

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

January 18, 2021

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 January 18, 2021 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
Darrell Goldman	-	Vice President
Camy Lenn Reynolds	-	Secretary
Raven Dunbar	-	Assistant Secretary
Michael Cosimeno	-	Assistant Secretary

All of the Directors were present, except Director Dunbar. 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"); Allen Douthitt of Bott & Douthitt, PLLC; Edward Castro of Landscape Designs and Lawn Care LLC; Carter Dean of Armbrust & Brown, PLLC; and David Chandos, a resident of the District.

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 consent items on the agenda, including: (1) the minutes of the December 14, 2020 Board meeting; (2) the Resolution Confirming Annual Review of Written Procedures for Post Bond Issuance Federal Tax Compliance attached as **Exhibit "B"**; and (3) the Resolution Confirming Annual Review of Drought Contingency Plan attached as **Exhibit "C"**. Mr. Dean reviewed the Resolution Confirming Annual Review of Written Procedures for Post Bond Issuance Federal Tax Compliance and stated that no revisions were being recommended this year. He then reviewed the Resolution Confirming Annual Review of Drought Contingency Plan and stated that no substantive revisions were being recommended this year, but that since the District's population and connection count had changed. Upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to approve the consent items on the agenda.

Director Faske next recognized Mr. Bilger to present the manager's report. Mr. Bilger reported that he had received multiple bids to repair the damage to the clubhouse roof, but recommended that the Board wait to approve a bid until it was also in a position to approve a bid for repair of the pool deck. He stated that he had received multiple bids to repair the pool deck, but that he thought it would be beneficial to have a core sample of the pool deck concrete

taken before approving a bid, so that the Board better understood why the pool deck needed repair and what repairs were most appropriate. The Board generally agreed.

Director Faske then stated that the Board would receive the security patrol report and Mr. Bilger reviewed the report with the Board.

Director Faske then announced that the Board would consider the park and recreational facilities items on the agenda. Mr. Bilger stated that he wanted to give a presentation of the developer's plans for the construction of additional parks and recreational facilities in the District, but that it was difficult to do so by videoconference. The Board generally agreed that it would hold a special meeting in-person at the District's office at which the developer's plans would be presented. Mr. Dean stated that he would schedule such a meeting at a time mutually agreeable to the members of the Board and Mr. Bilger.

Director Faske next recognized Mr. Castro to present the mowing and landscaping maintenance report to the Board. Mr. Castro reviewed his report and stated mowing and landscaping matters had generally been going well, and that the irrigation checks were being performed as planned. He asked that the members of the Board provide him with community feedback on mowing and landscaping as such feedback may become available, so that he could continue to provide high-quality service to the District.

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 December, the District had 2,929 occupied single-family connections, an estimated population of 8,787, and a total of 3,526 accounts and that there had been 64 new taps sold in December and a total of 193 for the fiscal year to date. Mr. Hendrix reported that there had been a water loss of 8.00% during the prior reporting period. He stated that he had no write-offs to request and that he had no system maintenance issues on which to report. Director Reynolds asked how many days delinquent customers were past due before their service was terminated. Mr. Hendrix responded that it was typically about 45 days past due. Mr. Hendrix next reviewed the District's identity theft prevention program and summarized the applicable requirements under the federal government's "red flag rules". He then stated that the District's identity theft plan had proved effective and that he was not recommending any changes to the program this year. Upon motion by Director Faske and second by Director Reynolds, the Board voted 4-0 to approve the Resolution Confirming Annual Review of Identity Theft Prevention Program attached as **Exhibit "E"**.

Director Faske next stated that the Board would consider the water, wastewater, and rate matters on the agenda. Mr. Jones reported that the District's rate order would need to be amended soon in order to account for the new retail connections that were scheduled to come online in Cool Water Municipal Utility District beginning sometime in the next few months. Mr. Dean stated that he had been consulting with the District's consultants on the matter, and would present a revised rate order for approval at the Board's regular February meeting. Mr. Jones next reported that the City of Jarrell (the "City") had begun the bidding process for the next phase of its wastewater treatment plant expansion. He then advised that the flow meter that the District had purchased would be installed at the City's wastewater treatment plant soon in order to verify the flow to the plant from the District's system. Mr. Jones then stated that he had been discussing the provision of wastewater service to a residence located adjacent to CR 313 with the City, and would report back to the Board at its regular February meeting regarding a plan to provide service to the tract.

