

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

September 9, 2019

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on September 9, 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
<hr/>	-	Secretary
Leslie Alger	-	Assistant Secretary
Jacob Matto	-	Assistant Secretary

and all of the Directors were present, thus constituting a quorum. Also present at the meeting were 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; Nancy Olson of McCall Gibson Swedlund Barfoot PLLC, the District's auditor; Denise Gordon and Steve Garcia, candidates for appointment to the Board; and Jenn Scholl of Armbrust & Brown, PLLC, the District's general counsel.

Director Asbury called the meeting to order at 12:03 p.m. and stated that the Board would first receive citizens' communications and Board member announcements. There being none, Director Asbury stated that the Board would next discuss director items. Ms. Scholl reminded the Board that Director Black's resignation created a vacancy on the Board that could be filled by appointment. Director Asbury stated that the subcommittee had met with both candidates for appointment and, although both candidates had good qualifications, were eager to serve on the Board, and did not have any issues with the time commitment, he recommended that the Board consider appointing Mr. Garcia due to his prior experience. Director Asbury stated that Mr. Garcia's involvement with the Save 1431 campaign required coordination and communication with residents, public entities, and the media and this experience would be very beneficial to the Board, especially as the surrounding areas were developed in the future. He stated that Mr. Garcia's prior experience on the homeowners' association (the "HOA") board would also allow him to be a good liaison between the District and the HOA and he pointed out that Mr. Garcia also lived on the other side of the neighborhood. After discussion, upon motion by Director Reed-Green and second by Director Matto, the Board voted 4-0 to appoint Mr. Garcia to Place 4 on the Board.

Director Asbury then stated that the Board would consider the Sworn Statement, Oath of Office, and bond for Director Garcia. Upon motion by Director Alger and second by Director

Reed-Green, the Board voted unanimously to approve the Sworn Statement, Oath of Office, and directors bond for Director Garcia.

Director Asbury then stated that the Board would next discuss Open Meetings Act and Public Information Act issues related to the appointment of a new director. Ms. Scholl stated that Director Garcia, as a new Director, was required to undergo Open Meetings Act training within 90 days of taking office. She stated that a training video produced by the Texas Attorney General's office was available online, and she directed Director Garcia's attention to the memorandum attached as **Exhibit "B"** for additional information. She next reviewed the Public Access Option Form attached as **Exhibit "C"**, which she stated would need to be completed within 14 days.

Director Asbury then stated that the Board would consider the election of officers. After discussion, Director Reed-Green moved that the Board elect the following slate of officers:

Mike Asbury	-	President
Heath Reed-Green	-	Vice President
Jacob Matto	-	Secretary
Leslie Alger	-	Assistant Secretary
Steve Garcia	-	Assistant Secretary

Upon second by Director Garcia, the motion passed unanimously.

Director Asbury next announced that the Board would consider its subcommittee appointments and directed the Board's attention to the subcommittee list attached as **Exhibit "D"**. After discussion, the Board generally agreed to address the subcommittee assignments at the next Board meeting.

Director Asbury then stated that the Board would consider revised bank account resolutions. Ms. Scholl recommended that the District's existing account resolutions and signature cards be updated to reflect the resignation of Director Black and the appointment of Director Garcia. Upon motion by Director Reed-Green and second by Director Alger, the Board voted unanimously to approve the updated Resolution Approving Change in Bank Signatories and Change Certificate (Bookkeeper's Account); Resolution Approving Change in Bank Signatories and Change Certificate (Operating Account); and Resolution Approving Change in Bank Signatories and Change Certificate (Lock Box Clearing Account), attached collectively as **Exhibit "E"**, and updated signature cards for such accounts.

Director Asbury then stated that the Board would consider the budget and tax items on the agenda and stated that the Board would first conduct a public hearing on the District's 2019 tax rate. He opened the public hearing and inquired whether there was anyone present wishing to address the Board regarding the District's tax rate. There being no public comment, Director Asbury closed the public hearing. Mr. Douthitt reminded the Board that the District had published a proposed tax rate of \$0.3300 and the Board could adopt a lower tax rate but could not go higher than the published rate. He stated that the budget subcommittee had met and was recommending a tax rate of \$0.3300, comprised of a \$0.18 operations and maintenance tax and a \$0.15 debt service tax.

Mr. Douthitt then reviewed the proposed budget attached as **Exhibit "F"** with the Board, which he explained was based on the \$0.18 operations and maintenance tax rate. Mr. Douthitt noted that the proposed budget was the same as the draft budget presented at the prior Board meeting except that he had added additional amounts for the leaf cleanup months. After

further discussion, upon motion by Director Matto and second by Director Alger, the Board voted unanimously to approve the budget presented by Mr. Douthitt and the Resolution Adopting Budget attached as **Exhibit “G”**.

Director Asbury then stated that the Board would consider establishing the District’s 2019 tax rate. Upon motion by Director Reed-Green and second by Director Matto, the Board voted to establish a tax rate of \$0.33, allocated as recommended by Ms. Lane, and to adopt the Order Levying Taxes attached as **Exhibit “H”**, with Directors Asbury, Alger, Reed-Green, Matto, and Garcia all present and voting “aye”.

