

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

September 12, 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 September 12, 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 12:01 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, thus constituting a quorum. Also present in person at the meeting were Herb Edmonson of Gray Engineering, Inc. ("GEI"), the District's engineer; Steve Zypkes and Glenda Rutten, candidates for appointment to the Board; and Jenn Scholl of Armbrust & Brown, PLLC, the District's general counsel. Nancy Olson of McCall Gibson Swedlund Barfoot PLLC ("MGSB"), the District's auditor; Allen Douthitt of Bott & Douthitt, PLLC ("B&D"), the District's bookkeeper; Chris Lane of SAMCO Capital Markets, Inc.; and Lisa Torres of Crossroads Utility Services LLC ("Crossroads"), the District's general manager and utility operator; 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. There being none, Ms. Scholl stated that the Board would next consider the director items on the Board's meeting agenda. Ms. Scholl stated that Ms. Rutten and Mr. Zypkes had expressed an interest in being considered for appointment to the Board and were both qualified candidates. She recommended that the Board conduct interviews with Ms. Rutten and Mr. Zypkes and then consider appointing Ms. Rutten or Mr. Zypkes to fill the vacancy on the Board. After discussion, the Board decided to conduct interviews with Ms. Rutten and Mr. Zypkes at the end of the meeting in order to allow the other consultants to present their reports before the Board conducts interviews and goes into executive session to discuss the appointment.

Ms. Scholl stated that the Board would consider the following consent items on the Board's meeting agenda: the minutes of the August 8, 2022 Board meeting; and a proposal from MGSB for the audit for the fiscal year ending September 30, 2022, including the related fraud questionnaire, attached as **Exhibits "B"** and **"C"**, respectively. Ms. Olson stated that the fee range in her firm's proposal for the 2022 audit had increased by \$1,000 from the prior year's proposal, noting that this increase was standard for all of the district clients her firm was

working with. She then reviewed the fraud questionnaire with the Board and requested that the Board members contact her if they were aware of any issues. After discussion, upon motion by Director Alger and second by Director Reed-Green, the Board voted 4-0 to approve the consent items.

Ms. Scholl stated that the Board would consider matters relating to the District's 2022-2023 budget and 2022 tax rate. Ms. Lane reviewed the 2022 Tax Rate Analysis attached as **Exhibit "D"** with the Board. She recommended that the Board adopt an overall 2022 tax rate of \$0.2561 per \$100 of assessed valuation at this meeting, which she noted was less than the \$0.2907 2021 tax rate and was below the rate that would trigger an automatic rollback election. Mr. Douthitt stated that the budget subcommittee had met to discuss the proposed budget and the proposed tax rate and was also recommending the \$0.2561 tax rate, allocated entirely to operations and maintenance. Mr. Douthitt pointed out that the recommended tax rate was the "break-even" rate in that, if the recommended rate was adopted, it would impose the same average tax bill on each property as had been imposed in the prior year without resulting in any increase.

Ms. Scholl then opened the public hearing on the District's 2022 tax rate and asked if there was anyone present who wished to address the Board on the matter of the District's tax rate. There being none, Ms. Scholl closed the public hearing. Mr. Douthitt reminded the Board that the District had actually published a proposed tax rate of \$0.2650, which he noted was higher than the \$0.2561 recommended tax rate.

Mr. Douthitt then reviewed the proposed budget attached as **Exhibit "E"** with the Board, which he explained was based on the recommended \$0.2561 tax rate. Mr. Douthitt stated that the proposed budget was the same as the draft budget presented at the prior Board meeting except that it had been revised to set aside \$200,000 for capital reserve funds, which he noted were being set aside so that the District could pay for major repairs or replacements of District facilities in the future. He explained that the budgeted amount for the capital reserve funds was based off of the capital reserve study completed by the District engineer that listed the age and replacement value for all District facilities. Mr. Douthitt recommended that the District set aside approximately six month's operating reserves and that the budgeted capital reserve amount be based upon 10% of the total replacement value from the capital reserve study, noting that the actual total replacement value from the capital reserve study was extremely high and very conservative. He then reviewed the capital fund balance analysis at the bottom right-hand corner of the proposed budget, noting that this analysis would be included on all future budgets to indicate the amount of capital funds being set aside that year and the total amount of capital funds that have accumulated up to that point. He noted that he would also include the total accumulation of capital reserve funds in the monthly balance sheets. Ms. Rutten asked why the budget for the beautification project had increased from \$25,000 in the previous year to \$50,000 in the current year. Director Reed-Green stated that the beautification project was going to be completed in phases and that the budgeted number included the total costs of all potential future phases for the beautification project. Ms. Rutten then asked if the District still had plans to construct a wall behind the mailbox kiosk. Ms. Scholl stated that the District consultants felt it would be best to postpone the project until the pending wholesale rate appeal had concluded because the District would need an easement from the City of Round Rock in order to construct the fence. After further discussion, upon motion by Director Matto and second by Director Alger, the Board voted unanimously to approve the budget presented by Mr. Douthitt and the Resolution Adopting Budget attached as **Exhibit "F"**.

