

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

September 21, 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 September 21, 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 12:04 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.; 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; Leanne Ischy, 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. Ischy stated that she was a resident of the District, but that her property did not received wastewater service. Mr. Jones stated that he could discuss the District providing wastewater service to her property after the Board meeting, to which Ms. Ischy agreed.

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. Kimball. Mr. Kimball advised that the District had received seven bids on the bonds that morning, with the lowest one being from Raymond James, with an interest rate of 2.39% net present value. He confirmed that the interest rate of the bid was lower than the maximum interest rate on the bonds approved by the Texas Commission on Environmental Quality of 4.7% and recommended award of the sale of the bonds to Raymond James. Mr. Fowler reviewed the Order Authorizing the Issuance of \$4,900,000 Sonterra Municipal Utility District Unlimited Tax and Revenue Bonds, Series 2020A; Levying an Ad Valorem Tax and a Pledge of Net Revenues of the District's Waterworks and Sanitary Sewer System in Support of the Bonds; Approving Official Statement; Authorizing the Execution of a Paying Agent/Registrar Agreement; Awarding the Sale of the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds attached as **Exhibit "B"** (the "Bond Order"). He stated that the Bond

Order satisfied all legal requirements and was similar to the District's bond orders from previous bond issues. Ms. Martin presented the Statement on Auditing Standards No. 133 Official Statement Management Representation Letter attached as **Exhibit "C"** and stated that it would represent that District's management did not believe the District's financial statements in the offering documents were materially incorrect or misleading. Mr. Fowler then stated that the Board would also need to approve payment of the Attorney General bond review fees, which was required for all bond issues. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to award the sale of the bonds the Raymond James, approve the Bond Order, approve the Management Representation Letter, and authorize payment of the Attorney General bond review fee. Mr. Dean then presented the arbitrage rebate review and yield restriction compliance letter form BLX Group LLC for the District's \$1,490,000 Unlimited Tax and Revenue Bonds, Series 2011 and advised that the District's investments related to the bond issue did not violate any laws related to arbitrage or yield restrictions, nor did it owe a rebate to the Internal Revenue Service.

Director Faske stated that the Board would next consider budget and tax items on the agenda, and recognized Mr. Kimball. Mr. Kimball 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, allocated \$0.8150 per \$100 of assessed valuation to debt service and \$0.1325 per \$100 of assessed valuation to maintenance and operations. Director Faske opened the public hearing on the 2020 tax rate. There being no members of the public present wishing to comment on the 2020 tax rate, Director Faske closed the public hearing. Mr. Douthitt then presented the proposed budget for the 2020-2021 fiscal year attached as **Exhibit "D"** and reviewed it with the Board. Director Goldman stated that the budgeted amount for landscaping would need to be increased to match the proposed increase in price due to increased landscaping services. The Board generally agreed. After discussion, upon motion by Director Slowbe and second by Director Dunbar, the Board voted unanimously to approve the Resolution Adopting Budget attached as **Exhibit "E"**, with the understanding that Mr. Douthitt would revise the budget to increase the landscaping budget. Then, upon motion by Director Slowbe and second by Director Reynolds, the Board voted unanimously to adopt a total tax rate of \$0.9475 per \$100 of assessed valuation for 2020 and to adopt the Order Levying Taxes attached as **Exhibit "F"**.

Director Faske stated that the Board would next consider the consent items on the agenda: (i) the minutes of the August 17, 2020 Board meeting; (ii) the Amended and Restated Information Form attached as **Exhibit "G"**; (iii) the engagement letter with McCall Gibson Swedlund and Barfoot PLLC for a reimbursement report on the District's \$4,900,000 Unlimited Tax and Revenue, Series 2020A attached as **Exhibit "H"**; and (iv) the engagement letter with McCall Gibson Swedlund and Barfoot PLLC for audit services for fiscal year ending September 30, 2020 attached as **Exhibit "I"**. Upon motion by Director Slowbe and second by Director Goldman, the Board voted unanimously to approve the consent items.

