

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

January 14, 2019

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on January 14, 2019, at the offices of Gray Engineering, Inc., 8834 N. Capital of Texas Highway, Suite 140, Austin, Texas. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the Notice is attached as **Exhibit "A"**.

The roll was called of the members of the Board:

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

and all of the Directors were present, except Director Alger, who arrived later, and Director Black, who arrived later, thus constituting a quorum. Also present at the meeting were Andrew Hunt and Lisa Torres of Crossroads Utility Services LLC, the District's general manager and utility operator; Herb Edmonson of Gray Engineering, Inc., the District's engineer; Allen Douthitt of Bott & Douthitt, PLLC, the District's bookkeeper; and Jenn Scholl of Armbrust & Brown, PLLC, the District's general counsel.

Director Asbury called the meeting to order at 12:07 p.m. and stated that the Board would first receive citizens' communications and Board member announcements. There being none, Director Asbury stated that the Board would consider approving the minutes of the December 10, 2018 Board meeting. After discussion, upon motion by Director Reed-Green and second by Director Matto, the Board voted 3-0 to approve the minutes.

Director Asbury stated that the Board would consider the annual review items on the agenda. Mr. Hunt stated that it was time for the Board to conduct its annual review of the District's water conservation and drought contingency plan. Director Black arrived at this time. Mr. Hunt reviewed the District's current plan with the Board and recommended that the District's utility system profile be updated. After discussion, upon motion by Director Reed-Green and second by Director Matto, the Board voted 4-0 to approve the Resolution Confirming Annual Review of Water Conservation and Drought Contingency Plan and Updating Water and Wastewater Utility System Profile attached as **Exhibit "B"**.

Ms. Scholl next stated that it was also time for the Board to conduct an annual review of the District's written procedures for post bond issuance federal tax compliance. She reviewed the District's current procedures and highlighted the arbitrage, private use, and records retention requirements. She stated that these procedures would likely evolve over time to keep up with underlying regulatory changes but that no changes were proposed at this time. After discussion, upon motion by Director Reed-Green and second by Director Matto, the Board voted

4-0 to approve the Resolution Confirming Annual Review of Written Procedures for Post Bond Issuance Federal Tax Compliance attached as **Exhibit “C”**.

Mr. Hunt then stated that it was also time to conduct an annual review of the District’s identity theft prevention program under the federal government’s “red flag rules” and directed the Board’s attention to the report from the operator on administration of and compliance with Identity Theft Prevention Program and Resolution Confirming Annual Review of Identity Theft Prevention Program attached collectively as **Exhibit “D”**. Mr. Hunt reported that there had not been any instances of identity theft and he did not recommend any changes to the identity theft prevention program at this time. Upon motion by Director Reed-Green and second by Director Matto, the Board voted 4-0 to approve the Resolution Confirming Annual Review of Identity Theft Prevention Program, as presented.

Ms. Scholl next stated that it was time for the Board to conduct its annual review of the District’s Code of Ethics and Financial Investment, Travel and Professional Services Policies. Ms. Scholl stated that she did not recommend any changes to the existing policies. After discussion, upon motion by Director Reed-Green and second by Director Matto, the Board voted unanimously to approve the Resolution Confirming Annual Review of Code of Ethics and Financial Investment, Travel and Professional Services Policies; Confirming Designation of Investment Officers; and Amending List of Qualified Brokers attached as **Exhibit “E”**.

Director Asbury then stated that the Board would receive an update on the RM 1431 roadway widening project, the TXDOT noise attenuation study, and related matters. Mr. Hunt stated that he did not have an update at this time. Mr. Edmonson noted that he continued to monitor the progress of the project and he reminded the Board that the lot where the sound wall was being constructed was owned by Vista Oaks Owners’ Association, Inc. (the “HOA”) and was subject to an easement in favor of the District. Mr. Hunt stated that he would conduct a walk-through upon completion of construction to determine if there were any trees or bush that would need to be removed. Ms. Torres added that she was scheduled to meet with the president of the HOA and, as she understood it, the HOA would be paying to mow and remove all brush from the lot and would consider removing trees if necessary in the future. Director Alger arrived at this time.

