

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

September 10, 2018

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on September 10, 2018, 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
Robert Wells	-	Vice President
Leslie Alger	-	Secretary
Heath Reed-Green	-	Assistant Secretary
Carl R. Black	-	Assistant Secretary

and all of the Directors were present, thus constituting a quorum. Also present at times during the meeting were Andrew Hunt of Crossroads Utility Services LLC, the District’s general manager and utility operator; 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; Randy Wilburn of Gilbert Wilburn, PLLC; and Jenn Scholl of Armbrust & Brown, PLLC, the District’s general counsel.

Director Asbury called the meeting to order at 12:10 p.m. and stated that the Board would first receive citizens’ communications and Board member announcements. Director Wells announced that he no longer owned property within the District and would need to resign from the Board. Upon motion by Director Reed-Green and second by Director Black, the Board voted 4-0 to accept Director Wells’ resignation with regret. Ms. Scholl stated that Director Wells had not yet submitted a resignation letter, which was a requirement under Texas law, so she would coordinate obtaining an official resignation letter from Director Wells for the Board to accept at the next Board meeting. Mr. Hunt then presented the letter attached as **Exhibit “B”** and stated that, although the Board had not yet identified a candidate to fill the vacancy that would be created after the Board accepted Director Wells’ resignation letter, Jacob Matto, a resident of the District, had expressed an interest in the position. He explained that Director Wells’ current term would expire on November 6, 2018 and he recommended that, pending receipt and acceptance of Director Wells’ resignation letter, the Board defer taking action to fill the anticipated vacancy until after Director Wells’ new term of office commenced in November.

There being no further citizens’ communications or Board member announcements, Director Asbury stated that the Board would consider the proposal from McCall Gibson Swedlund Barfoot PLLC for audit services for fiscal year ending September 30, 2018, attached as **Exhibit “C”** and a statement on auditing standard no. 99 (fraud questionnaire) attached as **Exhibit “D”**. Ms. Olson introduced herself to the Board and stated that her firm’s proposed fee for this year’s audit was between \$14,000 and \$16,000, which was the same as last year’s fee range. She also reviewed the fraud questionnaire, which she stated was provided under

Statement on Auditing Standard No. 99 as part of her firm’s audit planning process to document material misstatements caused by fraud, and she advised anyone with questions or concerns about fraud to contact her. After discussion, upon motion by Director Alger and second by Director Reed-Green, the Board voted 4-0 to approve the proposal.

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 2018 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. Hunt 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. Hunt and Mr. Douthitt then reviewed the proposed budget attached as **Exhibit “E”** 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 \$30,000 had been added to the consulting fee line item for any costs that may be incurred in connection with the City of Round Rock wholesale rate increases and possible rate appeal. After further discussion, upon motion by Director Alger and second by Director Black, the Board voted 4-0 to approve the budget presented by Mr. Hunt and Mr. Douthitt and the Resolution Adopting Budget attached as **Exhibit “F”**.

Director Asbury then stated that the Board would consider establishing the District’s 2018 tax rate. Upon motion by Director Alger and second by Director Reed-Green, the Board voted to establish a tax rate of \$0.33, allocated as recommended by Mr. Hunt and Ms. Lane, and to adopt the Order Levying Taxes attached as **Exhibit “G”**, with Directors Asbury, Alger, Reed-Green, and Black 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 needed to be updated to reflect the change in the District’s tax rate. Upon motion by Director Alger and second by Director Black, the Board voted 4-0 to approve the Amended and Restated Information Form attached as **Exhibit “H”** 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 13, 2018 Board meeting and the Landscape Maintenance Agreement with Perfect Cuts of Austin, LLC, attached as **Exhibit “I”**. Mr. Hunt stated that the existing Landscape Maintenance Agreement would expire on September 30th and the agreement being presented for approval would renew the existing agreement under the same terms, noting that he was still awaiting a response from the contractor regarding the proposed renewal. After discussion, upon motion by Director Reed-Green and second by Director Black, the Board voted 4-0 to approve the minutes and the Landscape Maintenance Agreement, as presented.

