

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

March 16, 2020

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on March 16, 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:

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|--------------------|---|---------------------|
| 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.; Dennis Hendrix of Crossroads Utility Services, Inc. (“Crossroads”); Taylor Kolmodin of Municipal Accounts and Consulting (“MAC”); and Carter Dean of Armbrust & Brown, PLLC.

Director Faske called the meeting to order at 6:00 p.m. After the Pledges of Allegiance to the United States and Texas flags, Director Faske stated that the Board would receive Board member remarks and citizens communications. There being none, Director Faske stated that the Board would consider the election-related items on the Board’s supplemental meeting agenda related to the District’s May 2, 2020 director election. He recognized Mr. Dean, who reported that, as there had been no additional candidates who had filed for a position on the Board, the District could cancel the May director election and declare John Faske, Tom Slowbe, and Raven Dunbar, the only candidates, elected to four-year terms beginning on May 2. He presented the Certification of Unopposed Status of Candidates attached as **Exhibit “B”** and the Order Declaring Election of Unopposed Status of Candidates and Cancelling May 2, 2020 Director Election attached as **Exhibit “C”** and reviewed them with the Board. After discussion, upon motion by Director Slowbe and second by Director Faske, the Board voted 4-0 to approve the Order.

Director Faske stated that the Board would next consider the bond-related items on the meeting agenda related to the District’s \$14,450,000 Unlimited Tax and Revenue Bonds, Series 2020 (the “Bonds”). He recognized Mr. Dean, who stated that the District had received the Texas Commission on Environmental Quality (“TCEQ”) Order Approving an Engineering Project and the Issuance of \$14,450,000 in Unlimited Tax and Revenue Bonds, attached as **Exhibit “D”**. He stated that the District’s financial advisor had prepared a revised timetable for the issuance of the Bonds attached as **Exhibit “E”**, which included a special meeting to award the sale of the Bonds on March 24 at noon at the offices of Armbrust and Brown, PLLC. After discussion, upon motion by Director Faske and second by Director Reynolds, the Board voted 4-0 to schedule a special meeting on March 24 at noon at the offices of Armbrust and Brown, PLLC to award the sale of the Bonds. Mr. Dean added that it was particularly important to confirm quorum for the meeting because of the recent outbreak of the Coronavirus, noting

that the meeting would be held by teleconference if necessary. Directors Slowbe, Faske, and Goldman stated that they would be able to attend the meeting.

Director Faske then announced that the Board would next consider approving the minutes of the February 17, 2020 and March 4, 2020 Board meetings. Upon motion by Director Slowbe and second by Director Goldman, the Board voted 4-0 to approve the minutes.

Director Faske then stated that the Board would receive the manager's report and recognized Mr. Bilger. Mr. Bilger stated that he had no report for the Board.

Director Faske stated that the Board would next discuss District security. Director Slowbe reported that the number of citations issued had been very low during the prior month and that District security was generally good.

Director Faske then stated that the Board would discuss park and recreational facilities. Director Slowbe reported that the Hitchcock Design Group had presented a preliminary design of the park improvements to the Park Subcommittee, noting that the estimated cost was around \$1,500,000. He added that the Park Subcommittee would meet to discuss the preliminary design and make a recommendation on the design at the next regular Board meeting. Mr. Bilger stated that the mulch below the swing-sets at the pool had been torn up and he thought that replacing the mulch with rubber mats would resolve the issue. The Board agreed and directed Mr. Bilger to have the mulch replaced with rubber mats. Mr. Slowbe then stated that a petition was circulating the District to remove the entrance monument.

Director Faske stated that the Board would next receive the District operator's report. Mr. Hendrix presented Crossroads' report, attached as **Exhibit "F"** and reviewed it with the Board. He advised the Board that, as of the end of February, the District had 2,322 occupied single-family connections, an estimated population of 6,966, and a total of 2,765 accounts and that there had been 47 new taps sold in February and a total of 236 for the fiscal year to date. Mr. Hendrix reported that there had been a water loss of 5.95% during the prior reporting period. He stated that he had no write-offs to present. Mr. Hendrix next presented a proposal from Crossroads in the amount of \$3,823.75 to build and install a utility bill drop-box and a proposal from Crossroads in the amount of \$827 per month to provide pickup service to the drop-box two times per week. Director Faske stated that the cost seemed high and the Board agreed to table the matter until the next regular Board meeting. Mr. Hendrix then reported that Crossroads planned on placing the surface water facilities in service and delivering surface water from the Lone Star Regional Water Authority (the "LSRWA") on April 15. Mr. Jones reminded the Board that in connection with the delivery of surface water, the District's method of disinfection would change from free chorine to chloramines, requiring that a notice of the change including TCEQ-required language be provided to the District's customers at least 14 days before the change occurred. Mr. Jones added that the supplemental notice further explaining the change and its benefits, which the Board had requested be drafted at the prior regular Board meeting, would be provided to the District's customers following the TCEQ-required notice. Mr. Slowbe stated that he thought it would be better to send the both notices out together so that a full explanation was provided sooner. Mr. Jones then informed the Board that he was waiting on the projected rate increase from Jay Joyce, the District's rate analyst, before finalizing the supplemental notice, and that the date scheduled for delivery of the surface water may need to be pushed back to May 1. After discussion, the Board agreed to review and approve both the TCEQ-required notice and the supplemental notice at the March 24 special Board meeting, provide both notices to the District's customers in the same utility bill mailing, and push the date scheduled for delivery of surface water to May 1.