Director Asbury then stated that the Board receive an update on wholesale water and wastewater service, including the City’s wholesale rate increases. Ms. Scholl presented the Interlocal Cooperation Agreement Related to Coordinated Rate Appeal attached as **Exhibit “F”** and stated that the agreement had been executed by all parties. Mr. Hunt stated that the case was at the Public Utility Commission (the “PUC”) and the date for the preliminary hearing would be set soon. He reported that a meeting between the District’s rate attorney and the City’s attorney had been held, but he noted that he was not sure if any official settlement discussions had taken place.

Director Asbury then stated that the Board would consider pass through utility service under the Agreements for Pass-Through Wastewater Service with BJM Mayfield Ranch, Ltd. and Continental Homes of Texas, L.P., including payments made by the City. Mr. Hunt stated that he had attended a meeting with Michael Thane because the City had discovered that they had been overpaying under the pass-through agreements for Mayfield Ranch and the Preserve at Stone Oak. He distributed the spreadsheet calculating the overpayments attached as **Exhibit “G”** and noted that he had verified that the City’s calculations were correct. He stated that the City had discovered that they had overpaid for several LUEs four years ago and that there had been small incremental increases ever since, noting that the small incremental nature of the increases was likely the reason that the error was not discovered sooner. He stated that the City

requested that, rather than issuing a refund, the District issue a \$15,326.25 credit to the City, which represented two years of overpayments, and then use the credit to offset future payments. Mr. Hunt stated that the pass-through agreements for Mayfield Ranch and the Preserve at Stone Oak required the City to make payments once a month and he noted that the City had been sending a check for the payment without including an accounting of the number of active accounts. Ms. Scholl confirmed that the agreements were silent on handling billing errors. Mr. Hunt then recommended that the pass-through agreements be changed so that the payments were made on an annual basis, which he noted would make it easier to prevent billing errors and was how all of the other pass-through agreements were paid. Mr. Douhitt stated that, because the District was built-out and the total number of active connections would not change much from month-to-month, he recommended that the District bill the City annually based on the number of active connections in September of each year or based upon a set number. Mr. Hunt stated that a memorandum of understanding between the District and the City could be used to provide for annual payments and to address issuing a credit to the City for prior over-payments. **After discussion, upon motion by Director Reed-Green and second by Director Matto, the Board directed Ms. Scholl and Mr. Hunt to prepare a draft memorandum of understanding that could be presented at the next Board meeting.**

Director Asbury stated that the Board would receive the security report and consider taking related action. Ms. Torres reviewed the security report attached as **Exhibit “H”** with the Board. She reported that there had been a rise in suspicious vehicles and recommended that efforts be made to lock cars and not leave valuable items in cars. Director Black asked if there was a direct line that could be called to reach the security patrols. Ms. Torres recommended that residents call “3-1-1” if they had any issues.

