

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

December 19, 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 December 19, 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
[Vacancy]	-	Assistant Secretary

All of the Directors were present except Director Dunbar, 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; Darrell Goldman of Vecindario Management, LLC; Ashlee Martin of McCall Gibson Swedlund Barfoot PLLC; Susan Gregurek of the Jarrell Community Library and Resource Center; and Robert Sizemore and other representatives of FiberFirst.

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. Mr. Sizemore addressed the Board and stated that FiberFirst planned on installing fiber lines in the public utility easements in the District in the first quarter of 2023, and wanted to coordinate with the District to the extent necessary. Director Faske stated that the District was concerned about FiberFirst hitting District lines while boring, and that Mr. Sizemore should coordinate with Messrs. Jones and Hendrix to ensure that this was avoided.

Director Faske announced that the Board would next consider the District’s \$8,400,000 Unlimited Tax and Revenue Bonds, Series 2022 (the “Bonds”). Mr. Dean reviewed the pre-purchase inspection letter for the Bonds from the Texas Commission on Environmental Quality (“TCEQ”) attached as **Exhibit “B”** with the Board, and stated that no construction deficiencies were noted by the TCEQ. Ms. Martin then presented the report on reimbursable costs for the Bonds, attached as **Exhibit “C”**, to the Board. She reviewed the amounts to be reimbursed to the developers and noted that the land costs would be held back due to outstanding documentation. She added that there would be surplus funds available from the Bond proceeds due to the interest rate on the Bonds being lower than anticipated and lower engineering costs than anticipated. Mr. Dean then reviewed then stated that he was still waiting to receive executed conveyance and closing documents from the developers, and that any approval reimbursement should be contingent upon the receipt of those documents. He then reviewed the arbitrage and private use materials attached as **Exhibit “D”** and the addendum to the District’s engagement letter with BLX Group LLC for arbitrage rebate compliance services attached as **Exhibit “E”** with the Board. After discussion, upon motion by Director Faske and second by

Director Cosimeno, the Board voted 3-0 to approve the reimbursement report, approve disbursement of the Bond proceeds in accordance with the reimbursement report upon the closing of the Bonds, subject to the receipt of the outstanding conveyance and closing documents, acceptance of the conveyance and closing documents upon receipt, and approval of the addendum to the District's engagement letter with BLX Group LLC.

Director Faske then stated that the Board would consider approving the minutes of the November 21, 2022 Board meeting. Upon motion by Director Cosimeno and second by Director Reynolds, the Board voted 3-0 to approve the minutes.

Director Faske next stated that the Board would receive a report from the District manager. Mr. Goldman reported that Danielle Smith had agreed to work as the District's pool manager for the 2023 season. Director Faske asked whether the pool equipment was weatherized, since the District was about to experience a cold spell. Mr. Goldman responded that he was working on winterizing the pool and the splash pads. Mr. Goldman next provided an update regarding the construction of parks and recreational facilities. He then stated that Mr. Bilger recommended that the Board consider a parks and recreational bond election, since a change of law that had occurred since the District's last bond election would allow for a new election to authorize an amount of up to 3% of the appraised value of the District. Mr. Dean stated that he would determine the timeline for holding such an election and report back to the Board to consider. Mr. Goldman then presented materials from Bartlett Electric Cooperative, Inc. ("BEC") for electric service to certain park facilities, including a letter from BEC, an Application for Membership and/or Agreement for Electric Service, and a draft Electric Utility Easement and Covenant of Access, attached collectively as **Exhibit "F"**. Mr. Goldman stated that the developer had agreed to pay the estimated "aid to construction" fee, as indicated in the letter, to BEC, but that since the District owned the land on which the electric facilities would be installed, it would need to provide an easement to BEC. After discussion, upon motion by Director Cosimeno and second by Director Reynolds, the Board voted 3-0 to authorize the negotiation and execution of an easement based on the draft Electric Utility Easement and Covenant of Access and the Application for Membership and/or Agreement for Electric Service.