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 had not received any recent updates on the construction of the noise wall, but noted that construction was still scheduled to begin in late September or early October. Director Reed-Green noted that he had observed several construction crew members walking around the area and inquired if the District would be notified before construction started. Mr. Hunt responded that TXDOT had made it clear during the pre-construction meeting that the District

would be notified prior to breaking ground. After discussion, Mr. Hunt agreed that he would look into ways for the HOA to provide notice of the status of construction to residents.

Director Asbury then stated that the Board receive an update on wholesale water and wastewater service, including the City's wholesale rate increases. Mr. Hunt 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. Mr. Hunt stated that he did not receive the security report before the packets went out, but he would email it to the board upon receipt.

Director Asbury then stated that the Board would receive a report from the District's engineer and recognized Mr. Edmonson. Mr. Edmonson directed the Board's attention to the report attached as **Exhibit "J"**. He reported that Pharis Design should have the first draft of the conceptual plans for the proposed landscaping project completed by the end of the week and he recommended that the subcommittee schedule a meeting to review the plans upon receipt, noting that Pharis Designs would like the Board's opinion on xeriscaping, or drought tolerant native plants. He then reported that Baseline Survey had completed the survey of the amenity center lot and that Mr. Hunt and the HOA had confirmed the desired alignment of the proposed fence. He then inquired if the Board would like him to obtain pricing estimates or bids, if required, for the proposed fencing project. After discussion, the Board authorized Mr. Edmonson to obtain price estimates and bids, if required, for a fence around the amenity center lot. Mr. Hunt stated that it was originally anticipated that the project would consist of approximately 700 linear feet of coated aluminum fencing and cost around \$100,000, but he had increased the budget for the proposed project because the HOA had indicated that they would like to add stone columns, which he noted cost approximately \$3,000 per column. The Board discussed the design of the proposed fence. After discussion, the Board determined that the fence and stone columns should match the design of the existing fence used around the pool and the columns used in the CMU wall and that the columns should not include Vista Oaks emblems. Mr. Hunt then reported that he was working to set up a meeting with the City of Round Rock to discuss the proposed construction of a CMU wall along the boundary lines of the mailbox kiosk lot and that he had a call set up for later in the day. He explained that there was still some debate on whether the fence should be constructed on the mailbox kiosk lot or if it should encroach into the property lines of the four adjacent homeowners. He stated that he would prefer that the wall was constructed entirely on the City's lot, but noted that the District would still need to obtain easements from the four adjacent homeowners for construction and maintenance of the fence. Mr. Edmonson suggested that the District use the same form of easement that was used for the other wall projects, which provided for a ten foot permanent easement and a five foot temporary easement. Director Black stated that he had heard that the HOA was interested in having the City convey the mailbox kiosk lot to the HOA since the lot would no longer be used for a fire station and was already being maintained by the HOA. Mr. Hunt stated that he hoped to obtain more clarification on his call with the City and he recommended that the District proceed as if the lot was owned by the City.

Director Asbury stated that the Board would receive a report from the District's bookkeeper and recognized Mr. Douthitt. 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 \$7,170.49 from the District's operating account to the 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 \$8,851.70 from the District's TexPool Tax Account to the District's TexPool operating

account, and a transfer in the amount of \$130,000 plus accrued interest from the Third Coast Bank CD to the District's TexPool Operating Account, as indicated on the first page of the updated cash activity report. He then reviewed the latest cash activity report, financial statements, tax collection report, budget comparison, and the Director and vendor payments that were being presented for approval, noting that the per diem to Director Wells would be voided due to his resignation. He pointed out that 99.75% of the District's 2017 taxes had been collected and the District had a positive budget variance of \$41,760.22. Mr. Douthitt then stated that he would present the documents required to establish a positive pay service with First Citizen's Bank at the next Board meeting. After discussion, upon motion by Director Black and second by Director Alger, the Board voted 4-0 to approve the transfers, payment of bills and invoices, as presented, with the void noted.

