deposit with the Federal Reserve Bank additional Eligible Securities if and to the extent necessary to fulfill its obligations under this Agreement).

8. Earnings and Payments on Collateral. Bank shall be entitled to the interest income and earnings paid on the Collateral and Custodian may dispose of such interest income and earnings as directed by Bank without approval of Depositor, so long as Depositor has not notified Custodian of Bank's default under this Agreement. Bank shall be entitled to any principal payment or prepayment of the Collateral and Custodian may dispose of such principal payment or prepayment as directed by Bank without approval of Depositor, so long as (i) the Custodian has received a written accounting from the Bank indicating that the Required Collateral Value will be maintained after deducting from the market value of the Collateral (determined no more than four (4) days prior to such payment date) the amount of such principal payment or prepayment and (ii) Depositor has not notified Custodian of Bank's default under this Agreement. If the Custodian is the Federal Reserve Bank, this section shall apply except to the extent it is in conflict with the provisions of the Applicable Regulations, in which event the provisions of the Applicable Regulations shall govern the disposition of interest earnings and principal payments on the Collateral.

9. Default and Remedies. If Bank fails at any time to pay and satisfy, when due, any check, draft, or voucher lawfully drawn against any deposit or becomes insolvent or materially breaches its contract with Depositor, a default shall exist under this Agreement and Depositor shall give written notice of such default to Bank, and Bank shall have ten (10) days to cure same. In the event Bank fails to do so, it shall be the duty of Custodian, upon written demand of Depositor, to surrender or transfer the Collateral to Depositor or Depositor's nominee and Bank hereby irrevocably authorizes Custodian to surrender or transfer the Collateral upon the conditions herein specified. Depositor may sell all or any part of such Collateral in a commercially reasonable manner and out of the proceeds of the Collateral may pay Depositor all damages and losses sustained by it, together with all expenses of any and every kind incurred by it on account of such failure or insolvency sale. Depositor shall account to Bank for the remainder, if any, of said proceeds or Collateral remaining unsold. Such sale may be either at public or private sale; provided, however, Depositor shall give Bank ten (10)

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days' written notice of the time and place where such sale shall take place, and such sale shall be to the highest bidder for cash. Depositor and Bank shall have the right to bid at such sale. If the Custodian is the Federal Reserve Bank, this section shall apply except to the extent it is in conflict with the provisions of the Applicable Regulations, in which event the provisions of the Applicable Regulations shall govern the Depositor's exercise of remedies against the Collateral.

10. Authorization and Records. The Bank Board has authorized the pledge of Bank assets to collateralize uninsured deposits maintained by Depositor pursuant to resolutions substantially in the form of Annex I attached to the form of Resolution Certificate and Certificate of Incumbency attached as Exhibit "B-1" (the "Resolution Certificate"), and has authorized the undersigned Bank officer to enter into, execute and deliver to Depositor this Agreement on behalf of Bank and to take all action which may be necessary or appropriate to create and perfect the security interest in the Collateral contemplated hereunder. Bank shall deliver to Depositor a fully executed Resolution Certificate as a condition precedent to the effectiveness of this Agreement and shall advise Depositor immediately of any revocation, amendment and modification thereof. Bank shall maintain this Agreement, its copies of all Trust Receipts, Releases and Advices, and the Resolution Certificate among its official records continuously until such time as this Agreement is terminated and all uninsured deposits of Depositor have been properly and fully paid out. This Agreement may be executed in one or more counterparts, each of which shall be an original.

11. Authorized Representative; Depositor Agreements. The Depositor hereby confirms that it has previously authorized its Investment Officer, Bookkeeper and/or Tax Assessor-Collector to execute this Agreement and any documentation required in connection therewith, including specifically pursuant to the Applicable Regulations and documentation related thereto, and to represent it and act on its behalf in any and all matters of every kind arising under this Agreement. During the term of this Agreement, the Depositor may further designate an additional officer or officers to singly or jointly represent and act on behalf of Depositor in any and all matters of every kind arising under this Agreement and, in such event, shall provide written notice thereof to Bank. In the event of any conflict between the provisions of this Agreement and any other agreement between the Depositor and the Bank relating to the deposits, this Agreement will control, unless the conflict is with the Applicable Regulations, in which event the Applicable Regulations will control. Bank and Depositor specifically agree that Depositor's prior approval is required for any par-for-par Collateral substitutions.

12. Custodian as Bailee. Custodian will promptly identify the pledge by Bank to Depositor of the Collateral on the Custodian's books and records and any additional or substitute Collateral and issue to Bank and Depositor Trust Receipts covering the Collateral. Similarly, Custodian will promptly remove from its books and records any securities released from the pledge by Bank in compliance with the terms of this Agreement and issue to Bank and Depositor appropriate Releases identifying the released securities. Custodian acknowledges that it is the bailee of Depositor for purposes of Section 2257.044 of the Public Funds Law, and its custodial capacity is deemed to be set forth on any Trust Receipt delivered to Bank and Depositor, whether such capacity is expressly so noted or not. If the Custodian is the Federal Reserve Bank, this section shall not apply, but Bank acknowledges the provisions of the Applicable Regulations which provide that the Federal Reserve Bank is acting as

custodian/bailee; that the Collateral identified on the Advice is subject to the custodial provisions of the Application Regulations; and that the disposition thereof is subject to Depositor's approval.

13. Financial Condition. Bank will provide a statement of its financial position to the Depositor on at least a quarterly basis. Bank will provide to the Depositor an annual statement audited by its outside auditors including a statement by its outside auditors as to its "fair presentation."

14. Amendment, Modification, Renewal. Each permitted release of previously pledged Collateral and each addition to or permitted substitution for Collateral shall be deemed and considered, without further action by Bank or Depositor, as an amendment to Exhibit "A-1" attached hereto and a contemporaneous renewal and extension of this Agreement for the term hereinafter stated upon the same terms and containing the same provisions as set forth herein, except as the Collateral subject to this Agreement may be modified or amended thereby; provided, however, that any such renewal and extension shall not affect any transaction entered into prior to such renewal and extension until Bank shall have properly and fully paid out all uninsured deposits (including any uninsured time deposits) and Depositor shall have authorized Custodian to redeliver to Bank's sole control all Collateral then in Custodian's possession. Otherwise, this Agreement may not be amended or modified except by mutual written agreement of the parties hereto.

15. Term. Unless sooner terminated as hereinafter provided, the term of this Agreement, and any renewal or extension hereof resulting from any release, addition to or substitution of securities pledged as Collateral hereunder, shall commence on the date of this Agreement, or the date of such release, addition or substitution, and continue for a term of ten (10) years.

16. Termination. Either Depositor or Bank may terminate this Agreement prior to the expiration of the term hereof upon thirty (30) days' advance written notice to the other or by entering into a new Public Funds Depositor Collateral Security Agreement which is intended to supersede and replace this Agreement; provided, however, that the terms of this Agreement shall continue to apply to all transactions entered into prior to such termination and until Bank shall have properly and fully paid out all uninsured deposits (including any uninsured time deposits) and Depositor shall have authorized Custodian to redeliver to Bank's sole control all Collateral then in Custodian's possession.

