

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

February 21, 2022

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 February 21, 2022, 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 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 (the “*Library*”); Andy Bilger, of Vecindario Management, LLC; Carter Dean of Armbrust & Brown, PLLC; Doug Short of Defensor Solutions; Ashlee Martin of McCall Gibson Swedlund Barfoot PLLC; and Danielle Smith, Bianca Copeland, and Tom Slowbe, residents of the District.

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. Director Faske recognized Ms. Copeland who asked if the Board would consider having the Sonterra Fourth of July Festival on District land if it could not be held elsewhere. She also requested that the District organize the Fourth of July Festival beginning in 2023. Director Reynolds stated that the Fourth of July Festival was not a District event and that the Board would need to consider whether allowing the festival to occur on District property was okay. Ms. Copeland stated that the festival should be a District event since District residents pay park fees. Mr. Dean stated that the District could organize the festival, but that it was a business decision of the Board whether to so do. He then stated that he would place an item on the April Board meeting agenda to consider the request. Director Faske next recognized Mr. Slowbe who asked for the status of the construction of parks and recreational facilities in the District. Director Goldman stated that various parks projects were in motion, noting that Mr. Bilger would provide a report regarding the parks. Ms. Copeland stated that there were not enough places for her children to play in the District, and asked for a timeline of the construction of additional parks and recreational facilities.

Director Faske next announced that the Board would consider parks and recreational facilities and recognized Mr. Bilger. Mr. Bilger reported that two splash pads had been installed in the District—one within and one outside of the gates of the pool—and that shade structures and new decking had also been installed at the pool. He next reported that a new playground would be installed in May and that the old playground equipment would be installed at the

pocket park. He then stated that, over the next few years, a bike track, trails, a soccer field, and additional pools would be constructed.

Director Faske then announced that the Board would receive a report from Doug Short of Defensor Solutions regarding Senate Bill 3 compliance. Mr. Short presented a slide show to the Board and provided an overview of the emergency preparedness plan that he had prepared to submit to the Texas Commission on Environmental Quality (the "TCEQ") on the District's behalf. He noted that the District would not need to implement any additional measures to comply with the plan. Following the presentation, upon motion by Director Goldman and second by Director Cosimeno, the Board voted unanimously to authorize Mr. Short to file the report with the TCEQ.

Mr. Faske next recognized Ms. Martin to present an audit report for fiscal year ended September 30, 2021 to the Board. Mr. Martin presented the audit report attached as Exhibit "B" 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. 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. Ms. Martin then reviewed the required Texas Supplementary Notes, including the analysis of the taxes levied and collected. 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 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 "C" and explained that this letter confirmed that the District had provided all information required to conduct the audit and pointed out that the Board representation letter incorporated certain "knowledge" and "reliance" qualifiers that took into account the fact that the Board was relying on the advice of the District's manager and bookkeeper in making the representations set forth in the letter. After discussion, upon motion by Director Faske and second by Director Goldman, the Board voted unanimously 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 next stated that the Board would consider the consent items on the agenda, including the minutes of the January 17, 2022 Board meeting and the Resolution Requesting Updated Appraised Value attached as Exhibit "D". Upon motion by Director Reynolds and second by Director Dunbar, the Board voted unanimously to approve the consent items.

Director Faske next announced that the Board would receive a report from the District manager and recognized Mr. Bilger. Mr. Bilger provided the manager's report and stated that his directives from June 19, 2017 and March 16, 2020 had been completed and should be removed from list of directives. Mr. Dean stated that he would make sure that they were removed.

Director Faske then stated that the Board would consider matters related to the Jarrell Community Library. Ms. Barfield reviewed the Library report attached as Exhibit "E" with the Board.

Director Faske then stated that the Board would consider the District website and recognized Ms. Smith. Ms. Smith stated that she had been working with James Williams, the District's website administrator, on a parks and recreation website for the District that would include information about the District's parks, a reservation system for the pool clubhouse, and an application for lifeguards for the District's pool. She stated that she had been looking into various "point of sale" systems to facilitate clubhouse reservation payments on the website, pool attendance, and employment time capture, but was not yet ready to make a recommendation to the Board. Mr. Dean stated that he would include an item on the next agenda for approval of such a system. Mr. Dean recommended that the Board form a subcommittee to review the District website and approve the website to "go live". Upon motion by Director Cosimeno and second by Director Reynolds, the Board voted unanimously to authorize a subcommittee comprised of Directors Reynolds and Cosimeno to review and approve the District website before it was placed in service.

Director Faske next announced that the Board would consider items related to District security. Ms. Reynolds reviewed the security patrol report with the Board and stated that the Williamson County Sheriff's Office (the "*Sheriff's Office*") would soon begin using a service called RollKall, which would serve to coordinate the officers' patrol schedule and would provide real-time information to the Board through an online portal, getting rid of the need to wait until a report was provided in the meeting packet each month. Ms. Reynolds stated that RollKall appeared to benefit the District and the officers, and that Deputy Kidwell would remain the District's primary contact at the Sheriff's Office.

Director Faske then stated that the Board would consider items related to mowing and landscape maintenance. Mr. Castro stated that he had nothing to report to the Board in addition to his monthly report.

