

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

July 20, 2020

THE STATE OF TEXAS §
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COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on July 20, 2020 via telephone conference call pursuant to Section 551.125, 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 6:03 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. 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"); Ashlee Martin of McCall Gibson Swedlund Barfoot PLLC; Taylor Kolmodin of Municipal Accounts and Consulting ("MAC"); Robin Barfield of the Jarrell Community Library (the "Library"); 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. There being none, Director Faske stated that the Board would next consider the items on the 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 Certificate of Completion attached as **Exhibit "B"**, the streets and utilities to serve Sonterra Section 13 were complete. Accordingly, Mr. Dean recommended release of the hold-back amount under the related Agreement Regarding Hold-Back of Bond Proceeds (the "Hold-Back Agreement") and Utility Construction Agreement, which had been held back pending completion of the streets and utilities in Sonterra Section 13, from the developer, SonWest Co. (the "Developer"). Ms. Martin then presented the supplemental report on reimbursable costs related to the Bonds attached as **Exhibit "C"**, and reviewed it with the Board, reminding the Board that she had presented the original report on reimbursable costs related to the Bonds in April of that year. She reminded the Board that the rules of the Texas Commission on Environmental Quality (the "TCEQ") required that, prior to the District's reimbursing the Developer, a careful review of all of the related invoices be conducted. Ms. Martin then recommended release of the amount of \$530,657 that had been held back from the Developer pursuant to the Hold-Back Agreement, as well as the amount of \$439,435.61 for land acquisition costs, which the TCEQ had previously ordered be held from reimbursement, but which had since become reimbursable. After discussion, upon motion by

Director Goldman and second by Director Reynolds, the Board voted unanimously to approve the disbursement of the bond proceeds, as recommended by Ms. Martin, in accordance with the supplemental report on reimbursable costs. Mr. Dean reminded the Board that an amount of \$916,351.60 from the Bond proceeds was still in escrow, pending approval of the application for release that Mr. Jones had previously submitted to the TCEQ.

Director Faske stated that the Board would next consider the minutes of the June 15, 2020 Board meeting. Upon motion by Director Faske and second by Director Goldman, 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 pool attendance had been lower than 50% capacity during the prior month and that he was unaware of any order from the governor related to the COVID-19 pandemic that changed the capacity percentage allowed at public swimming pools. He next advised that the pool deck has been coming up in large areas and believed that it would be necessary to replace the deck soon, noting that money would need to be earmarked in the District's budget to pay for the impending replacement. Director Faske asked if there was a warranty on the pool deck. Mr. Bilger responded that the warranty had expired. Mr. Bilger then reported that he had discussed with Williamson County ESD No. 5 (the "ESD") its no-charge account and proposed that the ESD provide regular hydrant testing services in exchange, adding that the ESD had not made a decision on the matter.

Director Faske then stated that the Board would next consider the District's policy and rules relating to fireworks. Mr. Bilger stated that while the Sonterra Homeowners' Association (the "HOA") had a ban on fireworks, many had been shot on the 4th of July. Mr. Bilger asked Mr. Dean if the District could, itself, implement any rules or policies regarding fireworks. Mr. Dean responded that the District did not have so-called "police powers" like Williamson County did, and would be unable to implement any such rules. Mr. Slowbe asked whether the District could implement a burn ban that would effectively prevent the use of fireworks. Mr. Dean responded that only Williamson County could implement a burn ban. Director Dunbar stated that he believed there may have been more problems with fireworks in the District that year since the HOA had canceled its fireworks event due to concerns over the COVID-19 pandemic. Mr. Bilger agreed and stated that the HOA had been looking into an area designated for fireworks going forward.

Director Faske then stated that the Board would consider the Library's request to extend the no-charge period under its lease agreement for use of a portion of the District's office building. Ms. Kolmodin reviewed the financial impact of extending the no-charge period under the lease agreement an additional year. Mr. Bilger stated that he believed the Library had become an important part of the community and supported extending the no-charge period. Mr. Dean confirmed that there were no legal issues with extending the no-charge period. After discussion, upon motion by Director Slowbe and second by Director Reynolds, the Board voted unanimously to approve extension of the no-charge period under the lease agreement for an additional year.

Director Faske then called the Board's attention to the security report. Director Slowbe stated that he was concerned with the increased number of security checks and calls to service during the COVID-19 pandemic. Director Faske asked if the District still needed 100 hours of patrol service going forward, considering no citations had been issued during the prior month. Director Dunbar stated that he believed it was worth having the additional patrol hours. Director Slowbe stated that Williamson County, generally, had seen a recent increase in crime, and believed maintaining 100 hours of patrol hours would be beneficial to the District.

Director Faske then announced that the Board would discuss park and recreational facilities. Director Slowbe stated that progress on the linear park project had stalled because its design apparently conflicted with Oncor Electric's policies with respect to its electric utility easement, where the park was proposed to be built. Mr. Bilger stated that dealing with Oncor was often a slow process, but that he would speak to an acquaintance at Oncor to try to resolve the apparent conflict between the park design and Oncor's policies in its easement. Director Slowbe stressed that the issue needed to be resolved as soon as possible so that the park could be built.

Director Faske then called the Board's attention to the mowing and landscape maintenance report. Mr. Bilger stated that he believed the District would require a full-time mowing and landscape maintenance crew in the near future.

