

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

October 19, 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 October 19, 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 6:00 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.; Brad Anderson of Jackson Walker LLP; Dennis Hendrix of Crossroads Utility Services LLC ("Crossroads"); Ashlee Martin of McCall Gibson Swedlund Barfoot PLLC; Allen Douthitt of Bott & Douthitt, PLLC; Carter Dean of Armbrust & Brown, PLLC, and a District resident.

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 consider the acquisition of offsite utility easements, including the engagement letter with Jackson Walker LLP for services related to the acquisition attached as **Exhibit "B"**. Mr. Dean explained that the District needed to acquire two wastewater easements from landowners in order to eventually serve residents of Cool Water Municipal Utility District, and that the landowners had so far refused the District's offers to purchase the easements. Mr. Dean introduced Mr. Anderson, an eminent domain attorney, who had offered to represent the District in the acquisition of the easements. Mr. Anderson reviewed the engagement letter with his firm, and walked the Board through the eminent domain process. He proposed that, before resorting to an eminent domain lawsuit, he would send letters to the landowners offering purchase the easements. Mr. Dean recommended that the Board form a subcommittee authorized to consult with Mr. Anderson and make all decisions necessary in relation to the acquisitions of the wastewater easements. After discussion, upon motion by Director Goldman and second by Director Reynolds, the Board voted unanimously to approve the engagement letter with Jackson Walker LLP, authorize a subcommittee comprised of Directors Faske and Goldman to make all decisions related to the acquisition of the easements and the potential eminent domain lawsuit, with Director Dunbar serving as an alternate, and authorized Mr. Anderson to proceed with the easement acquisition by sending an initial offer letter to the landowners.

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 (the "Bonds"), and recognized Mr. Dean. Mr. Dean informed the Board that the District had received a pre-purchase inspection letter from the Texas Commission on Environmental Quality (the "TCEQ") attached as Exhibit "C", which stated that the Sonterra West, Bailey Park, Phases 2 & 3 water, wastewater, and drainage facilities constructed by the developer corresponded with the approved plans for the facilities (the "Facilities"). Mr. Dean explained that receipt of the letter was a precondition to the reimbursement of the developer from the Bond proceeds. Mr. Jones stated that, while the letter indicated that there was erosion located at one of the detention ponds inspected, that erosion had since been repaired. Ms. Martin then reviewed the report on reimbursable costs on the Bonds attached as Exhibit "D" and recommended that the developer be reimbursed in the amount of \$4,158,784.52 from the Bonds. She advised that there would be approximately \$270,000 in surplus funds from the Bond proceeds, which the District could use for another purpose at a later date with TCEQ approval. Mr. Dean next reviewed the Escrow Agreement with BOKF, NA, Dallas, and the Closing Memorandum attached as Exhibit "E" with the Board. He then recommended that the Board vote to authorize Mr. Dean's firm to approve conveyance of the Facilities and the capacity in the Facilities from the developer and the distribution of the Bonds proceeds in accordance with the reimbursement report and Closing Memorandum upon receipt of the final closing documentation from the developer. After discussion, upon motion by Director Faske and second by Director Slowbe, the Board voted unanimously to authorize Mr. Dean's firm to approve conveyance of the Facilities and the capacity in the Facilities from the developer and the distribution of the Bonds proceeds in accordance with the reimbursement report and Closing Memorandum, upon receipt of the final closing documentation from the developer, as well as the Escrow Agreement with BOKF, NA, Dallas.

Director Faske stated that the Board would next consider the consent items on the agenda, including the minutes of the August 31, 2020 Board meeting and the September 21, 2020 Board meeting. Upon motion by Director Faske 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 Jarrell Community Library had reopened its operations in the District's office building for limited operations. He next reported that the pool was in off-season. He lastly reported that the builders in the district were selling up to 20 houses per month, which was very good.

Director Faske next stated that the Board would consider District security. Mr. Slowbe presented the security report and advised that the security patrol had been doing well. Mr. Bilger echoed this sentiment and stated that there had been relatively few incidents of vandalism throughout the District compared to other similarly situated communities. Director Slowbe then stated that warning signs needed to be placed on certain District property to prevent ATVs and other motorized vehicles from driving on it and causing damage. Upon motion by Director Faske and second by Director Reynolds, the Board voted unanimously to authorize Director Slowbe and Mr. Bilger to purchase the signs at a reasonable price and to install such signs.

Director Faske then announced that the Board would discuss park and recreational facilities. Director Slowbe reported that he was unsure whether the linear park would be able to be constructed due to the fact that the Sonterra Homeowner Association (the "HOA") owned the land on which it would be constructed. Mr. Bilger stated that the HOA may be able to deed the land to the District to use for the park. Director Slowbe stated that the Park Subcommittee was looking into potential alternatives to the linear park, should this not work out. Mr. Bilger stated that he would bring the developer's plans for additional parks and recreational facilities to one of the upcoming Board meetings.

Director Faske stated that the Board would consider the mowing and landscaping items on the agenda. Mr. Dean stated that the maintenance report was in the meeting packet for the Board's review. Director Slowbe then stated that he had received complaints from District residents that mosquitoes had become a nuisance in certain parts of the District. Mr. Bilger stated that he would bring a proposal to the Board for the application of a mosquito treatment to the District's property, should the nuisance persist.