Director Faske then stated that the Board would receive the manager's report and recognized Mr. Bilger. Mr. Bilger reported that the developer would be awarding the contract for construction of utility facilities to serve the Eastwood development soon, to which the District had agreed to provide retail service. He next reported that most businesses within the District had been operating at about 75% capacity due to the COVID-19 pandemic, except for bars, which remained closed.

Director Faske then announced that the Board would discuss website services, including the Website Maintenance Agreement with James Williams attached as **Exhibit "J"**. Mr. Dean reviewed the Agreement with the Board and noted that that the cost of services from James Williams under the Agreement would decrease under the Agreement compared to the prior agreement with James Williams, since this Agreement would not include development of a

website, but only maintenance. Upon motion by Director Slowbe and second by Director Goldman, the Board voted unanimously to approve the Agreement.

Director Faske then announced that the Board would receive the security patrol report. Director Slowbe reviewed the report, noting that the patrol officers were doing a great job.

Director Faske then announced that the Board would discuss park and recreational facilities. Director Slowbe presented the revised design and estimated cost of the linear park attached as **Exhibit “K”** and stated that he believed the new plans were compliant with Oncor Electric’s policies related to improvements located under its power lines. He recommended proceeding with the design and authorizing Hitchcock Design to solicit bids for construction of the linear park, according to the revised design. Upon motion by Director Goldman and second by Director Dunbar, the Board voted unanimously to approve the revised design and authorize Hitchcock Design to solicit bids for construction of the park. Mr. Bilger then stated that he would present plans for additional park and recreational facilities to the Board at one of its next meetings.

Director Faske then called the Board’s attention to the mowing and landscape maintenance report. Mr. Goldman reviewed the proposal from Landscape Designs and Lawn Care attached as **Exhibit “L”**, explaining that if approved, the proposal would increase the services provided by the District’s landscaper from three days per week to five days per week, and would increase the irrigation inspection and repair services provided as well. Mr. Dean stated that in addition to the landscaping services proposal, the District’s Mowing and Maintenance Agreement with Landscape Designs and Lawn Care attached as **Exhibit “M”** expired at the end of September, and would need to be renewed. After discussion, upon motion by Director Slowbe and second by Director Goldman, the Board voted unanimously to approve the Mowing and Maintenance Agreement with Landscape Designs and Lawn Care and an amendment to the Landscape Maintenance Agreement to incorporate the proposal for increased landscaping services attached as **Exhibit “N”**.

Director Faske stated that the Board would next receive the District operator’s report. Mr. Hendrix presented Crossroads’ report, attached as **Exhibit “O”**, and reviewed it with the Board. He advised the Board that, as of the end of July, the District had 2,689 occupied single-family connections, an estimated population of 8,067 , and a total of 3,266 accounts and that there had been 127 new taps sold in August and a total of 617 for the fiscal year to date. Mr. Hendrix reported that there had been a water loss of 2.53% during the prior reporting period. He stated that he had two write-offs to request. Director Reynolds asked why there had been a decrease in water pressure the previous Friday. Mr. Hendrix responded that the District’s elevated storage tank had an issue causing the water pressure to drop, but that it was fixed within a few hours of the problem occurring, and the pressure did not drop below Texas Commission on Environmental Quality Standards. Mr. Dean then presented the Operations Services Agreement with Crossroads attached as **Exhibit “P”** and review it with the Board, noting that the District’s current Agreement with Crossroads would expire at the end of the month. He stated that there were no substantive changes to the Agreement from the one that would be expiring other than a price increase and various change to the Agreement’s “boilerplate” language made necessary by 2019 legislation. Mr. Hendrix explained the reasons for the increase in price, noting that they were in part due to an increase in connections in the District and the addition of new facilities to the District’s water and wastewater systems during the prior year. After discussion, upon motion by Director Goldman and second by Director Slowbe, the Board voted unanimously to approve the write-offs and the renewal of the Operation Services Agreement with Crossroads. Mr. Hendrix then stated that he and Jason attended a joint meeting with Jarrell-Schwertner WSC and the City of Jarrell to discuss purchasing electronic meters together. He stated that purchasing such meters with the two other entities would decrease the overall cost to the District of purchasing such meters. Mr. Jones