Director Asbury then stated that the Board would receive a report from the District’s engineer and recognized Mr. Edmonson. Mr. Edmonson presented his report, attached as **Exhibit “I”**, and reviewed it with the Board. He presented the conceptual plans and cost estimate for the beautification project attached collectively as **Exhibit “J”**, noting that the plans included landscaping improvements all the way up to the District’s boundary line near Arterial H. He stated that the associated cost estimate was \$66,304.21. Mr. Edmonson stated that the next step would be for his firm to prepare a request for proposals for the beautification project. Mr. Hunt reminded the Board that \$70,000 had been budgeted for the project, so the cost estimate would be within the budget. Director Black inquired if the HOA owned the Vista Isle entryway island and if the HOA had agreed to allow the District to modify the existing landscaping to match the new landscaping contained in the conceptual plans. Mr. Hunt stated that he thought the Vista Isle entryway was included under a license agreement for the HOA and he stated that the HOA had indicated in the past that they would be willing to maintain landscape improvements, however, they did not want to commit to anything until a conceptual plan or more concrete description of the improvements had been provided. **Ms. Scholl stated that she would verify that the District had the authority under existing license or easement agreements to proceed with the landscape improvements in the areas included in the conceptual plans.** Mr. Edmonson then reported that the District’s legal counsel was working with Guardian Fence to complete the contract regarding the FM 1431 Fence improvements and that Crossroads was working to have the HOA execute the easement. Ms. Scholl stated that Guardian Fence had advised her that they did not carry the required excess/umbrella insurance coverage and would not be able to provide a one-year maintenance bond, but she noted that the contractor would still provide the manufacturer’s warranty and a warranty on their own work. The Board agreed to these changes and requested that Ms. Scholl revise the construction contract accordingly and arrange for execution. Mr. Douhitt stated that

the initial 50% payment under the construction contract was included for approval in his report. Mr. Edmonson then reported that there were a few comments that would need to be addressed on the plans that were prepared for the mailbox kiosk lot fence project. He estimated that the project would cost around \$50,000 - \$60,000 and he stated that the next step would be for the District's consultants to prepare a request for proposals for the project. He stated that he would request that the contractor complete a bit of extra grading work because there was a bit of standing water in the back of the HOA lot close to the backyard fences of the adjacent residents. He pointed out that the front of the HOA lot would be an ideal construction entrance because it would limit driving on other parts of the lot or across sidewalks. He anticipated that the request for proposals would be prepared within the next 2 or 3 weeks and that he could receive proposals shortly thereafter. After discussion, upon motion by Director Reed-Green and second by Director Black, the Board voted unanimously to authorize the District's consultants to: (i) prepare a request for proposals for the beautification project and work on any required easement, license, or other agreements required to accomplish the project; and (ii) prepare a request for proposals for the mailbox kiosk fence project.

Director Asbury next recognized Mr. Douthitt for purposes of receiving the bookkeeper's report. Mr. Douthitt presented the accounting report and updated cash activity report attached collectively as **Exhibit "K"** and reviewed them with the Board. He requested approval of a transfer in the amount of \$8,543.00 from the District's operating account to the District's bookkeeper's account, a transfer in the amount of \$130,000 plus accrued interest from Central Bank CD to the TexPool operating account, a transfer in the amount of \$100,000 plus accrued interest from Central Bank CD to the TexPool Operating Account, a transfer in the amount of \$130,000 plus accrued interest from Allegiance Bank CD to TexPool Operating Account, a transfer in the amount of \$130,000 plus accrued interest from Green Bank CD to TexPool Operating Account, a transfer in the amount of \$29,185.80 from the TexPool Tax Account to the TexPool Operating Account, as indicated on the first page of his report. He reviewed the financial statements, tax collection report, budget comparison, checks that had been written out of the bookkeeper's account since the last Board meeting, and the disbursements being presented for approval, noting that he had included an additional check for \$10,000 to deposit from the operating account to the bookkeeper's account for the initial 50% payment under the construction contract for the amenity center fence project. Mr. Douthitt then explained that it was very important to make timely payments under the Interlocal Cooperation Agreement Related to Coordinated Rate Appeal and he requested that the Board authorize him to process the required payments through the District's manager's account in the event that the Board did not meet during a particular month, noting that he would bring any payments that were made to the next Board meeting. Mr. Douthitt then pointed out that the District had a positive budget variance of \$13,480.62 and about 5.20% of the District's 2018 taxes had been collected. Upon motion by Director Alger and second by Director Reed-Green, the Board voted unanimously to approve the transfers and payment of the bills and invoices as presented, and to authorize Mr. Douthitt to pay the amounts due under the Interlocal Cooperation Agreement Related to Coordinated Rate Appeal through the District's manager's account if required between Board meetings.

