

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

November 15, 2021

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on November 15, 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:

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| 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; Edward Castro of Landscape Designs and Lawn Care LLC; Robin Barfield of the Jarrell Community Library; Deputy Kidwell of the Williamson County Sheriff's Department; Ashlee Martin of McCall Gibson Swedlund Barfoot PLLC; 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. Barfield addressed the Board and stated that the Jarrell Community Library was doing very well and thanked the Board for allowing it to lease part of the District's office building. She next stated that she believed the library and the District would benefit from a security system in the building. She then stated that Williamson County Emergency Services District No. 5 had performed an inspection of the office building and noted that the building did not meet code in various respects. She stated that the library would seek grants to help pay for a security system and to bring the building into compliance with the fire code. Board discussion ensued regarding District participation in these projects and the Board generally agreed that the District would identify a contractor to make the repairs related to fire code compliance, and that the library may install a security system at its expense as long as the system was approved by the District first. Director Reynolds asked Mr. Bilger to seek proposals for the work related to fire code compliance. Ms. Barfield then asked the Board to consider a new lease agreement with the library to begin in January 2022 at its next Board meeting. Mr. Dean stated that he would include such an item on the agenda.

Director Faske next stated that the Board would discuss the security items on the agenda, beginning with the security patrol report. Director Reynolds introduced Deputy Kidwell to the Board. Deputy Kidwell addressed the Board and stated that he had been investigating the level of crime in the District and the need for additional security patrol hours. He stated that he believed additional hours were unnecessary at this time since the recent increase from 100 hours per month to 150 hours per month had been sufficient. He noted that call volume had not

been increasing. He next informed the Board that the Williamson County Sheriff's Office ("WCSO") had designated an additional officer outside of the District's contract with WCSO to cover the area within the District, now totaling two such officers. He added that these officers take many of the calls that would otherwise be taken by the contract officers. After discussion, the Board generally agreed to maintain the current number of monthly hours through the end of the year and reassess that number after the holidays.

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. Jones reviewed the pre-purchase inspection letter from the Texas Commission on Environmental Quality ("TCEQ") with the Board attached as Exhibit "B" and stated that the TCEQ had identified a handful of minor issues with the project, but that those issues had since been resolved and he was now awaiting a "clean" inspection letter from the TCEQ, which was imminent. Ms. Martin then presented the report on reimbursable costs from her firm, attached as Exhibit "C", to the Board and reviewed the amount of money to be disbursed to developer for reimbursement of the costs of the project. She also reviewed the amounts to be held back from disbursement due to incomplete portions of the project. Mr. Dean then stated that the documents for conveyance of the facilities to be reimbursed for to the District and the related closing documents needed to be executed, and that disbursement of the reimbursement monies would need to be subject to their execution. Mr. Dean then reviewed the following documents with the Board: (1) Amendment No. 1 to Agreement Regarding Hold Back of Bond Proceeds (Eastwood Phase I); (2) Amendment No. 1 to Agreement Regarding Hold Back of Bond Proceeds (Eastwood Phase II); (3) Amended and Restated Street and Utility Construction Agreement (Eastwood Phase I); and (4) Amended and Restated Street and Utility Agreement (Eastwood Phase II) attached collectively as Exhibit "D", and explained that the documents amended the current hold back and street and utility agreements regarding Eastwood Phases I & II to amend the amount of money to be held back from disbursement to the developer from the proceeds of the bond until the unfinished portions of the project were complete. He stated that the amount of money to be held back would be less than stated in the original documents since the projects were closer to completion than they had been originally. Mr. Dean then reviewed the Closing Memorandum and disbursement letter attached as Exhibit "E" with the Board and recommended approval of disbursement of the Bond proceeds upon closing that Wednesday. Upon motion by Director Reynolds and second by Director Goldman, the Board voted unanimously to approve the report of reimbursement costs, Amendment No. 1 to Agreement Regarding Hold Back of Bond Proceeds (Eastwood Phase I), Amendment No. 1 to Agreement Regarding Hold Back of Bond Proceeds (Eastwood Phase II), Amended and Restated Street and Utility Construction Agreement (Eastwood Phase I), Amended and Restated Street and Utility Agreement (Eastwood Phase II), and disbursement of the Bond proceeds in accordance with the reimbursement report and Closing Memorandum upon the closing of the Bonds, subject to receipt of executed closing documents by Mr. Dean.

Director Faske next announced that the Board would consider the consent items on the agenda, including: (i) the minutes of the October 18, 2021 Board meeting; and (ii) the Amended and Restated Secretary's Certificate and Resolutions Regarding Lock Box Clearing Account attached as Exhibit "F". Upon motion by Director Cosimeno and second by Director Dunbar, 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 developer had recently begun paving the streets in Eastwood Sections 7 & 8 and that the District was near the end of development. He next reported that the first phase of parks in the District was about 99% complete, and that the next phases would include amenities such as a small soccer field, a bike track, and a basketball pavilion. He then stated that one of the recently installed splash pads needed to have a pump repaired before it could be put in use.

Mr. Faske then stated that the Board would consider an offer for the District to purchase additional park land. Director Cosimeno stated that someone had reached out to him regarding an opportunity for the District to purchase land for park use, but that that person wanted confirmation from the Board that it was generally interested in the idea before providing the Board with any specifics regarding the land. Director Reynolds stated that since there was so much development in the region, it would be good for the District to obtain additional land before it was gone. Mr. Bilger stated that currently, the biggest contiguous tract of District-owned land was only a few acres. Director Faske asked what amount of acreage the Board would be interested in. The Board generally agreed that it was interested in hearing more regarding the opportunity to purchase anywhere from ten to thirty acres.