17. Custodian Fees. Any and all fees associated with the Custodian's holding of Collateral for the benefit of the Depositor will be paid by Bank and the Depositor will have no liability therefor.

(The remainder of this page intentionally left blank. Signature page(s) follow.)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day first above written.

DEPOSITOR:

VISTA OAKS MUNICIPAL UTILITY DISTRICT

By: _____
Printed Name: _____
Title: _____

BANK:

By: _____
Printed Name: _____
Title: _____

The Custodian, if other than the Federal Reserve Bank, joins in the execution of this Agreement for purposes of Sections 8, 9 and 12, and if the Custodian is the Federal Reserve Bank, such joinder is to be evidenced as set forth in the Applicable Regulations, the Advice and any documentation related thereto.

CUSTODIAN:

By: _____
Printed Name: _____
Title: _____

EXHIBIT "A-1"

[Description of Eligible Securities Pledged]

EXHIBIT "B-1"

RESOLUTION CERTIFICATE
AND CERTIFICATE OF INCUMBENCY
OF _____ BANK

The undersigned hereby certifies as follows:

1. I am the officer of the Bank holding the title designated on the signature line of this Certificate.
2. Attached hereto as Annex I is a full, true and correct copy of resolutions (the "Resolutions") duly adopted by the [Board of Directors] [Loan Committee] of the Bank in conformity with the Articles of Association and Bylaws of the Bank and in accordance with the laws of the State of Texas.
3. The Resolutions have not been amended, modified or rescinded, and are in full force and effect on the date hereof.
4. The Bank is duly organized and existing under the laws of _____.
5. All franchise and other taxes required to maintain the Bank's existence have been paid and none of such taxes are delinquent.
6. No proceedings are pending for the forfeiture of the Bank's authority to do business or for its dissolution, voluntarily or involuntarily.
7. The Bank is qualified to do business in each state where the nature of its business requires such qualification.
8. There is no provision in the Articles of Association, Bylaws or any other agreement, indenture or contract to which the Bank or its property is subject which limits the Resolutions, and the Resolutions are in conformity with the provision of the Bank's Articles of Association and Bylaws and with proceedings of the Board of Directors.
9. This resolution is made in order to comply with requirements of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended, and 12 U.S.C. 1823(e), and shall constitute a business record of the Bank and shall be continuously maintained in the official business records of Bank.
10. The undersigned officers have been duly elected to the positions set opposite their respective names below and are qualified to act in the present capacities in which they sign for the Bank.

11. The signatures appearing opposite each of the undersigned officers in his or her authentic signature and each of the undersigned holds the office designated for the same.

<u>Name</u>	<u>Office</u>	<u>Signature</u>
_____	_____	_____
_____	_____	_____

EXECUTED the _____ day of _____, 20____.

Printed Name: _____

Title: [Secretary] [Recording Officer]

ANNEX I
RESOLUTIONS

RESOLVED, that this Bank shall secure all deposits of VISTA OAKS MUNICIPAL UTILITY DISTRICT (the "District") in excess of amounts insured by the Federal Deposit Insurance Corporation on deposit with the Bank at any time in whatever amount ("Excess Funds"); and further

RESOLVED, in regard to the above-referenced deposits, that the Chairman of the Board of Directors, President, any Executive Vice-President, Vice-President, any Assistant Vice-President, or any other officer of the Bank is hereby authorized and directed to execute for and on behalf of the Bank the following documents, it being further agreed that the execution of any of the same prior to the adoption of these resolutions is hereby ratified, confirmed and adopted:

1. A Public Funds Depositor Collateral Security Agreement (the "Collateral Security Agreement") in favor of the District, covering the Collateral described therein;
2. Such other and further documents as may be deemed necessary or desirable by such officer or as required by the District in regard to the securing of the Excess Funds; and further

RESOLVED, that the officers executing any of the above-described documents are hereby authorized and empowered to do and perform any and all actions required by the terms and provisions of same to execute the same in the name and on behalf of the Bank, in such number of counterparts as the officer or officers executing the same shall deem necessary or desirable, with such terms, conditions, modifications, changes and provisions as the officer or officers executing the same may approve, the execution of such documents to evidence approval of the terms thereof conclusively; and further

RESOLVED, that any and all instruments executed and delivered on behalf of the Bank in connection with these resolutions by any person purporting to be an officer of the Bank shall be deemed to be the act of the Bank and shall be in all respects binding against the Bank; and further

RESOLVED, that all actions of all officers, agents or other representatives of the Bank taken or performed up to the date hereof in respect to the preparation, execution and delivery of the documents, certificates or other instruments contemplated hereby, and the taking prior to the date hereof of any and all actions otherwise required by the terms and provisions of the above-referenced documents, the, and they hereby are, in all respects approved, ratified and confirmed; and further

RESOLVED, that this approval is intended to comply in all respects with the requirements of applicable statutory law relating to insurance of accounts including specifically, but without limitation, the requirements of 12 U.S.C.A. ____ 1821(d)(9)(A) and 1823(e); and further

RESOLVED, that any deposit agreements between Bank and District and/or the Collateral Security Agreement are all intended to be, and shall be deemed to be, official records of the Bank; and further

RESOLVED, that any deposit agreements between Bank and District, the Collateral Security Agreement and these Resolutions shall be continuously maintained in the business records of the Bank.

**AMENDED ORDER ESTABLISHING WATER AND WASTEWATER
SERVICE RATES AND TAP FEES AND ADOPTING CERTAIN
GENERAL POLICIES WITH RESPECT TO THE DISTRICT'S WATER,
WASTEWATER, AND DRAINAGE SYSTEMS**

THE STATE OF TEXAS §

COUNTY OF WILLIAMSON §

WHEREAS, under Section 49.212, Texas Water Code, the Board of Directors (the "Board") of Vista Oaks Municipal Utility District (the "District") is authorized to adopt and enforce all necessary charges, fees, or rentals for providing or making available District facilities or services; and

WHEREAS, the District desires to establish rates, charges, and fees sufficient to provide water, wastewater, and drainage facilities and services to the properties within its boundaries;

It is, therefore, ordered by the Board as follows:

I. General Policies.

A. Definitions. For purposes of this Order, the following terms shall have the meanings indicated:

1. "Backflow Prevention Device" means an assembly or device that is designed to prevent backflow of water into the District's system and meets the testing standards accepted by the American Water Works Association or the University of Southern California Foundation for Cross Connection Control and Hydraulic Research.

2. "Connection" shall mean and refer to each residential unit occupied by a separate family, including separate apartments located within a single building, and each business unit occupied by a separate business, including separate establishments within a single building.

3. "District's Representative" shall mean and refer to the general manager of the District or another representative or employee of the District acting pursuant to the direction of the general manager or the Board.

4. "District's Wastewater System" means the District's wastewater collection, treatment, and disposal system.

5. "Inadmissible Waste" has the meaning ascribed thereto in Article X.A.5.

