

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

August 8, 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 August 8, 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 meeting was called to order at 12:09 p.m. and the roll was called of the members of the Board, to-wit:

Heath Reed-Green	-	President
Jacob Matto	-	Vice President
Steve Garcia	-	Secretary
Leslie Alger	-	Assistant Secretary
[vacancy]	-	Assistant Secretary

and all of the Directors were present, except Director Matto, thus constituting a quorum. Also present in person at the meeting were Herb Edmonson of Gray Engineering, Inc. ("GEI"), the District's engineer; Allen Douthitt of Bott & Douthitt, PLLC ("B&D"), the District's bookkeeper; Jenn Scholl of Armbrust & Brown, PLLC, the District's general counsel; and Glenda Rutten, a resident of the District. Chris Lane of SAMCO Capital Markets, Inc.; Lisa Torres of Crossroads Utility Services LLC ("Crossroads"), the District's general manager and utility operator; and John Carlton of the Carlton Firm, the District's rate attorney joined the meeting via telephone.

Director Reed-Green requested that Ms. Scholl conduct the meeting. Ms. Scholl first stated that the Board would receive citizens' communications and Board member announcements. Ms. Rutten introduced herself to the Board and stated that would like to be considered for appointment to fill the vacancy on the Board. She presented the letter attached as **Exhibit "B"** and reviewed it with the Board. She stated that she was previously the President of the Vista Oaks Homeowners' Association, Inc. (the "HOA") and that she was currently the Vice President of the HOA, noting that she had an additional year left on her term but that she was considering resigning in December or January before the next election. Ms. Scholl stated that there was one other individual that had expressed an interest in being appointed to the Board and that the individual was going to attend the September Board meeting in order to request that the Board consider him for appointment at that time. She recommended that Ms. Rutten also attend the September Board meeting so that the Board can consider both candidates at one time. Ms. Rutten confirmed that she would do so.

There being no further citizens' communications or Board member announcements, Ms. Scholl stated that the Board would consider the minutes of the June 27, 2022 Board meeting. Director Reed-Green noted that he had a few minor spelling corrections to the minutes that he would point out to Ms. Scholl after the meeting. After discussion, upon motion by Director

Reed-Green and second by Director Alger, the Board voted 3-0 to approve the minutes, with the revisions as indicated by Director Reed-Green.

Ms. Scholl then stated that the Board would next consider matters relating to the District's 2022-2023 budget and 2022 tax rate. She reviewed the memo summarizing district tax rate classifications under Texas Water Code Sections 49.23601-.23603 attached as **Exhibit "C"** and confirmed that the District's engineer and financial advisor recommended that the District met the criteria to be classified as a "developed" district under Texas Water Code Section 49.23602. Ms. Scholl reviewed the proposed schedule for adoption of the 2022-2023 budget and 2022 tax rate attached as **Exhibit "D"** with the Board and requested that the Board members confirm their attendance at the September Board meeting, noting that it was important that a quorum be present. Ms. Lane then presented the Certified Appraised Values from Williamson Central Appraisal District, attached as **Exhibit "E"**, and the Tax Rate Summary report, attached as **Exhibit "F"**, and reviewed them with the Board. Ms. Lane stated that there had been an approximately 20% increase in market value in the District from the prior year and about a 13.5% increase in taxable value from the prior year. She recommended that the Board adopt a proposed tax rate equal to the current tax rate of \$0.265 per \$100 assessed valuation, noting that the tax rate would be allocated entirely to operations and maintenance since all of the District's bonds had been paid off. Mr. Douthitt presented the draft budget attached as **Exhibit "G"** and reviewed it with the Board. He pointed out that it was based on the operations and maintenance tax rate of \$0.265 recommended by Ms. Lane and reviewed the various costs that had been included in the draft budget. Mr. Douthitt stated that he would continue to work with the budget subcommittee and other District consultants to finalize the budget. Ms. Scholl stated that, at this meeting, the Board would need to confirm the District's designation as a "developing" district under Texas Water Code Sections 49.23601-.23603, establish a proposed tax rate by record vote, schedule a public hearing at which the adoption of the tax rate would be considered, and authorize notice of the public hearing on the tax rate to be published in the newspaper. After discussion, Director Alger moved that the Board confirm the District's classification as a "developing" district under Texas Water Code Section 49.23602 for the 2022 tax year, as recommended; establish a proposed tax rate of \$0.265 per \$100 of assessed valuation; schedule a public hearing on the tax rate at noon on September 12, 2022; and authorize Ms. Scholl's office to provide notice of the public hearing. Upon second by Director Reed-Green, the motion was adopted 3-0, with Directors Reed-Green, Garcia, and Alger present and voting "yes" and Director Matto absent and not voting.

Ms. Scholl then stated that the Board would discuss water and wastewater rate matters and related action, including City of Round Rock wholesale rate appeal. Mr. Carlton provided a general update on the pending wholesale rate appeal to the Board. He stated the City's direct testimony was scheduled to be presented on November 14th and that both sides had sent, and were in the process of responding to, discovery requests. Mr. Carlton stated that he would continue to work through the discovery for next couple of months and would keep the Board updated on the status of the rate appeal.