asked the Board to authorize a subcommittee to attend a future meeting with the two entities and the metering vendor itself, at which Messrs. Hendrix and Jones would be in attendance. After discussion, upon motion by Director Faske and second by Director Goldman, the Board authorized Directors Faske and Reynolds to attend such a meeting and make recommendations to the Board regarding purchase of electronic meters.

Director Faske next stated that the Board would consider the water, wastewater, and rate matters on the agenda. Mr. Jones stated that he had no recommended change to the water use restrictions. 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. Mr. Hendrix added that Crossroads had been receiving far less complaints from customers about water color and odor since the introduction of Lone Star Regional Water Authority water to the system. Mr. Jones then stated that the first phase of the expansion of the Jarrell wastewater treatment plant had been fully completed, noting that he had been on a tour of the facilities since then, and was told that they were operational. Mr. Dean presented the Fifth Amendment to the Agreement for Wholesale Wastewater Service attached as **Exhibit "Q"** and advised that the Amendment would update the service area and points of connection under the Agreement, which was made necessary by the addition of the proposed Eastwood development to the District's service area. Mr. Jones stated that he would need to create the exhibits to the Amendment before it was executed. After discussion, upon motion by Director Goldman and second by Director Slowbe, the Board unanimously to approve the Amendment, as would be finalized by Mr. Dean and Mr. Jones.

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 "R"**. He reported that his office had finished the new GIS mapbook for the District and that he expected that the Texas Commission on Environmental Quality would approve the application to release the escrow to the developer from the District's ninth bond issue this month. He then presented the pay application for retainage for Water Plant Nos. 1 and 2 and recommended payment of 50% of the retainage amount. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve payment of 50% of the retainage amount requested. Mr. Jones next presented a summary of the proposed offsite easement acquisitions for water and wastewater facilities attached as **Exhibit "S"** and reviewed it with the Board. After discussion, upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to approve purchase of the easements in the amounts included in the summary. Mr. Jones then reported that the impact fee application was still under review at the Texas Commission on Environmental Quality, and that he expected it would be approved in February 2021. Mr. Jones then presented an updated fee schedule for engineering services provided by his firm attached as **Exhibit "T"**. The Board generally agreed to the updated fee schedule. Mr. Jones then presented the Resolution Authorizing Engineer to Sign Approved Pay Estimates and Change Orders on Behalf of the District attached as **Exhibit "U"** and explained that the Resolution would allow him to sign pay estimates and change orders on behalf of the District, for convenience during the COVID-19 pandemic, but that he would only be able to do so upon approval of the pay applications and change order by the Board. Upon motion by Director Goldman and second by Director Faske, the Board voted unanimously to approve the Resolution.

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 "V"** and recommended approval of three transfers, the Director and vendor payments, and renewal of the District's certificates of deposit. After discussion, upon motion by Director Goldman and second by Director Dunbar, the Board voted unanimously to approve the transfers, the Director and vendor payments, and the renewal of the certificates of deposit.

Director Faske next stated that the Board would receive the attorney's report. Mr. Dean called the Board's attention to the Collateral Assignments of Reimbursement Rights for Cool Water and Eastwood attached as **Exhibit "W"** and advised that the Assignments would assign the reimbursement rights of certain facilities from the developers of the Cool Water and Eastwood developments to the District as fiscal security for the contract payments due to the District under the District's agreements to provide retail water and wastewater services to the developments. Upon motion by Director Goldman and second by Director Slowbe, the Board voted unanimously to approve both Assignments as would be finalized by Mr. Dean.

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

(SEAL)



Darrell Goldman

Darrell Goldman
Secretary, Board of Directors

Date: October 19, 2020