

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

August 14, 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 August 14, 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 12:07 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, thus constituting a quorum. Also present in person at the meeting were Sameer Saini of Gray Engineering, Inc. ("GEI"), the District's engineer; Allen Douthitt and Tyler Douthitt of Bott & Douthitt, PLLC ("B&D"), the District's bookkeeper; and Andrew Hunt and Ben Ingallina of Crossroads Utility Services LLC ("Crossroads"), the District's general manager and utility operator. Chris Lane of SAMCO Capital Markets, Inc., the District's financial advisor; and John Carlton of the Carlton Firm, representing the District and other participating districts in the wholesale rate appeal, 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 following consent items on the Board's meeting agenda: the minutes of the June 26, 2023 Board meeting; and the Amended and Restated Resolution Authorizing and Setting Limits on the Payment of Fees of Office attached as **Exhibit "B"**. Ms. Scholl reported that recent amendments to the Texas Water Code had changed the amount of fees of office that could be payable to water district directors to be equal to the amount established by the Texas Ethics Commission from time-to-time for members of the legislature under Section 24a of the Texas Constitution instead of referring to a set dollar amount. She indicated that this change would need to be authorized by resolution and recommended approval of the amended and restated resolution, noting that the same \$7,200 annual cap on fees of office had not changed. After discussion, upon motion by Director Reed-Green and second by Director Matto, the Board voted unanimously to approve the consent items.

Ms. Scholl stated that the next items on the agenda were matters related to the District's 2023-2024 budget and 2023 tax rate but recommended that the Board postpone consideration on these items until Director Garcia joined the meeting. She stated that the Board would next discuss wholesale water and wastewater rate matters and related action, including receiving an update on the City of Round Rock wholesale rate appeal. Mr. Carlton updated the Board on the

status of the rate appeal. He then 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. Mr. Hunt introduced himself and Mr. Ingallina to the Board and stated that Mr. Ingallina would be taking over the day-to-day duties for the District. He then stated that the security report for the months of June and July had been included in the operators report and that there was not anything in particular to report.

Ms. Scholl then stated that the Board would receive a report from the District's engineer. Mr. Saini presented the engineer's report attached as **Exhibit "C"** and reviewed it with the Board. He reported that all work related to the District's Emergency Preparedness Plan had been completed. Director Garcia arrived at this time. Mr. Saini then stated that Westar Construction Inc. had completed all drainage channel maintenance work with the exception of a few final punch-list items. He reported that the Board's subcommittee had previously approved Change Order No. 1 in the amount of \$4,000, attached as **Exhibit "D"**, and recommended that the Board approve the final invoice from Westar Construction, Inc. in the amount of \$54,000.00, attached as **Exhibit "E"**, subject to withholding 10% retainage until all punch-list items have been resolved. **Director Reed-Green asked if a one-year warranty on the hardscape was included and if the amounts that were previously paid to the contractor through a prior pay application and any additional amounts added by the change order had been taken into account in the final invoice. Mr. Saini stated that he would need to look into whether or not a one-year warranty was included. Mr. Douthitt stated that he would need to look into whether or not the prior pay application amounts were properly subtracted from the final invoice and if the change order amounts were added.** After discussion, upon motion by Director Reed-Green and second by Director Garcia, the Board voted 5-0 to approve payment of the portion of the final invoice that had not already been paid to the contractor through the prior pay application and with 10% retainage withheld pending resolution of the final close-out items. Mr. Saini then stated that his office was continuing to evaluate what would be required for the District in response to the Lead and Copper Rule Revisions. Mr. Saini then reported that, in the process of getting the service area map updated for the landscape maintenance agreement, it was discovered that there were several stormwater inlets that may need to be maintained by the District within dedicated drainage easements that ran through the back yards of single-family lots in Vista Oaks Section 1B off of Newland Drive. He stated that the District had the right to access these areas so he went to investigate the issue and discovered that the stormwater inlets had been completely filled in. He stated that he was able to determine that it was the developer who filled the yard inlets in the past and noted that this was likely done in response to residents that complained about having stormwater inlets in their back yards in the past. He stated that his office was not aware of any drainage-related complaints for these lots but that the areas were not not functioning as designed. Mr. Saini added that there may not have been drainage issues in the past after the inlets were initially filled in because the land directly behind these lots was undeveloped at that time but pointed out that the adjacent land had now been developed so he did notice that there was some runoff in the area. Director Alger asked if these stormwater inlet facilities had been accepted by the District for operation and maintenance in the past and if they had been bonded. **Mr. Saini and Ms. Scholl stated that they would need to look at prior District records in order to determine whether the District had accepted the facilities and if they were bonded but that they would let the Board know at the next meeting.** The Board discussed the issue further and agreed to continue discussions on the

matter at the next meeting after Ms. Scholl and Mr. Saini had determined if the District even owned the facilities and if they had been previously bonded. Ms. Scholl then stated that she would continue to work with GEI and Crossroads to get the updated service area map finalized and that she would make sure that the new agreement did not include mowing costs for the newly completed Vista Isle Beautification Project area.

