

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

January 10, 2022

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A regular meeting of the Board of Directors of Vista Oaks Municipal Utility District (the "District"), was held on January 10, 2022 at Gray Engineering, Inc., 8834 N. Capital of Texas Highway, Suite 140, Austin, Texas 78759. 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, to-wit:

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 and Director Alger, thus constituting a quorum. Also present at the meeting, either in person or via telephone, were Lisa Torres of Crossroads Utility Services LLC ("Crossroads"), the District's general manager and utility operator; David Gray and Herb Edmonson of Gray Engineering, Inc., the District's engineer; Allen Douthitt of Bott & Douthitt, PLLC ("B&D"), the District's bookkeeper; Nancy Olson of McCall Gibson Swedlund Barfoot PLLC ("MGSB"), the District's auditor; John Carlton of The Carlton Law Firm, P.L.L.C.; Glenda Rutten and Suman Casey of the Vista Oaks Homeowners' Association, Inc. (the "HOA"); and Jenn Scholl of Armbrust & Brown, PLLC, the District's general counsel.

Director Reed-Green called the meeting to order at 12:00 p.m. and stated that the Board would first receive citizens' communications and Board member announcements, including questions from residents regarding future District tax rates and status of landscaping along the Vista Isle right of way. Ms. Rutten and Ms. Casey introduced themselves to the Board. Ms. Rutten inquired about the status of the repairs to the wrought iron fence around the HOA's amenity center. Director Reed-Green stated that the contractor was expected to begin the repairs within the next month and that he would update everyone once he knew more. Ms. Rutten then stated that Sgt. Breeder would be retiring soon and wanted to know if the Board knew who would be replacing him as the District's security patrol officer. Director Reed-Green stated that Sgt. Breeder's replacement was not known at this time but he would pass the name along to the HOA once a replacement was assigned. Ms. Rutten then asked if it was possible for the District to get rid of the bulletin board where meeting agendas were posted and to post agendas somewhere that more residents would see the posting. Ms. Scholl stated that the Board was required under state law to post a hard copy of the agenda at the bulletin board and that all agendas were also being posted on the District's website, which she noted was managed by Director Garcia. Director Garcia stated that a link to the District's website was included on the HOA's website but that he would try to make it more obvious and look into including links to the District's website and the HOA's website at the top of the HOA's Facebook page. Ms. Rutten then stated that she knew that the District's bonds had been paid off in 2020 and wanted to

know what the projected future tax rate would be now that the bonds had been paid off. Mr. Gray stated that the tax rate for each year is not set until September of that year due to the fact that the rate would depend on the assessed valuations from the appraisal district, which he noted are not usually provided until July or August of each year. Mr. Douthitt stated that the District's tax rate was currently \$0.2907 and pointed out that this was one of the lowest tax rates of any of his district clients. He also pointed out that, even though the District had paid off its bonds and was only levying a tax to pay for operations and maintenance costs, the District's facilities were aging, so the Board had decided to set aside a reserve fund in order to cover possible future replacement costs for the facilities rather than to raise tax rates in the future if major repairs or replacements were required.

There being no further citizens' communications or Board member announcements, Director Reed-Green stated that the Board would next consider approving the minutes of the September 13, 2021 Board meeting. After discussion, upon motion by Director Matto and second by Director Garcia, the Board voted 3-0 to approve the minutes, as presented.

Ms. Scholl then stated that the Board would discuss and consider the audit of the District's financial statements for the fiscal year ended September 30, 2021. Ms. Olson presented her firm's audit report attached as **Exhibit "B"** and reviewed it with the Board. She explained that her firm's opinion was an unmodified opinion, which was the highest quality of opinion that could be issued by an auditor, and indicated that the financial statements were fairly presented in all material respects. She noted that B&D had prepared the financial statements, and she called the Board's attention to the Management's Discussion and Analysis contained in the report, which she noted had also been prepared by B&D and was an overview of the financial statements. Ms. Olson reviewed the financial statements and notes to the financial statements and pointed out the highlights to the Board. She explained that the notes to the financial statements provided additional information. She also reviewed the Texas supplementary schedules, which she noted included additional information on the District's investments and taxes as well as a historical comparison of general fund revenues and expenditures. 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 and 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 in making the representations set forth in the letter. Upon motion by Director Garcia and second by Director Matto, the Board voted 3-0 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.

