

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

April 20, 2020

THE STATE OF TEXAS           §  
  §  
COUNTY OF WILLIAMSON       §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held via telephone conference call pursuant to Section 551.025, Texas Government Code, as modified temporarily by Governor Greg Abbott, and pursuant to the related guidance from the office of the Texas Attorney General in connection with the Governor's COVID-19 Disaster Proclamation. Notice of the meeting 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 open to the public via the toll-free dial-in telephone number provided in the meeting notice. An electronic agenda packet for the meeting was provided on-line via the link included in the meeting notice and the meeting was recorded and made available at the same link.

The telephone conference meeting was called to order at 6:00 p.m. and the roll of the members of the Board of Directors was called, as follows:

John Faske	-	President
Tom Slowbe	-	Vice President
Darrell Goldman	-	Secretary
Camy Lenn Reynolds	-	Assistant Secretary
Menashe "Manny" Akiva	-	Assistant Secretary

All of the Directors were present. 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 LLC ("Crossroads"); Clayton Chandler of McCall Parkhurst & Horton; Ashlee Martin of McCall Gibson Swedlund Barfoot, PLLC; Taylor Kolmodin of Municipal Accounts and Consulting ("MAC"); and Carter Dean of Armbrust & Brown, PLLC.

Director Faske stated that the Board would first consider the 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, as confirmed by the District Engineer Certificates of Completion attached as **Exhibit "B"**, the streets and utilities to serve Sonterra West Section 12B and Section 11, Phase 3, Bailey Park Phases I and IV, and Sonterra Section 7-A, Phase 2A-1 Block 12, Lot 34 were complete. Mr. Dean recommended release of the respective hold-back amounts under the related Agreements Regarding Hold-Back of Bond Proceeds and Utility Construction Agreements to the developer. He then reviewed Amendment No. 1 to Agreement Regarding Hold-back of Bond Proceeds and the Amended and Restated Street and Utility Construction Agreement for Sonterra West Section 13 attached as **Exhibits "C" and "D"**, respectively, and explained that these documents would revise the hold-back amount for this project to reflect the percentage of construction work that remained to be completed in the subdivision, as confirmed by the District engineer. Mr. Dean next confirmed that the Texas Commission on Environmental Quality ("TCEQ") had conducted its pre-purchase inspection and had issued the interoffice memorandum confirming that no deficiencies had been noted attached as **Exhibit "E"**. Ms. Martin then presented the report on reimbursable costs attached as **Exhibit "F"** and reviewed it with the Board. She reminded the Board that the rules of the TCEQ required that, prior to the District's reimbursing the developer, a careful review of all of the related invoices be conducted. She called the Board's attention to Schedule B of the report,

noting that it provided a summary of the procedures performed and identified the sums that would be received from the bond sale and the funds that would be paid out to reimburse the developer and pay bond-related expenses. Ms. Martin reviewed the costs being reimbursed to SonWest Co., including construction and engineering costs and impact fees paid to the City of Jarrell, noting that the hold-back amount would be withheld pursuant to Amendment No. 1 to Agreement Regarding Hold-back of Bond Proceeds and the Amended and Restated Street and Utility Construction Agreement for Sonterra West Section 13. She stated that she had also included the District's costs to date related to the bond issue, totaling approximately \$1,226,341, as well as the bond discount, professional fees, and other issuance costs, and pointed out that about \$168,000 in surplus funds would be left over. She pointed out that the bond issuance expenses actually incurred had exceeded the estimate by the TCEQ and explained that this was because the approved estimate was too low based on the size of the bond issue. She then reviewed the amounts that the TCEQ had directed be escrowed until the District received deeds and/or easements for certain properties and the TCEQ authorized release of the funds. She reviewed the cash reconciliation included in her report and pointed out that it provided the same information in a slightly different format. Mr. Chandler reviewed the Escrow Agreement attached as **Exhibit "G"**, and advised that it provided an account into which the funds directed by the TCEQ to be escrowed would be held until they were approved for release. Mr. Dean recommended that the Board approve the Amendment No. 1 to Agreement Regarding Hold-back of Bond Proceeds and the Amended and Restated Street and Utility Construction Agreement for Sonterra West Section 13; approve the report on reimbursable costs; accept the Conveyance of Existing Facilities and Capacity and Bills Paid Warranties and other closing documents upon receipt; authorize the disbursement of the bond proceeds in accordance with the report on reimbursable costs upon closing and receipt and approval of all closing documents by the District's legal counsel; approve the Escrow Agreement; approve the Resolution Authorizing Application to Texas Commission on Environmental Quality for Release of Funds from Escrow attached as **Exhibit "H"**; and approve a supplemental report on reimbursable costs for the escrowed funds and authorize disbursement of the escrowed funds in accordance with the supplemental report upon receipt of the required deeds and/or easements, authorization by the TCEQ, and approval by Director Faske and the District's legal counsel. After discussion, upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously in favor of the items recommended by Mr. Dean.

