

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

May 18, 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 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 6:03 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

Director Dunbar 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 LLC ("Crossroads"); Garry Kimball of Specialized Public Finance; Taylor Kolmodin of Municipal Accounts and Consulting ("MAC"); Allen Douthitt of Bott & Douthitt, PLLC; and Carter Dean of Armbrust & Brown, PLLC.

Director Faske stated that the Board would first consider the bond-related items on the meeting agenda related to the District's Unlimited Tax Refunding Bonds, Series 2020 (the "Refunding Bonds"). He recognized Mr. Kimball, who stated that the Refunding Bonds had been priced at an interest rate of 2.07%, which resulted in 10.6% net present value savings, or approximately \$398,000, adding that the Refunding Bonds would close during the next few weeks.

Director Faske then 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 Directors Faske and Slowbe, elect Director Dunbar to the position of Assistant Secretary, and maintain the remaining slate of officers. Mr. Dean stated that because Director Dunbar was absent, the Board could approve his Sworn Statement, Oath of Office, and Director's Bond at the next Board meeting.

Director Faske then announced that the Board would consider the consent items on the agenda, including the minutes of the April 20, 2020 Board meeting, a revised District Registration Form, the Order Adopting Rules and Procedures for Electronic Bids for District Projects attached as **Exhibit "B"**, the Secretary's Certificate and Resolutions Regarding

Operating Account and Capital Projects Fund Account attached as **Exhibit “C”**, the Secretary’s Certificate and Resolutions Regarding Lock Box Clearing Account attached as **Exhibit “D”**, and the Secretary’s Certificate and Resolutions Regarding Park and Pool Account attached as **Exhibit “E”**. Upon motion by Director Goldman and second by Director Faske, the Board voted 4-0 to approve the consent items on the agenda.

Director Faske then stated that the Board would receive the manager’s report and recognized Mr. Bilger. Mr. Bilger stated that, due to the COVID-19 pandemic, he needed direction from the Board regarding when to open the District’s swimming pool and what policies to implement when the pool opened, noting that the Governor’s COVID-19-related restrictions prohibited swimming pools from operating at above 25% of listed occupancy. Mr. Bilger stated that his concern with opening the pool was enforcement of the occupancy restriction. Director Slowbe stated that he believed only residents of the District should be able to visit the pool. Director Faske asked whether the District had adequate cleaning supplies for the pool and personal protective equipment for the pool’s staff. Mr. Bilger responded that he would need to obtain those supplies. Mr. Bilger suggested keeping the pool’s restrooms closed until sufficient supplies were obtained to allow them to be cleaned multiple times a day. Director Faske responded that he did not believe it was practical to open the pool without restrooms. Director Reynolds stated that she believed the District would need to limit each patron’s time spent at the pool. Mr. Bilger responded that this would be difficult, but possible, to enforce, adding that the pool staff would need to administer a sign-in sheet and remind patrons when their time-limit had been reached. Mr. Bilger then advised that he did not believe opening the pool by Memorial Day weekend was feasible. After discussion, the Board directed Mr. Bilger to open the District’s swimming pool on Saturday, May 30, to limit the pool’s occupancy pursuant to the Governor’s restrictions, and to work with Mr. Dean to determine how to implement the policies discussed and other reasonable policies recommended by the Centers for Disease Control and Prevention. Mr. Bilger next reported that the painting of the interior of the pool house had been completed and that he would be replacing the worn-out drapes in the pool house with new ones. He then stated that he was going to purchase pool furniture to replace furniture that which had become unusable while in storage. Mr. Bilger requested that Mr. Dean work with him regarding the Jarrell Community Library’s (the “*Library’s*”) use of the District’s office during the COVID-19 pandemic, adding that the June regular Board meeting agenda should include an item for Robin Barfield’s annual report regarding the Library’s use of the District’s office.

Director Faske then stated that the Board would receive the security report attached as **Exhibit “F”**. Director. Slowbe stated that there were no security items to discuss.

