

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

June 15, 2020

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on June 15, 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"**.

All of the members of the Board were present, as follows:

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

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"); Garry Kimball of Specialized Public Finance; Edward Castro of Landscape Design and Lawn LLC; Taylor Kolmodin of Municipal Accounts and Consulting ("MAC"); Robin Barfield of the Community Library of Northern Williamson County; Krystal Grimm, Richard Grimm, Rebecca Beach, William Hassiepen, Henry Hassiepen, Azure Hobbs, Ellis James, Curtis Alston, Lori Riley, Rob and Danielle Smith, Glenda Overfelt, Alicia Brummett, and Teena Malina, and several other residents of the District; 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 any Board member remarks or citizens communications. Director Faske recognized Ms. Smith, who stated that the manager of the District's swimming pool had informed her that she would be unable to hold water aerobics classes at the pool due to capacity restrictions related to COVID-19. Ms. Smith asked that she be able to resume holding her water aerobics classes as soon as possible. Director Faske then recognized Ms. Overfelt, who stated that she supported Ms. Smith's request, adding that she had attended Ms. Smith's water aerobics classes for four years and that they had provided her significant health benefits. Director Faske then recognized Mr. James, who stated that he had placed a check for utilities payment in the drop-box outside of the District's office building, but that he did not believe Crossroads had picked it up. Mr. Hendrix responded that Crossroads did not check the drop-box daily, but rather on a weekly basis, and asked that Mr. James follow up with a Crossroads customer service representative to resolve the matter.

Director Faske stated that the Board would next consider the Director-related items on the agenda. Upon motion by Director Slowbe and second by Director Goldman, the Board voted 4-0 to approve the Sworn Statement, Oath of Office, and Director's Bond for Director Dunbar. Mr. Dean advised Director Dunbar that he had been elected Assistant Secretary of the Board at the May Board meeting.

Director Faske then announced that the Board would consider the items on the agenda related to the District's Unlimited Tax Refunding Bonds, Series 2020 (the "Refunding Bonds").

He recognized Mr. Kimball, who reported that the Refunding Bonds had closed on June 2nd, resulting in 11.67% or approximately \$436,000 net present value savings to the District. Mr. Dean then presented the engagement letter with BLX Group for arbitrage rebate compliance services attached as **Exhibit “B”** and reviewed it with the Board. Upon motion by Director Goldman and second by Director Reynolds, the Board voted unanimously to approve the engagement letter.

Director Faske stated that the Board would next consider the minutes of the May 18, 2020 Board meeting. Upon motion by Director Reynolds and second by Director Slowbe, the Board voted unanimously to approve the minutes.

Director Faske then stated that the Board would receive the manager’s report and recognized Mr. Bilger. Mr. Bilger reported that the pool had been opened at 50% capacity pursuant to the Governor’s executive order regarding the COVID-19 pandemic and that the opening had gone smoothly. Mr. Bilger next stated that he believed it would be possible to allow Ms. Smith to hold her water aerobics classes while following the capacity restrictions and would work with her to make arrangements for the classes. Mr. Bilger then advised that he had not heard back from Williamson County ESD No. 5 regarding its no-charge account and the proposed hydrant testing services.

Director Faske then called the Board’s attention to the security report attached as **Exhibit “C”**. Director Slowbe stated that the number of citations issued had remained low and that the District had experienced no major security issues to his knowledge.

Director Faske then announced that the Board would discuss park and recreational facilities. Mr. Bilger reported that the preconstruction process for the linear park would be delayed until Oncor Electric consented to the District’s plans for the park, which would be located within an Oncor Electric easement under its power lines. Director Slowbe stated that he would continue to work with Hitchcock Design and the District’s attorney to get the necessary consent from Oncor Electric.

Director Faske next announced that the Board would receive the Community Library of Northern Williamson County’s (the “*Library’s*”) annual report and recognized Ms. Barfield, the President of the Board of the Library. Ms. Barfield reported that the Library’s operations had gone very well overall and thanked the Board for its support. She stated that the COVID-19 pandemic had caused the Library to cease all of its in-person operations, except for curbside book pick-up, which occurred once per week, but that the Library had maintained its online presence. She then stated that the Library had to cancel one of its largest annual fundraising events due to the COVID-19 pandemic and asked the Board to review the Library’s financial position included in the handout attached as **Exhibit “D”**. She stated that, although the Library was solvent, she requested that the Library be granted an additional year of no-charge rent for its use of the District’s office building, noting that its first rent payment was due on September 1. Mr. Dean stated that he believed the Board should take the request under advisement and consult its bookkeeper to determine whether granting Ms. Barfield’s request was economically feasible. Ms. Barfield then reported that, while the Library had received some grant money during the past year, it would receive significantly more grant money after it became accredited, which it had been working toward.