Ms. Scholl then stated that the Board would consider matters relating to the District's 2023-2024 budget and 2023 tax rate. She reviewed the memo summarizing district tax rate classifications under Texas Water Code Sections 49.23601-.23603 attached as **Exhibit "F"** 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 2023-2024 budget and 2023 tax rate attached as **Exhibit "G"** 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 "H"**, and the Tax Rate Summary report, attached as **Exhibit "I"**, and reviewed them with the Board. Ms. Lane stated that the market value of the average home in the District had decreased from the prior year but that the taxable value of the average home remained relatively the same as the prior year. She recommended that the Board adopt a proposed tax rate of \$0.2350 per \$100 assessed valuation, noting that this rate would result in a zero percent increase in the tax bill for the average home from what was levied in the prior year and 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 "J"** and reviewed it with the Board. He pointed out that it was based on the operations and maintenance tax rate of \$0.2350 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 "developed" 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 "developed" district under Texas Water Code Section 49.23602 for the 2023 tax year, as recommended; establish a proposed tax rate of \$0.2350 per \$100 of assessed valuation; schedule a public hearing on the tax rate at noon on September 11, 2023; and authorize Ms. Scholl's office to provide notice of the public hearing. Upon second by Director Reed-Green, the motion was adopted unanimously, with Directors Reed-Green, Matto, Garcia, Alger, and Zipkes all present and voting "yes".

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 "K"**, and reviewed them with the Board. He reviewed the fund transfers and bills and invoices that were being presented for approval. 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 \$129,905.94 and about 99.38% of the District's 2022 taxes had been collected. After discussion, upon motion by Director Matto and second by Director Alger, the Board voted unanimously 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. Mr. Hunt reviewed his operations report, attached as **Exhibit**

“L”, with the Board. He reported that water loss was at $\pm 6.67\%$ for the month of July. He then confirmed that all lab results were satisfactory, there were no issues with water quality, and the utility facilities were generally operating well. He requested approval of one write-off in the amount of \$161.00 and stated that there had been no solid waste/recycling collection complaints. He then reported that the Operations Services Agreement would expire next month and that he would be requesting at the next Board meeting a renewal agreement that increased Crossroad’s compensation by approximately 11% due to inflation, noting that the contract would still have a standard 2% CPI adjustment if necessary each year. Mr. Hunt then reported that Crossroads had hired a Lead and Copper Coordinator to help assist all Crossroads water districts with the new Lead and Copper Rule revision requirements and that he did not think that the requirement to prepare an inventory of all lines containing lead and copper would be as expensive as they initially thought because any lines constructed after 1988 would not need to be dug up and inspected so long as they could prove from construction or other documents that the lines were not lead or copper. He stated that most of the District was constructed in the 1990’s and did not include lead or copper pipes so the District would probably only need to budget \$10,000 or less for the project. Mr. Douthitt added that the current budget budgeted \$20,000 for this project but noted that the budget could always be amended in the future as needed. Director Reed-Green then asked about if it would be worth the District looking into installing smart or electronic water meters. Mr. Hunt stated that smart meters were certainly something that the District could look into and that he would bring more information on smart meters to the next meeting. He pointed out that smart meters usually cost anywhere from \$200 to \$300 per meter, Crossroads usually charged \$85 per meter for installation so long as the meter boxes were in good condition and did not also need to be replaced, and that the only remaining costs would be to install a base station to transmit data from the smart meters, which he estimated could cost anywhere from \$50,000 to \$75,000 to install. He stated that the District may even be able to share a base station with other nearby districts which would reduce the cost. Mr. Hunt pointed out that switching to smart meters would reduce the District’s costs slightly because Crossroads would no longer need employees to manually read all meters but noted that switching to smart meters was mostly a benefit on the customer service side of things. After discussion, upon motion by Director Alger and second by Director Reed-Green, the Board voted unanimously to approve the write-off.

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 reviewed the Resolution Making Certain Findings Related to Capital Reserve Fund attached as **Exhibit “M”** with the Board. Mr. Douthitt recommended that the Board postpone approval of the resolution until after he and Director Alger had finalized the budget because the budget may impact the wording contained in the resolution. Ms. Scholl stated that she would include the resolution on the next meeting agenda and await any revisions that Mr. Douthitt and Director Alger may have after the budget was finalized. Ms. Scholl then provided a brief summary to the Board of bills that had passed during the most recent legislative session that would impact water districts.

Ms. Scholl stated that the Board would consider future meeting dates and agenda items. And reminded the Board that it would need to meet next at 12:00 noon on September 11, 2023.

At 1:22 p.m., Director Reed-Green 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 1:33

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)



Leslie Alger, Assistant Secretary
Board of Directors

Date: August 14, 2023