Director Faske then stated that the Board would consider matters related to the Jarrell Community Library and Resource Center (the "Library"), including the District's lease agreement with the Library. Mr. Dean stated that, after discussing with Ms. Gregurek, he recommended amending the existing lease agreement with the Library rather than entering a new lease agreement. He stated that he would work with Ms. Gregurek and Mr. Goldman on the amendment to ensure that it provided more clarity with respect to the scope of the lease and present it in January for approval. He then stated that Ms. Gregurek had requested that the Board waive the January 2023 rent payment under the lease, since the intent was for the amended agreement to take effect at the beginning of January, but the January Board meeting would occur later in the month. The Board agreed to waive the January 2023 rent payment. Director Faske asked Mr. Dean to remove the Library's item from the agenda going forward, unless there was a specific item to consider, since the Board did not need a monthly report from the Library.

Director Faske next announced that the Board would consider items related to District security. Director Reynolds reviewed the security patrol report with the Board. She then stated that all of the individual patrol services agreements with the officers had been signed, and that she did not recommend cutting patrol hours further, since it could result in officers leaving.

Director Faske then stated that the Board consider mowing and landscape maintenance items. Mr. Castro referred the Board to his report summarizing the prior month's landscape maintenance, and stated that he had nothing else to add.

Director Faske then stated that the Board would receive a report from the District's 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 November, the District had 3,844 occupied single-family connections and a total of 4,418 accounts and that there had been 109 new taps sold in November and a total of 495 for the fiscal year. Mr. Hendrix reported that there had been a water loss of 9.16% during the prior reporting period and that there were five write-offs. He stated that high water loss was attributable to increased flushing during the prior month. He then stated that Crossroads would launch the customer portal for the District's recently installed electronic water meters in January. Director Faske asked if inflow and infiltration had been a continued problem, or whether the erosion control inspections had been working. Mr. Hendrix responded that the District's system continued to experience inflow and infiltration attributable to homebuilders and suggested that the District amend its rate order to increase its connection fee to cover the expense caused by this. Director Faske asked Mr. Dean to include an item on the next agenda to amend the rate order for this purpose.

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"**, and provided an update regarding development projects currently underway. He then presented Pay Application No. 15 attached as **Exhibit "I"** from TTE, LLC for the Water Treatment Plant No. 1 High Service Pump Station. Upon motion by Director Faske and second by Director Reynolds, the Board voted unanimously to approve Pay Application No. 15. Mr. Jones then recommended acceptance of the water and wastewater facilities in Eastwood Sections 9 and 10 for operation and maintenance. Upon motion by Director Faske and second by Director Cosimeno, the Board voted 3-0 to accept the water and wastewater facilities in Eastwood Sections 9 and 10 for operations and maintenance.

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 as listed in his report and to authorize him to close two certificates of deposit. He also recommended voiding Director Dunbar's director fee check, due to his absence. Upon motion by Director Faske and second by Director Cosimeno, the Board voted 3-0 to approve the transfers and the Director and vendor payments, to authorize Mr. Douthitt to close the certificates of deposit, and to void Director Dunbar's director fee check. Director Faske asked Mr. Douthitt to provide backup for the District's expenses in the bookkeeper's report going forward.

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, noting that he had not yet contacted Williamson County regarding the crosswalks needed in the District. He then presented the Interlocal Agreement [Park Facilities Use, Operation, and Maintenance] with Cool Water Municipal Utility District ("**Cool Water MUD**") attached as **Exhibit "K"**. He explained that the agreement would permit residents of both the District and Cool Water MUD to use the parks and recreational facilities in both Districts, and would split the costs of operating and maintaining those facilities between the two districts on a monthly basis based on the number of active connections in each district at the time. Upon motion by Director Cosimeno and second by Director Reynolds, the Board voted 3-0 to approve the Interlocal Agreement.

Director Faske announced at 7:04 p.m. that the Board would convene in executive session to consider real property matters pursuant to Section 551.072 of the Texas Open Meetings Act. He announced at 7:12 p.m. that the Board would reconvene in open session and that no action had been taken during executive session. Upon motion by Director Cosimeno and

second by Director Reynolds, the Board voted 3-0 to approve the proposal for appraisal if Mr. Vaughan did not accept the District's final offer.

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

(SEAL)



Michael Cosimeno
Secretary, Board of Directors

Date: January 16, 2023