

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

November 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 November 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 6:01 p.m. and the roll of the members of the Board of Directors was called, as follows:

Camy Reynolds	-	President
John Faske	-	Vice President
Michael Cosimeno	-	Secretary
Raven Dunbar	-	Assistant Secretary
Daniel Islas	-	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; Carter Dean of Armbrust & Brown, PLLC; Eddie Castro of Landscape Designs & Lawn Care; Garry Kimball of Specialized Public Finance Inc.; Bart Fowler of McCall, Parkhurst & Horton, LLP; Darrell Goldman and Andy Bilger of Vecindario Management, LLC; and various 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 and citizens communications. Director Islas stated that he received a message from a resident who lived on Druse Lane regarding erosion of a District drainage channel behind her home. Director Faske directed Mr. Goldman to contact the resident to gather more information and address the issue, as appropriate. Director Islas then stated that he had been elected to the City of Jarrell City Council as of November 8, 2022 and would, thus, resign from the District's Board of Directors effective at the end of the current meeting. Mr. Dean noted that this was necessary due to the conflict of interest that would arise from serving on both governing bodies at once, adding that, because Director Islas had not yet been sworn in to his City Council position, he could participate in tonight's Board meeting. The Board members congratulated Director Islas on his new position and thanked him for his service on the Board. Upon motion by Director Faske and second by Director Islas, the Board voted 4-0-1 in favor of accepting Director Islas' resignation, with Director Islas abstaining.

Director Faske announced that the Board would next consider the bond items on the agenda and recognized Mr. Kimball. Mr. Kimball stated that the District had received eight bids on its \$8,400,000 Unlimited Tax and Revenue Bonds, Series 2022 (the "**Bonds**"), noting that this was a "strong showing", largely due to the fact that Moody's had upgraded the District's bond rating from Baa1 to A3. He stated that the lowest bid was from The Baker Group for a net effective interest rate of 4.371%. Mr. Fowler then reviewed the Order Authorizing the Issuance of \$8,400,000 Sonterra Municipal Utility District Unlimited Tax and Revenue Bonds, Series 2022; Levying and Ad Valorem Tax and a Pledge of Net Revenue of the District's Waterworks and Sanitary Sewer System in Support of the Bonds; Approving an Official Statement; Authorizing

the Execution of a Paying/Registrar Agreement; Awarding the Sale of the Bonds and Authorizing Other Matters Related to the Issuance of the Bonds attached as **Exhibit “B”** (the “*Bond Order*”) with the Board. Mr. Dean then reviewed the Statement of Auditing Standards No. 133 Official Statement Management Representation Letter attached as **Exhibit “C”** (the “*Representation Letter*”) with the Board. After discussion, upon motion by Director Faske and second by Director Reynolds, the Board voted unanimously to award the sale of the bonds to The Baker Group; approve the Bond Order; approve the Representation Letter; and authorize payment of the Attorney General bond review fee.

Director Faske then stated that the Board would consider approving the minutes of the October 17, 2022 Board meeting. Upon motion by Director Cosimeno and second by Director Dunbar, the Board voted unanimously to approve the minutes.

Director Faske next stated that the Board would receive a report from the District manager. Mr. Bilger reviewed his directives with the Board and asked that Mr. Dean revise the list to remove all of the items, except for the directives to purchase new name plates for the directors and to purchase an ice machine for the pool, which were the only ones that remained outstanding. Mr. Bilger then reported that the recent storm had caused certain perimeter fences in the District to fall over, noting that the District could avoid this in the future by replacing the current wooden fences with concrete fences. He next reported that the new security system had been installed. He then stated that the drainage issue at the splash pad had been resolved, but that he believed that a crosswalk should be installed on the street adjacent to the splash pad. The Board directed Mr. Dean to request that Williamson County or the City of Jarrell, as applicable, install a crosswalk on the street by the splash pad, and anywhere else one was needed.

Director Faske then stated that the Board would consider the damage to the wall located behind Wild Wind Trail. Mr. Dean stated that a car had run into the wall, causing substantial damage and that the wall needed to be replaced. He presented the proposal from Fencecrete America attached as **Exhibit “D”** to complete the repair work, and suggested that, in addition to repairing the damage, the District authorize him to file a claim with the driver’s insurance company to recover the money spent to repair the wall. Upon motion by Director Cosimeno and second by Director Dunbar, the Board voted unanimously to approve the proposal and authorize Mr. Dean to file a claim to recover the repair costs from the driver’s insurance company.

Director Faske then announced that the Board would consider matters related to the District’s parks and recreational facilities. Mr. Dean presented the engagement letter from Boulette Golden & Marin L.L.P. attached as **Exhibit “E”** and stated that the firm would provide legal services related to employment matters, which was necessary given the District’s intent to hire employees. He then reviewed the Services Agreement with Asset Control, Inc. attached as **Exhibit “F”** with the Board, which he advised was for conducting background checks for prospective employees. Upon motion by Director Reynolds and second by Director Cosimeno, the Board voted unanimously to approve the engagement letter from Boulette Golden & Marin L.L.P. and the Service Agreement with Asset Control, Inc.

Director Faske then stated that the Board would not consider matters related to the Jarrell Community Library (the “*Library*”) that month, since no representatives of the Library were present.

Director Faske next announced that the Board would consider items related to District security. Director Reynolds reviewed the security patrol report with the Board and stated that 103 patrol hours had been provided in the reporting period, including 259 security checks and 27 calls to service.