Director Faske stated that the Board would next receive the District operator's report. Mr. Hendrix presented Crossroads' report, attached as **Exhibit "F"**, and reviewed it with the Board. He advised the Board that, as of the end of August, the District had 2,780 occupied single-family connections, an estimated population of 8,340, and a total of 3,349 accounts and that there had been 77 new taps sold in September and a total of 694 for the fiscal year to date. Mr. Hendrix reported that there had been a water loss of 4.69% during the prior reporting period. He stated that he had no write-offs to request. He next stated that the electrical control doors for Well Nos. 4 and 5 had been repaired and that the drop-box for utility bill payment had been installed at the District office. He referred the Board to a proposal from Post Net attached as **Exhibit "G"** for the fabrication and installation of two signs for the drop-box. After discussion, upon motion by Director Goldman and second by Director Slowbe, the Board voted unanimously to approve the proposal for laser engraved signs for the drop-box.

Director Faske next stated that the Board would consider the water, wastewater, and rate matters on the agenda. Mr. Jones reported that the master plan for the City of Jarrell's wastewater system had been completed and that the design engineer for the project would present it at the next Board meeting. Mr. Jones next stated that he was working on plans to provide service to Ms. Ischy, a resident of the District who had not been receiving wastewater services. The Board agreed to waive the requirement that Ms. Ischy post a deposit with the District to pay for the engineering work done by Mr. Jones since she had paid taxes to the District for years without having received service. Mr. Jones then recommended that the Fifth Amendment to the Wholesale Wastewater Service Agreement with the City of Jarrell, which had been approved at the prior Board meeting, not be executed, so that an additional section could be inserted in the Amendment to allow for certain types of "pass-through" service and approved at a later Board meeting. The Board generally agreed that the Amendment would be approved and executed after the section had been added.

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 H"**. He reported that bids had been opened for the construction of Eastwood Phases, I, II, and III, which would consist of 325 new lots adjacent to CR 314. He stated that DNT Construction, LLC was the low bidder, and recommended the award of three separate projects, one for each Phase, to DNT Construction, LLC. Upon motion by Director Goldman and second by Director Slowbe, the Board voted unanimously to award the contracts for each of the Phases to DNT Construction, LLC. Mr. Jones then presented a proposal from Jones-Heroy & Associates, Inc. for the design of Water Treatment Plan No. 1 High Service Pump Station attached as **Exhibit "I"**, which he advised was necessary for the District to keep up with increased water demand. Upon motion by Director Goldman and second by Director Slowbe, the Board voted unanimously to approve the proposal. He then presented Change in Scope and Fee No. 1 to the GIS Update attached as **Exhibit "J"**, and explained that the change in scope of the work was made necessary by the increasing size of new subdivisions constructed and more frequent requests for maps using the District's GIS datasets. Director Goldman asked Mr. Jones to include the irrigation meters in the maps going forward. Mr. Jones agreed to do so. After discussion, upon motion by Director Goldman and second by Director Faske, the Board voted unanimously to approve the Change in Scope and Fee No. 1. Mr. Jones then presented the Pass-through Water Service Agreement with Jarrell-Schwertner Water Supply Corporation attached as **Exhibit "K"** and explained that it would enable the District to avoid the cost of relocating

certain water lines that would be affected by the District's construction of water lines to serve new customers, among other things, and recommended approval. Upon motion by Director Goldman and second by Director Faske, the Board voted unanimously to approve the Agreement. Mr. Jones then presented a proposal attached as **Exhibit "L"** to prepare the preliminary engineering reports required by the TCEQ for the anticipated park and utility bonds elections that were planned to occur in May of 2021. Mr. Jones advised that the park bond election would be to authorize the issuance of park bonds to fund District parks and recreational facilities, and that the utility bond election would authorize the issuance of additional utility bonds for the construction of utilities needed by District customers. Upon motion by Director Goldman and second by Director Goldman, the Board voted unanimously to approve the proposal.

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 "L"** and recommended approval of four transfers, the Director and vendor payments, and renewal of the District's certificates of deposit. He next presented the Amended Secretary's Certificate and Resolutions Regarding Bookkeeper's Account attached as **Exhibit "M"** and explained that he was requesting that the amount of money authorized to be kept in the bookkeeper's account be raised to \$50,000, which was an appropriate amount for a district as large as the District. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the transfers, the Director and vendor payments, the renewal of the certificates of deposit, and the Amended Secretary's Certificate and Resolutions Regarding Bookkeeper's Account.

Director Faske next stated that the Board would receive the attorney's report. Mr. Dean presented the Resolution Approving Fund Balance Policy and Establishing Fund Balance Commitment attached as **Exhibit "N"** and reviewed it with the Board, noting that the amount to be committed to parks and recreational facilities had not yet been finalized. After discussion, the Board agreed that the item would be tabled until the amount had been finalized. Mr. Dean then recommended that the Board join the Texas Water Conservation Association in order to stay abreast of wholesale water rate appeal legislation to which the Texas Water Conservation Association was privy. Upon motion by Director Goldman and second by Director Reynolds, the Board voted unanimously to join the Texas Water Conservation Association.

Director Faske then stated that the Board would consider its future meeting schedule. The Board generally agreed that it would hold its November meeting on the 16th and its December meeting on the 14th, both at 6:00 p.m.

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

(SEAL)



Darrell Goldman

Darrell Goldman
Secretary, Board of Directors

Date: November 16, 2020