

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

September 11, 2017

THE STATE OF TEXAS           §  
  §  
COUNTY OF WILLIAMSON       §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on September 11, 2017, 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, except for Director Leslie Alger who arrived later, thus constituting a quorum. Also present at times during the meeting were Andrew Hunt of Crossroads Utility Services LLC, the District’s general manager and utility operator; Nancy Olson of McCall Gibson Swedlund Barfoot PLLC, the District’s auditor; Herb Edmonson of Gray Engineering, Inc., the District’s engineer; Alexia Kolmodin of Municipal Accounts & Consulting, L.P., 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 the budget and tax items on the agenda and stated that the Board would first conduct a public hearing on the District’s 2017 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 meeting. Director Alger arrived at this time. Mr. Hunt reminded the Board that the District had published a proposed tax rate of \$0.5200. He noted that the Board could adopt a lower tax rate but could not go higher. Mr. Hunt stated that the budget subcommittee had met and was recommending a tax rate of \$0.52, comprised of a \$0.19 operations and maintenance tax and a \$0.33 debt service tax.

Mr. Hunt and Ms. Kolmodin then reviewed the proposed budget attached as **Exhibit “B”** which Ms. Kolmodin explained was based on the \$0.19 operations and maintenance tax rate. Ms. Kolmodin noted that the budget for lift station improvements had been reduced to \$17,000. Mr. Hunt elaborated on the operations and maintenance items included in the proposed budget and noted that the budget did not include any special projects. After further discussion, upon motion by Director Wells and second by Director Black, the Board voted unanimously to approve the budget presented by Mr. Hunt and Ms. Kolmodin and the Resolution Adopting Budget attached as **Exhibit “C”**.

Director Asbury then stated that the Board would consider establishing the District's 2017 tax rate. Upon motion by Director Alger and second by Director Wells, the Board voted unanimously to establish a tax rate of \$0.52, allocated as recommended by Mr. Hunt and Ms. Lane, and to adopt the Order Levying Taxes attached as **Exhibit "D"**, with Directors Asbury, Wells, 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 Wells, the Board voted unanimously to approve the Amended and Restated Information Form attached as **Exhibit "E"** and its filing.

Director Asbury stated that the Board would next consider the consent items on the Board's meeting agenda. He stated that the first consent item on the Board's meeting agenda was the minutes of the August 14, 2017 Board meeting. Upon motion by Director Wells and second by Director Reed-Green, the Board voted unanimously to approve the minutes. Director Asbury then stated that the Board would consider a proposal from McCall Gibson Swedlund Barfoot PLLC for the audit of the District's financial statements for the fiscal year ending September 30, 2017 attached as **Exhibit "F"** and a Statement on auditing standard no. 99 (fraud questionnaire) attached as **Exhibit "G"**. 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 unanimously to approve the proposal. Director Asbury then stated that the Board would consider subcommittee assignments. Ms. Scholl stated that Mr. Hunt recommended that the Board consider its subcommittee appointments and directed the Board's attention to the subcommittee list attached as **Exhibit "H"**. Mr. Hunt recommended that the Board create a Planning Subcommittee to discuss future special projects and potential annexation issues and recommended that the Planning Subcommittee hold a special meeting later in the year to discuss the District's funds, projects, and future plans. Director Wells noted that the Budget Subcommittee had discussed the need to create a list of projects or other items that the Board would like to complete or accomplish in the future. After discussion, upon motion by Director Alger and second by Director Black, the Board voted unanimously to create a Planning Subcommittee and to appoint Directors Wells and Black to the Planning Subcommittee.

Director Asbury then stated that the Board would next consider the Operations Services Agreement with Crossroads Utility Services. Mr. Hunt stated that the primary term of the agreement would expire on September 30, 2017. He explained that he would like to propose a new two-year term and revisions his compensation under the current agreement. He then presented the memorandum attached as **Exhibit "I"** and the Amended and Restated Operations Services Agreement attached as **Exhibit "J"**. After discussion, upon motion by Director Reed-Green and second by Director Wells, the Board voted unanimously to approve the Amended and Restated Operations Services Agreement.

