

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

April 19, 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 April 19, 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, who joined the call later. 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; Allen Douthitt of Bott & Douthitt, PLLC; Edward Castro of Landscape Designs and Lawn Care LLC; Carter Dean of Armbrust & Brown, PLLC; Robin Barfield of the Jarrell Community Library (the "Library"); and Erlamond Payne, 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 receive a report from the District operator. Mr. Hendrix presented Crossroads' report, attached as **Exhibit "B"**, and reviewed it with the Board. He advised the Board that, as of the end of March, the District had 3,137 occupied single-family connections, an estimated population of 9,411, and a total of 3,710 accounts and that there had been 68 new taps sold in March and a total of 311 for the fiscal year to date. Mr. Hendrix reported that there had been a water loss of 15.03% during the prior reporting period, noting that this was common when new sections of development "came online". He stated that he had no write-offs to request and that he had no system maintenance issues on which to report. Director Faske asked Mr. Hendrix to work to make sure that the water used in connection with development was better accounted for, and to develop internal processes as necessary to do so. Mr. Hendrix then stated that Hydro Pro would need to install a base station on the District's water tower in the near future in order to facilitate operation of the electronic meters to be installed in the District. He concluded this report by stating that the meter purchased by the District to verify flow at the City of Jarrell's wastewater plant had been installed and was being read on a daily basis.

Director Faske stated that the Board would next receive a report on the audit of the District's financial statements for the fiscal year ended September 30, 2020 and recognized Ms. Martin. Ms. Martin presented the audit report attached as **Exhibit "C"** and first called the Board's attention to her firm's opinion, which she explained was an unmodified opinion and the highest quality of opinion that the District could receive. Ms. Martin pointed out that the Management's Discussion and Analysis was a summary of the audit report and provided a good overview. She then reviewed the District's financial statements and the statement of net position or balance sheets for the District's general, debt service, and capital projects funds. She stated that the GASB 34 adjustments had been made to convert the governmental fund balance sheets into more of a "for profit" view. Ms. Martin then reviewed the District's fund balances and the increases in each of the funds. She then reviewed the statement of activities, including revenues and expenditures. Ms. Martin next reviewed the notes to the financial statements, which she stated provided more detail about the District's finances. She confirmed that the District's bank balances had been covered by FDIC insurance and pledged collateral as of the end of the fiscal year. She reviewed the District's capital leases and obligations on the Lone Star Regional Water Authority ("LSRWA") bonds. Ms. Martin then reviewed the required Texas Supplementary Notes, including the analysis of the taxes levied and collected, noting that the District had collected 99.5% of the taxes levied the prior year. Ms. Martin also reviewed the analysis of the District's long-term debt. She then asked if there were any questions about the audit. There being none, Ms. Martin provided a letter from her firm attached as **Exhibit "D"** confirming there had been no issues, adjustments or disagreements with management in the course of the audit. Ms. Martin also presented the Board representation letter attached as **Exhibit "E"** and explained that this letter confirmed that the District had provided all information required to conduct the audit and was based on the representations of the District's manager and bookkeeper. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to approve the audit report, the representation letter, and the filing of the Audit Report with the Texas Commission on Environmental Quality ("TCEQ") and the Texas Comptroller.

Director Faske then stated that the Board would consider the minutes of the March 15, 2021 Board meeting. Upon motion by Director Faske and second by Director Goldman, the Board voted 4-0 to approve the minutes.

Director Faske then recognized Mr. Bilger to present the manager's report. Mr. Bilger reported that he had looked into emergency messaging services for the District and located a handful of options that bill based on the numbers of messages and recipients, adding that would ask for proposals once he was more familiar with the options. Mr. Dean stated that he had also researched emergency messaging services, and would coordinate with Mr. Bilger on the matter going forward. He next stated that the bulk waste pickup day had gone well, and thanked Director Reynolds for her help. Mr. Bilger then stated that the developer in the District had recently bid out 325 lots for development of the so-called Eastwood tract, and that lots would likely begin to sell in May 2021.