Director Faske then stated that the Board consider mowing and landscape maintenance items. Mr. Dean presented the Joint Landscape Maintenance Agreement with Landscape Designs & Lawn Care and Cool Water MUD (Shared Parks and Recreational Facilities) attached as **Exhibit “G”** to the Board, which he advised concerned the landscaping of the District and Cool Water MUD’s shared parks and recreational facilities, and contemplated the Districts’ respective pro rata cost-shares of the services. He stated that the agreement was not in final form since the exhibits needed to be finalized, but was otherwise ready for approval. Upon motion by Director Cosimeno and second by Director Dunbar, the Board voted unanimously to approve the finalization and execution of the Joint Landscape Maintenance Agreement.

Director Faske then stated that the Board would receive a report from the District’s operator. Mr. Hendrix presented Crossroads’ report, attached as **Exhibit “H”**, and reviewed it with the Board. He advised the Board that, as of the end of October, the District had 3,807 occupied single-family connections and a total of 4,538 accounts and that there had been 305 new taps sold in October and a total of 305 for the fiscal year. Mr. Hendrix reported that there had been a water loss of 2.13% during the prior reporting period. He then stated that the dialer at Lift Station No. 3 needed to be replaced, and that Crossroads had taken the opportunity to install a cloud-based SCADA system at the lift station, at its expenses, as part of a pilot program. He next informed the Board that the District’s reverse osmosis system’s filter needed to be replaced, but that the company that manufactured the filter no longer existed, meaning that keeping the reverse osmosis system functioning may be more expensive. The Board considered whether the reverse osmosis system should remain in operation, given the reality that its initial purpose, to provide high-quality water while the District was experiencing water quality issues in years prior, no longer existed. After discussion, the Board directed Mr. Hendrix to provide a proposal for retrofitting the reverse osmosis system at its next meeting.

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 “I”**, and provided an update regarding development projects currently underway. He stated that the Texas Commission on Environmental Quality had provided the District with a pre-purchase inspection letter for the Bonds attached as **Exhibit “J”**, stating that no deficiencies were noted. Mr. Jones next stated that he believed it would be a good idea for the District to potentially develop and adopt a building code for the parks and recreational facilities that it would eventually accept for operation and maintenance.

He then presented Pay Application No. 14 and Change Order No. 2, attached collectively as **Exhibit “K”**, from TTE, LLC for the Water Treatment Plant No. 1 High Service Pump Station. Upon motion by Director Cosimeno and second by Director Dunbar, the Board voted unanimously to approve Pay Application No. 14 and Change Order No. 2. Mr. Jones then presented a proposal from Jones-Heroy & Associates, Inc. attached as **Exhibit “L”** for the design and project management of the construction of a 400,000 gallon elevated storage tank at Water Treatment Plant No. 2. Upon motion by Director Cosimeno and second by Director Dunbar, the Board voted unanimously to approve the proposal. Mr. Jones then reviewed with the Board a draft letter from the District to the Lone Star Regional Water Authority attached as **Exhibit “M”** regarding whether the District would participate in certain joint projects related to the development of additional water supply. He advised that the subcommittee appointed to consider the matter had reviewed and agreed with the letter’s contents. Mr. Jones stated that, in short, the letter stated that the District would not participate in the proposed pipeline project, but, subject to certain conditions, would consider participating in the development of additional water wells in the future. After discussion, upon motion by Director Faske and second by Director Reynolds, the Board voted unanimously to authorize Mr. Jones to deliver the letter to the Lone Star Regional Water Authority.

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 "N"** and recommended approval of the transfers and the Director and vendor payments as listed in his report and to authorize him to close four certificates of deposit. He also recommended approval of the pay application from TTE, LLC that was not included in the bookkeeper's report. After discussion, upon motion by Director Faske and second by Director Cosimeno, the Board voted unanimously to approve the transfers and the Director and vendor payments, to authorize him to close the certificates of deposit, and to approve the pay application from TTE, LLC.

Director Faske stated that the Board would receive a report from the District's attorney. Mr. Dean presented the memorandum detailing the prior month's requests for corrective action and penalties for violation of the District's rules regarding erosion control. He next reviewed his directives with the Board, which he noted had been completed. He then presented the First Amendment to Master Services Agreement with HydroPro Solutions attached as **Exhibit "O"**, which he stated would provide a small increase in price to any meters to be installed by HydroPro in the future. Mr. Hendrix noted that the price increase would be passed on to builders requesting meters for new connections. Upon motion by Director Faske and second by Director Cosimeno, the Board voted unanimously to approve the Master Services Agreement. Mr. Dean then suggested that the Board create and authorize an Emergency and Urgent Matters Subcommittee to act on emergency and urgent matters between Board meetings. Upon motion by Director Faske and second by Director Dunbar, the Board voted unanimously to appoint Director Reynolds to serve as the sole member of the District's Emergency and Urgent Matters Subcommittee, with the authorization to act on emergency and urgent matters between Board meetings. Mr. Dean then presented an update to the Board regarding the acquisition of easements for the Willis Creek wastewater interceptor, noting that only one easement was yet to be acquired.

Director Faske announced at 7:40 p.m. that the Board would convene in executive session to consider the following the hiring of parks and recreation employees pursuant to Section 551.074 of the Texas Open Meetings Act. He announced at 8:06 p.m. that the Board would reconvene in open session and that no action had been taken during executive session. The Board directed the Hiring Subcommittee to coordinate with Mr. Bilger to revise and repost the District's job posting for a Parks and Recreation Manager.

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

(SEAL)



Michael Cosimeno
Secretary, Board of Directors

Date: December 19, 2022