Mr. Dean then advised that the Amended and Restated Agreement for the Provision of Retail Water and Wastewater Services to Cool Water Municipal Utility District was in final form

and ready for approval. After discussion, upon motion by Director Goldman and second by Director Reynolds, the Board voted 4-0 to approve the Agreement.

Director Faske then stated that the Board would receive the bookkeeper's report. Ms. Kolmodin called the Board's attention to the check register attached as **Exhibit "G"** and the supplemental check register attached as **Exhibit "H"**. She stated that she would void the check for per diem to Director Akiva due to his absence. Ms. Kolmodin then presented the proposed Amended Budget for Fiscal Year 2020, attached as **Exhibit "I"**, which she explained utilized the budget template that had been prepared by Mr. Joyce and presented at the March 4 special Board meeting. After discussion, upon motion by Director Slowbe and second by Director Reynolds, the Board voted 4-0 to approve the bookkeeper's report and the payments as presented, with the void noted, and the Amended Budget for Fiscal Year 2020.

Mr. Bilger next reported that, upon recommendation of Armbrust & Brown, PLLC, he believed it was prudent for the Board to seek proposals for bookkeeping services to compare costs and services. The Board agreed and directed Mr. Bilger to solicit proposals for bookkeeping services.

Director Faske then recognized Mr. Jones for the purpose of receiving the engineer's report. Mr. Jones called the Board's attention to his report, attached as **Exhibit "J"**. Mr. Jones then presented Pay Estimate No. 7 in the amount of \$124,738.11 for the Water Treatment Plant Nos. 1 and 2 upgrade, attached as **Exhibit "K"**, and recommended approval. He next presented Pay Estimate No. 7 in the amount of \$28,479.60, attached as **Exhibit "L"**, for Sonterra West Section 13 and recommended approval. Mr. Jones also presented Pay Estimate No. 8 Retainage in the amount of \$353,548.15, attached as **Exhibit "M"**, for Sonterra West Bailey Park Phases I and IV and Sonterra West Section 7, Phase 2A-1, Block 12, Lot 34 and recommended approval. He then presented Pay Estimate No. 3 in the amount of \$928,723.50, attached as **Exhibit "N"**, for Sonterra West Bailey Park Phases II and III and recommended approval. Upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to approve the Pay Estimates.

Mr. Jones stated that he had received a proposal from Lenz & Associates, Inc. for surveying services for the acquisition of water and wastewater easements along County Road 314 in the amount of \$1,800 per tract and recommended approval. He reported that there were seven easements that needed to be obtained and that the landowners had been cooperative so far in negotiations. Upon motion by Director Faske and second by Director Slowbe, the Board voted 4-0 to approve the proposal.

Mr. Jones stated that he had no update on easement acquisition for the Jarrell Schwertner Water Supply Corporation waterline relocation project.

Director Faske stated that the Board would next discuss park and utility projects and financing. Mr. Dean reminded the Board that it had asked him to carry the related items forward so the Board could consider them at such time as it was prepared to move forward.

Director Faske then recognized Dean for purposes of receiving the attorney's report. Mr. Dean updated the Board on his pending directives. He reported that the commercial customer, located at 11840 N. IH 35, and he had not been able to resolve the customer's dispute related to nonpayment of payments in lieu of taxes and that Crossroads had terminated service to the property in accordance with the District's Rate Order. Mr. Dean then stated that the website administrator had created five new email addresses for the Board using the following format: Director1@sonterramud.org, each with a different number from 1 to 5. The Director1 and Director2 email addresses had already been assigned to Directors Akiva and Reynolds, respectively. The remaining directors then agreed who would be assigned each of the remaining email addresses: Director Slowbe was assigned Director5, Director Faske was assigned

Director3, and Director Goldman was assigned Director4. The Board asked Mr. Dean to send instructions to the Board regarding how to log in to the accounts associated with the email addresses. Mr. Dean reported that BLX Group had confirmed that there had been no yield restriction violations in connection with the District's 2015 refunding bond issue. Mr. Dean then called the Board's attention to the most recent Texas Municipal League Intergovernmental Risk Pool Summary of Claim Experience Report.

At 6:47 p.m., Director Faske stated that the Board would convene in executive session in order to receive legal advice regarding the Coronavirus-related items on the Board's supplemental meeting agenda.

At 7:10 p.m., the Board reconvened in open session and Director Faske announced that no action had been taken in executive session. Upon motion by Director Faske and second by Director Slowbe, the Board voted 4-0 to take the following actions in response to the Coronavirus: (i) postpone the opening of the pool indefinitely; (ii) recommend that the Jarrell Community Library cease operations in the District's office indefinitely; (iii) prohibit organizations without a lease contract with the District for use of its office from using the District's office indefinitely; (iv) authorize the website administrator to update the website as reasonably necessary to update the community with respect to the Coronavirus; (v) authorize Board meetings be held by teleconference until in-person Board meetings became feasible; (vi) implement the CDC's Coronavirus-related recommendations and with respect to the District's employees, office, and other facilities; (vi) and authorize Mr. Bilger and Director Slowbe to purchase any service necessary to hold teleconferences for an amount not to exceed \$100 per month.

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

(SEAL)



Darrell Goldman
Secretary, Board of Directors

Date: April 20, 2020