

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

August 17, 2020

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on August 17, 2020 via videoconference pursuant to Section 551.127, 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 website link provided in the meeting notice. An electronic agenda packet for the meeting was provided online via the link included in the meeting notice and the meeting was recorded and made available at the same link.

The videoconference meeting was called to order at 6:03 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
Raven Dunbar	-	Assistant Secretary

All of the Directors were present, except for Director Slowbe. Also present at the meeting were Andy Bilger of Vecindario Management, LLC; Jason Jones of Jones-Heroy & Associates, Inc.; Tanya Clawson of Al Clawson Disposal, Inc.; Garry Kimball of Specialized Public Finance; Bart Fowler of McCall Parkhurst & Horton, PLLC; Dennis Hendrix of Crossroads Utility Services LLC ("Crossroads"); Ashlee Martin of McCall Gibson Swedlund Barfoot PLLC; Allen Douthitt of Bott & Douthitt, PLLC; Danielle Smith, a resident of the District; and Carter Dean of Armbrust & Brown, PLLC.

Director Faske stated that the Board would first receive any Board member remarks or citizens communications. Ms. Smith stated that, as an instructor of water aerobics classes at the District's pool, she would like to know whether she would be able to continue to teach classes after the summer had ended. Mr. Bilger responded that she would be able to, but that there would be construction at the pool in the fall, which may interfere. Ms. Smith then asked whether she could use the District's clubhouse for aerobics classes when it became too cold outside to hold classes in the pool. Mr. Bilger responded that the request would be placed on the agenda of the September Board meeting for consideration.

Director Faske stated that the Board would next consider the bond items on the agenda, beginning with the District's \$4,900,000 Unlimited Tax and Revenue Bonds, Series 2020A, and recognized Mr. Fowler. Mr. Fowler first reviewed the timetable for issuance of the bonds attached as **Exhibit "B"**, stating that the bonds would be sold at the Board's Monday, September 21, 2020 meeting at 12:00 noon. Mr. Kimball stated that the preliminary official statement for the bonds was ready for approval and reviewed it with the Board. He then recommended that the Board designate Bank of Texas as the paying agent for the bonds and that the Board authorize the payment of the Attorney General bond review fee. Mr. Fowler presented the Resolution Approving Preliminary Official Statement; Authorizing Distribution of

Preliminary Official Statement and Publication of Notice of Sale of Bonds; and Approving Other Related Matters attached as **Exhibit “C”** and reviewed it with the Board, recommending approval. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to approve the Resolution, authorize payment of the Attorney General bond review fee, and designate Bank of Texas as the paying agent for the bonds.

Director Faske then stated that the Board would consider the District’s \$14,450,000 Unlimited Tax and Revenue Bonds, Series 2020 and recognized Ms. Martin. Ms. Martin presented the supplemental report for reimbursement for the bonds, dated August 17, 2020, attached as **Exhibit “D”**, and stated that, since construction in Sonterra West Section 13 had been completed, the developer, SonWest Co., could be reimbursed out of the bond proceeds for the construction and engineering costs associated with that Section. Accordingly, she recommended release of \$265,202.84 to SonWest Co., noting that, after the release, the District would have approximately \$200,000 in surplus funds from the bonds. After discussion, upon motion by Director Goldman and second by Director Dunbar, the Board voted 4-0 to release the amount recommended by Ms. Martin to SonWest Co. for reimbursement of construction and engineering costs of Sonterra West Section 13.

Director Faske stated that the Board would next consider budget and tax items on the agenda, and recognized Mr. Kimball. Mr. Kimball reviewed the 2020 certified appraised values from Williamson County Appraisal District attached as **Exhibit “E”**, stating that the taxable value of property within the District was \$513,575,152. He then recommended a total tax rate of \$0.9475 per \$100 of assessed valuation for 2020, which he noted was the same as the District’s 2019 total tax rate. Mr. Douthitt then presented the proposed budget for the 2020-2021 fiscal year attached as **Exhibit “F”** and reviewed it with the Board. He then asked the Board if it would like to hold an additional Board meeting to further discuss the District’s budget, before putting the budget to a vote in September along with the 2020 tax rate. The Board generally agreed to hold a meeting to discuss the budget on Monday, August 31, 2020 at 4:00 p.m. Mr. Dean stated that at this meeting, the Board would need to propose a 2020 tax rate, schedule a public hearing on the tax rate, and authorize his firm to publish notice of the hearing. After discussion, upon motion by Director Goldman and second by Director Faske, the Board voted 4-0 to propose a 2020 tax rate of \$0.9475 per \$100 of assessed value, schedule a public hearing on the tax rate on Monday, September 21, 2020 at noon, and authorize Mr. Dean’s firm to publish notice of the hearing.