6. "Industrial Waste" means waterborne liquid, gaseous, or solid substances that result from any process of industry, manufacturing, trade, or business.

7. "List of Inadmissible Wastes" has the meaning ascribed thereto in Article X.A.5.

8. "Non-Domestic Waste" means any wastewater or discharge other than ordinary domestic wastewater.

9. "Rules" shall mean and refer to such rules and regulations as the District may adopt pursuant to Section 54.205, Texas Water Code.

10. "Systems" shall mean and refer to the District's water, wastewater, and drainage systems.

11. "In-District" shall mean and refer to services provided to all lands within the District and all provisions of this Order shall apply to In-District customers except specific references to Out-of-District customers.

12. "Out-of-District" shall mean and refer to services provided to all lands outside the District.

13. "City" shall mean City of Round Rock, Texas.

B. All Services Required. Except as otherwise expressly authorized in the Rules, by the District's Representative, or by the Board, no service shall be provided by and through the District's Systems unless the applicant agrees to take both water and wastewater service.

C. All Services Charged. At no time shall the District render water and/or sewer services without charge to any person, firm, corporation, organization, or entity.

D. Other Utilities. Prior to installing underground cables in the area of District water supply and sanitary sewer collection lines, representatives of utility companies shall meet with the District's Representative to file such companies' construction plans and schedules and to review the engineering plans illustrating the location of the District's lines.

E. Service Calls. If a customer requests that the District's operator make a service call to the customer's residence to investigate a leak, sewer back-up, or operational issue that, after investigation, is determined to be the customer's responsibility, the customer will be responsible for any costs incurred by the District in connection with the service call. The District may add the amount of any such costs to the customer's utility bill, or the District may deduct the amount such costs from the customer's security deposit or any other amounts held by the District and may further require that the customer replenish the deposit by an equivalent amount.

II. Connections to the District's Systems.

A. Applications for Connections.

1. Any party desiring to make a connection to the District's Systems shall first make an application to the District's Representative in the form approved by the Board. The applicant shall, upon request, furnish the District's Representative with evidence that the party who will actually install the tap and connecting line has comprehensive general liability insurance in the minimum amounts of \$300,000.00 bodily injury and \$50,000.00 property damage, with an underground rider and a completed operations rider.

2. The District's Representative shall review all applications for connections to the District's Systems. In the event that the District's Representative finds that the materials to be used and the procedures and methods to be followed in laying the line and making the connection are (i) equal to or better than the standards established by the International Plumbing Code as amended and supplemented by the current City of Round Rock plumbing ordinances for water service, any and all applicable water standard service details promulgated by the City of Round Rock Water Utility and any and all applicable wastewater standard service details promulgated by the City of Round Rock Wastewater Utility, as amended from time to time (collectively, the "Code"), and (ii) in compliance with all terms and conditions of the Rules, then the District's Representative may approve the application and the proposed connection, subject to such terms or conditions as the District's Representative deems necessary or convenient to accomplish the purposes and objectives of the Rules.

B. Payment of Fees. Any party desiring to make a connection to the District's water or wastewater system shall pay any and all appropriate water and wastewater tap and oversize fees to the District's Representative at the time the application for such connection for said property is made. Any party desiring that District service be initiated for a new customer account at an existing connection shall pay any applicable connection fees and service deposits at the time the application for such service initiation is made. No connection shall be made until such tap and oversize fees are paid.

C. Tap and Inspection Fees.

1. The tap fee for each single family, duplex, townhome, commercial property or PUD water connection shall be \$575.00 per LUE.

2. The tap fee for all other water connections shall be the then-current cost of the water meter times three (3).

3. The tap fee for each wastewater connection shall be \$575.00 per LUE.

4. Sewer taps involving excavation of the sewer main shall be performed by the District at cost plus 25% in addition to said tap fee.

5. Said tap fees include the routine cost of one inspection of said connection.

6. Prior to, during, and after construction has been completed on the property, but before service is transferred to a user, the District's Representative will perform a series of inspections on the water tap, meter, and any other District customer facilities on the property as required by the District and the rules of the Texas Commission on Environmental Quality (the "Commission") for a fee of \$75.00 per inspection. Said fees are in addition to the tap fees and are to be paid in conjunction with the payment of the tap fees.

7. If additional reinspections are required due to deficiencies before a tap is approved by the District's Representative, the fee for each additional reinspection shall be \$50.00. Said additional reinspection fees shall be payable to the District upon demand.

8. With regard to Out-of-District tap fees, if such fees are to be other than set forth herein, such tap fees shall be based on the individual costs related to each separate Out-of-District service customer and shall be agreed to by the District and each Out-of-District customer in a customary agreement for Out-of-District services executed in advance of said connection.

D. Additional Charges. Any non-routine charges incurred by the District in connection with any water tap, sewer tap, and/or inspection shall be the responsibility of the applicant for such connection and shall be payable to the District upon demand.

E. After-Hours Connection Charges. Any applicant for service who requests that new service be initiated other than during regular business hours shall be assessed an after-hours connection fee of \$30.00.

III. District Approvals: Escrow for Expenses.

Applicants for annexation, service commitments, out-of-district service, pass-through service; construction plan review and/or inspection, subdivision plan review and/or inspection, and of other types of District approvals, including utility construction agreements or other types of development agreements, are responsible for the payment of all legal, engineering, and management fees incurred by the District in reviewing their application and negotiating or preparing any related approvals or agreements. The District's Representative will establish a deposit amount equivalent to the estimated consultant fees that are expected to be incurred in connection with the application, and the applicant must deposit this amount with the District prior to any review or processing work being initiated. All consultant fees associated with the application incurred by the District will be charged against the deposit. Upon completion of the review process, the applicant must pay any fees incurred by the District in excess of the deposit. Any excess deposit remaining after payment of all fees will be returned to the applicant. No service commitment or plan approval will be issued or agreement will be effective by the District until all fees are paid.

IV. Water and Wastewater Service.

A. Applications for Service. Any party desiring to receive service from the District's Systems shall make an application for such service to the District's Representative in the form approved by the Board. All applications shall be made by the record owner or legal occupant of the property for which service is being requested. Proof of ownership or a rental/lease agreement shall be furnished to the District's Representative upon request.

B. Security Deposit. With the exception of temporary service for builders of residential and/or commercial property in the District, a security deposit per connection shall be paid by each customer to the District's Representative prior to the time that service is provided in the following amounts:

<u>Meter Size</u>	<u>Security Deposit</u>
5/8"	\$250.00
1"	\$250.00
1-1/2"	\$250.00
2"	\$250.00
over 2"	2 Times Estimated Monthly Usage

Security deposits shall not be transferable and shall be held by the District to assure the prompt payment of all bills for water and wastewater services to the customer. At its option, the District may apply all or any part of a customer's security deposit against any delinquent bill of the customer. Upon discontinuation of service, whether because of the customer's delinquency or upon the customer's request, the deposit shall be applied against amounts due, including any disconnection fees. Any portion of the deposit remaining after deduction of such disconnection fees and amounts due shall be refunded to the customer. In no event shall the security deposit bear interest for the benefit of the customer.