Director Faske then announced that the Board would discuss park and recreational facilities. Director Slowbe stated that the Parks Subcommittee had considered various financing mechanisms to fund additional park and recreational facilities in the District and recommended that the District hold a bond election in May 2021 to authorize the issuance of tax bonds to fund parks and recreational facilities, noting that the District’s financial advisor did not believe that the issuance of such bonds would increase the District’s total tax rate. He asked Mr. Dean whether he could conduct a survey of the District’s residents with respect to the proposed bond election. Mr. Dean responded that he could do so, but would need to do so in his individual capacity and without use of District resources, rather than as a member of the Board. Mr. Bilger suggested requesting that the homeowners’ association conduct the survey. Director Slowbe stated that parks and recreational facilities could also be financed through revenue bonds, but that a three-year history of excess park fee collections would need to be accumulated to make revenue bonds marketable. Ms. Kolmodin stated that the Board would need to pass a resolution to earmark funds set aside for parks and recreational capital improvements in the District’s annual budgets going forward. The Board directed Mr. Dean to draft the necessary resolution. Director Slowbe then reported that Hitchcock Design was working on a more detailed design for the proposed linear park and would have a field survey of the area completed.

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 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 April, the District had 2,420 occupied single-family connections, an estimated population of 7,260, and a total of 2,915 accounts and that there had been 48 new taps sold in April and a total of 326 for the fiscal year to date. Mr. Hendrix reported that there had been a water loss of 8.69% during the prior reporting period. He stated that he had no write-offs to present. He then reported that the District had been supplying water received from Lone Star Regional Water Authority ("LSRWA") since May 1 and that Crossroads had not been receiving as many calls from customers complaining about water discoloration and odor since then. He advised the Board that water loss would be higher the next month since Crossroads would be flushing groundwater from the waterlines. Mr. Hendrix next reported that the District's amount of aged receivables indicated that the Board's policy to temporarily suspend termination of water service and assessment of late fees had not resulted in a significant increase in past-due utility bills. The Board generally agreed that residents of the District would benefit if the policy were extended one more month, since the economic fallout from the COVID-19 pandemic lagged behind the pandemic itself. After discussion, upon motion by Director Faske and second by Director Slowbe, the Board voted 4-0 to extend the policy until the next regular Board meeting, at which time it would be reconsidered. Mr. Hendrix then presented the proposal from Crossroads to construct a drop-box outside the District's office building for the sum of \$3,823.75 and to collect payments from the drop-box once per week, plus an additional day per month on the day before the day disconnections were made, for \$413.50 per month, attached as **Exhibit "H"**. After discussion, upon motion by Director Goldman and second by Director Reynolds, the Board voted 4-0 to approve the proposal. Mr. Hendrix concluded his report by reviewing Crossroads' memorandum on District billing fees for processing ACH, e-check, and credit card transactions, attached as **Exhibit "I"**. Mr. Dean asked if the amount of the fees were typical in Mr. Hendrix's experience. Mr. Hendrix responded that they were.

Director Faske stated that the Board would next receive a report from Director Slowbe regarding the 2020 bulk waste pick-up day. Director Slowbe reported that the four containers provided for the pick-up were full within 30 minutes and stated that the District needed four additional containers and an additional bulk waste pick-up day since the population in the District had grown substantially. The Board generally agreed that this was necessary and directed Mr. Dean to negotiate an amendment to the District's solid waste services contract with Al Clawson Disposal, Inc. to provide for the additional containers and bulk waste pick-up day.

Director Faske then stated that the Board would consider the water, wastewater, and rate matters on the agenda. Mr. Jones reported that the District had been receiving surface water from LSRWA since May 1 without issue and that he expected the next water chemical tests to be favorable. Ms. Kolmodin then reviewed the memorandum summarizing the average monthly cost of providing Williamson County ESD No. 5 (the "ESD") with water service at no charge, attached as **Exhibit "J"**. Mr. Bilger stated that he had spoken with the ESD's fire chief, who had informed him that the ESD was willing to provide the District hydrant testing or a similar service in exchange for continued no-charge water service. **The Board directed Mr. Bilger negotiate such an agreement with the ESD and present it to the Board for approval at the next regular Board meeting.**

Director Faske then stated that the Board would receive the bookkeeper's report. Ms. Kolmodin called the Board's attention to the bookkeeper's report attached as **Exhibit "K"**. She reported that she had spoken to the District's financial advisor regarding the District potentially

having to use estimated taxable values to set its 2020 tax rate and adopt its fiscal year 2020-2021 budget and was advised that it was too early to determine with certainty how this would affect the District. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to approve the bookkeeper's report and the payments presented, with the void of Director Dunbar's per diem check due to his absence from the meeting.