Director Faske stated that the Board would next receive the District operator’s report. Mr. Hendrix presented Crossroads’ report, attached as **Exhibit “G”**, and reviewed it with the Board. He advised the Board that, as of the end of July, the District had 2,626 occupied single-family connections, an estimated population of 7,878, and a total of 3,148 accounts and that there had been 79 new taps sold in May and a total of 490 for the fiscal year to date. Mr. Hendrix reported that there had been a water loss of 5.84% during the prior reporting period. He stated that he had not write-offs to request. Mr. Hendrix then reported that the Lone Star Regional Water Authority water supply had been temporarily shut off due to a leak at Pump Station No. 1, which he noted would be repaired soon. He then stated that he believed it was the appropriate time for Crossroads to resume termination of water service to delinquent accounts and assessing late fees, which had been temporarily suspended due to the COVID-19 pandemic, noting that many other utilities in the central Texas region had recently resumed these practices. After discussion, upon motion by Director Goldman and second by Director Reynolds, the Board voted 4-0 to authorize Crossroads to resume termination of water service to delinquent accounts and assessing late fees.

Director Faske stated that the Board would next consider the minutes of the July 20, 2020 Board meeting and the Amended and Restated Information Form, attached as **Exhibit “H”**. Mr. Dean stated that the Amended and Restated Information Form needed to be approved

in order to correct the total acreage in the District. Upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to approve the minutes and the Amended and Restated Information Form.

Director Faske then stated that the Board would receive the manager's report and recognized Mr. Bilger. Mr. Bilger reported that the District's pool was winding down its operations for the summer, and would be closed on weekdays following Labor Day. He continued, noting that it had been difficult keeping enough lifeguards during the end of the pool season, but that he had been working with pool manager to ensure that all of the shifts were covered. Mr. Bilger next reported that he had spoken with the chief of Williamson County Emergency Services District No. 5 regarding the Emergency Services District providing fire hydrant testing services in exchange for water from the District. Mr. Bilger stated that the chief advised that the Emergency Services District was not in a position to provide the testing services, and that it would pay for water from the District going forward. After discussion, upon motion by Director Goldman and second by Director Reynolds, the Board voted 4-0 to begin charging the Emergency Services District for water beginning September 1, 2020.

Director Faske then stated that the Board would consider Jarrell Community Library's request to extend the no-charge period under its lease agreement for use of a portion of the District's office building. Mr. Dean presented the amendment to the office lease agreement with Jarrell Community Library attached as **Exhibit "I"** and stated that it would correct the length of the lease from 35 months to 36 months, and would extend the period of time during which the Library would not be charged a base rent amount through the end of the lease term. After discussion, upon motion by Director Reynolds and second by Director Dunbar, the Board voted 4-0 to approve the amendment to the lease agreement.

Director Faske then announced that the Board would discuss website services, including renewal of the Website Development and Maintenance Agreement with James Williams, which expired at the end of September. Mr. Bilger stated that he would contact James Williams regarding the renewal, noting that the website seemed to be working well.

Director Faske then announced that the Board would discuss park and recreational facilities. Mr. Bilger stated that he was uncertain whether the District would be able to move forward with the linear park, since Oncor Electric had issues with the proposed park being located underneath the power lines within one of its electrical easements. He continued, stating that the developer within the District, SonWest Co., had hired a landscape architect to design certain recreational facilities for potential construction in the District, including two splash pads, soccer fields, a mountain bike track, and a skate park. Director Reynolds asked who would pay for the improvements. Mr. Bilger responded that if the District wanted to proceed with the improvements, it could pay for them through a lease-purchase agreement with the homeowner's association.

Director Faske then called the Board's attention to the mowing and landscape maintenance report. Mr. Bilger stated that the Mowing and Maintenance Agreement with Landscape Designs and Lawn Care expired at the end of September, and would need to be renewed. He added that he believed the scope of services in the contract may need to be increased, and that he would reach out to Director Faske, who had landscaping expertise, to discuss the District's landscaping needs. He noted that irrigation repair work, in particular, would need to be addressed in such a modified scope. Mr. Dean stated that he would work with Mr. Bilger to modify the scope of services in the Mowing and Maintenance Agreement as necessary for renewal at the September Board meeting.