C. Security Deposit – Builder. The builder shall make a \$250.00 deposit per home being built with a minimum \$1,000.00 deposit covering all houses he is building or intends to build within the District. The District's Representative shall carefully monitor the building of all houses covered by such builder deposit to make sure that the sanitary sewer and water service connection at each such house has been inspected and approved prior to its being covered. In any instance in which this procedure is not followed, the District's Representative shall require the builder to uncover the sanitary sewer or water service connection so that it may be inspected. Any cost to the District for additional inspections or other work resulting from a violation of this requirement shall be deducted from the existing security deposit and the builder shall be billed for such amount as necessary to fully restore the \$1,000.00. The District's Representative will not approve a water tap for any such builder until such builder's security deposit has been reestablished at the full \$1,000.00 amount. A connection permit will be granted after inspection confirms that all requirements of the Rules have been met. The \$1,000.00 security deposit will be refunded when the builder finishes his building program within the District. In no event shall the security deposit bear interest for the benefit of the builder.

D. Water and Sewer Service Rates. The following rates and charges for the sale of water and the collection and disposal of sewage shall be in effect for both residential and commercial customers of the District from the effective date of this Order:

1. General Provisions.

- a. Bills for sewer service shall be computed: (i) on the basis of the average amount of water used by the customer during the winter season based upon the average of the monthly readings of the customer's water meter for the preceding December, January, and February, unless another winter-averaging period is established by the Board (the "winter-averaging period"); or (ii) on the basis of the customer's current monthly water bill, whichever is less.
- b. If a residential customer does not have an established history of water usage during the preceding winter-averaging period, the customer's monthly sewer bill shall be calculated based upon (i) the customer's current monthly water usage; or (ii) on the basis of 10,000 gallons water usage per month, whichever is less.
- c. If the nonresidential customer does not have an established history of water usage during the preceding winter-averaging period, the customer's monthly sewer bill shall be calculated based upon the customer's current monthly water usage.
- d. Irrigation Systems. Metered water connections approved by the District and solely established for the purpose of providing water for irrigation systems shall be charged monthly according to the volume of water used including applicable base charges. There shall be no sewer usage charges for irrigation-only customers.

2. Monthly Basic Charge (Service Availability Charge): \$28.50

3. Monthly Water Commodity Charge (per 1,000 gallons):

0 – 5,000 gallons	\$2.79
5,001 – 20,000 gallons	\$3.39
over 20,000 gallons	\$3.80

4. Monthly Wastewater Commodity Charge (per 1,000 gallons): \$4.29

5. Fire Hydrant Meter Fees. Sale of District water on a temporary basis from fire hydrants shall be applied for through the District's Representative. There shall be charged and collected for each fire hydrant meter a fire hydrant meter fee in the amount of \$75.00 per month or any part of a month plus a commodity charge equal to those charges identified in Article IV.D.3 above. A security deposit shall be paid to the District's Representative at the time application is paid for a fire hydrant meter in the amount of \$1,250.00. Such security deposit shall be refunded to the applicant at the time the meter is returned in good working order less any amounts due for damage to the meter.

E. Out-of-District Water and Sewer Service Rates. All Out-of-District customers shall be governed by the terms and provisions of this Order except that the water and sewer service rates listed in Article IV.D hereof shall be charged at one hundred fifty percent (150%) of said rates unless otherwise agreed to in a separate Out-of-District Service Agreement.

V. Billing; Delinquent Accounts.

A. Billing. The District shall bill each customer monthly for all services rendered in the preceding month. All bills shall be due when rendered and shall become delinquent if not paid by the date specified in the bill.

B. Information to be Included on the Bill. The customer's bill will show the following information, if applicable (and be arranged so as to allow the customer to readily compute his bill using a copy of the applicable rate schedule, which will be provided to the customer on request):

1. the date of reading, current reading and the previous reading;
2. the number of gallons metered;
3. the total amount due for water service and separately stated, the total amount due for sewer service, and total surcharge;
4. the due date of the bill;
5. the total amount due as penalty for nonpayment within a designated period; and
6. the local telephone number or toll free number where the District's Representative can be reached.

C. Payment Obligation. If a customer does not receive a bill or bills, his obligation to make payment for services rendered is not diminished or released.

D. Overbilling and Underbilling. If billings for services are found to differ from the District's rates for the services, or if the District fails to bill a customer for services, a billing adjustment will be calculated by the District's Representative. If the customer is due a refund, an adjustment will be made for the entire period of the overcharges. If the customer was undercharged, the District will backbill the customer for the amount of the commodity actually used by the customer and may backbill at the actual cost of the commodity to the District. If the underbilling is \$25 or more, the District may offer the customer a deferred payment plan option for the same length of time as that of the underbilling upon request by the customer. In cases of meter tampering, bypass, or diversion, the District may, but is not required to, offer a customer a deferred payment plan.

E. Prorated Charges. When a bill is issued for a period of less than one billing cycle, charges will be computed as follows: For metered service, service will be billed for the amount

metered and the minimum charge will be the applicable minimum as shown in this Order prorated for the number of days service was provided.

F. Disputed Bills.

1. A customer may advise the District that a bill is in dispute by giving written notice to the District's Representative. A dispute must be registered with the District prior to the date of proposed discontinuance for a customer to avoid discontinuance of service as provided by these sections.

2. Notwithstanding any other section of this Order, the customer is not required to pay the disputed portion of a bill which exceeds the amount of that customer's average monthly usage at current rates pending the completion of the determination of the dispute. For purposes of this section only, the customer's average monthly usage at current rates is the average of the customer's total service for the preceding 12-month period. If no previous usage history exists, consumption for purposes of calculating the average monthly usage will be estimated on the basis of usage levels of applicable living unit equivalent (LUE) criteria under similar conditions.

3. Notwithstanding any other section of this Order, a customer's service is not subject to discontinuance for nonpayment of that portion of a bill under dispute pending the completion of the determination of the dispute. The customer is obligated to pay any billings not disputed.

G. Due Date. All bills will be considered past due if not paid by the third day after the date of issuance ("Due Date"). The customer will be subject to termination of service, if full payment, including any applicable late fee, is not received by "Delinquency Date" which will be the 26th day of the month. If the Due Date or the Delinquency Date falls on a Saturday, Sunday, or legal holiday on which banks are required to close in the State of Texas, the applicable period will be extended to the next business day.

H. Late Charge. A late charge of five percent (5%) of the amount of the bill shall be added for each monthly billing date the delinquent amount remains unpaid. If a bill remains delinquent for thirty (30) days, or is paid with a check which is dishonored, water service shall be terminated in accordance with this paragraph. Prior to termination, the customer shall be notified of the amount due in accordance with Article VI.D.

I. Suit for Collection. The District reserves the right to institute suit for the collection of any amounts due and unpaid, together with interest thereon at the maximum legal rate and reasonable attorneys' fees.