Director Faske then recognized Ms. Barfield to provide an annual update regarding the Library's operations. Ms. Barfield stated that 2020 and 2021 had been challenging years, due to the COVID-19 pandemic. She stated that, despite this, the cardholder base did grow during the prior year and the Library had received grants to expand its 11,000 item collection. She stated that approximately 68% of the cardholder base were residents of the District. She then stated that Library had not held in person events such as story time since before the pandemic, but that it had held such events online. She stated that the Library was now fully reopened. She then informed the Board that the Library was looking at an approximately \$8,000 budget deficit for the year, and that the District waiving rent going forward would help the Library tremendously to stay afloat. The members of the Board agreed that it would need to discuss the matter further. Ms. Barfield next stated that one of the District's office windows broke during the February

winter storm, and presented the Board with proposals to replace the broken window, along with the other windows on the back side of the office, noting that these needed to be replaced to match. She recommended the proposal from Russell Glass, attached as **Exhibit "F"**, since they stated they could complete the work sooner than the other companies. She added that, while Russell Glass was not the least expensive proposal, whichever proposal the Board approved, the Library would apply a \$2,500 grant it had received toward the payment of the approved proposal. Upon a motion by Director Goldman and second by Director Reynolds, the Board voted 4-0 to approve the proposal from Russell Glass, and agreed to pay the portion that the Library's \$2,500 grant did not cover. Ms. Barfield then requested that she be provided with the contact information for the Board members, Mr. Bilger, and Mr. Hendrix, so that she could reach out in the event of an emergency such as the leak that had recently occurred at the office building. The Board agreed that Mr. Dean could compile their contact information and provide it to Ms. Barfield for the purpose. Ms. Barfield lastly requested that the Library be permitted to install track lights to provide additional light in the Library. The Board generally agreed that this would be okay.

Director Faske then stated that the Board would receive the security patrol report. Director Reynolds reviewed the report with the Board. She then stated that a red curb on Quarry Rim Drive had faded and needed to be repainted, noting that truckers had been parking there. Mr. Bilger stated that he would speak to someone with Williamson County (the "County") regarding repainting the curb, since it was a responsibility of the County. Director Faske stated that he and Director Reynolds had met with the police chief for the City of Jarrell (the "City") to discuss the possibility of the City resuming patrol services in the District following the expiration of the District's current patrol services contract with the County, which expired at the end of the fiscal year. Director Faske reported that the police chief had said that it had enough officers to serve the District, and that the City would like the City and the District to operate in practice as one community, from a law enforcement perspective. Director Faske stated that he would wait to receive more information from the police chief before any action would need to be taken by the Board, but asked whether the Board was interested. The Board generally agreed that it was interested to hear more from the City regarding this possibility.

Director Faske then announced that the Board would consider the park and recreational facilities items on the agenda. Mr. Bilger reported that he was working on finishing a budget for the phase of parks and recreational facilities that was projected to be built that year. Director Dunbar joined the meeting at that time. Mr. Bilger then stated that the equipment for the splash pad at the pool had been delivered and would be installed before Memorial Day. He then stated that he had heard primarily positive things from residents so far regarding the District's parks and recreational facilities bond authorization proposition included on the ballot of the May 1, 2021 Election.

Director Faske next recognized Mr. Castro to present the mowing and landscaping maintenance report to the Board. Mr. Castro reviewed his report and stated that someone had been running over trees in the District, and asked Director Reynolds if she could discuss the matter with the District's officers to keep this from continuing. Director Reynolds then stated that a semi-truck had driven through a roundabout in the District. Mr. Castro stated that this had also been a reoccurring problem. Mr. Bilger suggested that, since it was reoccurring, Mr. Castro not replant grass there, but instead just refill it with loam. Mr. Castro agreed that this would cut down on unnecessary costs.

Director Faske next stated that the Board would consider the water, wastewater, and rate matters on the agenda. Mr. Dean stated that the District's revised Order Establishing Service Rates, Charges, and Tap Fees and Adopting Rules and Policies with Respect to the District's Water, Wastewater, and Drainage System had been approved contingent upon the receipt of an order from the TCEQ approving the District's water impact fee had not yet been executed, since

the District had yet to receive such an order from the TCEQ. Mr. Jones stated that he expected it would come in during the next few weeks. Mr. Jones then stated that the City of Jarrell had begun construction of the next phase of expansion of its wastewater treatment plant, adding that it would increase its capacity from 1 MGD to 2 MGD.