Director Faske then announced that the Board would discuss sidewalk and trail improvements and recognized Director Slowbe. Director Slowbe stated that the relevant items had already been considered under the park and recreational facilities agenda item and asked that the sidewalk and trail improvements agenda item be removed from future agendas.

Director Faske then called the Board's attention to the mowing and landscape maintenance report. Mr. Bilger stated that there were no mowing and landscape items to discuss.

Director Faske then called the Board's attention to matters regarding the District pool and recognized Mr. Bilger. Mr. Bilger stated that there were no additional pool-related items that needed to be discussed and noted that the agenda item regarding replacement of the sand filter media could be removed from the agenda since the replacement had been completed.

Director Faske stated that the Board would next receive the District operator's report. Mr. Hendrix presented Crossroads' report, attached as **Exhibit "E"**, and reviewed it with the Board. He advised the Board that, as of the end of May, the District had 2,478 occupied single-family connections, an estimated population of 7,434, and a total of 2,920 accounts and that there had been 25 new taps sold in May and a total of 351 for the fiscal year to date. Mr. Hendrix reported that there had been a water loss of 7.47% during the prior reporting period. He stated that he had no write-offs to present. Mr. Hendrix then presented the Second Amendment to Operations Services Agreement, attached as **Exhibit "F"**, and explained that the Amendment would add drop-box pick-up service to the list of basic services provided by Crossroads and adjust Crossroads' compensation accordingly. After discussion, upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to approve the Amendment. Mr. Hendrix then reported that the fluoride level in the District's water was at an all-time low of 0.25%, contrasting starkly with the 3.27% fluoride level recorded in March, prior to the receiving water from Lone Star Regional Water Authority ("LSRWA"). He next stated that there were only a few punch list items left on the repair of Well No. 2 before it could be placed back into service. Mr. Jones then reported that Mr. Hendrix and he had been in preliminary discussions with Jarrell-Schwertner Water Supply Corporation ("Jarrell-Schwertner") regarding installing electronic meters in the District, noting that there would be significant cost-savings if the District were to purchase meters along with Jarrell-Schwertner. Mr. Jones added that he believed the District should replace old meters with electronic meters in phases and install electronic meters for all new construction. He stated that he would come back to the Board with more information at a later meeting after further discussions with Jarrell-Schwertner and the vendor of the electronic meters.

Director Faske stated that the Board would next consider the bulk waste pick-up item on the agenda. Mr. Dean advised that he was waiting to receive a proposal from Al Clawson Disposal, Inc. for an additional bulk waste-pick up day and additional dumpsters to be used for bulk waste pick-up, noting that he believed he would receive a proposal within the next few weeks.

Director Faske then stated that the Board would consider the water, wastewater, and rate matters on the agenda. Mr. Jones recommended that the District maintain its stage 2 water use restriction. He reported that the revised rate order was not yet ready for consideration. He then stated that the City of Jarrell (the "City") had completed the improvements to its wastewater plant.