J. Dishonored Checks. The District may charge a customer paying a bill with a check which is dishonored a fee of \$30.00. If a customer pays a District utility bill by a check that is dishonored, the District's Representative will promptly leave a courtesy notice or "red tag" on the door of the address to which the service in question is provided notifying the

customer. This will state that service will be terminated not earlier than three days from the date of the notice unless the account is paid in full by cash, certified check or money order.

K. Payment Plans. If a customer contacts the District's Representative to discuss his inability to pay a bill or indicates that he is in need of assistance with his bill payment, the District's Representative will inform the customer of all available alternative payment and payment assistance programs available from the District, such as deferred payment plans, as applicable, and of the eligibility requirements and procedure for applying for them. A deferred payment plan is any arrangement or agreement between the District and a customer in which an outstanding bill will be paid in installments that extend beyond the due date of the next bill. All deferred payment agreements must be in writing. It is understood that the District's Representative may suspend the termination of services to customers for up to 30 days based upon the District's Representative's determination that the customer is making a good faith effort to pay the District's account; however, extensions beyond 30 days must be approved by the Board.

L. Bankruptcy. In the event of bankruptcy of any District customer, amounts due for pre-bankruptcy services will be posted to the customer's existing account and amounts due for post-bankruptcy services will be posted to a separate account. The customer will be required to provide the District with adequate assurance of payment for services rendered after the date of the bankruptcy filing, in the form of a security deposit satisfying the requirements of this Order. Any existing security deposit will be held by the District as security for sums due for pre-bankruptcy services and will not be credited towards the security deposit for post-bankruptcy services. If the customer fails to furnish the required security deposit for post-bankruptcy services to the District, the District may discontinue service to the customer in accordance with the provisions of this Order.

VI. Discontinuation of Service.

A. Disconnection with Notice. Service may be disconnected after proper notice for any of the following reasons:

1. within 30 days from the date of the issuance of a currently delinquent bill, the customer has neither paid the delinquent bill and all currently past due bills nor entered into, and commenced paying under, a written deferred payment agreement;
2. the customer has defaulted in the obligations under any deferred payment agreement;
3. violation of the District's Rules pertaining to the use of service in a manner which interferes with the service of others or the operation of non-standard equipment, if a reasonable attempt has been made to notify the customer and the customer is provided with a reasonable opportunity to remedy the situation;
4. failure to comply with security deposit arrangements required by Article IV of this Order; or

5. failure to repair a controllable leak within a reasonable time (not exceeding 30 days) after having been given notice to repair the leak.

B. Disconnection Without Notice. Service may be disconnected without notice where a known dangerous condition related to the type of service provided exists for as long as the condition exists or where service is connected without authority by a person who has not made application for service or who has reconnected service without authority following termination of service for nonpayment or in instances of tampering with the District's meter or equipment, bypassing the same, or other instances of diversion. Where reasonable, given the nature of the hazardous condition, a written statement providing notice of and the reason for disconnection will be posted at the place of common entry or upon the front door of each affected structure as soon as possible after service has been disconnected.

C. Disconnection Prohibited. Service will not be disconnected in the following circumstances:

1. delinquency in payment for District service by a previous occupant of the premises; or
2. failure to pay the account of another customer as guarantor thereof, unless the District has in writing required the guarantee as a condition precedent to service; or
3. the customer has notified the District's Representative of the customer's desire to protest the disconnection, which requires the District to comply with the procedures set forth in Article VI.E prior to disconnecting the customer's service.

D. Notice of Disconnection of Service.

Proper notice of disconnection of service consists of a separate mailing by first class mail, postage prepaid at least 10 days prior to a stated date of disconnection, with the words "termination notice" or similar language prominently displayed on the notice. The information included in the notice will be provided in English and may be provided in Spanish if necessary to adequately inform the customer. A statement notifying the customer that, if they are in need of assistance with payment of their bill, they may be eligible for alternative payment programs, such as deferred payment plans, and to contact the District Representative for more information must be attached to or on the face of the termination. The notice will advise the customer of the basis for the District's decision to disconnect service and that he has the right to request a hearing on the matter by contacting the District's Representative at least 48 hours before the stated date of disconnection. The District's Representative's telephone number must appear on the notice together with information regarding appropriate times to contact the Representative. If notice is mailed, the stated date of disconnection may not fall on a holiday or weekend, but will be the next working day after the 10th day. Payment at the District's authorized payment agency is considered payment to the District. The District will not issue a termination notice to the customer earlier than the first day a bill

becomes delinquent, so that a reasonable length of time is allowed to ascertain receipt of payment by mail or at the District's authorized payment agency.

E. Customer Appeal Procedures. A customer may appeal the decision of the District's Representative to the Board. If the customer posts a bond in an amount sufficient to cover the cost determined by the District's Representative to be due, the District will not proceed with termination of the customer's service until a final decision is made by the Board.

F. Disconnection. If payment of all delinquent and past due amounts has not been made by 9:00 a.m. on the date specified by written notice to the customer, and no other arrangements for payment have been made, service will be disconnected. In order to reconnect service, the customer must pay all delinquent and past-due amounts, plus the applicable administrative fee, after-hours reconnect fee, and additional security deposit. If a customer defaults under a payment plan entered into with the District, termination procedures will immediately be initiated.

G. Delinquency Fees and Charges.

1. Administrative Fee. In the event of any discontinuation of service, whether because of customer's delinquency or upon a customer's request, the District shall charge the following administrative fee per connection prior to reconnecting such customers. The administrative fee will be due regardless of whether or not service has been physically disconnected.

a. Water System.

(1)	When Meter Removed	\$100.00
(2)	When Meter Not Removed	\$100.00

b. Wastewater System – two times the cost to the District.

2. After-Hours Reconnect Fee. If payment is tendered after 2:00 p.m. on any day after disconnection, the customer must pay a \$30 after-hours reconnect fee in order to obtain same-day reconnection of service.

3. Additional Security Deposit. In addition to applicable reconnection fees, the customer will be required to pay an amount sufficient to have on account with the District a security deposit of \$250.00 before the District reconnects such customer.

H. Disconnection on Holidays or Weekends. Unless a dangerous condition related to the type of service provided exists, or unless the customer requests disconnection, service will not be disconnected on a day, or on a day immediately preceding a day, when personnel of the District are not available to the public for the purpose of making collections and reconnecting service.

I. Disconnection for Ill and Disabled. The District may not discontinue service to a delinquent residential customer permanently residing in an individually-metered dwelling unit when that customer establishes that discontinuance of service will result in some person residing at the residence becoming seriously ill or more seriously ill. Each time a customer seeks to avoid termination of service under this section, the customer must have the attending physician (for purposes of this section, the term “physician” means any public health official, including medical doctors, doctors of osteopathy, nurse practitioners, registered nurses, and any other similar public health official) call or contact the District’s Representative within 15 days of issuance of the bill. A written statement must be received by the District’s Representative from the physician within 30 days of the issuance of the bill. The customer who makes such request must enter into a deferred payment plan with the District.