Ms. Scholl then stated that the Board would receive the security report and consider taking related action. Ms. Torres stated that the security report for months of March, April, and May were included in the packet and that she would forward the security reports for June and July upon receipt. She stated that there wasn't anything in particular to note other than recommendations to keep garage doors closed as much as possible. Director Alger asked why the June and July reports were not yet available. Ms. Torres stated that she had been advised by Sgt. Breeder that there were issues with the County's reporting system. Ms. Rutten stated that the County had provided the HOA with security report information for the months of June and

July at the most recent HOA meeting. **Ms. Scholl requested that Ms. Torres follow up with Sgt. Breeder to find out why the reports could not be provided sooner, to find out what information the County was providing to the HOA, and to see if there were any other alternative reporting options that would allow the information to be provided on a more timely basis. Ms. Torres stated that she would look into the matter.**

Ms. Scholl then stated that the Board would receive a report from the District's engineer. Mr. Edmonson presented his report attached as **Exhibit "H"** and reviewed it with the Board. He reminded the Board that the owner of the storage facility within the District had submitted an application for an additional water connection in order to permit the property owner to construct an additional phase of storage units on the property. He confirmed that the property owner had in fact paid the required deposit to cover the District's expenses incurred in reviewing the application. He stated that his office had completed its review of the application and determined that sufficient capacity was available to approve the additional water connection, noting that 30 living unit equivalents of water service had been allocated to the property in the past. He stated that the only remaining item to do was to conduct a final on-site inspection. He added that an additional wastewater connection would not be required because the property could tie into an existing manhole on the property, noting that he would oversee all work related to the tie-in as well. **Director Reed-Green requested that Mr. Edmonson notify him before work related to the tie-in started so that he could be involved and oversee the work as well. Mr. Edmonson confirmed that he would do so.** Mr. Edmonson then stated that they were still awaiting notification from the Texas Commission on Environmental Quality (the "**TCEQ**") that the emergency preparedness plan, which he noted had been timely submitted to the TCEQ, had been accepted and approved. He stated that he would continue to reach out to the TCEQ regarding the status of the approval.

Ms. Scholl then 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 "I"**, and reviewed them with the Board. He reviewed the financial statements and requested approval of two transfers indicated on the first page of the updated report. He then reviewed the 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 payment to Director Matto would need to be voided due to his absence from the meeting. Mr. Douthitt pointed out that the District had a positive budget variance of \$142,982.38 and about 99.37% of the District's 2021 taxes had been collected. Upon motion by Director Alger and second by Director Garcia, the Board voted 3-0 to approve the transfers and payment of the bills and invoices, as presented, with the void noted.

Ms. Scholl 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 "J"** and reviewed her directives from the prior Board meeting. Ms. Torres then reported that water loss was at $\pm 17.61\%$ for the month of June. She stated that she suspected a lot of the water loss was a result of a leak in a line that ultimately broke on or around July 25th. She stated that a boil water notice was issued to the affected residents and that the line had since been repaired. She stated that she anticipated that water loss should start to go down in the July report. She then reported that damage was reported to a portion of the District's wall near 447 Hunters Lodge and that the District did not have existing materials in storage that could be used to complete the repairs. She stated that she had to reach out to Fenccrete and should have a proposal ready for the next Board meeting. 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 she did not have any write-offs to present, there had been no solid waste /recycling collection complaints, and there were no issues with the website. She added that the fall leaf pickup would take place in December and that a flyer with the dates would be posted on the District's website. She then reported that Fuel surcharge for month of June \$159.75. Ms. Scholl noted that the Board had approved the fuel surcharge up until the September Board meeting and would re-consider it at that time. Director Garcia asked when Pedernales Electric Cooperative (the "PEC") would be back in the District to finish fixing all of the street lights that were broken, noting that the time change was approaching and it was starting to get darker earlier. Ms. Torres stated that the PEC advised her that they would be out soon to evaluate the street lights and determine what repairs were required. Mr. Edmonson requested that Ms. Torres notify him any time water was shut off or there was a notification sent out to residents, such as a boil water notice. Ms. Torres confirmed that she would do so. Director Alger asked if all repairs to the line had been completed and if all surrounding property had been restored, such as damaged landscaping in residents' yards. Ms. Torres stated that the line had been repaired but that she would need to coordinate with the individual residents that had damage to their yard on restoration of the landscaping. **Director Reed-Green requested that Ms. Torres reach out to the affected homeowner. Ms. Torres confirmed that she would do so.** Director Garcia asked if the consultants anticipated that the current water restrictions would be lifted any time soon. Ms. Torres stated that they were required to follow the City of Round Rock's water restrictions under the applicable wholesale water contract and she noted that she did not anticipate that the City would lessen the restrictions until the water levels in the lakes rose.

There being nothing to consider regarding the District's website, Ms. Scholl stated that the Board would next receive the attorney's report. She reviewed the consultant directives report and noted that all prior directives were either complete or in process. Ms. Scholl then stated that her firm had received a request from the United States Department of Commerce to complete a questionnaire in connection with the 2022 Census. She stated that the District was not required to complete the form but had opted to do so at least once in the past. She asked if the District would like to authorize Mr. Douthitt to complete the form in the current year. After discussion, the Board elected not to complete the survey.

Ms. Scholl stated that the Board would consider future meeting dates and agenda items. Ms. Scholl stated that the next Board meeting would be held at 12:00 noon on September 12, 2022.

There being no further business to come before the Board, the meeting was adjourned at 1:06 p.m.

[Signature page follows.]



Steve Garcia, Secretary
Board of Directors

Date: September 12, 2022