

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

January 9, 2023

THE STATE OF TEXAS §
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COUNTY OF WILLIAMSON §

A regular meeting of the Board of Directors of Vista Oaks Municipal Utility District (the "District"), was held on January 9, 2023 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 12:03 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
Steve Zipkes	-	Assistant Secretary

and all of the Directors were present, except Director Alger, who arrived later, and Director Zipkes, thus constituting a quorum. Also present in person at the meeting were Steven Minor of Gray Engineering, Inc. ("GEI"), the District's engineer, Nancy Olson of McCall Gibson Swedlund Barfoot PLLC ("MGSB"), the District's auditor; and Allen Douthitt of Bott & Douthitt, PLLC ("B&D"), the District's bookkeeper. John Carlton of the Carlton Firm, the District's rate attorney; 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. Ms. Torres reported that there had been some complaints from residents about maintenance of the area around Honey Bear Creek and flows from the creek. She stated that the area around the creek was maintained by the homeowner's association so she had passed the inquiries along to the homeowner's association.

There being no further citizens' communications and Board member announcements, Ms. Scholl stated that the Board would next consider the following consent items on the Board's meeting agenda: the minutes of the September 12, 2022 Board meeting; revised District Registration Form attached as **Exhibit "B"**; and the renewal Bookkeeping Services Agreement with Bott & Douthitt, PLLC attached as **Exhibit "C"**. She stated that an item for renewal of the Landscape Maintenance Agreement with Priority Landscapes, LLC had been included on the agenda but the contractor had not yet confirmed if any changes were being requested so the renewal agreement would need to be pushed to the next meeting. After discussion, upon motion by Director Matto and second by Director Reed-Green, the Board voted 3-0 to approve the minutes, the revised District Registration Form, and the Bookkeeping Services Agreement.

Ms. Scholl stated that the next item on the Board's meeting agenda was the audit of the District's financial statements for the fiscal year ended September 30, 2022 but recommended that the Board consider the audit at the end of the meeting in order to allow Director Alger to participate in case she joins the meeting later.

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 Reed-Green, 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 Garcia and second by Director Reed-Green, 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 Reed-Green 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 and Investment Strategies, 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 Reed-Green and second by Director Matto, 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"**.

Ms. Scholl then stated that the Board would consider subcommittee appointments. She stated that a list of the current subcommittee appointments had been included in the Board's meeting packet and noted that the Board could change the subcommittee appointments at any time. After discussion, the Board decided not to make any changes to the subcommittee appointments at this time.

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 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.

Ms. Scholl then stated that the Board would receive the security report and consider taking related action. Ms. Torres stated that the November and December security reports had been included in her report and that there was nothing out of the ordinary to report. Director Alger arrived at this time.

Ms. Scholl then stated that the Board would receive a report from the District's engineer. Mr. Minor presented the engineer's report attached as **Exhibit "H"** and reviewed it with the Board. He presented the proposal attached as **Exhibit "I"** for installation of a replacement handrail along Sam Bass and recommended approval. After discussion, upon motion by Director Reed-Green and second by Director Matto, the Board voted 4-0 to approve the proposal. Mr. Minor then reported that the final review periods for the critical load coordination and emergency preparedness plan had passed and that no comments were received so his office would move forward and provide the final required notifications. He stated that a preconstruction meeting had been held for the storage facility addition but construction had not yet commenced.

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 transfers and bills and invoices that were being presented for approval, noting that the per diem payment to Director Zipkes would need to be voided due to his absence from the meeting. He requested that the third transfer that was being presented for approval be increased from \$125,292.71 to \$300,000 in order to allow additional bills to be paid by the bookkeeper between Board meetings since the Board was only meeting on a quarterly basis. He then reviewed the financial statements, the tax collection report, and the budget comparison. Mr. Douthitt pointed out that the District had a positive budget variance of \$70,412.94 and about 3.58% of the District's 2022 taxes had been collected. After discussion, upon motion by Director Matto and second by Director Alger, the Board voted 4-0 to approve the transfers and payment of the bills and invoices, as presented, with the increase and the void noted. Mr. Douthitt then reported that the District had received a request from the U.S. Census Bureau to complete a survey for local governmental entities. He stated Ms. Scholl had confirmed that the survey was optional and requested that the Board confirm if he should complete the survey for the current year and each year going forward, noting that it would be an additional charge to complete the survey and that the survey would take at least an hour or longer to complete. After discussion, the Board agreed that it did not want Mr. Douthitt to complete the survey for the current year or for future years.

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 $\pm 10.08\%$ for the month of November. She stated that Crossroads had discovered issues with the meter reader and that the District and twelve other districts had been affected, noting that the employee that completed the incorrect meter reads had been fired. She reported that Crossroads had sent letters to all residents regarding the error and was working on manually adjusting all customer accounts to correct the error. Director Alger stated that she and her neighbors did not receive notice of the meter read error and requested that Ms. Torres re-send notice to all affected residents. Director Alger stated that, even though she did not receive notice of the issue, she reached out to Crossroads because her bill was higher than normal and was told not to pay the bill. She asked Ms. Torres what was being done for customers that were set up on auto pay. Ms. Torres stated that Crossroad's billing department was working on manually checking and adjusting all customer accounts so even customers with auto pay should

have a resolution. Director Alger also pointed out that they were in the winter averaging period and asked that Ms. Torres confirm that the numbers get updated for winter averaging purposes. **Ms. Torres confirmed that she would re-send notice of the meter reading error to all affected residents with information on how Crossroads was working to manually adjust accounts and that she would make sure that the winter averaging numbers are correct.** Ms. Torres then 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, there had been no solid waste/recycling collection complaints, and that Crossroads was no longer requesting approval of a fuel surcharge. She then presented the memorandum attached as **Exhibit "L"** summarizing new Texas Public Utility Commission rules that required a notice to be sent to utility customers related to late fees and disconnections during extreme weather emergencies. She confirmed that the required notice was sent to customers prior to the deadline.

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 audit of the District's financial statements for the fiscal year ended September 30, 2022. Ms. Olson presented her firm's audit report attached as **Exhibit "M"** 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 pointed out that she had included additional details in order to explain what was done with the capital asset fund and how those funds were allocated at the request of the subcommittee. **Mr. Douthitt and Ms. Scholl stated that a resolution explaining how capital assets were allocated would be presented to the Board for approval at the next meeting and could be referenced in future audit reports rather than including the additional explanation.** The Board reviewed the language related to the capital asset fund and discussed potential revisions. Ms. Scholl pointed out that the minutes from the prior Board meeting included formal discussion on how the capital asset fund would be allocated and used and recommended that the audit report be revised to refer to the prior meeting minutes. The Board agreed and requested that Ms. Scholl, Ms. Olson, and Mr. Douthitt coordinate making the appropriate revisions to the audit report. Ms. Olson then 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 presented the Board representation letter attached as **Exhibit "N"** 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 Alger and second by Director Reed-Green, the Board voted 4-0 to approve the representation letter, the audit report with the additional revisions as discussed, and the filing of the audit report with the Texas Commission on Environmental Quality (the "**TCEQ**") and the Texas Comptroller.

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 April 10, 2023.

At 1:30 p.m., Ms. Scholl 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 1:43 p.m., the Board reconvened in open session and Ms. Scholl announced that no action had been taken in executive session.

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

[Signature page follows.]

(SEAL)



Steve Garcia, Secretary
Board of Directors

Date: April 10, 2023