Ms. Scholl then stated that the Board would consider the annual review items on the agenda. She stated that it was time for the Board to conduct its annual review of the District's water conservation and drought contingency plan. She reviewed the District's current plan with the Board and recommended that the District's utility system profile be updated. After discussion, upon motion by Director Matto and second by Director Garcia, the Board voted 3-0 to approve the Resolution Confirming Annual Review of Water Conservation and Drought Contingency Plan and Updating Water and Wastewater Utility System Profile attached as **Exhibit "D"**.

Ms. Scholl next stated that it was time to conduct an annual review of the District's written procedures for post bond issuance federal tax compliance. She reviewed the written procedures with the Board and noted that no changes were recommended at this time. Upon motion by Director Matto and second by Director Garcia, the Board voted 3-0 to approve the

Resolution Confirming Annual Review of Written Procedures for Post Bond Issuance Federal Tax Compliance attached as **Exhibit “E”**.

Ms. Scholl stated that the Board would need to conduct an annual review of the District’s identity theft prevention program, which she noted was modeled after the federal government’s “red flag rules”. Ms. Torres provided the Board with a verbal report regarding administration of and compliance with the District’s identity theft prevention program. She confirmed that there had not been any instances of identity theft in the past year. She stated that she did not recommend any changes to the identity theft prevention program at this time. Upon motion by Director Matto and second by Director Garcia, the Board voted 3-0 to approve the Resolution Confirming Annual Review of Identity Theft Prevention Program attached as **Exhibit “F”**.

Ms. Scholl next stated that the Board would need to conduct an annual review of the District’s code of ethics and financial investment, travel and professional services policies, noting that no changes were recommended at this time other than to update the list of qualified brokers maintained by the District’s bookkeeper. After discussion, upon motion by Director Matto and second by Director Garcia, the Board voted 3-0 to approve the Resolution Confirming Annual Review of Code of Ethics and Financial Investment, Travel, and Professional Services Policies and Investment Strategies; Amending List of Qualified Brokers; and Confirming Designation of Investment Officers attached as **Exhibit “G”**.

Director Reed-Green then stated that the Board would next consider items related to Senate Bill 3 (“**SB3**”). Mr. Gray and Mr. Edmonson stated that the District was subject to the requirements of SB3 and that, under SB3, the District was required to file a critical load status report by November 1, 2021 and to file an emergency preparedness plan by March 1, 2022. Mr. Gray confirmed that the critical load status report attached as **Exhibit “H”** had been timely filed and that he was working with Crossroads to prepare the emergency preparedness plan that would be filed by March 1st. Ms. Scholl recommended that the Board authorize the District’s consultants to take whatever action was required in order to finalize the emergency preparedness plan and file it with the appropriate governmental authorities. After discussion, upon motion by Director Garcia and second by Director Matto, the Board voted 3-0 to authorize the District’s operator and engineer to undertake and complete the emergency preparedness plan and any other matters needed to comply with the March 1, 2022 deadlines of SB3 and to authorize filing of the emergency preparedness plan with the appropriate authorities upon review and approval by Director Reed-Green.

Director Reed-Green then stated that the Board would discuss wholesale water and wastewater service. Mr. Carlton stated that he and Mr. Wilburn continued to work together as the District’s rate counsel but that Mr. Wilburn’s firm had shut down and now Mr. Wilburn was working with The Carlton Law Firm, P.L.L.C. He stated that the District would need to approve a new engagement letter with his law firm, noting that the scope of services and fees continued to be the same. He then provided an update on the City of Round Rock wholesale rate increases and rate appeal. He stated that he and Mr. Wilburn had requested oral arguments on issues contained in the Public Utility Commission’s January 2021 order but that they were still awaiting a decision, noting that a lot of the delays were due to staff turnover. Ms. Scholl then asked if the Board wanted to renew its annual membership with the Texas Water Conservation Association. The Board generally agreed that it would like to renew the membership. After discussion, upon motion by Director Matto and second by Director Garcia, the Board voted 3-0 to approve the engagement letter attached as **Exhibit “I”** and to renew the District’s annual membership with the Texas Water Conservation Association.

Director Reed-Green then stated that the Board would receive the security report. Ms. Torres stated that there was not a lot to report, noting that patrol hours in November and December had increased for the holidays and patrols would now return to the normal schedule of 70 hours per month. Director Matto asked Ms. Rutten and Ms. Casey if they had noticed any issues in the District. Ms. Rutten stated that there had been reports of people in or near the greenbelt at night. Director Garcia asked if adding more street lights to the area might help. Director Reed-Green stated that street lights could not be extended to the greenbelt area and recommended that Sgt. Breeder be notified so that he could make sure to patrol the area at night.

