

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

November 11, 2019

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on November 11, 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
Jacob Matto	-	Secretary
Leslie Alger	-	Assistant Secretary
Steve Garcia	-	Assistant Secretary

and all of the Directors were present, except Director Asbury, 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 and Richard Grayum of Gray Engineering, Inc., the District’s engineer; Allen Douthitt of Bott & Douthitt, PLLC, the District’s bookkeeper; Denise Gordon, a resident of the District; and Jenn Scholl of Armbrust & Brown, PLLC, the District’s general counsel.

Director Reed-Green called the meeting to order at 12:02 p.m. and stated that the Board would first receive citizens’ communications and Board member announcements. Ms. Gordon stated that Terron Everston with Williamson County (the “*County*”) could investigate the damage that had been caused to the crepe myrtle in the County’s right-of-way. Ms. Scholl advised Ms. Gordon that the District had a license agreement over the portion of the County’s right-of-way where the crepe myrtle was located and the tree actually belonged to the District and not the County, noting that the Board would discuss this item later in the meeting during the attorney’s report. Ms. Scholl then stated that she had received a petition from residents related to the location of Board meetings, attached as **Exhibit “B”** (the “*Petition*”), and she reviewed it with the Board. She stated that Board meetings could be held within the District at the homeowner association’s amenity center, but added that meetings had been held at the offices of Gray Engineering, Inc. in order to save the District money because it was more central to the Board members and the District’s consultants who charged hourly rates and mileage. Director Alger asked if the petitioners had expressed why they wanted to have meetings held within the District or if any other residents had expressed concerns about the location of meetings. She stated that she wanted the petitioners to be aware that meetings had been held at Gray Engineering in order to save money and that this in no way meant to exclude residents. Ms. Scholl noted that the Petition stated that the petitioners felt that the current location placed an undue burden on residents to attend meetings. Director Reed-Green asked if Mr. Douthitt knew how much more it would cost to hold meetings in the District compared to holding meetings at Gray Engineering, Inc. Mr. Douthitt stated that he would need to look into this. He

pointed out that the cost of each meeting would vary greatly depending on the items to be considered, the consultants in attendance, and the length of each meeting. He noted that his firm had recently prepared a similar cost comparison for another district and had determined that meeting costs would increase anywhere from \$2,500 to \$4,000 per meeting if meetings were held in the district as opposed to a more central location. Ms. Scholl noted that additional travel time would be required for evening meetings in order to accommodate rush-hour traffic. Ms. Scholl and Mr. Douthitt recommended that the Board consider holding several meetings, such as the budget and tax-related meetings, in the District and hold other meetings at Gray Engineering, Inc. Ms. Scholl stated that her firm represented over seventy water districts and even the largest and most active districts had little resident participation. She stated that she felt that the things residents usually cared about the most were restrictive covenant enforcement, parks, and pools, which were managed by the HOA and not the District. She stated that, because there was not a lot of activity within the District, the Board would probably not need to meet every month and could meet on a less frequent basis once the capital reserve budget had been completed. **Mr. Douthitt stated that he would request an increase in the amount on deposit for the District's bank accounts at the next meeting in case the Board decided to meet on a less frequent basis.** Mr. Edmonson then stated that the Board would need to confirm if there would be a fee to use the amenity center and determine availability. **After discussion, the Board (i) directed Mr. Douthitt to prepare a cost comparison for the next meeting; and (ii) directed Ms. Scholl to notify the petitioners that the Board would consider the Petition at its next meeting and let the petitioners know that they can contact Directors Asbury or Alger with any questions or to find out the reasoning behind the Board's current meeting location.**

There being no further citizens' communications or Board member announcements, Director Reed-Green stated that the Board would next consider the minutes of the October 14, 2019 Board meeting. After discussion, upon motion by Director Alger and second by Director Matto, the Board voted 4-0 to approve the minutes, as presented.

Director Reed-Green 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 Reed-Green stated that the Board would receive the security report and consider taking related action. Ms. Torres stated that there was nothing to report for the month of October. She stated that Sgt. Breeder had asked if the Board wanted to request additional hours during the holiday season, noting that it was normal for districts to request an additional 40-50% during this time. Mr. Douthitt stated that the Board had added an additional 20 hours during this time in the prior year and noted that \$60,000 had been budgeted for security patrols for the year and only \$46,000 had been spent so far. Director Alger requested that the County provide a proposed schedule of when the additional hours would be added so that the Board could approve the hours. After discussion, upon motion by Director Alger and second by Director Matto, the Board voted 4-0 to authorize Director Asbury and Director Reed-Green to approve an increase of up to 50% of the normal budgeted hours during the months of November and December and to approve a schedule for the additional hours.