Director Asbury then stated that the Board would consider approving an Amended and Restated Information Form. Ms. Scholl explained that the form notice to purchaser attached to the Amended and Restated Information Form needed to be updated to reflect changes in the annexation procedures. Upon motion by Director Alger and second by Director Black, the Board voted unanimously to approve the Amended and Restated Information Form attached as **Exhibit “I”** and its filing.

Director Asbury then stated that the Board would next consider approving the following consent items on the Board’s meeting agenda: the minutes of the August 12, 2019 Board meeting; the revised District Registration Form attached as **Exhibit “J”**; the proposal from McCall Gibson Swedlund Barfoot PLLC for audit services for fiscal year ending September 30, 2018, attached as **Exhibit “K”**; a statement on auditing standard no. 99 (fraud questionnaire) attached as **Exhibit “L”**; and the Operations Services Agreement with Crossroads Utility Services attached as **Exhibit “M”**. Mr. Hunt stated that the Operations Services Agreement that was approved by the Board at the prior meeting did not incorporate all of his requested changes and he requested approval of the revised agreement. After discussion, upon motion by Director Reed-Green and second by Director Matto, the Board voted unanimously to approve the consent items.

Director Asbury then stated that the Board would next discuss the wholesale water and wastewater service, including update on City of Round Rock wholesale rate increases and rate appeal. Ms. Scholl recommended that the Board convene in executive session in order to receive legal advice on the matter and recommended that the executive session take place at the end of the meeting in order to allow consultants to give their reports and leave before the Board went into executive session.

Director Asbury stated that the Board would receive the security report and consider taking related action. Ms. Torres reviewed the security reports for July and August, attached collectively as **Exhibit “N”**, with the Board.

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 “O”** and reviewed it with the Board. He presented a change order in the amount of \$1,228.33 for the beautification project, attached as **Exhibit “P”** and recommended approval. Upon motion by Director Reed-Green and second by Director Matto, the Board voted unanimously to approve the Change Order. Mr. Edmonson reported that the project should be completed by end of next week and he stated that he anticipated everything would be ready for acceptance and approval at the next Board meeting. Mr. Edmonson confirmed that there was a one-year warranty on the work. Ms. Torres noted that she would monitor water usage for the project. Mr. Edmonson then presented his firm’s proposal for the capital reserve budget projection project, attached as **Exhibit “Q”** and reviewed it with the Board, noting that this was

based on the comments to the draft proposal presented at the last Board meeting. He stated that the Board could also add an engineering summary if desired. He stated that the total estimated fee for all three tasks was \$19,604 but noted that the third task may not even be required. Director Reed-Green noted that a lot of information that was included under the first task should already be available. Mr. Edmonson responded that, while some of the information is already available in the District's maps, he would need to review these maps to determine more specific information, such as where each line runs. In response to a question by Director Alger, Mr. Edmonson stated that the proposal included work to compile a list of the District's system inventory but did not include an analysis of the inventory's current condition, but he noted that the proposal did include formulating the replacement values for each item. **Director Reed-Green requested that Mr. Edmonson revise the proposed fee for the first task and remove costs associated with information that was already available. Mr. Edmonson confirmed that he would present a revised proposal at the next Board meeting and noted that employees with lower rates would be completing most of the work.** Director Asbury inquired about the third task included in the proposal. Mr. Edmonson stated that the third task was for his office to prepare a sealed summary report and have all findings compiled into a book, noting that the Board can decide whether or not they would like to proceed with the third task at a later time. Director Alger noted that the size and quality of items would be included in the information and she asked if the age of facilities that had already been replaced would be included in the information. Ms. Torres noted that fire hydrant testing was currently being conducted and she could make sure that this information was included for fire hydrants. Mr. Edmonson stated that information about when major lines and facilities were installed should be in the District's records and he could access that information. **Director Alger requested that information about the age of each facility be included because this would be necessary to give the Board an idea of what it would cost to replace all facilities and could be helpful if the District was ever annexed. Mr. Edmonson confirmed that he would add this information. Mr. Edmonson noted that he would also have a current District boundary map indicating individual sections placed on a foam board for use at future Board meetings and he would add the age of individual portions of the system to this map.** He noted that all infrastructure within individual sections would generally be aged at the same rate, but he could separately identify the age of the blue poly lines and add a legend to highlight where specific replacements had been made. Director Asbury recommended that Mr. Edmonson establish a "not to exceed" amount for the first two tasks, with the understanding that the Board could decide whether or not it wanted to proceed with the third task at a future time. **Mr. Edmonson stated that he would bring a revised proposal that addressed all of the Board's comments to the next Board meeting.**

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 "R"** and reviewed them with the Board. He requested approval of a transfer in the amount of \$6,877.88 from the District's operating account to the District's bookkeeper's account, a transfer in the amount of \$100,000 from the District's TexPool Operating account to the District's operating account, a transfer in the amount of \$2,065.14 from the District's TexPool Tax Account to the TexPool Operating Account, as indicated on the first page of his report. Mr. Douthitt reviewed the financial statements, tax collection report, budget comparison, the 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 would add a per diem for Director Steve. He pointed out that the District had a positive budget variance of \$12,738.56 and about 99.63% 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. Director Reed-Green asked if the amount paid to the sheriff's deputies had increased. Mr. Douthitt stated that the cost had increased from \$48 to \$50 per hour and that he would confirm that all payments had been made using the correct hourly rate.