J. Reconnection of Services. If service is discontinued for any reason, reconnection of services will be established within 24 hours of payment of the past due bill in its entirety and any other outstanding charges, including all reconnection and administrative fees.

K. Meter Removal. The District’s Representative will remove a customer’s water meter if the customer illegally restores his service without payment of his delinquent account.

VII. Transfer of Service. In the event service at an address is to be transferred from one customer to another customer name there shall be assessed the following charge:

Transfer Fee: \$5.00

VIII. Regulatory Assessment. A regulatory assessment charge of one-half of one percent of retail water and sewer charges will be added to each customer’s monthly billing for all billings rendered by the District. The assessments will be remitted by the District to the Commission and are to be used by the Commission in performing its regulatory duties and in providing technical assistance and training to utilities.

IX. Metering.

A. Meter requirements.

1. Use of Meter. All water sold by the District will be charged for by meter measurements.

2. Installation by District. The District will provide and install and will continue to own and maintain all meters necessary for the measurement of water provided to its customers.

3. Standard Type. The District will not furnish, install, or put in use any meter which is not reliable and of a standard type which meets industry standards; however, special meters not necessarily conforming to these standards may be used for investigation or experimental purposes.

B. Meter Readings.

1. Meter Unit Indication. Each meter will indicate clearly the gallons of water or other units of service based on which the customer is to be charged.

2. Reading of Meters. As a matter of general practice, service meters will be read at monthly intervals, and as nearly as possible on the corresponding day of each meter reading period, but meters may be read at other than monthly intervals if the circumstances warrant.

C. Bill Adjustment Due to Meter Error. If any meter is found to be outside of the accuracy standards established by the American Water Works Association, the previous readings will be corrected for the two months immediately preceding the testing of the meter, or from the time the meter was in service since last tested, but not exceeding two months, and an adjusted bill will be rendered. No refund will be made from the District to any customer except the customer most recently served by the meter prior to the test.

D. Meter Tampering. For purposes of this Order, meter tampering, bypass, or diversion means tampering with a District's meter or other equipment, causing damage or unnecessary expense to the meter, bypassing a meter, reconnecting service without authorization to do so, whether the disconnection was due to non-payment or for any other reason, or any other instance of diversion or bypass, such as physically disorienting the meter, attaching objects to the meter to divert service or to bypass, inserting objects into the meter, electrical and mechanical means of tampering with, bypassing, or diverting District service, failing to have a meter installed, or covering or physically obstructing the location of the meter. Meter tampering, bypass or diversion is prohibited. Reconnecting service without authorization will be prosecuted as theft of service. Any party who tampers with a District meter or takes water from an unmetered or other unauthorized connection to the District's Systems will be subject to a penalty in an amount not to exceed \$5,000 per violation, each day of which will constitute a separate violation, and will also be liable for all attorney's fees incurred by the District and costs of court. The District may offset a customer's deposit against the amount of any penalties or costs imposed as a result of a violation of this section and may further require that the deposit be replaced and any unpaid penalties and costs paid before service is reconnected.

E. Bill Adjustment Due to Meter Tampering. If a meter is found not to have been registered for any period, to have been bypassed or tampered with, to have not been installed, or, for any reason cannot be located, the District's Representative will bill the customer for gallons used based on amounts used under similar conditions during the preceding or subsequent period or during corresponding periods in previous years, or used by similar users under similar circumstances. There is a presumption of reasonableness of billing methodology by the District with regard to a case of meter tampering, bypassing, or other service diversion if any of the following methods of calculating such bills are used:

1. estimated bills based upon service consumed by that customer at that location under similar conditions during periods preceding the initiation of meter

tampering or service diversion. These estimated bills will be based on at least 12 consecutive months of comparable usage history of that customer, when available, or lesser history if the customer has not been served at that site for 12 months; this subsection, however, does not prohibit the District from using other methods of calculating bills for unmetered water when the usage of other methods is more appropriate;

2. estimated bills based upon that customer's usage at that location after the service diversion has been corrected; or

3. where the amount of actual unmetered consumption can be calculated by industry-recognized testing procedures, bills may be calculated for the consumption over the entire period of meter bypassing or other service diversion.

F. Equipment Damage Charges. The District may charge for all labor, material, equipment, and other costs necessary to repair or replace equipment damaged due to meter tampering or bypassing, service diversion, or the discharge of wastes which the system cannot properly treat. The District may charge for all costs necessary to correct service diversion or unauthorized taps where there is no equipment damage, including incidents where service is reconnected without authority. An itemized bill of these charges will be provided to the customer.

G. Meter Re-reads and Meter Tests. The District's Representative will, upon request of a customer, re-read the customer's meter. If the meter re-read confirms the accuracy of the original reading, the customer will be billed for the cost of the meter re-read. If the original reading is found to be incorrect, there will be no charge to the customer for the re-read. The District's Representative will, upon request of a customer, field test the accuracy of the customer's meter. If the meter test confirms the accuracy of the meter, the customer will be billed for the cost of the test. If the meter is found to be inaccurate, there will be no charge to the customer for the test. If a customer requests that a meter be pulled and tested for accuracy, the customer will be responsible for all costs incurred by the District in removing and testing the meter unless the meter registers more than two percent above or below the test result under reasonable flow quantities, in which case the costs will be borne by the District. The customer is entitled to receive a copy of the test report upon request.

H. Leaks; Water Leak Adjustment Policy. Failure to repair a controllable leak within a reasonable time (not exceeding 30 days) after notice from the District to repair the leak will constitute a violation of the District's Rules. If a customer experiences a water leak, the customer may submit a written leak adjustment request detailing the circumstances of the leak. All requests must be accompanied by a copy of all invoices and documentation evidencing the leak and confirming that the leak has been repaired. Upon receipt of a complete request, the customer's usage will be recalculated based upon the customer's prior history, as determined by the District's Representative. Water usage for the period in which the leak occurred that exceeds the base established by the customer's prior history will be presumed to be attributable to the leak and will be billed at the then-current wholesale water rate. The remaining portion of

the customer's water usage will be billed at the District's normal and customary rates under this Order. If the leak occurred during the winter-averaging period, the District's Representative may establish an alternative winter-averaging period for this customer.

X. Industrial Waste Regulations; Non-Domestic Waste Fees.

A. Prohibited Waste.

1. Non-Biodegradable Material. No waste material that is not biologically degradable may be discharged into the District's Wastewater System, including mud and debris accumulated during construction.

2. Surface Runoff; Storm Water. No surface runoff water or storm water may be discharged into the District's Wastewater System, including downspouts and yard or area drain runoff.

3. Swimming Pool Water. Swimming pool water may not be discharged into the District's Wastewater System unless specifically approved in writing by the Board.