Director Asbury then stated that the Board would receive a report from the District's general manager and utility operator. Ms. Torres presented the operations report attached as **Exhibit "L"**. She reported that she was going to meet with the HOA to discuss maintenance obligations for the HOA lot behind the sound wall. She then stated that she had obtained the proposal in the amount of \$1,674.76 from High Tech Signs to replace the bulletin boards used to post notice of Board meetings, attached as **Exhibit "M"**, and a proposal in the amount of \$2,224.85 from High Tech Signs to repair the existing bulletin boards. She stated that she had

examined the existing bulletin boards with the contractor and it was discovered that the existing boards were likely only meant for indoor use, so it would cost more to repair them than to replace them with entirely new bulletin boards. She noted that the contractor had inspected the existing posts and footings and felt that they did not need to be replaced. Director Reed-Green asked if the proposals came with any sort of warranty. Ms. Torres stated that she would look into whether or not the proposal included a warranty and she confirmed that the price for the new bulletin boards would include locks. **The Board requested that Ms. Torres have the proposals updated to provide that each side of the bulletin board had a different lock so that the HOA and the District could each lock their respective sides. After discussion, upon motion by Director Black and second by Director Alger, the Board voted unanimously to approve the proposal for the new bulletin boards, provided that the proposal has been revised to include separate locks for each side.** Director Asbury noted that some of the phases of the wall project looked like they needed to be power washed and asked if the District's budget included an item for cleaning the walls. Director Black added that dirty water had pooled up on a number of sidewalks adjacent to drainage areas and needed to be cleaned. Director Alger recommended that the District make a regularly recurring maintenance reminder to power wash the fences and certain areas of the sidewalks. Mr. Hunt then reported that water loss was at $\pm 34.27\%$ loss for the month of December and explained that there had been a leak around the holidays that was likely the cause. He stated that the leak had been fixed and stated that he would continue to monitor water loss to make sure that the leak was the cause of the majority of the loss. He confirmed that all test results were satisfactory, there were no issues with water quality, and the utility system was generally operating well. He next reported that there had been no solid waste/recycling collection complaints, that the latest monthly recycling rebate was \$25.39, that the District was under voluntary watering restrictions, and there were no issues with the website. He reported that billing report was healthy with no write-offs. Director Asbury asked if the names of the directors on the HOA's website had been updated. Mr. Hunt stated that he would confirm that the update had been made. Mr. Hunt then stated that the District had received notice of annual consumer price index ("CPI") rate adjustment under the District's Contract with Central Texas Refuse ("CTR"). He stated that the adjustment was in accordance with the contract and that the rate would be increasing to \$18.46. He stated that he recommended that the District wait to pass the increase through to residents until it was determined whether or not there would also be changes to the water and wastewater rates. Mr. Douthitt mentioned that there had been several missed pickups recently. Mr. Hunt requested that the Board let him know if there were any other complaints with service. Director Black noted that there had been a number of complaints on next door and facebook groups. Director Alger requested an update on the sound wall because she had arrived after the update was provided. Mr. Hunt explained that the property between the sound wall and the homes was subject to a water and wastewater line easement held by the District but was owned by the HOA and the HOA had agreed to pay to mow the lot and remove existing brush. He noted that the HOA would address the removal of trees as necessary in the future. Director Black stated that he had heard a number of complaints about the lighting above the mailboxes and he asked who was responsible for maintaining the lights. Mr. Hunt stated that the mailbox lights were the responsibility of the HOA and that he would notify the HOA that had been an issue, noting that there might be a problem with the motion detectors for the lights.

There being no further business to come before the Board, the meeting was adjourned at 1:14 p.m.

Date: February 11, 2019

(SEAL)



Handwritten signature of Carl R. Black in cursive script.

Carl R. Black, Secretary
Board of Directors