Director Asbury then stated that the Board would receive a report from the District's general manager and utility operator. Mr. Hunt presented the operations report attached as **Exhibit "L"**. He reported that water loss was at $\pm 1.85\%$ for the month of August. He reported that there were no issues with water quality and the utility system was generally operating well. He stated that he did not have any write-offs to present. He next reported that the District was under voluntary watering restrictions and that there were no issues with the website. He stated that he had not received the solid waste/recycling report in time to include in the packet and reported that there had been delays in pickups during the recent Labor Day holiday, but noted that he would monitor pickups to ensure there would not be a continuing issue. Mr. Hunt then reported that the only remaining compliance item required under the current MS4 permit was to install the storm water inlet markers and he reported that Crossroads Utility Services was working on it. He reported that the totalizer, which monitored the amount of flow out of the lift station, was broken and he had obtained a proposal from Fluid Meter Service for replacement of the lift station flow meter, attached as **Exhibit "M"**. He stated that the prior flow meter was protected within a vault and had lasted 5-6 years and, because the District was approximately \$27,000 ahead of budget and it would be an advantage to be able to track flow and historical data if there were any issues with capacity in the future, he recommended that the District replace the flow meter. Director Reed-Green stated that Mr. Hunt had discussed the possibility of bringing the flow meter out of the vault at the last meeting and asked if that was still an option. Mr. Hunt responded that it would be an option to bring the flow meter out of the vault but it would cost more because revised conduit would need to be run into the panel and the area was mostly concrete. Mr. Hunt stated that he could always investigate different options for installing the flow meter, noting that it might be possible to replace the protective box within the vault. He stated that Crossroads' contract with the District contained a repairs and maintenance provision that would allow Crossroads to have the flow meter replaced and invoice the actual cost of the repairs to the District. He recommended that the Board authorize Crossroads to have the repairs completed. After discussion, upon motion by Director Reed-Green and second by Director Black, the Board voted 4-0 to authorize Crossroads to have the flow meter replaced. Mr. Hunt then stated that the HOA had not yet approved the trail light easement, noting that he anticipated the easement would be approved at the September HOA meeting and that he would bring a proposal for the lights after the easement was approved. Director Reed-Green asked if Mr. Hunt had any updates on the LCRA 138kV transmission line. Mr. Hunt responded that there had not been any updates since June of 2017 so he suspected that the LCRA was working on obtaining all of the individual easements required for the project.

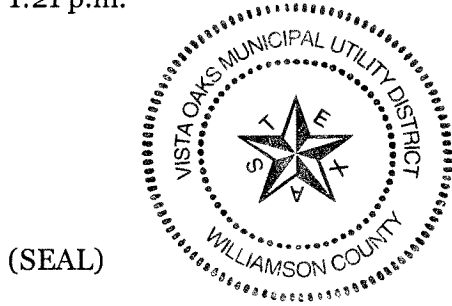
Director Asbury then recognized Ms. Scholl for purposes of receiving a report from the District's attorney. Ms. Scholl stated that, unless the Board had any questions for her, she did not have anything specific to report on at this time.

Director Asbury stated that the Board would consider the election items on the Board's Supplemental Agenda. Ms. Scholl reported that the District's 2018 director election was

uncontested and that the election could, therefore, be cancelled. After discussion, upon motion by Director Black and second by Director Reed-Green, the Board voted 4-0 to approve the Order Declaring Election of Unopposed Candidates and Canceling November 6, 2018 Director Election attached as **Exhibit "N"** and the Certification of Unopposed Status of Candidates for the November 6, 2018 Director Election attached as **Exhibit "O"**.

At 12:53 p.m., Director Asbury stated that the Board would convene in executive session in order to receive legal advice as permitted by Section 551.071 of the Texas Government Code. At 1:21 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 1:21 p.m.



Heath Reed-Green, Assistant Secretary
Board of Directors

Date: October 8, 2018