Director Reed-Green 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 “C”**, and reviewed it with the Board. He reported that Native Land Design, LLC has completed the Vista Oaks Beautification Project – 2018 but all of the required documents had not been submitted in time for the meeting, so he would present everything for approval next month. He then reported that his office had completed the system inventory for the capital improvement projects list and reserve budget projection, which he noted was referred to as Task No. 1 in his firm’s proposal, noting that the cost of the work had been completed below the not to exceed amount listed in the proposal. He presented the updated water and wastewater utility service map attached as **Exhibit “D”** and reviewed it with the Board. He stated that he had added section numbers and dates for when all District facilities were completed. He then reviewed the location of the street lights, walls, and stormwater infrastructure. Director Reed-Green requested that boundary lines for each section be added to the map, that numbers for each phase of the wall project be added, and that Mr. Edmonson email him a copy of the updated map for his review. Ms. Scholl requested a copy of the map for the District’s records. **Mr. Edmonson stated that he would add section boundaries and wall project phase numbers to the map and that he would forward copies of the revised map to Director Reed-Green and Ms. Scholl.**

Director Reed-Green 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 “E”**, and reviewed them with the Board. He requested approval of a transfer in the amount of \$6,700.84 from the District’s operating account to replenish the District’s bookkeeper’s account, and a transfer in the amount of \$75,000.00 from the District’s TexPool operating account to the District’s 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 the per diem for Director Asbury would need to be voided due to his absence and that the check no. 11690 to Native Land Design would need to be pulled until all project documents for the Beautification Project were approved at the next Board meeting. He pointed out that the District had a positive budget variance of \$294,381.26 and about 99.75% of the District’s 2018 taxes had been collected. He then stated that he had updated signature cards for the Directors to execute. Upon motion by Director Alger and second by Director Matto, the Board voted 4-0 to approve the transfers and payment of the bills and invoices, as presented, with the void noted.

Director Reed-Green 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 “F”** and reviewed her directives from the prior Board meeting. She reported that she was not able to obtain a proposal to repair the barbed wire fence at the lift station so Crossroads’ contractor had completed the repairs under the budgeted amount, noting that the landscaping would be completed once it was warmer outside. Ms. Torres then reported that water loss was at $\pm 8.55\%$ for the month of October. 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, there had been no solid waste complaints, and she had three write-offs to present. After discussion, upon motion by Director Garcia and second by Director Matto, the Board voted 4-0 to approve the write-offs, as presented. She then reported that the Royal Vista and Vista Isle lighting project had been completed and that she had contacted the Pedernales Electric Cooperative to install the lights. Ms. Torres then stated that she had sent a copy of the proposed Amendment to Solid Waste Collection and Disposal Services Agreement attached as **Exhibit “G”** to the subcommittee and the contractor for review and approval. She reported that the City of Round Rock had notified her that the master meter at the end of Vista Hills was showing that

the District had a credit and that the meter would be calibrated to confirm if the District was being billed the correct amount. Ms. Torres then stated that the website subcommittee was working on obtaining proposals to redesign the District's website. Director Garcia stated that he had obtained one proposal but he requested more time to obtain additional proposals because he felt that the proposal was overpriced. He then asked if it would be possible for him to redesign the District's website for no charge even though he was on the Board. Ms. Scholl stated that this was possible so long as he did not charge a fee. After discussion, the Board requested that the subcommittee continue to look into additional options for the website.

Director Reed-Green then stated that the Board would receive the attorney's report and recognized Ms. Scholl. Ms. Scholl reviewed the consultant directives report and noted that all prior directives were either complete or in process. She next noted that she had included a confidential memorandum in the Directors' meeting packets regarding new requirements for District records created, received, and maintained on private devices, and she invited any Directors with questions to contact her. Ms. Scholl then stated that a second portion of one of the commercial tracts that was subject to the Agreement for Pass Through Wastewater Service [Gardens at Mayfield Ranch](Palmer Tract) (the "Pass-Through Agreement") would be sold to a new owner and, in connection with that sale, the parties would again 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 they had requested that the District consent to the partial assignment. She stated that the \$3,000 escrow deposit that was required in connection with the first request would cover the District's costs in assessing this second request and she recommended that the Board approve the Assignment of Development Rights and Obligations and Consent between Palmer Investments, LP, S3DSQUARE Group LLC, and the District (the "Assignment"), attached as **Exhibit "H"**. After discussion, upon motion by Director Matto and second by Director Garcia, the Board voted 4-0 to approve the Assignment. Ms. Scholl then stated that the letter, attached as **Exhibit "I"**, had been sent to the resident that had caused damage to the District's tree located behind his home. She stated that the District was also entitled to adopt rules and regulations to regulate privileges on any land or easement controlled by the District and could assess penalties for violations of any adopted rules. She recommended that the Board consider adopting rules to cover any future damage that may be caused to the District's landscaping improvements or fence project. The Board discussed whether any signs had been posted stating that it was illegal to damage District property. Mr. Edmonson explained that most of the land was owned by the HOA and the District facilities were only located in easements or licensed areas, so it would be up to the HOA to decide if signs should be posted. **Director Reed-Green then directed Ms. Scholl to provide a copy of the proposed rules to Director Asbury so that Director Asbury could review the rules prior to the December Board meeting.**

At 1:19 p.m., Director Reed-Green 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 1:26 p.m., the Board reconvened in open session and Director Reed-Green 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 1:26 p.m.

[Signature Page Follows.]

Date: 12/9/19

(SEAL)





Jacob Matto, Secretary
Board of Directors