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 "S"**. Ms. Torres then reported that water loss was at $\pm 23.43\%$ for the month of August. She stated that she verified that this number was accurate, noting that this was an 8% increase from August of 2018, and she stated that Crossroads would be implementing a new software that would allow real-time meter readings and help to detect leaks faster and keep water loss down. She confirmed that all lab results were satisfactory, there were no issues with water quality, and the utility facilities were generally operating well. Ms. Torres reported that the District was under voluntary watering restrictions, and she did not have any write-offs to present. She stated that she had contacted TML to find out if there was any way to cover costs incurred by Crossroads during normal business hours in the District's insurance policy and TML had confirmed that this was not something that would be allowed. Ms. Torres stated that a resident had reported that the two top panels of a portion of the Royal Vista CMU wall had fallen out of place and she was working with Mr. Edmonson to determine the District would be responsible for any repairs. Director Asbury noted that the District had extra panels that could be used. Ms. Torres pointed out that a specific contractor would need to be hired to handle the installation and she was investigating what caused the damage. Ms. Torres reported that the street lights were ready to be installed by the City and should be installed next week, noting that an issue with trenching had to be resolved before the street lights could be installed. She reported that a deer had gotten stuck inside the amenity center fencing and was impaled when it tried to jump out. She stated that she had obtained a proposal in the amount of \$500 to repair all of the damage. **Director Reed-Green recommended that Ms. Torres contact Guardian Fence to see if they could provide a lower estimate. Ms. Torres confirmed that she would.** Ms. Torres then reported that the barbed wire fence around the lift station would need to be repaired because the surrounding brush had grown into the fence and caused it to loosen. She recommended that the Board approve the proposal, attached as **Exhibit "T"** to remove the portions of the brush that were causing damage to the fence. Upon motion by Director Matto and second by Director Reed-Green, the Board voted unanimously to approve the proposal. Ms. Torres noted that she would bring a proposal for repair of the barbed wire fence to the next Board meeting. Ms. Torres then stated that she was working on an amendment to the existing Solid Waste Collection and Disposal Services Agreement that would add four days during one month each fall and four days during one month each spring when an unlimited number of leaf bags and bundles would be collected. Director Asbury asked if there would be an flexibility in scheduling the leaf collection days so that they were not all in one month in case there were weather or other conditions that made it difficult to collect leaves during one of the designated days. The Board requested that Ms. Torres investigate how much flexibility there would be with scheduling the leaf collection days and if they could be scheduled as requested rather than on four consecutive weeks during the same month. Director Reed-Green requested that the customers be notified that the leaf collection days would not be an additional cost to the residents. Ms. Scholl recommended that the Board designate a subcommittee to review and approve the revisions before the next Board meeting so that there would be sufficient time to schedule the fall leaf collection days. After discussion, upon motion by Director Reed-Green and second by Director Alger, the Board voted unanimously to appoint Director Matto and Director Garcia to serve as the subcommittee and to authorize Director Asbury to execute the amendment upon final negotiation and approval by the subcommittee.

Director Asbury then stated that the Board would next discuss the pass through utility service under the Agreement for Pass-Through Wastewater Service with Gardens at Mayfield Ranch (Palmer Tract) (the "Pass-Through Agreement"), including consent to partial assignment of capacity to portion of commercial tract and any other related consents or approvals. Ms. Scholl stated that a portion of one of the commercial tracts that was subject to the Pass-Through Agreement would be sold to a new owner and, in connection with that sale, the parties would need to assign certain rights and obligations under the Pass-Through Agreement with respect to the property that was being sold to the new owner and had requested that the District consent to such partial assignment. Ms. Scholl explained that the District's consultants need to verify that all of the requirements under the Pass-Through Agreement had been complied with and that she would need to review the form consent document that had been prepared by the parties. The Board then discussed the costs that will be incurred by the District in connection with this request. After discussion, upon motion by Director Garcia and second by Director Matto, the Board voted unanimously to require a \$3,000 escrow deposit in connection with this request to cover the District's costs and to authorize Director Asbury to execute the requested consent document upon final negotiation by Ms. Scholl.

There being no attorney's report, at 1:30 p.m., Director Asbury stated that the Board would next consider matters related to wholesale water and wastewater service and would convene in executive session in order to receive legal advice regarding the City of Round Rock's wholesale rate increases and possible rate appeal, as permitted by Section 551.071 of the Texas Government Code. At 1:38 p.m., the Board reconvened in open session and Director Asbury announced that no action had been taken in executive session.

There being no further business to come before the Board, the meeting was adjourned at 1:39 p.m.

Date: October 14, 2019

(SEAL)



Jacob Matto, Secretary
Board of Directors