Director Faske then announced that the Board would consider the consent items on the agenda, including the minutes of the March 16, 2020 and March 24, 2020 Board meetings and the engagement letter with BLX Group attached as **Exhibit "I"**, for arbitrage rebate compliance services for the Bonds. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the minutes and the engagement letter with BLX Group.

Director Faske then stated that the Board would receive the manager's report and recognized Mr. Bilger. Mr. Bilger stated that the District's office building had not been used during the prior month due to the COVID-19 pandemic. Director Slowbe informed Mr. Bilger that the District's solid waste service provider was planning on providing its bulk waste pick-up service on May 2 at the District's pool and confirmed that it was safe under the circumstances of the pandemic as long as people were reminded to maintain distance from one another. Director Faske directed Mr. Bilger to ensure the workers at the bulk pick-up were provided masks and conducted the bulk pick-up according to the Center for Disease Control's recommendations. Mr. Bilger stated that he would do this. Mr. Bilger next stated that the District had not received any bids to paint the interior of the pool house but that Vecindario Management could do so for \$1,800. After discussion, upon motion by Director Goldman and second by Director Slowbe, the Board voted unanimously to approve the proposal from Vecindario Management.

Director Faske stated that the Board would next discuss District security. Mr. Bilger stated that there were no security items to discuss.

Director Faske then stated that the Board would discuss park and recreational facilities. Director Slowbe reviewed the Park Program and Phase 1 Implementation report prepared by Hitchcock Design Group attached as **Exhibit “J”** and stated that the Park Subcommittee recommended the District undertake construction of the linear park and the splash pad in 2020 and the detention pond park in 2021. Mr. Bilger stated that he believed the Park Subcommittee needed to discuss funding of the splash pad with the developer and the District’s legal counsel before moving forward. Director Slowbe asked that those discussions occur prior to the May Board meeting. After discussion, upon motion by Director Goldman and second by Director Reynolds the Board voted unanimously to authorize Hitchcock Design Group to proceed with soliciting bids for the construction of the linear park.

Director Faske stated that the Board would receive the mowing and landscape maintenance report attached as **Exhibit “K”**. Mr. Bilger stated that there were no mowing and landscape items to discuss.