Director Faske then stated that the Board would discuss bulk waste pick-up, including consideration of the First Amendment to Collection and Disposal of Solid Waste and Recycling

Contract with Al Clawson Disposal, Inc. attached as **Exhibit “J”**, and recognized Ms. Clawson. Ms. Clawson presented a proposal from Al Clawson Disposal to the Board, attached as **Exhibit “K”**, and reviewed it with the Board, noting that recycling and disposal fees had increased, which accounted for a portion of the proposed increase in the price of services to the District. She explained that the price increase was also due in part to an increase in the Consumer Price Index and the increased bulk-waste pick-up services requested by the Board. Mr. Bilger asked if reducing recycling services provided by Al Clawson Disposal would be a prudent way for the District to cut costs. Director Faske then asked Ms. Clawson to look into reducing recycling services and any other reductions or alterations of services that would decrease the cost of service to the District, and bring alternative proposals to the next Board meeting for consideration.

Director Faske next stated that the Board would consider the water, wastewater, and rate matters on the agenda. Mr. Jones stated that the District had lifted its water use restrictions during the prior month and had entered into voluntary use restrictions through the end of September. He next stated that the fluoride levels in the District’s water had continued to be low, since the introduction of Lone Star Regional Water Authority water to the system. He then stated that the City of Jarrell had substantially completed its 1 MGD Phase expansion to its wastewater treatment plant, but had been having problems with its contractor finishing the work. He noted that this would not be a problem for the District, assuming that it did not significantly delay the 2 MGD Phase expansion.

Director Faske then recognized Mr. Jones for the purpose of receiving the engineer’s report. Mr. Jones called the Board’s attention to and reviewed his report, attached as **Exhibit “L”**. He reported that all 11 of the Lone Star Regional Water Authority’s construction contracts had been completed and accepted by the Brazos River Water Authority. He next reported that the Eastwood development adjacent to the District had entered the bidding stage, and when completed would contain 325 lots. He stated that the pass-through agreement with Jarrell-Schwertner Water Supply Corporation was still in negotiation. He then stated that one of the landowner’s from whom the District sought to obtain a waterline easement adjacent to CR 314, Rachel Toungate, had countered the District’s offer with an amount six times the offer. Mr. Jones recommended that Board reject the offer and instead locate the waterline in the adjacent public right-of-way under CR 314. The Board generally agreed. Mr. Jones then stated that the District needed three wastewater line easements to locate a force main to serve the proposed Eastwood development. He recommended that the Board approve Don Rice to negotiate the easements and offer the landowners up to 1.5 times the value of the easement, as derived from the Williamson County Appraisal District’s records. Mr. Jones further recommended that the Board approve the option agreement attached as **Exhibit “M”** for use in obtaining the easements, and authorize Mr. Rice to sign the agreement as the Board’s representative. He stated that the option agreement would provide the District the option to purchase an easement during a window of time, and that the landowner would be entitled to an option fee in the event the District did not follow through with the purchase of the easement. He recommended the option fee be \$100, but up to 1% of the purchase price of the easement, if necessary. After discussion, upon motion by Director Goldman and second by Director Faske, the Board voted 4-0 to authorize Mr. Rice to negotiate the three easement and offer the landowners up to 1.5 times the value of the easement, approve the option agreement for use in obtaining the easements with an option fee of \$100, or up to 1% of the purchase price, and authorize Mr. Rice to sign the agreement as the Board’s representative. Mr. Jones then advised the Board that the impact fee application would be submitted to the Texas Commission on Environmental Quality this week and would take approximately six months to be approved. He then presented acceptance of Bailey Park Phases II and III for operation and maintenance. Upon motion by Director Goldman and second by Director Faske, the Board voted 4-0 to accept Bailey Park Phases II and III for operation and maintenance.

Director Faske then stated that the Board would receive a report from the District's bookkeeper. Mr. Douthitt reviewed the bookkeeper's report attached as **Exhibit "N"** and recommended approval of three transfers, the Director and vendor payments, and renewal of the District's certificates of deposit, noting that Director Slowbe's per diem check would need to be voided due to his absence from the meeting. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to approve the transfers, the Director and vendor payments, and the renewal of the certificates of deposit, with the void noted.

Director Faske next stated that the Board would receive the attorney's report. Mr. Dean called the Board's attention to the Agreement for the Provision of Retail Water and Wastewater Services attached as **Exhibit "O"** and stated that, under the Agreement, the District would provide water and wastewater to the land located within the proposed Eastwood development and that the municipal utility district that would be cover the area would pay the District for such service and for construction of the facilities and the capacity required for the service. Upon motion by Director Goldman and second by Director Reynolds, the Board voted 4-0 to approve the Agreement.

Mr. Dean asked the Board whether it preferred holding the next Board meeting by telephone conference or videoconference. The Board generally agreed that it would prefer the next Board meeting be held by videoconference.

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

(SEAL)



Darrell Goldman
Secretary, Board of Directors

Date: September 21, 2020