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 first stated that he added another inspector to his team since so much construction had been taking place in the District. He then reported that Cool Water Municipal Utility District ("Cool Water MUD") would soon annex the so-called Eastwood tract into its boundaries, totaling approximately 280 additional acres. He next stated that he would begin seeking bids for the upgrades to Water Plant No. 1 in the next few weeks. Mr. Jones then stated that the District needed to determine its "floor amount" for the upcoming wholesale water year of the Brazos River Authority. He proposed increasing the floor amount from approximately 150 million gallons to approximately 200 million gallons, based on the growth in the District and its historical water usage. He requested that the Board approve his methodology and the floor amount, so that he could report same to the Lone Star Regional Water Authority. Upon motion by Director Goldman and second by Director Reynolds, the Board voted unanimously to approve the methodology and the recommended floor amount. Mr. Jones next stated that Cool Water Phase 1 was close to final completion, however, that there were certain close out documents and punch list items still pending. He requested that the Board authorize him to administratively accept the facilities for operation and maintenance upon the completion of the pending items. Mr. Dean requested that the Board also authorize the execution of the conveyance documents necessary to convey Cool Water Phase 1 from the developer to the District, contingent upon completion of the facilities, attached as **Exhibit "H"**. Upon motion by Director Goldman and second by Director Cosimeno, the Board voted unanimously to authorize Mr. Jones to administratively accept Cool Water Phase 1 upon its completion, and to authorize the execution of the conveyance documents necessary to convey Cool Water Phase 1 from the developer to the District, contingent upon completion of the facilities. Mr. Jones then stated that there were 16 offsite water and wastewater easements that the District would need to accept from the developer for service to Cool Water MUD in the near future. Upon motion by Director Goldman and second by Director Cosimeno, the Board voted unanimously to approve acceptance of the easements, attached collectively as **Exhibit "I"**, once granted by the developer. Finally, Mr. Jones stated that the pass-through agreement with the City for Cornhill Business Park was under review with the City. Mr. Dean requested authority to negotiate and execute the agreement upon review and approval of a Board member. Upon motion by Director Goldman and second by Director Reynolds, the Board voted unanimously to authorize negotiation and execution of the agreement upon the review and approval of a Director Faske. Mr. Jones then presented the following pay applications from DNT Construction, LLC: (1) Pay Application No. 6 for Eastwood Phase I in the amount of \$195,755.40; and (2) Pay Application No. 5 for Eastwood Phase II in the amount of \$589,637.70, attached collectively as **Exhibit "J"**, and recommended approval. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the pay applications, as presented.

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 "K"** and recommended approval of five transfers, the Director and vendor payments, the renewal of two certificates of deposit, and a debt payment to the Lone Star Regional Water Authority. 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 debt payment to the Lone Star Regional Water Authority.

Director Faske then announced that the Board would consider emergency response matters. Director Reynolds stated that she had recently attended a City town hall meeting, and it

was agreed that the local government entities in the area would need to work together going forward. The City formed a committee for this purpose, comprised of members of each of the governing bodies of the local governments, including the District. The Board agreed that Director Reynolds and Director Cosimeno would be on the committee, and that Director Dunbar would serve as an alternate. Director Reynolds stated that a primary goal of the committee would be to determine a way to disseminate information among the residents of the local governments efficiently and effectively in the event of an emergency such as the February winter storm. Director Reynolds stated that she would discuss the possibility of coordinating with the City to use the same emergency notification system.

Director Faske next stated that the Board would receive the attorney's report. Mr. Dean reported that Governor Greg Abbott's Disaster Proclamation had been extended, but that he was not sure whether it would be extended again.

Director Faske then stated that the Board would consider its future meeting schedule and agenda items. The Board generally agreed that it would hold its next meeting on the regularly scheduled date by videoconference, and that it would additionally hold a special Board meeting to canvass the results of the May 1, 2021 Election on May 10, before the deadline to do so.

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: May 17, 2021