4. Industrial Waste. No Industrial Waste may be discharged into the District's Wastewater System.

5. Inadmissible Wastes. Only wastewater that is amenable to biological treatment may be passed through to or received by the District's Wastewater System. The District may, from time to time, establish, and revise a list of wastes that are not admissible to the District's wastewater collection system under applicable regulatory requirements (the "List of Inadmissible Wastes"). The current List of Inadmissible Wastes is attached as **Exhibit A**. Any waste identified on the List of Inadmissible Wastes is referred to herein as an "Inadmissible Waste". No Inadmissible Waste may be discharged into the District's Wastewater System.

6. Non-Domestic Waste. No Non-Domestic Waste may be discharged into the District's Wastewater System without the prior approval of the District's Representative. The District's Representative will review each application to discharge Non-Domestic Waste and make a recommendation to the Board as to approval or denial of the application. If an application is approved, the Board will establish rates and charges that cover, but are not limited to, the cost of waste treatment, taking into account the volume and character of the Non-Domestic Waste and all other waste treated, any special techniques of treatment or operation required for the Non-Domestic Waste, and any administrative expenses incurred by the District. These rates and charges must be at least sufficient to provide an equitable system of cost recovery that is sufficient to produce revenues, in proportion to the percentage of Non-Domestic Waste to be treated relative to the total waste load to be treated by the District, so as to provide for operation and maintenance of the treatment works, for the amortization of the District indebtedness for the cost of its waste collection and treatment system, and for any

additional costs necessary to provide adequate waste treatment to meet the waste discharge requirements applicable to the District on a continuing basis. If, in the opinion of the District's Representative, pretreatment of any Non-Domestic Waste is necessary to prevent harm to the District's waste collection and treatment system or to prevent interference with the proper and efficient operation and maintenance of each system, pretreatment will be required as a condition to the District's receipt and treatment of the Non-Domestic Waste. If the District's engineer recommends against accepting the Non-Domestic Waste into the District's wastewater system under any conditions, the District's Representative will deny the application.

7. Application Fee. An applicant that intends to discharge Non-Domestic Waste into the District's Wastewater System must pay an application fee of \$250.00. No customer may discharge Non-Domestic Waste into the District's Wastewater System unless the customer has received a permit authorizing such discharge.

8. Permit Fee. Each customer who is issued a permit for disposal of Non-Domestic Waste must pay an annual permit fee of \$500.00 to the District on or before January 1 of each year. Such fee may be included on the customer's monthly water bill.

9. Prohibited Discharges. If the District determines that there has been a prohibited discharge under the District's Rules or this Order, the violator will be assessed and required to pay for all reasonable expenses of the District incurred in connection with the violation, any testing of the waste associated with such violation, and for any damage to the District's sanitary sewer system.

XI. Plumbing Regulations; Customer Service Inspections.

A. Authority. Under the requirements of the Chapter 341, Subchapter C of the Texas Health & Safety Code and 30 Texas Administrative Code § 290.46(i), the District is required to adopt rules to allow for proper enforcement of the requirements of the Commission. Title 30 Texas Administrative Code §290.46(j) requires the District to adopt rules providing for the conduct and certification of customer service inspections.

B. Purpose. The District is responsible for protecting the drinking water supply from contamination or pollution which could result from improper plumbing practices. The purpose of this section is to notify each customer of the plumbing restrictions which are in place to provide this protection. The District enforces these restrictions to ensure the public health and welfare. Each customer must agree to comply with this section as a condition to receiving water and/or wastewater services from the District.

C. Plumbing Restrictions. The following undesirable plumbing practices are prohibited:

1. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination must

be isolated from the public water system by a Code-approved air-gap or an appropriate Backflow Prevention Device.

2. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply must be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone Backflow Prevention Device.

3. No connection which allows water to be returned to the public drinking water supply is permitted.

4. No pipe or pipe fitting which contains more than eight percent (8.0%) lead may be used for the installation or repair of plumbing at any connection which provides water for human use.

5. No solder or flux which contains more than two-tenths of one percent (0.2%) lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

D. Service Conditions. The following are the terms for the provision of service between the District and each customer of the District:

1. The customer must comply with the provisions of these Rules as long as the customer is receiving service from the District.

2. The customer must allow his or her property to be inspected for possible cross-connections and other undesirable plumbing practices as required by this Order. These inspections will be conducted by the District or its designated agent prior to initiating service and may be conducted periodically thereafter. All inspections will be conducted during the District's normal business hours.

3. The District will notify the customer in writing of any cross-connection or other undesirable plumbing practice which has been identified during the initial inspection or periodic reinspection.

4. The customer must immediately correct any undesirable plumbing practice on his premises.

5. The customer must, at his expense, properly install, test, and maintain any Backflow Prevention Device required by the District. Copies of all testing and maintenance records must be provided to the District.

E. Backflow Prevention Devices.

1. If there is an actual or potential source of contamination, pollution or hazard to the District's water system, no connection may be made to the District's water system unless:

- a. there is a Code-approved air gap between the potential source of contamination, pollution or hazard and the drinking water supply; or
- b. a Backflow Prevention Device is installed between the potential source of contamination, pollution or hazard and the drinking water supply.

2. A Backflow Prevention Device must be tested upon installation. The test must be conducted by an individual who has completed a Commission approved course on cross-connection control and backflow prevention and passed an exam administered by the Commission or its agent ("Recognized Tester"). The Recognized Tester must certify that the Backflow Prevention Device is operating within specifications and present evidence that the gauges used in the test have been calibrated and tested for accuracy in accordance with American Water Works Association or University of Southern California standards and that the Recognized Tester is currently certified to conduct Backflow Prevention Device Tests.

3. A Backflow Prevention Device that is installed to protect against High Health Hazards must be inspected and certified to be operating within American Water Works Association or University of Southern California specifications at least annually by a Recognized Tester. A High Health Hazard is a cross-connection, potential cross-connection, or other situation involving any substances that could cause death, illness, spread of disease, or has a high probability of causing such effects if introduced into the potable drinking water supply.

4. All test and maintenance reports must be completed using a Commission form, or a form that contains the same information, and must be filed with the District within 30 days regardless of whether the test indicates a passed or failed test.

5. The District will maintain test and maintenance reports for a period of at least 3 years.

F. Inspections. The applicant for service or customer must submit a completed customer service inspection certification to the District in the following instances:

1. before the District provides continuous and adequate service to new construction;
2. when the District has reason to believe that cross-connections or other unacceptable plumbing practices exist on any existing service; or
3. after any material improvement, correction or addition to any existing private plumbing facilities.

G. Certifications. A customer service inspection certification must be fully completed in the form approved by the Commission. The certification must be completed at the applicant's or customer's expense by:

1. a plumbing inspector and water supply protection specialist licensed by the Texas State Board of Plumbing Examiners and in good standing at the time of the inspection;

2. a certified waterworks operator and employee of the District's utility operator who has completed a training course, has passed an examination administered by the Commission or its designated agent, and holds an endorsement granted by the Commission or its designated agent; or

3. a licensed plumber, if the inspection and certification are for a single-family residential service.