Ms. Scholl then stated that the Board would consider establishing the District's 2022 tax rate. Upon motion by Director Alger and second by Director Matto, the Board voted to establish

a tax rate of \$0.2561, allocated entirely to operations and maintenance, as recommended, and to adopt the Order Levying Taxes attached as **Exhibit "G"**, with Directors Reed-Green, Matto, Garcia, and Alger present and voting "yes".

Ms. Scholl stated that the Board would next consider the Amended and Restated Information Form, attached as **Exhibit "H"**, which she noted would incorporate the District's 2022 adopted tax rate. After discussion, upon motion by Director Reed-Green and second by Director Alger, the Board voted 4-0 to approve the Amended and Restated Information Form.

There being nothing to report with respect to water or wastewater rate matters, Ms. Scholl stated that the Board would receive the security report and consider taking related action. Ms. Torres stated that the security report for month of August was included in the Board's meeting packets. She stated that Sgt. Breeder wanted to remind residents to be careful when hiring individuals to provide services within their homes, such as dog walking services, because one resident had reported a theft after an individual provided services within the resident's home. Ms. Torres then stated that she spoke with Sgt. Breeder about why there had been delays in providing security reports in the past and Sgt. Breeder was able to figure out how to pull the reports in a timely manner, noting that all reports would be provided on a timely basis going forward. She then added that she and Sgt. Breeder were able to determine that the information he was providing to the HOA before each HOA meeting was not the same as the monthly security reports provided to the District, so it was not the case that information was being provided to the HOA and not the District. Director Matto stated that a handrail off of Sam Bass Road was damaged by a car and asked if the District was doing anything to repair the handrail. Ms. Scholl stated that the District had a license agreement with the County covering portions of the Sam Bass right-of-way but that she would need to review the license agreement to confirm if it covered the area where the handrail was damaged and if it gave the District the authority to install and repair handrails. She then recommended that the Board authorize the Community Subcommittee to approve proposals to repair or replace the damaged handrail if it was determined that the District had the authority to do so. After discussion, upon motion by Director Alger and second by Director Matto, the Board voted 4-0 to give the Community Subcommittee the authority to approve proposals to repair or replace the damaged handrail, not to exceed \$1,500, in the event that it is determined that the District had the authority to do so.

Ms. Scholl then stated that the Board would receive a report from the District's engineer. Mr. Edmonson presented his report attached as **Exhibit "I"** and reviewed it with the Board. He reported no comments were received for the critical load coordination and emergency preparedness filings that had been made on behalf of the District, so his office would move forward with the final notifications to complete the filing requirements. He then stated that he had not received any updates on the lift storage facility construction but he would continue to keep the Board updated.

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 "J"**, 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. Mr. Douthitt pointed out that the District had a positive budget variance of \$167,678.06 and about 99.68% of the District's 2021 taxes had been collected. Upon motion by Director Matto and second by Director Reed-Green, the Board voted 4-0 to approve the transfers and payment of the bills and invoices, as presented.

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 "K"** and reviewed her directives from the prior Board meeting. Ms. Torres then reported that water loss was at  $\pm 25.89\%$  for the month of August. 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 then reported that she did not have any write-offs to present and there had been no solid waste/recycling collection complaints. She then reviewed the proposal from Fencecrete America, Inc. for repair of District fence located near 4447 Hunters Lodge attached as **Exhibit "L"** and recommended approval. She then stated that she received a complaint from a resident about a District-related document that was taped to the amenity center pool fence. Ms. Scholl stated that her office handles all of the official District postings and that she was not sure who posted District-related documents on the amenity center fence because her office only posted District-related documents on the two designated posting boards. Ms. Rutten stated that a number of flyers and other papers were being taped on top of the glass of the two posting boards. The Board generally agreed that the posting boards were to be used for official District and HOA purposes only and that nothing should be taped onto the glass. Ms. Scholl stated that she would make sure the courier that posted agendas in the District had a key to the posting boxes and knew to remove any items taped on the glass. She added that she would also make a sign indicating that the posting boxes were to be used for official District or HOA purposes only and that taping items to the glass was prohibited. Ms. Torres then requested that the Board re-consider approval of the fuel surcharge, noting that the fuel surcharge during the last month was \$133.59. After discussion, upon motion by Director Reed-Green and second by Director Matto, the Board voted 4-0 to approve the proposal from Fencecrete America, Inc. and to approve the fuel surcharge until the January Board meeting. Director Reed-Green added that he had met with Priority Landscapes to discuss the beautification project and would continue to keep the Board updated.