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 "L"**. Mr. Jones reported that the Well No. 2 pump had been installed and would be in service in time to meet summer demand. He next reported that there was only one remaining contract open for construction of the LSRWA's surface water pipeline, noting that the contractor was addressing punch-list items. He then stated that he expected a check from LSRWA for irrigation repairs performed by the District along CR 313, noting that this reimbursement had been outstanding since July 2019. Mr. Jones then presented Pay Application No. 9 in the amount of \$68,949.00 for the Water Treatment Plant Nos. 1 and 2 upgrade, attached as **Exhibit "M"**, and recommended approval. Upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to approve Pay Application No. 9. Mr. Jones next presented Change Order No. 5 in the amount of \$1,850.00, attached as **Exhibit "N"**, and Pay Application No. 9 in the amount of \$252,446.40, attached as **Exhibit "O"**, for Sonterra West Section 13 and recommended approval. Upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to approve Change Order No. 5 and Pay Application No. 9. Mr. Jones then presented Pay Application No. 5 in the amount of \$270,883.35, attached as **Exhibit "P"**, 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 Pay Application No. 5. Mr. Jones then informed the Board that the District's contractor had constructed a water line in Sonterra West Bailey Park Phases II and III in a Jarrell-Schwertner Water Supply Corporation ("*Jarrell-Schwertner*") utility easement, instead of within the intended LSRWA utility easement, due to a surveying error. He recommended that he and Mr. Dean work with Jarrell-Schwertner to have Jarrell-Schwertner partially assign its utility easement to the District so that the District would not have to relocate its water line. The Board authorized Mr. Jones and Mr. Dean to proceed as recommended by Mr. Jones. 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 & III had been completed and was ready to be submitted to the Texas Commission on Environmental Quality ("*TCEQ*"), adding that, because the streets and utilities in Sonterra West Bailey Park Phases II & III were not 100% complete, the District and the developer would need to enter into a Street and Utility Construction Agreement and an Agreement Regarding Hold-Back of Bond Proceeds as required by the TCEQ. He advised that he believed the project would be 100% complete by the time the bond application was approved. Mr. Jones then recommended approval of the Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds attached as **Exhibit "Q"**, the Resolution Expressing Official Intent to Reimburse Certain Costs attached as **Exhibit "R"**, the Street and Utility Construction Agreement for Bailey Park Phases II & III, attached as **Exhibit "S"**, and the Agreement Regarding Hold-Back of Bond Proceeds for Bailey Park Phases II & III, attached as **Exhibit "T"**. Upon motion by Director Faske and second by Director Slowbe, the Board voted 4-0 to approve the foregoing items. Mr. Jones concluded his report by informing the Board that he planned on submitting an impact fee application to the TCEQ before the next regular Board meeting.

Director Faske then recognized Mr. Dean for purposes of receiving the attorney's report. Mr. Dean stated that he had solicited proposals for bookkeeping services from MAC and Bott & Douthitt, PLLC, and invited Ms. Kolmodin to present her proposal, followed by Mr. Douthitt. Following presentation of the proposals, the Board generally agreed that Mr. Bilger, Mr. Dean,

Director Reynolds, and Director Goldman would be authorized to consider the proposals and make a recommendation to the Board at its next regular Board meeting.

The Board generally agreed to resume holding its Board meetings in-person beginning with its June regular Board meeting.

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

(SEAL)



Darrell Goldman
Secretary, Board of Directors

Date: June 15, 2020