Director Faske stated that the Board would next receive the District operator’s report. Mr. Hendrix presented Crossroads’ report, attached as **Exhibit “L”**, and reviewed it with the Board. He advised the Board that, as of the end of March, the District had 2,355 occupied single-family connections, an estimated population of 7,065, and a total of 2,843 accounts and that there had been 42 new taps sold in March and a total of 278 for the fiscal year to date. Mr. Hendrix reported that there had been a water loss of 4.81% during the prior reporting period. He stated that he had no write-offs to present. Mr. Hendrix then stated that Lone Star Regional Water Authority (“*LSRWA*”) was prepared to provide and the District was prepared to receive the new surface water supply beginning May 1. He presented memorandum from Crossroads attached as **Exhibit “M”** regarding discontinuing the disconnection of water service and assessment of late fees during the COVID-19 pandemic and recommended that the Board approve the procedures outlined in the memorandum. Mr. Dean recommended that, if the Board approve the procedures in the memorandum, it approve continuing them until the next Board meeting, at which time they would be reconsidered. Mr. Bilger stated that he believed that suspending credit card fees was not necessary. Mr. Dean agreed and pointed out to the Board that Crossroad’s memorandum did not contain such a provision. Director Slowbe asked why the ACH fee was a percentage rather than a flat rate. Mr. Bilger stated that he believed that this issue was different than the one being discussed and that it could be discussed at the next Board meeting. Director Reynolds asked Mr. Hendrix to bring back a summary of the District’s billing fees, including ACH and credit card fees, to the next Board meeting. Mr. Dean stated that he would place an item to discuss this issue on the agenda. Ms. Kolmodin agreed to look into the effect that suspending credit card fees would have on the District’s finances. Mr. Dean responded that it would be helpful if Ms. Kolmodin could also determine how implementation of the procedures in Crossroads’ memorandum would affect the District’s finances. Ms. Kolmodin responded that she would do so. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the procedures contained in the memorandum from Crossroads for a period of 30 days. Mr. Hendrix next presented a proposal from Crossroads to build and install a utility bill drop-box for the sum of \$3,823.75 and a proposal from Crossroads to provide pickup service to the drop-box two times per week for the sum of \$827 per month. The Board generally agreed that the amount proposed to provide pickup service to the drop-box seemed high. Mr. Bilger asked that Mr. Hendrix present better cost information at the next Board meeting.

Director Faske then stated that the Board would consider the water, wastewater, and rate matters on the agenda. Mr. Jones recommended that the District continue to implement Stage 2 water restrictions for at least the next month, due in part to the District’s partial transition to surface water. Mr. Hendrix stated that the District’s proposed revised Rate Order was not yet ready for consideration, but that it should be ready by the next Board meeting. He then stated that the rate increase approved at the prior meeting had been implemented into the current

month's billing cycle. Mr. Hendrix reported that the District had received a request from a U.S. Air Force captain to place his account on a temporary no-pay basis until he returned from active duty abroad, adding that the Rate Order did not provide for such a temporary no-pay basis and would require closing the existing account and opening a new account upon his return. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to revise the Rate Order to allow for members of the U.S. military to place their accounts on a temporary no-pay basis during active duty and to waive all fees that that would normally be incurred during that time period. Mr. Hendrix next reported that the District did not require Williamson County ESD No. 5 (the "ESD") to pay for water service provided to it and suggested that the Board might want to reconsider the policy. Mr. Bilger briefly reviewed the history of the policy and recommended that, if the Board decided to change the policy, it provide the ESD notice before making the change. Mr. Dean asked how providing free water to the ESD financially affected the District. Director Faske directed Mr. Bilger to ask the ESD's fire chief whether the ESD was financially able to pay for the water. The Board then agreed to table the matter until the next regular Board meeting. Mr. Jones then informed the Board that the Notice of Change in Water Supply Disinfectant from Free Chlorine to Chloramines and the general public information notice had been mailed to the District's customers and posted on the District's website. Mr. Dean asked whether the Notice of Change in Water Supply Disinfectant was also published in the newspaper as required by law. Mr. Jones stated that it had been and that he had sent record of the publishing to Mr. Dean's firm. Mr. Hendrix stated that his office had not received any phone calls from customers regarding the Notice of Change in Water Supply Disinfectant or the general public information notice. Mr. Jones stated that he had submitted an application to LSRWA electing to purchase approximately 150,000,000 gallons of water during the LSRWA's June 1, 2020 through May 31, 2021 water year on a take-or-pay basis. Mr. Dean then recommended approval of the Addendum to the Amended and Restated Agreement for the Provision of Retail Water and Wastewater Services to Cool Water Municipal Utility District attached as **Exhibit "N"**. He added that the Agreement for the Provision of Retail Water and Wastewater Services to Eastwood Municipal Utility District was not yet ready for execution. After discussion, upon motion by Director Goldman and second by Director Faske, the Board voted unanimously to approve the Addendum.