Director Asbury then stated that the Board would consider landscape maintenance services. Mr. Hunt directed the Board's attention to the Landscape Maintenance Agreement with Sunscape Landscaping, LLC ("*Sunscape*") attached as **Exhibit "K"** and stated that the District had hired the same landscape maintenance contractor as the homeowner's association (the "*HOA*") in the past because it was cheaper to have the same contractor maintain the District's service areas at the same time as the HOA's service areas. He then reported that the

HOA decided to switch landscape maintenance contractors and had hired Perfect Cuts of Austin, LLC ("Perfect Cuts"). He stated that Sunscape was initially hired because the cost of service was extremely low compared to other contractors at the time, but noted that he has experienced issues with the quality of service provided by Sunscape. Mr. Hunt stated that, since Perfect Cuts has been hired by the HOA, he has been very pleased with the Perfect Cuts' quality of service. He then presented the proposed Landscape Maintenance Agreement with Perfect Cuts attached as **Exhibit "L"**, noting that, while the fee was higher than the fee charged by Sunscape, he felt that Perfect Cuts provided a superior quality of service and the fee was reasonable considering the service area. After discussion, upon motion by Director Wells and second by Director Black, the Board voted unanimously to authorize Ms. Scholl to send notice of termination to Sunscape and to approve the Landscape Maintenance Agreement with Perfect Cuts.

Director Asbury then stated that the Board would receive an update on the Arterial H Phase 1 road construction. Mr. Hunt stated that he had not yet received an update, but stated that he had noticed a great deal of cut work for the road and grading.

Director Asbury then stated that the Board would receive an update on the RM 1431 roadway widening project, the Texas Department of Transportation ("TXDOT") noise attenuation study, and related matters. Mr. Hunt stated that he did not have anything new to report and that he was still waiting on TXDOT to finalize the design of the sound wall. He stated that he would schedule a follow-up meeting with John Peters and Gerrald Dunnivan once the design was finalized. He stated that TXDOT was required to construct a wall with the required sound attenuation qualities for at least 50% of the homes adjacent to RM 1431, and noted that there was a possibility that the wall constructed for half of the homes would provide sound attenuation qualities while the wall constructed for the other half of the homes would not meet sound attenuation requirements. He stated that he would notify the subcommittee when the design was finalized.

Director Asbury then stated that the Board would receive an update on the Round Rock-Leander 138-kV transmission line. Mr. Hunt stated that he did not have anything to report.

Director Asbury then stated that the Board would consider taking action regarding wholesale water and wastewater service, including review and analysis of the City's revised wholesale rate increases. Mr. Hunt reviewed the correspondence and related materials attached collectively as **Exhibit "M"**. He explained that the City did not propose an increase in the wholesale water and wastewater rates for the 2018 fiscal year, but noted that the City proposed a 3.4% increase for the 2019 fiscal year and a 2.1% increase for the 2020 fiscal year. He recommended that the District participate in a joint review of the City's proposed new rates by Jay Joyce of Expergy, noting that the District's share of that review would be \$3,500, which was an increase from \$3,000 for the prior proposal. After discussion, upon motion by Director Wells and second by Director Reed-Green, the Board voted unanimously to participate in a joint review of the City's proposed wholesale water and wastewater rate increases and to approve the engagement letter with Jay Joyce of Expergy attached as **Exhibit "N"**.

Director Asbury then stated that the Board would receive the security report and consider taking related action. Mr. Hunt directed the Board's attention to the security report attached as **Exhibit "O"** and stated that he was not aware of any significant issues. Ms. Scholl then stated that there was a new Sheriff in Williamson County and the Sheriff's Office had requested that the District re-execute the existing agreement for patrol services in order to have the new Sheriff execute the agreement. She then presented the Standard Agreement with Local Governmental Entity Regarding Off-Duty Contracting of County Sheriff Deputies attached as **Exhibit "P"** and noted that the agreement would provide for the new Sheriff's signature and

revise the term to expire on September 30, 2020. After discussion, upon motion by Director Black and second by Director Alger, the Board voted unanimously to approve the agreement.