Director Faske next recognized Mr. Castro to present the mowing and landscaping maintenance report to the Board. Mr. Castro reviewed his report with the Board.

Director Faske then stated that the Board would receive a report from the District operator. Mr. Hendrix presented Crossroads' report, attached as **Exhibit "G"**, and reviewed it with the Board. He advised the Board that, as of the end of October, the District had 3,473 occupied single-family connections, an estimated population of 10,419, and a total of 3,788 accounts and that there had been no new taps sold in October and a total of zero for the fiscal year to date. Mr. Hendrix reported that there had been a water loss of 6.92% during the prior reporting period. Mr. Hendrix stated that he had sent 18 write-offs to collections. He then stated that a contractor of Suddenlink had bored through multiple of the District's water and wastewater service lines. He stated that the lines had been repaired, but that the damage likely resulted in the accumulation of debris in the lines, so he recommended that the lines be televised for debris and cleaned out, as necessary. He also recommended that the District send a letter to Suddenlink to reimburse the District for its costs related to the broken lines, including repairs, televising, and cleanout. Director Faske stated that this was necessary and directed Mr. Dean to draft and send such a letter to Suddenlink with the assistance of Mr. Hendrix. Mr. Hendrix then reported that there had been numerous complaints during the prior month regarding incorrect bills, noting that residents had taken to social media to discuss the issue. Mr. Hendrix stated that Crossroads had flagged 56 customer accounts for potential billing errors, investigated those accounts, and determined that 11 of them had billing errors. He stated that Crossroads had contacted the customers with potential billing errors and corrected the erroneous bills. Mr. Hendrix advised that less billing errors would occur when the District's meters had been replaced with "smart" meters. Mr. Faske stated that, since smart meters would be such a benefit to the District, he believed increasing the rate of replacing the old meters with smart meters instead of renovating the office building to house a representative from Crossroads would be a better use of District funds. The Board generally agreed and directed Mr. Hendrix to order 1,500 smart meters for installation in 2022. Mr. Douthitt stated that this was in the budget for the year. Mr. Hendrix stated that he would order them as soon as possible, since the current supply chain issues would delay any order.

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 "H"**. He next presented the following pay applications: (i) Pay Application No. 13 for Eastwood Phase I in the amount of \$124,606.57 from DNT Construction; (ii) Change Order No. 6 for Eastwood Phase I in the amount of \$28,750.00 from DNT Construction; (iii) Pay Application No. 2 for Water Treatment Plant No. 1 High Service Pump Station in the amount of \$167,146.34 from TTE, LLC; (iv) Change Order No. 3 for Eastwood Sections 4, 5, and 6 in the amount of -\$75.23 from Liberty Civil Construction; (v) Pay Application No. 6 for Eastwood Sections 4, 5, and 6 in the amount of \$112,284.14 from Liberty Civil Construction; and (vi) Pay Application No. 3 for Eastwood Sections 7 and 8 in the amount of \$1,638,703.26 from DNT Construction, collectively attached as **Exhibit "I"**, and recommended approval. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the pay applications and change

orders presented. Mr. Jones then stated that he needed help determining what color the high service pump station under construction should be. After discussion, Directors Reynolds and Dunbar agreed to meeting Mr. Jones at the site of the pump station to discuss and determine the color.

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 the transfers, the Director and vendor payments, and renewal of certificates of deposit. After discussion, upon motion by Director Reynolds and second by Director Dunbar, the Board voted unanimously to approve the transfers, the Director and vendor payments, and the certificates of deposit renewal.


Director Faske stated that the Board would receive a report from the District's attorney. Mr. Dean stated that he had received information from Brushy Creek MUD regarding its request to Williamson County for ARPA funds for water and wastewater projects. He stated that he would coordinate with Mr. Jones to determine what projects, if any, the District could use such funds for, then generate a letter requesting allocation of funds for those projects from Williamson County. Mr. Dean then presented (1) the First Amendment to Agreement for the Provision of Retail Water and Wastewater Services attached as **Exhibit "K"**; and (2) First Amendment to Agreement for the Provision of Retail Water and Wastewater Services (Eastwood) attached as **Exhibit "L"**. He reminded the Board that it had authorized him to negotiate and execute the agreements at a prior Board meeting, but that the terms of agreements had changes so much since then that he felt it appropriate to bring them before the Board a second time for approval. He explained that the primary change from the prior drafts of the agreements was that the original developers under the agreements would not provide letters of credit as security for the contract payments, but instead the District would hold back certain monies from reimbursement to the developer from bond proceeds if it did not appear that there would not be enough reimbursement funds to secure the contract payments otherwise. He added that there would also be a late payment fee on the contract payments for the original developer. Upon motion by Director Faske and second by Director Cosimeno, the Board voted unanimously to approve the First Amendment to Agreement for the Provision of Retail Water and Wastewater Services and the First Amendment to Agreement for the Provision of Retail Water and Wastewater Services (Eastwood), subject to final negotiations to be handled by Mr. Dean.

Director Faske then stated that the Board would convene in executive session at 7:52 p.m. to receive legal advice regarding filing a utility lien pursuant to Section 551.071 of the Open Meetings Act. At 7:57 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 Mr. Dean and Mr. Hendrix to determine the feasibility of filing a utility lien on the property identified by Mr. Hendrix.

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

(SEAL)





Camy Reynolds
Secretary, Board of Directors

Date: December 13, 2021