

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

February 10, 2020

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Vista Oaks Municipal Utility District was held on February 10, 2020, at SouthStar Bank, 3025 Ranch Road 1431, Round Rock, Texas 78681. 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, 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 Olsen of McCall Gibson Swedlund Barfoot PLLC; Denise Gordon and Glenda Rutten, residents of the District; Sgt. Glenn Breeder of the Williamson County Sheriff’s Office; 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. Ms. Rutten introduced herself to the Board and stated that she was the president of the Vista Oaks Owner’s Association, Inc. (the “HOA”) and that she had several questions for the Board before the annual HOA meeting. She asked if the Board had an estimate on when the reserve budget projection would be completed. Mr. Edmonson stated that the system inventory map had been recently completed and would be discussed later in the meeting. Director Asbury pointed out that the purpose of the study was to prepare the system inventory and have a better idea of the funds that may be necessary in the future for repairs and maintenance of the facilities. Ms. Rutten then asked when the District’s bonds would be paid off and how much the tax rate would be reduced. Director Asbury and Mr. Douthitt confirmed that the District’s bonds would be paid off in September of 2021. Mr. Douthitt stated that \$0.15 of the District’s overall \$0.35 tax rate was allocated to paying off the District’s bonds, so when the bonds were paid off in September of 2021, the tax rate would be reduced, however, he could not provide an exact number for how much the tax rate would be reduced. He stated that he anticipated that the tax rate could theoretically end up somewhere around \$0.18 when the bonds were paid off, but noted that a lot would depend on the appraised values. Ms. Rutten then requested that the Board consider attending HOA meetings from time-to-time. Director Asbury stated that the Board had discussed this in the past and was open to the possibility of having each Board member attend one initial HOA meeting, at which point he recommended that the Board re-evaluate interest. He pointed out that the District’s operations were slowing down and that the Board would be

meeting less frequently, so there was less to report on. After discussion, the Board agreed to have each Board member attend one initial HOA meeting. Ms. Rutten then asked if Board meetings could be held in the HOA's amenity center and noted that she felt that it was difficult to find notice of meetings. Director Asbury stated that the Board felt that there were size limitations at the amenity center, so the current meeting location was selected due to its size, its close proximity to the District, and the fact that it was free to the District. He stated that the amenity center was still a designated meeting location where Board meetings could be held and the Board could always hold other future meetings there from time-to-time. He then pointed out that the Board was in the process of obtaining proposals to redesign the District's website and noted that meeting agendas were always posted on the website in addition to other locations.

There being no further citizens' communications or Board member announcements, Director Asbury stated that the Board would next consider the minutes of the January 13, 2020 Board meeting. After discussion, upon motion by Director Reed-Green and second by Director Garcia, the Board voted unanimously to approve the minutes, as presented.

Director Asbury stated that the Board would receive a report regarding the audit of the District's financial statements for the fiscal year ended September 30, 2019. Ms. Olson presented the audit report attached as **Exhibit "B"** and called the Board's attention to the auditor's opinion included in the report. She explained that her firm's opinion was an unqualified opinion, which was the highest quality of opinion that could be issued by an auditor. Ms. Olson then reminded the Board that the Management's Discussion and Analysis contained in the report had been prepared by Bott & Douthitt, PLLC, and was an overview of the financial statements. She reviewed the financial statements and notes to the financial statements and pointed out the highlights to the audit report. Ms. Olson explained that the notes to the financial statements provided additional detail. She then reviewed the Texas supplementary schedules, and called the Board's attention to the budget comparison. Ms. Olsen stated that the District had an ending net position of \$9,274,311 for the fiscal year and had finished ahead of budget by about \$292,781 for the fiscal year. Ms. Olson then presented the Board representation letter attached as **Exhibit "C"** and explained that this letter confirmed that the District had provided all information required to conduct the audit. She pointed out that the Board representation letter incorporated certain "knowledge" and "reliance" qualifiers that took into account the fact that the Board was relying on the advice of the District's bookkeeper and operator in making the representations set forth in the letter. Upon motion by Director Alger and second by Director Reed-Green, the Board voted unanimously to approve the representation letter, the audit report, and the filing of the audit report with the Texas Commission on Environmental Quality (the "TCEQ") and the Texas Comptroller.

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. Sgt. Breeder introduced himself to the Board. He reported that no packages had been stolen during the month of December and he requested that the Board increase hours again next November and December, add about ten additional hours in November to allow for patrols after cyber Monday, and notify him in advance so that the additional hours can be scheduled. Sgt. Breeder then pointed out that he and the other officers

could only enforce criminal and state laws going forward and could no longer enforce “house rules,” such as HOA’s rules. He then stated that there would be an increased number of people around the District during the time that the new commercial development was under construction, and he recommended that the Board consider adding anywhere from nine to 15 additional hours each month during that time that construction was underway for an officer to patrol between 10:00 p.m. and 5:00 a.m. He then announced that he was eligible for retirement and might retire in the next few months and wanted everyone to know that he had very much enjoyed his time working within the District.

