

**SONTERRA MUNICIPAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING**

September 20, 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 September 20, 2021, at 113 Limestone Terrace, Jarrell, Texas. The meeting was open to the public and notice 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 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 Reynolds	-	Secretary
Raven Dunbar	-	Assistant Secretary
Michael Cosimeno	-	Assistant Secretary

All of the Directors were present, thus constituting a quorum. 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; Garry Kimball of Specialized Public Finance Inc.; Edward Castro of Landscape Designs and Lawn Care LLC; Robin Barfield of the Jarrell Community Library; Ruth Gamble, a resident of the District; and Carter Dean of Armbrust & Brown, PLLC.

After the Pledges of Allegiance to the United States and Texas flags, Director Faske stated that the Board would receive any Board member remarks or citizens communications. Ms. Gamble stated that the Sonterra West Homeowners Association (the “HOA”) had not been enforcing various restrictive covenant violations by her neighbors and asked that the District cause the HOA to do so. Director Faske responded that the District did not have authority over the HOA, and, therefore, could not assist in the matter. Ms. Barfield then addressed the Board and introduced the new director of the Jarrell Community Library (the “Library”), Susan Gregurek. Ms. Barfield stated that the City of Jarrell (the “City”) had agreed to fund the Library on the condition that the Library become a public library district.

Director Faske next stated that the Board would consider the District’s \$12,910,000 Unlimited Tax and Revenue Bonds, Series 2021 (the “Bonds”). Mr. Kimball reviewed the timetable for issuance of the Bonds, noting that the Bonds were scheduled to sell in October and close in November. Mr. Kimball next stated that the Texas Commission on Environmental Quality (the “TCEQ”) had approved the District’s application to issue the bonds, as evidenced by the technical memorandum and order attached collectively as **Exhibit “B”**. Mr. Kimball then reviewed the Preliminary Official Statement for the Bonds with the Board, and recommended that the District approve the Resolution Approving Preliminary Official Statement; Authorizing Distribution of Preliminary Official Statement and Publication of Notice of Sale of Bonds; and Approving Other Related Matters attached as **Exhibit “C”**, authorize payment of the bond review fee to the Texas Attorney General, and designate BOKF as the paying agent/registrar for the Bonds. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to make the approvals recommended by Mr. Kimball.

Director Faske then stated that the Board would consider the 2021/2022 budget and 2021 tax rate, and recognized Mr. Kimball. Mr. Kimball stated that he recommended no change from the District's 2020 tax rate of \$0.9475 per \$100 of taxable value, and the rate should be allocated \$0.82 to the District's debt service obligations and \$0.1275 to operations and maintenance. Mr. Douthitt then reviewed the proposed 2021/2022 budget with the Board. Director Cosimeno asked for a breakdown of the District's park maintenance, landscaping, and irrigation repair expenses and stated that the amount budgeted for this seemed high. Mr. Douthitt explained the breakdown of these expenses and stated that he would include the individual invoices for park maintenance, landscaping, and irrigation repairs in the bookkeeping report going forward so that the Board could have a better understanding of the work being done. Director Faske asked Mr. Castro to consider permanent fixes to parts of the irrigation system that needed frequent repair. After discussion, upon motion by Director Goldman and second by Director Cosimeno, the Board voted unanimously to approve the Resolution Adopting Budget attached as **Exhibit "D"**. Director Faske then opened a public hearing on the proposed tax rate. There being no one present wishing to speak and no written comments received, Director Faske closed the public hearing. Upon motion by Director Cosimeno and second by Director Goldman, the Board voted to adopt a 2021 tax rate of \$0.9475 per \$100 of taxable value and to adopt the Order Levying Taxes attached as **Exhibit "E"**, with Directors Faske, Goldman, Reynolds, Dunbar, and Cosimeno all present and voting "aye".

Director Faske next announced that the Board would consider the consent items on the agenda, including: (i) the minutes of the August 11 and August 16, 2021 Board meetings; (ii) the proposal from McCall Gibson Swedlund Barfoot PLLC for audit services for fiscal year ending September 30, 2021 attached as **Exhibit "F"**; (iii) the Collateralization Agreement with PNC Bank for Lockbox Clearing Account attached as **Exhibit "G"**; and (iv) the Plumbing Inspection Services Agreement with Roadrunner Inspection Services attached as **Exhibit "H"**. Upon motion by Director Faske and second by Director Cosimeno, the Board voted unanimously to approve the consent items.