Director Faske stated that the Board would next receive the District operator's report. Mr. Hendrix presented Crossroads' report, attached as **Exhibit "D"**, and reviewed it with the Board. He advised the Board that, as of the end of June, the District had 2,559 occupied single-family connections, an estimated population of 7,677, and a total of 3,398 accounts and that there had been 60 new taps sold in May and a total of 411 for the fiscal year to date. Mr. Hendrix reported that there had been a water loss of 8.71% during the prior reporting period. Mr. Hendrix then reported that work on Well No. 2 had been completed and was ready to be placed back into service. He next stated that Wells No. 4 and 5 would need a replacement electrical control board, as its hinges had broken. He then reviewed the number of accounts which water service would have been terminated due to delinquency had the District not adopted its policy temporarily suspending terminations due to the COVID-19 pandemic. He advised that, given the size of the District, the number of delinquent accounts was not a concern. He then stated that he believed extending the District's policy suspending terminations and late fees another month was a good idea, but that he thought it would be appropriate for Crossroads to resume sending delinquency letters to customers, albeit without termination dates noted. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to extend the District's current policy through the date of the August Board meeting and to authorize Crossroads to send the letters recommended by Mr. Hendrix. Mr. Jones then stated that preliminary discussions regarding installing electronic meters in the District were still taking place with Lone Star Regional Water Authority and the potential water meter vendor.

Director Faske stated that the Board would next consider the bulk waste pick-up item on the agenda. Mr. Dean advised that he had received a proposal from Al Clawson Disposal for additional bulk waste pick-up services and accordingly drafted the First Amendment to Solid Waste and Recycling Contract, attached as **Exhibit "E"**, noting that Al Clawson Disposal had requested a significant price increase due to multiple factors. Director Faske asked that a representative from Al Clawson Disposal attend the August Board meeting to explain the components of the proposed increased cost of service. Director Slowbe stated that he would like to see a breakdown of the costs at some point before the August 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 stage 2 water use restrictions remain in place until Well No. 2 had been placed into service, noting that he believed this would occur soon.

Mr. Hendrix then discussed the water supply and water quality, noting that there had been no water quality issues. Mr. Dean stated that his office was still working on the revised rate order. Mr. Jones then recommended that the Material Correction Instrument for Water Line Easement from Cord McNally, LP to the District be approved, which expanded a previously existing easement to cover the water line that the easement was originally intended to cover.

Upon motion by Director Goldman and second by Director Slowbe, the Board voted unanimously to approve the Material Correction Instrument, attached as **Exhibit “F”**.

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 “G”**. He then presented an invoice from Hydro Resources in the amount of \$61,625.00, attached as **Exhibit “H”**, for the work completed on Well No. 2 and recommended payment of 90% of the invoice in the amount of \$55,462.50. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve a 90% payment of the invoice, as recommended by Mr. Jones. Mr. Jones next presented Pay Application No. 11 in the amount of \$67,950, attached as **Exhibit “I”**, for Water Treatment Plants No. 1 and 2 Upgrades and recommended approval. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the Pay Application. He then presented Pay Application No. 7-Retainage in the amount of \$249,379.75, attached as **Exhibit “J”**, 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 Application. Mr. Jones next advised that he expected to receive a technical memorandum from the TCEQ on Bond Application No. 10 soon, as the Bond Application had been submitted to the TCEQ in May. Mr. Jones then stated that the District needed to purchase five utility easements from landowners adjacent to CR 314 and recommended that the Board authorize negotiation and execution of the easements, each purchase with a not-to-exceed amount of 1.5 times the appraised value of the property according to the Williamson Central Appraisal District. After discussion, upon motion by Director Goldman and second by Director Slowbe, the Board voted unanimously to authorize negotiation and execution of the easements, each with a not-to-exceed amount of 1.5 times the appraised value of the property. Mr. Jones then updated the Board on the status of the water impact fee application to the TCEQ, stating that he would submit the application in August, after he had received the finalized impact fee study from the District’s rate consultant.

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 “K”** and the supplemental check register attached as **Exhibit “L”**. Ms. Kolmodin then reviewed the District’s upcoming bond payments. 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 next stated that the Board would receive the attorney’s report. Mr. Dean reminded that Board that it had solicited proposals for bookkeeping services from MAC and Bott & Douthitt, PLLC and that the subcommittee charged with considering the proposals had a recommendation for the Board. Director Goldman stated that the subcommittee had decided that it was in the best interest of the District to terminate its current bookkeeping services agreement with MAC and enter into one with Bott and Douthitt, PLLC. Mr. Dean advised the Board authorize a member of the Board to execute the bookkeeping services agreement with Bott & Douthitt, PLLC and the various documents that needed to be executed in order to authorize Bott & Douthitt to act as the District’s bookkeeper, including the necessary authorization letters, IRS forms, and Resolution Amending Authorized Representatives for TexPool. After discussion, upon motion by Director Goldman and second by Director Reynolds, the Board voted unanimously to terminate the bookkeeping services agreement with MAC and authorized Director Faske to execute the bookkeeping services agreement with Bott & Douthitt, PLLC, attached as **Exhibit “M”**, and the various documents that needed to be executed in order to authorize Bott & Douthitt to act as the District’s bookkeeper. Mr. Dean then stated that the Board needed to determine what type of district it was for tax year 2020 under the new district tax rate classification system, pursuant to Senate Bill 2, which had been passed during the 2019 legislative session. Mr. Dean reviewed the related memorandum, attached as **Exhibit**

“N”, and stated that he had confirmed with Mr. Jones that the District should be classified as a “Developing District”, as less than 95% of the utilities for the projected build-out of the District had been financed and constructed. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to classify the District as a “Developing District” for purposes of the 2020 tax year.

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: August 17, 2020