

**SONTERRA MUNICIPAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTOR'S MEETING**

February 3, 2020

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A special meeting of the Board of Directors of Sonterra Municipal Utility District was held on February 3, 2020, at 113 Limestone Terrace, Jarrell, Texas. 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 following members of the Board were present, constituting a quorum:

John Faske	-	President
Tom Slowbe	-	Vice President
Darrell Goldman	-	Secretary
Camy Lenn Reynolds	-	Assistant Secretary

Director Menashe "Manny" Akiva was absent. Also present at the meeting were Andy Bilger of Vecindario Management, LLC; Jason Jones of Jones-Heroy & Associates, Inc.; Garry Kimball of Specialized Public Finance; Clayton Chandler of McCall Parkhurst & Horton, PLLC; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Faske called the meeting to order at 12:06 p.m. The Board discussed Mr. Kimball's previous report regarding the District's potential additional bonding capacity, with no increase in the existing tax rate, attached as **Exhibit "B"**. Mr. Bilger stated that Mr. Kimball had indicated that this projection was conservative and recommended that, if an election was called, the proposition be structured to authorize an additional \$50 to \$55 Million in bonds, allocated between utility bonds and park bonds.

Mr. Chandler then reviewed a schedule for an election held in November. The Board generally concurred that this would be too tight of a timeframe to assemble and present the necessary information to the District's voters. Mr. Chandler reviewed prohibitions against the Board members advocating for the proposed bonds or the District's use of public resources for that advocacy. Director Slowbe noted that the District already had a park committee that was very informed and interested in park improvements. He stated that he felt it was essential that there be a timeline for the actual construction of any park improvements that were proposed in order for residents to support additional bonds. Mr. Jones stated that the District must have financed 90% of the District's utility improvements as a condition to issuing park bonds. Ms. Littlefield stated that, normally, the developer advanced the funds for the park-related improvements and then was reimbursed through park bonds, in the same manner as utility expenditures and reimbursements, but that the park bonds were issued last. Director Slowbe stated that some of the homebuilders had apparently represented that there would be additional park facilities and so many residents believed they were promised additional improvements. Mr. Chandler stated that he would research whether the District could issue park bonds if it did not have additional utility bond bonding capacity. Mr. Jones stated that, once Section 9, the section south of FM 314, was developed, the District would have developed 90% of the District's utility facilities. Mr. Jones also confirmed that the District did not have sufficient bonding authority to finance the additional utility improvements needed for full development and that he anticipated that all of the District's existing bonding authority would be expended within the

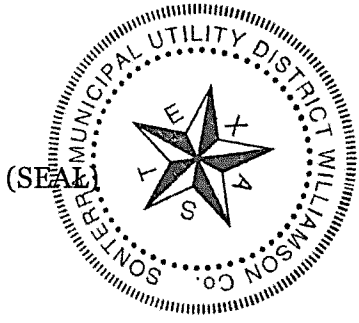
next few years. Mr. Chandler stated that he believed Mr. Bilger would be able to advocate for the bonds because he was not an elected official, but would need to confirm this. Director Slowbe asked if the developer would advance the costs for the park improvements and Mr. Bilger responded that the developer had anticipated funding additional improvements, such as a second pool, through a lease purchase arrangement with the homeowner's association (the "HOA"), similar to the financing for the existing pool and office. Mr. Littlefield encouraged the Board to ensure that it had a detailed budget, with clear sources and uses of funds, to allow tracking of revenues and expenditures. She pointed out that Mr. Joyce, the District's rate analyst, was working on developing a budget template as part of his work on the rate study. She agreed to ask for an update on the timing of this template, as the Board agreed it would like to review it at the regular February meeting. Ms. Littlefield reminded the Board that it had fairly significant demands on its revenues, due to the pledge in connection with the Lone Star Regional Water Authority ("LSRWA") debt as well as the two existing lease-purchase agreements. The Board agreed that establishing a reserve for the LSRWA debt was a priority, as well as ensuring sufficient revenues were available to support the District's existing lease-purchase payments.

The Board then discussed various options for budgeting for park improvements. Director Slowbe stated that capital funds were available. Mr. Bilger stated that the District currently collected a monthly park and rec fee from the residents that was to be used for this purpose. The Board agreed that it needed to have better tracking of the park and rec fee income and related expenditures.

Director Slowbe pointed out that the park committee's first project priority was upgrading the detention area, which would be highly visible and in an area where there was currently no park. He stated that Mr. Rush had estimated that this project would cost around \$105,000 and that the planning fee would be around \$18,000 and that he believed the District had the funds available in the current budget to get this done. Director Reynolds expressed concern about adequate parking for this area. Director Slowbe stated that the District currently had nothing for the older kids and the feedback from the park committee was that this project should be a priority. He stated that doing this project would also demonstrate that the District was achieving some first steps. Director Slowbe stated that he had met with Mr. Breedlove and understood the developer also had other park projects identified. Director Reynolds asked, if the developer was providing other park improvements, then what was left for the District to do. Director Slowbe stated that four miles of trail and a splash pad were also planned. Mr. Bilger stated that the developer was planning a second amenity center with a pool, but the goal was always to do this through the HOA lease-purchase structure. After further discussion, the Board agreed that the items relating to utility and park projects and related financing options should be kept on the agenda for additional discussion at future Board meetings.

Director Slowbe then moved that the Board approve the Park Programming and Phase 1 Park Design proposal attached as **Exhibit "C"**. Upon second by Director Reynolds, the Board voted 4-0 to do so.

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



Darrell Goldman
Secretary, Board of Directors

Date: February 17, 2020