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 recommended that the Board consider the director items on the Board's meeting agenda. She stated that the Board would first conduct interviews of the director candidates and recognized Ms. Rutten. Ms. Rutten addressed the Board and presented her letter attached as **Exhibit "M"**. She stated that she was currently on the HOA board but only had one more year left on her term. She expressed her interest in being on the Board and reviewed her qualifications. Mr. Zypkes then addressed the Board and presented his letter attached as **Exhibit "N"**. Mr. Zypkes expressed his interest in being on the Board and reviewed his qualifications. Discussion ensued. At 1:22 p.m., Director Reed-Green announced that the Board would convene in executive session in order to discuss personnel matters pursuant to Section 551.074 of the Texas Open Meetings Act. At 2:02 p.m., Director Reed-Green stated that the Board would reconvene in open session, noting that no action had been taken during executive session. He then thanked both Ms. Rutten and Mr. Zypkes for their interest in the vacancy on the Board and announced that the Board would like to appoint Mr. Zypkes to fill the vacancy. The Board thanked Ms. Rutten again for her interest and encouraged her to continue attend future Board meetings. After discussion, upon motion by Director Reed-Green and second by Director Matto, the Board voted 4-0 to appoint Mr. Zypkes to fill the vacancy on the Board.

Ms. Scholl then stated that the Board would consider the Sworn Statement, Oath of Office, and bond for Director Zypkes. Upon motion by Director Garcia and second by Director

Alger, the Board voted unanimously to approve the Sworn Statement, Oath of Office, and director's bond for Director Zypkes.

Ms. Scholl then stated that the Board would consider election of officers. After discussion, upon motion by Director Reed-Green and second by Director Alger, the Board voted unanimously to elect the following slate of officers:

Heath Reed-Green	-	President
Jacob Matto	-	Vice President
Stephen Garcia	-	Secretary
Leslie Alger	-	Assistant Secretary
Steve Zypkes	-	Assistant Secretary

Ms. Scholl stated that the Board would consider subcommittee appointments. She presented the list of Board subcommittees attached as **Exhibit "O"** and reviewed it with the Board. After discussion, the Board decided not to take any action on the subcommittee appointments at this time and to consider the item at a future Board meeting. **Ms. Scholl stated that she would email the Board members the subcommittee list before the next Board meeting so that they could consider the appointments at that time.**

Ms. Scholl recommended that the District's current Registration Form be updated to reflect Director Zypkes' appointment to the Board and the new slate of officers. She also recommended that the account resolutions and signature cards for all of the District's bank accounts be updated to reflect the appointment of Director Zypkes. After discussion, upon motion by Director Alger and second by Director Reed-Green, the Board voted unanimously to approve an updated District Registration Form and its filing; the Resolution Approving Change in Bank Signatories and Change Certificate (Bookkeeper's Account) attached as **Exhibit "P"**; the Resolution Approving Change in Bank Signatories and Change Certificate (Operating Account) attached as **Exhibit "Q"**; and the Resolution Approving Change in Bank Signatories and Change Certificate (Lock Box Clearing Account) attached as **Exhibit "R"**.

Ms. Scholl then stated that the Board would consider the election items on the Supplemental Agenda. Ms. Scholl reported that, as there were no additional candidates who had filed for a position on the Board, the District's 2022 director election was uncontested and that the election could, therefore, be cancelled and the District could declare Directors Matto, Garcia, and Alger elected to additional four-year terms beginning in November. She then presented the Certification of Unopposed Status of Candidates for the November 8, 2022 Director Election attached as **Exhibit "S"** and the Order Declaring Election of Unopposed Candidates and Cancelling November 8, 2022 Director Election attached as **Exhibit "T"** and reviewed them with the Board. After discussion, upon motion by Director Matto and second by Alger, the Board voted unanimously to approve the election items on the supplemental agenda.

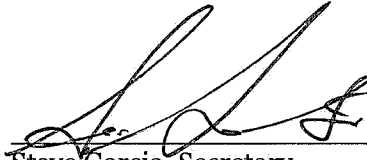
Ms. Scholl stated that the Board would consider future meeting dates and agenda items. Ms. Scholl stated that the next Board meeting would be held at 12:00 noon on January 9, 2023.

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

*[Signature page follows.]*

(SEAL)



  
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Steve Garcia, Secretary  
Board of Directors

Date: January 9, 2023