Director Faske then announced that the Board would next receive the manager's report and recognized Mr. Bilger. Mr. Bilger reported that the pool manager had provided her "two weeks' notice", which provided additional reason for the District to hire a parks and recreation manager soon. He next stated that the splash pad outside of the pool area would likely be finished sometime in October. He then stated that there had been numerous calls to the police regarding criminal mischief at the pool, and that he believed an updated security system should be installed. Mr. Bilger then reviewed the status of development in the District, noting that development in Eastwood Sections 7 & 8 had recently begun. He then stated that he had been working with Mr. Castro and Jesse Fliehs to take over Dan Fliehs' old tasks, but that this was a work in progress since Dan Fliehs had handled so much. Mr. Bilger closed his report by informing the Board that he was currently working to receive bids for the construction of a pump track.

Director Faske next stated that the Board would consider renewal of the Website Maintenance Agreement with James Williams attached as **Exhibit "I"**. Upon motion by Director Reynolds and second by Director Faske, the Board voted unanimously to approve the Website Maintenance Agreement.

Director Faske then stated that the Board would consider the following items on the agenda: (i) First Amendment to Development, Utility Construction and Reimbursement Agreement; (ii) Development, Utility Construction and Reimbursement Agreement [59.382 acres]; (iii) Development, Utility Construction and Reimbursement Agreement [31.379 acres]; (iv) Consent to Assignment of Development, Utility Construction and Reimbursement Agreement [59.382 acres]; (v) Consent to Assignment of Development, Utility Construction and Reimbursement Agreement [31.379 acres]; (vi) First Amendment to Agreement for the

Provision of Retail Water and Wastewater Services [Eastwood]; and (vii) First Amendment to Agreement for the Provision of Retail Water and Wastewater Services, attached collectively as **Exhibit “J”**. Mr. Dean stated that the developer in the District was under contract to sell two tracts of land located within the District. He explained that the reimbursement agreement between the developer and the District included these tracts, and that the agreements presently under the Board’s consideration would remove those two tracts from the reimbursement agreement, create new reimbursement agreements with the developer for each tract, and consent to the developer’s assignment of the new reimbursement agreements to the purchasers of the two tracts. He then explained that the first amendments to the retail services agreements with Cool Water Municipal Utility District and the developer would modify the agreements to require the developer to provide a letter of credit as security for the developer’s guarantee to pay the “Contract Payments” under the agreements. Mr. Dean added that these agreements were in draft form and needed to be finalized before execution. After discussion, upon motion by Director Goldman and second by Director Faske, the Board voted unanimously to approve the following items for execution: (i) First Amendment to Development, Utility Construction and Reimbursement Agreement; (ii) Development, Utility Construction and Reimbursement Agreement [59.382 acres]; (iii) Development, Utility Construction and Reimbursement Agreement [31.379 acres]; (iv) Consent to Assignment of Development, Utility Construction and Reimbursement Agreement [59.382 acres]; (v) Consent to Assignment of Development, Utility Construction and Reimbursement Agreement [31.379 acres]; (vi) First Amendment to Agreement for the Provision of Retail Water and Wastewater Services [Eastwood]; and (vii) First Amendment to Agreement for the Provision of Retail Water and Wastewater Services, subject to finalization by Mr. Dean.

Director Faske then stated that the Board would consider the parks and recreational facilities items on the agenda. Mr. Dean stated that the agenda item regarding hiring a parks and recreation manager should be discussed in executive session because it was considered a personnel matter under the Open Meetings Act.

Director Faske next stated that the Board would discuss the security items on the agenda, beginning with the security patrol report. Director Reynolds stated that she believed 150 hours of security patrol services per month may be insufficient, adding that she had received numerous complaints regarding crime in the District centering around the pool. The Board generally agreed that it needed to look further into District security. Director Reynolds stated that she would reach out to Officer Kidwell to discuss increasing officer presence and security issues with the Board at its October meeting.

Director Faske next recognized Mr. Castro to present the mowing and landscaping maintenance report to the Board. Mr. Castro reviewed his report and invited the Board to accompany him in a tour of the District to explain all of the landscape, maintenance, and irrigation repair work that his company performed. Mr. Castro then presented for renewal the Mowing and Maintenance Agreement with Edward Castro dba Landscape Designs and Lawn Care LLC attached as **Exhibit “K”**. Upon motion by Director Reynolds and second by Director Cosimeno, the Board voted unanimously to approve the agreement.

Director Faske then stated that the Board would receive a report from the District operator. Mr. Hendrix presented Crossroads’ report, attached as **Exhibit “L”**, and reviewed it with the Board. He advised the Board that, as of the end of August, the District had 3,379 occupied single-family connections, an estimated population of 10,137, and a total of 3,694 accounts and that there had been 4 new taps sold in August and a total of 416 for the fiscal year to date. Mr. Hendrix reported that there had been a water loss of 9.95% during the prior reporting period. Mr. Hendrix stated that he had sent six write-offs to collections. He then stated that the reverse osmosis station had been functioning well and was still widely used by District residents. Mr. Hendrix concluded his report by stating that he would submit the

required reports regarding District facilities designated as “critical load status” under Senate Bill 3 to the applicable governmental bodies and electric providers by the November 1, 2021 deadline.