Ms. Scholl then stated that the Board would receive a report from the District's engineer. Mr. Gray presented his report attached as **Exhibit "J"** and reviewed it with the Board. He stated that he did not have anything further to report other than that his firm had prepared the detention, water quality, and drainage maintenance list attached as **Exhibit "K"** that was required in connection with the District's MS4 permit.

Ms. Scholl then stated that the Board would receive a report from the District's bookkeeper and recognized Mr. Douthitt. Mr. Douthitt stated that the District had a lock box clearing account with BBVA, but BBVA had merged with PNC Bank, so now the District would need to enter into new account agreements and resolutions with PNC Bank in order to continue to use the account. He reviewed the documents related to the merger, including a Collateralization Agreement, a Resolution Authorizing Consultant Representative, and amended account resolutions for the lock box clearing account. Mr. Douthitt then presented the accounting report and updated cash activity report, attached collectively as **Exhibit "L"**, and reviewed them with the Board. He requested approval of the transfers indicated on the first page of the updated report. He then 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 payments to Director Asbury and Director Alger would need to be voided due to their absence from the meeting. Mr. Douthitt pointed out that the District had a positive budget variance of \$33,616.17 and about 4.83% of the District's 2021 taxes had been collected. Upon motion by Director Matto and second by Director Garcia, the Board voted 3-0 to: (i) approve the transfers; (ii) approve payment of the bills and invoices, as presented, with the voids noted; (iii) approve the Collateralization Agreement attached as **Exhibit "M"**; (iv) approve the Amended and Restated Secretary's Certificate and Resolutions Regarding Lock Box Clearing Account attached as **Exhibit "N"**; (v) approve the Resolution Authorizing Consultant Representative attached as **Exhibit "O"**; and (vi) authorize negotiation and execution of any additional documents, resolutions, or other account related materials required or necessary in connection with the PNC Bank merger.

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 monthly operations reports since the last Board meeting, attached collectively as **Exhibit "P"**, and reviewed her directives from the prior Board meeting. Ms. Torres stated that the report showed that water loss was at $\pm 72.41\%$ for the month of December but that there had been issues with the master meter, so this number was not accurate. She stated that she was working on addressing this issue and would provide an accurate water loss measurement when available. She then reported that Priority Landscapes was working with the landscape architect to obtain proposals for the landscaping work in the right-of-way of Vista Isle drive and should have proposals within the next month or so. Ms. Torres confirmed that all lab results were satisfactory, there were no issues with water quality, and the utility facilities were generally operating well other than the

issues with the master meter. Ms. Torres reported that she did not have any write-offs to present, that there had been no solid waste/recycling collection complaints, and that the fall leaf collection had taken place in November and December. Ms. Scholl stated that a claim had been filed with the insurance company of the driver that damaged the wrought iron fence around the amenity center and noted that the wrought iron fence had not been added to the District's insurance coverage. Director Reed-Green stated that the wrought iron fence was not added in the past because it was previously agreed that the HOA would take over maintenance and ownership after it was initially built by the District. Ms. Rutten stated that the HOA did not want to assume ownership or maintenance of the wrought iron fence. After discussion, upon motion by Director Garcia and second by Director Matto, the Board voted 3-0 to add the wrought iron fence to the District's insurance policy.

Director Reed-Green then stated that the Board would next consider the TPDES Phase II Small Municipal Separate Storm Sewer System (MS4) General Permit (TXR040000) compliance and administration, including the Annual Report Form for the 2021 reporting year attached as **Exhibit "Q"**. After discussion, upon motion by Director Garcia and second by Director Matto, the Board voted 3-0 to approve the Annual Report Form for the 2021 reporting year and its filing with the Texas Commission on Environmental Quality (the "TCEQ").

There being nothing to consider regarding the District's website, Director Reed-Green recognized Ms. Scholl for the attorney's report. Ms. Scholl reviewed the consultant directives report and noted that all prior directives were either complete or in process.

Director Reed-Green stated that the Board would consider future meeting dates and agenda items. Ms. Scholl stated that the Board would continue to meet on a quarterly basis, with more frequent meetings as necessary, and that the next quarterly meeting was scheduled for 12:00 noon on April 11, 2022.

There being no further business to come before the Board, the meeting was adjourned at 1:00 p.m.

[Signature page follows.]

(SEAL)



Jacob Matto, Secretary
Board of Directors

Date: April 11, 2022