H. Records. The District will maintain copies of completed customer service certifications for a minimum of ten years.

I. Unacceptable Plumbing Practices. If unacceptable plumbing practices are discovered, they must be promptly repaired and eliminated by the customer or applicant for service to prevent contamination of the water supplied by the District. The existence of an unacceptable plumbing practice is sufficient grounds for immediate termination of service without notice in order to protect the health and safety of all District customers. Service will not be restored until the potential source of contamination has been eliminated or additional safeguards have been taken and a new customer service inspection certification is provided to the District.

J. Enforcement. If a customer fails to comply with the terms of this Section, the District may assess fines in accordance with Section 54.205 of the Texas Water Code, and may either terminate service and/or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this Section will be billed to the customer.

XII. Protection of District Facilities and Property.

A. Dumping, placing, disposing of, depositing on, or discharging any foreign materials or debris, including but not limited to grass or tree clippings, trash, and construction debris onto any District property, including District greenbelts and/or District drainage facilities, is prohibited. Any person or entity who violates the terms of this Section will be subject to a penalty in the amount of \$500 per violation, and will also be liable for all attorney's fees incurred by the District and costs of court. The District may add the amount of any penalties or costs imposed by this Section to the customer's utility bill, or the District may deduct the amount of any penalties or costs imposed as a result of a violation of this Section from a customer's security deposit or any other amounts held by the District and may further require that the customer replenish the deposit by an equivalent amount.

B. No drainage water, including roof run-off water; drainage from downspouts; water from yard drains; water from fountains and ponds; water from lawn sprays, rainwater leaders, swimming pool water; or swimming pool filter backwash water may be connected or discharged to the District's wastewater utility system. In order to protect the District's wastewater system from inflow, all clean-outs on customer service lines must be securely capped at all times. If any clean-out is left uncapped or the cap is loosened or removed so as to potentially allow inflow into the District's wastewater system, the District will be authorized to enter onto the responsible customer's property to replace the cap, and the customer at the service address in question will be charged the sum of \$100 for the replacement. This charge may be added to the customer's utility bill, or the District may deduct the amount of the charge from the customer's security deposit or any other amounts held by the District and may further require that the customer replenish the deposit by an equivalent amount.

XIII. Water Conservation and Drought Contingency Plan.

The terms and provisions of the District's Water Conservation and Drought Contingency Plan (as amended from time to time, the "Water Conservation and Drought Contingency Plan") are incorporated into this Order. The District may add the amount of any fines, penalties, or costs imposed under the Water Conservation and Drought Contingency Plan to the customer's utility bill, or the District may deduct the amount of any fines, penalties, or costs imposed as a result of a violation of the Water Conservation and Drought Contingency Plan from a customer's security deposit or any other amounts held by the District and may further require that the customer replenish the deposit by an equivalent amount.

XIV. Enforcement; Penalties.

A. Water and sanitary sewer service will not be provided by the District until all applicable requirements of this Order have been met.

B. The provisions of this Order constitute rules adopted under Section 54.205, Texas Water Code. Violation of any provision of this Order will result in the offending party being subject to the payment of a penalty in an amount per violation that does not exceed the jurisdiction of the justice court, as provided by Section 27.031, Texas Government Code, which penalty will be established by the Board. In addition, the offending party will be liable to the District for any other penalty provided by the laws of this State, and any costs incurred by the District in connection with any repairs or corrections necessitated by any violation. If the District prevails in any suit to enforce the provisions of this Order, the District may additionally recover its reasonable attorneys' fees, expert witness fees and other costs incurred by the District before the Court.

C. This Order supersedes all previous orders and resolutions of the District relating to the establishment of rates and charges, and adopting rules and policies with respect to the District's Systems.

D. The attorney for the District is hereby directed to file a copy of this Order (i) with the Texas Commission on Environmental Quality and (ii) in the principal office of the District

and to publish a substantive statement of the rules contained in this Order and the penalties for their violation as required by Section 54.207 of the Texas Water Code.

XV. Effective Date. The effective date of this Order shall be December 12, 2011 and shall be in force and effect until amended by the Board of Directors.

APPROVED, ORDERED AND ADOPTED this 12th day of December, 2011.

(Signature page follows.)

(SEAL)



A handwritten signature in black ink, appearing to read "Douglas Mink", is written over a horizontal line.

Douglas Mink, President
Board of Directors

ATTEST:

A handwritten signature in black ink, appearing to read "Mike Asbury", is written over a horizontal line.

Mike Asbury, Secretary
Board of Directors

EXHIBIT A

LIST OF INADMISSIBLE WASTES

The following is a list of inadmissible wastes, specifying materials that may not be discharged to the District's wastewater collection system and concentrations of substances which may not be exceeded in discharges to the District's wastewater collection system. The following list constitutes prohibited substances for discharge to the District's wastewater collection system of toxic or regulated pollutants which may pass through to the receiving stream, could cause interference with the operation of the treatment works or could cause a violation of the State or Federal discharge permit provisions. If any pollutant approaches or exceeds standards, investigative sampling will be conducted to determine the source and a limit for the pollutant will be calculated. Discharges to the District's wastewater collection system will be limited in accordance with the following lists:

1. Wastewater having a temperature that would result in the total combined influent to the treatment District's wastewater collection system to exceed a temperature of 104 degrees Fahrenheit.
2. Wastewater having a pH value lower than 5.5 or higher than 10.5.
3. Wastewater containing gasoline, petroleum oils, benzene, naptha, fuel oil, or other flammable or explosive liquid, solid or gas.
4. Wastewater containing grease, fats, waxes, oil, plastic or other substances that are in excess of a daily average limit of 200 milligrams per liter or which will solidify or become discernibly viscous at any temperature between 32 degrees Fahrenheit and 150 degrees Fahrenheit.
5. Wastewater with a radioactive content greater than allowed by applicable provisions of the Texas Radiation Control Act, Article 4590 (f), Revised Civil Statutes of Texas, and the Texas Regulations for Control of Radiation issued thereunder.
6. Wastewater that contains any noxious or malodorous materials which can form a gas; which either singly or by interaction with other discharges, are capable of causing objectionable odors or hazards to life, or which creates any other condition deleterious to the collection system..
7. Wastewater containing any substance in a form or concentration sufficient to cause inhibition, intereferece, or upset to the treatment process.
8. Wastewater which will, alone or in conjunction with other wastewater, cause the wastewater entering any entry point into the District's wastewater collection system to exceed a five-day Biochemical Oxygen Demand (BOD), concentration of 250 milligrams per liter, an average daily Chemical Oxygen Demand (COD) of 450 milligrams per liter,

or a Total Suspended Solids (TSS), concentration of 250 milligrams per liter, based on a properly weighted 24 hour composite sample.

9. Industrial Wastewater will not be discharged to the District's wastewater collection system without prior written approval from the District. If an Owner desires to provide wastewater service to an industry, the POA will provide the District at least 120 days advance written notice.
10. Hazardous wastes prohibited by regulatory agencies will not be discharged to the District's wastewater collection system.
11. Wastewater having a constituent and concentration exceeding that of established National Categorical Standards established under title 40 of the Code of Federal Regulations or local limits as established by the Code and amended from time to time.