Director Faske then stated that the Board would receive a report from the District operator. 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 January, the District had 3,564 occupied single-family connections and a total of 3,922 accounts and that there had been 58 new taps sold in January and a total of 132 for the fiscal year to date. Mr. Hendrix reported that there had been a water loss of 11.56% during the prior reporting period. Mr. Hendrix stated that he had sent six write-offs to collections. He next reported that HydroPro would begin retrofitting the old meters in the District with electronic meters in April or May, adding that the next phase of electronic meter installations would cost roughly \$500,000 for 1,850 meters. Director Faske asked Mr. Douthitt if the District could reasonably afford to go ahead and purchase the next tranche of meters, since supply chain issues would likely delay their delivery if not ordered soon. Mr. Douthitt responded that it appeared the District had sufficient unrestricted funds to spend for this purpose. After discussion, upon motion by Director Faske and second by Director Reynolds, the Board voted unanimously to approve the purchase of the next round of 1,850 meters for installation, and to ensure that the lower monthly cost per meter under the District's agreement with HydroPro was implemented since the requisite number of meters had been purchased. Mr. Hendrix then stated that the wastewater televising on the District's wastewater lines located in Cool Water Municipal Utility District had been completed, and indicated that most of the damage and debris in the lines had been caused by homebuilders, rather than Suddenlink, as previously thought. Director Goldman suggested that the District seek reimbursement from the homebuilders on a "per lot" basis. Upon motion by Director Cosimeno and second by Director Dunbar, the Board voted unanimously to authorize Mr. Hendrix to send letters to the responsible builders for reimbursement for repair of the damaged lines and the cost of the televising, as well as authorization for Crossroads to repair the lines still requiring repair.

Director Faske then stated that the Board would consider the Letter of Authorization from retail electric provider MP2 Energy Texas LLC attached as **Exhibit "G"**. Mr. Hendrix requested authorization to execute the letter for purposes of receiving electricity at certain District facilities. Upon motion by Director Cosimeno and second by Director Reynolds, the Board voted unanimously to so-authorize Mr. Hendrix.

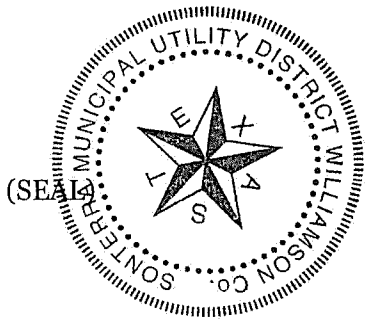
Director Faske then recognized Mr. Jones for the purpose of receiving the engineer's report. Mr. Jones reviewed his report with the Board, attached as **Exhibit "H"**. He next presented and recommended approval of (i) Pay Application No. 16 for Eastwood Phase I in the amount of \$11,727.31; (ii) Pay Application No. 5 for Water Treatment Plant No. 1 High Service Pump Station I in the amount of \$252,225.00; and (iii) Change Order No. 1 in the amount of \$1,000.00, (iv) Change Order No. 2 in the amount of \$16,000.00, (v) Pay Application No. 5 in the amount of \$39,492.00, and (vi) Pay Application No. 6 in the amount of \$21,285.00 for Eastwood Sections 7 and 8 attached as **Exhibit "I"** (collectively, the "*Pay Estimates and Change Order*"). Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the Pay Estimates and Change Orders as presented. Mr. Jones next reported that there had been trash coming from home construction sites in the District and that something needed to be done about it. Mr. Dean stated that he would solicit a proposal from Williams Mapping to inspect for trash and erosion control violations once per week and report them to the District for purposes of assessing penalties against the violators. He also stated that he would check the District's rules regarding trash and erosion controls, and present revised rules to the Board for approval at a later meeting if the current ones were insufficient to address the current situation. Mr. Jones then presented a letter from Jones-Heroy to Oncor Electric regarding obtaining electricity at certain District facilities, since Oncor had been unresponsive. The Board generally agreed that Mr. Jones should send the letter, and directed Mr. Jones to reach out to Bartlett Electric for the required service if Oncor did not respond within 30 days.

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 and the Director and vendor payments listed in his report. After discussion, upon motion by Director Faske and second by Director Reynolds, the Board voted unanimously to approve the transfers and the Director and vendor payments.

Director Faske stated that the Board would receive a report from the District's attorney. Mr. Dean reviewed with the Board Amendment No. 1 to Consent to Partial Assignment of Amended and Restated Agreement for the Provision of Retail Water and Wastewater Services (Eastwood – 33.110 acres); Amendment No. 1 to Consent to Partial Assignment of Amended and Restated Agreement for the Provision of Retail Water and Wastewater Services (Eastwood – 24.071 acres); and Amendment No. 1 to Consent to Partial Assignment of Amended and Restated Agreement for the Provision of Retail Water and Wastewater Services (Eastwood – 71.956 acres) attached collectively as **Exhibit "K"**. He stated that each of these would amend the consents that the Board had previously provided to SonWest Co. to assign its interest in the retail water and wastewater services agreements with the District to extend the consent termination date to March 1st. Upon motion by Director Faske and second by Director Goldman, the Board voted unanimously to approve the amendments, as presented.

At 8:18 p.m., Director Faske announced that the Board would convene in executive session to discuss personnel matters related to hiring a parks and recreation manager. At 8:47 p.m., Director Faske stated that the Board would reconvene in open session, adding that no action had been taken during executive session.

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





Camy Reynolds
Secretary, Board of Directors

Date: March 28, 2022