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 "Q"**. He reported that the contractor continued to work on the drainage facilities for the Gardens at Mayfield pond.

Director Asbury then stated that the Board would receive a report from the District's bookkeeper and recognized Ms. Kolmodin. Ms. Kolmodin presented the bookkeeper's report attached as **Exhibit "R"** and reviewed the bills and invoices and account activity for the District's operating, manager's, and lock box accounts; the account balances; the pledged securities reports; the budget comparison; the debt service payment schedule; the balance sheet; the tax collection report; the recycling rebate report; and the monthly transfers. She recommended approval of the bills and invoices and the transfers. After discussion, upon motion by Director Wells and second by Director Black, the Board voted unanimously to approve the bills, invoices, and transfers, as presented.

Director Asbury then stated that the Board would receive a report from the District's general manager and utility operator. Mr. Hunt first presented the operations report attached as **Exhibit "S"**. He reviewed his directives from the prior Board meeting. He reported that water loss was around 2% for the year and that there were no issues with water quality. He reported that the utility system was generally operating well noting that he had replaced a battery in the autodialer and recalculated the flow meter for the lift station. Director Alger stated that a resident had informed her that the resident had to pay to remove roots that were not addressed in the five-year televising project. Mr. Hunt stated that he was not aware of this issue and requested that Director Alger have the resident contact him in order to be reimbursed for removal of the roots. He then reported that Round Rock was under voluntary restrictions, there had been no solid waste/recycling collection complaints, and there were no issues with the website. He stated that the billing report was healthy and that he did not have any write-offs, but noted that there may be a number of late fees for the District's July billing cycle due to delays caused by Hurricane Harvey. He explained that the utility bills were normally processed in Houston and because the July bills were due on August 28<sup>th</sup>, which was the weekend of Hurricane Harvey, the bills were being re-routed to a mailbox in Dallas and then mailed back to Houston for processing several days later. He stated that this process was delayed the billing process by several days and he recommended that the Board waive any late fees for the July bills that were attributable to delays caused by Hurricane Harvey. After discussion, upon motion by Director Alger and second by Director Wells, the Board voted unanimously to approve the waiver of late fees on the July bills that were attributable to Hurricane Harvey. Mr. Hunt then presented the proposal attached as **Exhibit "T"** from Sun Tech Electric Inc. for the installation of two street lights on Vista Isle Drive. He stated that one street light would be near the mail kiosk closer to Kingsburg Drive and the other street light would be on the opposite side of Vista Isle Drive further down from the Kingsburg Drive street light. He stated that the District would own and be responsible for maintenance of the light poles and the PEC would own and be responsible for maintenance of the light fixtures. He stated that the PEC would bill the District a flat fee for the light fixtures and that, with the addition of the two new street lights, the District would have a total of 23 street lights. Director Black stated that the electric wires in one of the street lights on Honey Bear Loop was exposed because a cover was missing. Mr. Hunt responded that he would report the exposed wiring to one of his employees or have Suntech replace the cover. Director Wells asked what the estimated completion time was for installation of the new street lights. Mr. Hunt stated that he would need to verify how long it would take, noting that material prices and lead times may have increased due to Hurricane Harvey. After discussion, upon motion by Director Wells and second by Director Black, the Board voted

unanimously to approve the proposal.

Director Wells then recognized Ms. Scholl for purposes of receiving a report from the District's attorney. Ms. Scholl reported that her firm recently discovered that there was a possibility that the District could be incorrectly classified on the District's EIN application with the IRS as an "other non-profit/tax exempt entity," rather than a "state/local governmental entity." She explained that, if the District was incorrectly classified, it would merely be a misclassification error and it would not affect the District's legal classification as a governmental entity. She stated that Kevin Leiske, a tax attorney in her firm, was working to investigate the matter and would ensure that the District was classified correctly in the IRS's records.

Director Wells next announced that the Board would consider its future meeting schedule and agenda items.

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



Heath Reed-Green, Assistant Secretary  
Board of Directors

Date: October 9, 2017