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"**. Ms. Kolmodin then reviewed the District's upcoming bond payments. Director Faske asked Ms. Kolmodin to determine whether it was economically feasible to provide the Library with an additional year of no-charge rent beginning in September. Upon motion by Director Goldman and second by Director Reynolds, 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 asked if the engineer's report and the bookkeeper's report could be switched on the agenda going forward so that Mr. Jones could proceed directly from reporting on the water, wastewater, and rate matters to the engineer's report. Mr. Jones then called the Board's attention to his report, attached as **Exhibit "I"**. Mr. Jones reported that Well No. 2 had been successfully tested and connected to the District's system, but that it would not be placed back into service until the ground storage tank rehabilitation was finished, which would be in 14 days, after the curing process of the recoating was completed. He then presented Pay Application No. 10 in the amount of \$90,796.50 for the Water Treatment Plant Nos. 1 and 2 upgrades, attached as **Exhibit "J"**, and recommended approval. Mr. Jones next presented Pay Application No. 10 in the amount of \$7,920.00, attached as **Exhibit "K"**, and Pay Application No. 11 in the amount of \$73,531.33, attached as **Exhibit "L"**, for Sonterra West Section 13 and recommended approval contingent upon receipt of the contractor's affidavit of all bills paid. He then presented Pay Application No. 6 in the amount of \$144,696.15, attached as **Exhibit "M"**, for Sonterra West Bailey Park Phases II and III and recommended approval. Upon motion by Director Goldman and second by Director Slowbe, the Board voted unanimously to approve the Pay Applications as recommended by Mr. Jones. Mr. Jones then recommended acceptance of Sonterra West Section 13 for operation and maintenance upon receipt of the contractor's affidavit of all bills paid and an offsite easement correction and recordation of the plat. Upon motion by Director Slowbe and second by Director Goldman, the Board voted unanimously to accept Sonterra West Section 13 for operation and maintenance upon satisfaction of the conditions recommended by Mr. Jones. Mr. Jones then presented the Assignment of Undivided Interest in Easement from Jarrell-Schwertner to the District, attached as **Exhibit "N"**, and the Assignment of Undivided Interest in Easement from the District to Jarrell-Schwertner, attached as **Exhibit "O"**, which he reminded the Board were necessary due to a surveying error that had caused one of the District's water lines for Sonterra West Bailey Park Phases II and III to be constructed within a Jarrell-Schwertner utility easement, instead of within the intended LSRWA utility easement. Upon motion by Director Slowbe and second by Director Goldman, the Board voted unanimously to approve the Assignments. Mr. Jones next informed the Board that Bond Application No. 10 for approximately \$4,900,000 to reimburse the developer for Sonterra West Bailey Park Phases II and III had been submitted to the Texas Commission on Environmental Quality (the "**TCEQ**") for expedited review and that he expected to receive an order from the TCEQ approving the Bond Application soon. Mr. Jones lastly advised that he had almost completed the impact fee application and planned to submit it to the TCEQ later in the month.

Director Faske then announced that the Board would consider the COVID-19-related items on the agenda. Mr. Bilger stated that the Library was closed, with the exception of curbside pick-up, and that the pool was open at 50% capacity. Mr. Dean stated that the Board needed to consider whether it wanted to extend its policy suspending late fee payments and disconnection of water service for nonpayment of utility bills another month due to the ongoing COVID-19 pandemic and the attendant economic concerns. Director Faske asked Mr. Hendrix to review the number of late fees, delinquency letters, and disconnections that had been suspended. Mr. Hendrix stated that he would provide this information at the next Board meeting. Mr. Hendrix added that the aged accounts receivable data included in the operator's report did not indicate that there was a significant increase in delinquencies due to the COVID-19 pandemic. After discussion, upon motion by Director Slowbe and second by director Faske, the Board voted unanimously to extend the policy through the date of the next Board meeting.

Director Faske then recognized Mr. Dean for purposes of receiving the attorney's report. Mr. Dean reviewed the budget adoption and tax rate setting schedule for the 2020-2021 fiscal year and 2020 tax year, attached as **Exhibit "P"**, and reminded the Board that attendance at the upcoming meetings was very important. He then informed the Board that the subcommittee tasked with making a recommendation to the Board on the bookkeeping proposals had not met, but would do so before the next Board meeting. Mr. Kimball then presented Specialized Public

Finance's engagement letter for tax rate setting advice services for the 2020 tax year, attached as **Exhibit "Q"**, and explained that, due to the passage of Senate Bill 2 during the 2019 Legislative Session, his firm would assume additional liability and be required to do much more work in order to advise the Board. After discussion, upon motion by Director Goldman and second by Director Slowbe, the Board voted unanimously to approve the engagement letter.

Mr. Dean asked the Board whether it preferred holding the next Board meeting in-person or by teleconference. The Board generally agreed that it would like the next meeting to be held in-person, but that it would have the meeting by teleconference if there was a change in law or circumstance in the interim that prohibited meeting in-person.

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

(SEAL)



Darrell Goldman
Secretary, Board of Directors

Date: July 20, 2020