Director Faske then recognized Mr. Jones for the purpose of receiving the engineer’s report. Mr. Jones reviewed his report with the Board, attached as **Exhibit “M”**. He next presented the following pay applications: (i) Pay Application No. 11 for Eastwood Phase I in the amount of \$529,139.30 from DNT Construction; (ii) Pay Application No. 9 for Eastwood Phase III in the amount of \$107,659.81 from DNT Construction; (iii) Pay Application No. 4 in the amount of \$1,354,196 for Eastwood Sections 4, 5, and 6 from Liberty Civil Construction; and (iv) Pay Application No. 1 in the amount of \$534,327.52 for Eastwood Sections 7 & 8 from DNT Construction, collectively attached as **Exhibit “N”**, and recommended approval. He also recommended authorization to accept Eastwood Phase III for operation and maintenance contingent upon receipt of the contractor’s affidavit of bills paid. Upon motion by Director Faske and second by Director Cosimeno, the Board voted unanimously to approve the pay applications and authorize acceptance of Eastwood Phase III for operation and maintenance contingent upon receipt of the contractor’s affidavit of bills paid. Mr. Jones then stated that the attorney for Lone Star Regional Water Authority had provided a draft emergency interconnect agreement and recommended that the Board approve negotiation and execution of the agreement. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve negotiation and execution of the emergency interconnect agreement attached as attached as **Exhibit “O”**. Mr. Jones concluded his report by recommending that the Board approve an amendment to the District’s pass-through agreement with Jarrell-Schwertner Water Supply Corporation to include two additional water connections, if necessary. He noted that this would only be necessary if two District residents that were currently Jarrell-Schwertner Water Supply Corporation customers were not amenable to becoming District customers. Upon motion by Director Faske and second by Director Goldman, the Board approved execution of such an amendment, if necessary.

Director Faske next stated that the Board would consider the agenda items related to the proposed substitution of land of equal value. Mr. Jones explained that, because of an oversight in the platting of the Eastwood Sections 4 & 6 subdivisions, the boundary between the District and Cool Water Municipal Utility District bisected a series of residential lots. He advised that this could result in difficulty for the District collecting taxes from the future owners of these lots, so the best course of action was to move the boundaries of the District and Cool Water Municipal Utility District to circumvent these lots. He stated that this would require the District to exclude certain land from its boundaries and include certain land of equal or greater value. Accordingly, he presented the Application to Include Property Within Sonterra Municipal Utility District, the Application to Exclude Property From Sonterra Municipal Utility District, and the Application for Approval of Substitution of Land of Equal Value, from the developer, SonWest Co., attached collectively as **Exhibit “P”**. Mr. Dean stated that in order to make the substitution of land required to move the District’s boundaries, the Board would need to call a public hearing regarding the applications from the developer and authorize his firm to publish notice of the hearing. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to call a public hearing on the applications for 6:00 p.m. on Monday, October 18, 2021 at the District’s administrative building, and to authorize publishing the notice of hearing.

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 “Q”** and recommended approval of five transfers, the Director and vendor payments, and renewal of one certificate of deposit. After discussion, upon motion by Director Cosimeno and second by Director Faske, the Board voted unanimously to approve the transfers, the Director and vendor payments, and the certificate of deposit renewal.

Director Faske then announced that the Board would consider emergency response matters. Mr. Dean presented a handful of vendors that could provide emergency notification services to the Board. The Board generally decided that it would use the application that was available with the District's new electronic meters to send emergency notifications to residents, if possible.

Director Faske stated that the Board would receive a report from the District's attorney. Mr. Dean provided an update regarding the laws that had passed during Texas' legislative session earlier that year. He then stated that the District's operator and engineer would be working to comply with the reporting requirements under Senate Bill 3, and would provide any proposals to the Board at a later meeting to complete this work.

Director Faske then stated that the Board would convene in executive session at 7:51 p.m. to consider matters relating to hiring a parks and recreation manager pursuant to Section 551.074 of the Open Meetings Act. At 8:23 p.m., Director Faske reconvened the Board in open session and stated that no action had been taken in executive session. Upon motion by Director Cosimeno and second by Director Goldman, the Board voted unanimously to authorize Director Reynolds and Dunbar to post job advertisements, conduct interviews, and hire a District parks and recreation manager.

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

(SEAL)





Camy Reynolds
Secretary, Board of Directors

Date: October 18, 2021