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 “D”**, and reviewed it with the Board. He reported that the District’s system inventory map had been completed and he had brought updated foam maps to the meeting. Ms. Scholl stated that she would forward electronic copies of the updated map to all of the Board members after the meeting. Ms. Rutten asked if a copy of the map could be sent to the HOA when finalized. **Director Asbury stated that the map would be posted on the District’s website and that a link to the map could be sent to the HOA once it was posted.**

Director Asbury next recognized Mr. Douthitt for purposes of receiving the bookkeeper’s report. Mr. Douthitt first recommended that the Board increase the amount on deposit in the bookkeeper’s account in case the Board decided not to meeting during a month in the future. He then 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 \$175,000 from the District’s operating account to replenish the District’s bookkeeper’s account, a transfer in the amount of \$225,000 from the District’s TexPool Operating account to the District’s First Citizen’s Operating account, and a transfer in the amount of \$363,601.17 from the District’s TexPool Tax Account account to the District’s TexPool Operating account, and a transfer in the amount of \$300,000 from the District’s TexPool Tax Account to the District’s TexPool Debt Service, as indicated on the first page of his report. He stated the budget for water sales and purchases was off for the prior two months due to incorrect meter reads and he was working with Crossroads to resolve this matter with the City. He stated that he would have until the end of the week to make payment before a late penalty would be incurred and he recommended that the District authorize him to make the full payment in case he and Ms. Torres were unable to resolve the issue before the deadline in order to avoid a late penalty, noting that an adjustment would be made if the issue was resolved after payment had been made. He then requested approval of the bond payments for the District’s Series 2010 and 2012 bond issuances, 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. He pointed out that the District had a negative budget variance of \$21,556.95 and about 95.1% of the District’s 2019 taxes had been collected. Upon motion by Director Reed-Green and second by Director Alger, the Board voted unanimously to approve the transfers, bond payments, payment of the bills and invoices, as presented, and the revised Secretary’s Certificate and Resolutions Regarding Bookkeeper’s Account, attached as **Exhibit “F”**.

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 “G”** and reviewed her directives from the prior Board meeting. Ms. Torres then reported that water loss was at $\pm 1.63\%$ for the month of January. 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, she did not have any write-offs to present, and there had been no solid waste/recycling collection complaints. She reported that the clearing work around lift station fence had been scheduled for March and the repair of the perimeter fence at Vista Isle Drive and Royal Vista Drive had been completed, noting that they were able to use existing materials but couldn't tell why the fence panel had fallen. She reported that the Royal Vista and Vista Isle lighting project was complete and all lights had been turned on. Ms. Torres noted that there had been reports that the actual median at Vista Isle was very dark so she would be investing possible solutions. Sgt. Breeder stated that this was near where the commercial development would be located and he recommended that the Board consider waiting until the commercial development was constructed to re-evaluate the lights in the area. The Board felt that this was a good idea and Ms. Torres stated that she would continue to monitor the lights. Ms. Torres then presented the proposal, attached as **Exhibit "H"** for fire hydrant maintenance and testing in the amount of \$60 per hydrant from Capital Fire Hydrant and recommended approval. Director Matto then presented the updated proposal from Hot Dog Marketing, LLC, attached as **Exhibit "I"**, for the redesign of the District's website and stated that the subcommittee recommended that the Board approve the proposal. Ms. Scholl then indicated that Crossroads Utility Services was in the process of transitioning to new software for processing utility bill payments, which required new agreements and applications from the District. She advised the Board that some of her firm's client districts were already migrating to the new system and that she was not aware of any issues. After further discussion, upon motion by Director Reed-Green and second by Director Garcia, the Board voted unanimously to (i) approve the proposal from Capital Fire Hydrant; (ii) approve the proposal from Hot Dog Marketing, LLC; (iii) **authorize Ms. Scholl and Director Garcia to take whatever action is necessary to terminate the existing website maintenance services agreement and arrange for the transition over to the newly designed website**; (iv) approve the Merchant Processing Application and Merchant Services Program Terms and Conditions with Bluefin Payment Systems, LLC, the Addendum to Card Services Agreement with Bluefin Payment Systems LLC and Wells Fargo Bank, N.A., the Service Agreement with T-Tech, LLC, and the Addendum to Service Agreement with T-Tech, LLC attached collectively as **Exhibit "J"**; and (v) terminate the agreements currently in place with Pace Payment Systems, Inc., Global Payments Director, Inc., Wells Fargo Bank, N.A., AVR, Inc., and T-Tech, Inc. for the same services upon completion of the transition.

Director Asbury 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. Ms. Scholl then recommended that the Board consider the date and location of its next Board meeting. After discussion, the Board decided to hold its March 9, 2020 Board meeting at South Star Bank at 12:00 noon. Director Asbury then asked Ms. Rutten when the HOA meetings would be held. Ms. Rutten stated that the HOA meetings were held on the last Tuesday of every month at 6:30 p.m., the update from the District would occur at the beginning of the meeting, and the District Board members could be out of the meeting in 15 minutes or less.

At 1:21 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 1:37 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 1:37 p.m.

[Signature Page Follows.]

Date: March 9, 2020

(SEAL)





Jacob Matto, Secretary
Board of Directors