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 "F"**. He first presented an invoice for retainage in the amount of \$6,162.50 from Hydro Resources for the repairs to Water Well No. 2 attached as **Exhibit "G"** and recommended approval of the invoice and acceptance of the facilities for operation and maintenance. He then presented the following pay applications from DNT Construction, and recommended approval: (1) Pay Application No. 3 for Eastwood Phase I in the amount of \$10,935 attached as **Exhibit "H"** and (2) Pay Application No. 3 for Eastwood Phase III in the amount of \$455,935.50 attached as **Exhibit "I"**. Upon motion by Director Goldman and second by Director Faske, the Board voted 4-0 to approve the invoice from Hydro Resources and acceptance of the Water Well No. 2 facilities for operation and maintenance, and the pay applications from DNT Construction. Mr. Dean then stated that an informal agreement had been reached with the landowners of the two offsite wastewater easements that the District sought to acquire and that the District was now waiting on the landowners to sign the easement agreements, noting that if they did not do so by that Friday that the District's subcommittee handling the negotiation of the easement acquisitions would consider moving forward with condemnation of the easements. Mr. Jones next reported that the District would need to acquire an additional eight to twelve offsite wastewater easements (depending on what route was chosen) and recommended that authority for the negotiation and execution of the easements be delegated to a subcommittee in order to facilitate timely acquisition of the easements. Mr. Bilger noted that the easements were for a pipeline that would allow the District to serve retail wastewater service to customers in Cool Water Municipal Utility District, and that the costs of such lines would not be borne by the District. Upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to delegate authority to Directors Goldman and Faske to approve negotiate and execute the easements, and to proceed to condemnation of the properties, if necessary. Mr. Hendrix then stated that the City of Jarrell and Jarrell-Schwertner Water Supply Corporation were ready to move forward with acquiring electronic water meters from HydroPro, and that there was pressure on the District to enter into an agreement with HydroPro for electronic meters soon. Mr. Dean stated that the Board could consider the agreement with HydroPro at its meeting in February. Mr. Jones concluded his report by informing the Board that the impact fee application was still under review at the Texas Commission on Environmental Quality (the "**TCEQ**") and, that Mr. Dean's firm had provided the TCEQ-required notice to the landowners affected by the impact fee application, noting that this triggered a 30 day comment period from the public, which would expire later that week. He stated that he anticipated the application would be approved sometime in February.

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 "J"** and recommended approval of five transfers, the Director and vendor payments, and the semi-annual bond payments. He also stated that he would need to pull Director Dunbar's director's fee due to his absence from the meeting. Mr. Douthitt then advised that the District was approximately \$76,000 "to the good" with respect to its budget for the fiscal year so far due to additional service revenues and new connections. He then stated that the District's annual audit would be presented at the Board's regular February Board meeting for approval before filing it with the TCEQ. 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 bond payments, with the voided check noted.

Director Faske next stated that the Board would receive the attorney's report. Mr. Dean reviewed the Resolution Confirming Annual Review of Code of Ethics, Financial Investment, Travel and Professional Services Policy and Amending List of Qualified Brokers attached as **Exhibit "K"**, noting that no changes were recommended other than the update of the list of qualified brokers contained in the District's financial policies and to change the District's investment officers to be Allen Douthitt and Mary Bott, the District's bookkeepers. Upon motion

by Director Faske and second by Director Goldman, the Board voted 4-0 to approve the Resolution. Mr. Dean then advised that Heritage Broadband, with which the District had entered into agreement for the installation of telecommunications equipment on the District's water tower, had not installed the telecommunications equipment required under the agreement since it refused to provide an engineer's certification of the equipment to be installed, which was necessary for safety purposes. He advised that the Board had the right to terminate the agreement with Heritage Broadband on these grounds. Mr. Bilger stated that he was under the impression that Heritage Broadband had backed out of the agreement early 2020. Mr. Dean informed the Board that he had received a letter from Heritage Broadband's attorney right before the Board meeting, and that while he had not had a chance to read it in depth, the letter generally stated that Heritage Broadband believed it had the right to install the equipment without providing the engineer's certification. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to terminate the agreement with Heritage Broadband and directed Mr. Dean to send a termination notice.

Director Faske then stated that the Board would consider its future meeting schedule and agenda items. Mr. Dean stated that the Board would need to meet next prior to February 12 in order to call a May 1, 2021 utility bond and park bond election. The Board generally agreed that it would hold such a meeting on February 8 at 6:00 p.m. by videoconference

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

(SEAL)



Camy Reynolds

Camy Lenn Reynolds
Secretary, Board of Directors

Date: February 22, 2021