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 "O"** and the supplemental check register attached as **Exhibit "P"**. She reported that she had split out the actual versus budget of the District's utility/trash fund as shown on page 9 of her report, as previously discussed. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the bookkeeper's report and the payments as presented.

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 "Q"**, and the supplemental items to his report attached as **Exhibit "R"**. Mr. Jones then presented the proposal from Hydro Resources to clean fill material from Well No. 2 for an amount not to exceed \$7,000, attached as **Exhibit "S"**, and recommended approval. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the proposal from Hydro Resources. Mr. Jones then presented Pay Estimate No. 8 in the amount of \$146,556.00 for the Water Treatment Plant Nos. 1 and 2 upgrade and Change Order No. 5 in the net amount of \$1,060.00 for the deduction of construction entrances, attached as **Exhibit "T" and "U"**, respectively, and recommended approval. Upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to approve Pay Estimate No. 8 and Change Order No. 5. Mr. Jones next presented Pay Estimate No. 8 in the amount of \$133,805.79, attached as **Exhibit "V"**, for Sonterra West Section 13 and Change Order No. 3, attached as **Exhibit "W"**, for modifications to the offsite water alignment in the amount of \$18,600.00 and recommended approval. Upon motion by Director Goldman and second by

Director Faske, the Board voted unanimously to approve Pay Estimate No. 8 and Change Order No. 3. Mr. Jones next reported that Sonterra West Section 13 was ready to be platted and, since the District owned a well site in in that section, it would need to approve the plat, attached as **Exhibit “X”**. He stated that, as part of the plat, Williamson County would be acquiring a 50-foot right-of-way on the north side of the District’s well site and the District would relinquish about 0.3 acres of the well site for this purpose. Upon motion by Director Goldman and second by Director Reynolds, the Board voted unanimously to approve the plat of Sonterra West Section 13. Mr. Jones next presented Change Order No. 4 in the amount of \$6,950, attached as **Exhibit “Y”**, to relocate the fence on the north end of the well site out of Williamson County’s right-of-way. After discussion, upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to approve Change Order No. 4. Mr. Jones next stated that construction was complete in Sonterra West Bailey Park Phase I and IV and Sonterra West Section 7, Phase 2A-1, Block 12, Lot 34 and recommended acceptance of the project for operation and maintenance. After discussion, upon motion by Director Goldman and second by Director Akiva, the Board voted unanimously to accept the project for operation and maintenance. Mr. Jones then presented Pay Estimate No. 4 in the amount of \$150,831.00, attached as **Exhibit “Z”**, for Sonterra West Bailey Park Phases II and III and recommended approval. Upon motion by Director Akiva and second by Director Faske, the Board voted unanimously to approve the Pay Estimate. Mr. Jones concluded his report by stating that he was working with the District’s attorney on the easement agreements related to the Jarrell Schwertner Water Supply Corporation waterline relocation and related acquisition of easements for District facilities and that he was still working on the application to the TCEQ for approval of a water impact fee.

Director Faske then recognized Mr. Dean for purposes of receiving the attorney’s report. Mr. Dean reported that he had sent out the request for proposals for bookkeeping services and expected to have proposals for the Board to consider at the next regular Board meeting. He then reviewed a letter from Williamson Central Appraisal District (“WCAD”) advising that WCAD would likely not be able to provide the District with certified taxable values by July 25<sup>th</sup> as was typical, but instead would likely only provide an estimate of value for use by the District in approving its budget and tax rate in August. Mr. Dean asked Ms. Kolmodin if she had any information on how this might affect the District’s budget or tax rate. Ms. Kolmodin responded that most likely the Board would have to move forward with adopting its budget and setting its tax rate based on the estimated values, but that she would ask the District’s financial advisor if he had any additional thoughts or recommendations on the issue.

Mr. Bilger then announced that the Board meeting was Director Akiva’s last since he did not run for reelection and stated that he and the other Board members thanked Director Akiva for his service on the Board.

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

(SEAL)



Darrell Goldman  
Secretary, Board of Directors

Date: May 18, 2020