

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

February 20, 2023

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 20, 2023, 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:

Camy Reynolds	-	President
John Faske	-	Vice President
Michael Cosimeno	-	Secretary
Raven Dunbar	-	Assistant Secretary
[Vacancy]	-	Assistant Secretary

All of the Directors were present, thus constituting a quorum. Also present at the meeting were Jason Jones and Keith Collins 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; and William Wancik, a resident 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. There being none, Director Faske stated that the Board would consider the audit of the District’s financial statements for fiscal year ended September 30, 2022 and recognized Ms. Martin. Ms. Martin presented her firm’s report attached as **Exhibit “B”** and reviewed it with the Board. She explained that her firm’s opinion was an unmodified opinion, which was the highest quality of opinion that could be issued by an auditor and indicated that the financial statements were fairly presented in all material respects. She noted that Bott & Douthitt, PLLC had prepared the financial statements and called the Board’s attention to the Management’s Discussion and Analysis contained in the report, which she noted had also been prepared by Bott & Douthitt, PLLC, and was an overview of the financial statements. Ms. Martin reviewed the financial statements and notes to the financial statements and pointed out the highlights to the Board. She explained that the notes to the financial statements provided additional information. She also reviewed the Texas supplementary schedules which she noted included additional information on the District’s investments and taxes, and also included a historical comparison of general fund revenues and expenditures. Ms. Martin then 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. She 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 bookkeeper in making the representations set forth in the letter. Ms. Martin noted that the audit report was only a draft, and that the report would be finalized in the few weeks. Upon motion by Director Cosimeno and second by Director Reynolds, the Board voted unanimously to approve the representation letter, the audit report, and the filing of the audit report with the Texas

Commission on Environmental Quality (the “TCEQ”) and the Texas Comptroller upon its finalization.

Director Faske then stated that the Board would consider approving the consent items on the agenda, including (i) the minutes of the January 16, 2023 Board meeting; and (ii) the Amended and Restated Order Establishing Records Management Program, Appointing Record Management Officer, and Appointing Public Information Coordinator attached as Exhibit “D”. Upon motion by Director Cosimeno and second by Director Dunbar, the Board voted unanimously to approve the consent items.

Director Faske then stated that the Board would consider an annual review of its insurance coverage. Mr. Dean explained that the District’s property insurance schedule in particular should be evaluated and updated, as necessary, to add new property and adjust the value of previously scheduled property. Director Faske directed Mr. Jones to update the property schedule, as necessary, to reflect newly acquired property and any changes in replacement values.

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 “E” and recommended approval of the transfers and the Director and vendor payments as listed in his report. He then stated he had included a summary of bills from Vecindario in his report. He concluded his report by stating that the District was approximately \$300,000 ahead of budget for the year to date. Upon motion by Director Cosimeno and second by Director Dunbar, the Board voted unanimously to approve the transfers and the Director and vendor payments.

Director Faske next stated that the Board would receive a report from the District manager. Mr. Goldman review his directives with the Board, which he stated he would work on completing. Director Reynolds stated that the merry-go-round was very loud and needed to be fixed. Mr. Goldman responded that he would ask the vendor that provided the merry-go-round to repair it and would also ask for the merry-go-round’s maintenance program. Director Reynolds then stated that the turf at the playground needed to be conditioned once per year. Director Reynolds then stated that she would like to know what compensation Vecindario had proposed be paid to Danielle Smith for management of the District’s pool this summer. Mr. Goldman stated that he would obtain and transmit this information to Director Reynolds. Mr. Goldman then stated that construction of a pool in Cool Water MUD had begun, that construction of the basketball court would be completed in May, and that he would look into the necessary maintenance program for the trail system. He also stated that the proposed pool in the Eastwood subdivision was ready to be bid and that the upgrades to the District’s existing pool had begun. Director Faske then recognized Mr. Wancik to address the Board. Mr. Wancik stated that the Sonterra HOA had told him that he needed to obtain an easement from the District for his backyard fence. Director Faske stated that Mr. Dean would reach out to Mr. Wancik to discuss the issue. Director Reynolds then stated that her and Director Cosimeno had met with a representative of the HOA, who asked if the HOA could use one of the District’s detention ponds to host the HOA’s Fourth of July fireworks show. Director Reynolds added that the HOA had additionally requested that the District install trickle drains at the pond to accommodate the event. Board discussion ensued and the Board generally agreed that it was not interested in paying for the installation of drains for the HOA in order to hold the event.

Director Faske next announced that the Board would consider items related to District security. Director Reynolds stated that officers had been spending lots of time parked at the pool parking lot since so many kids of all ages had begun using the playground. Director Faske suggested to Director Reynolds that she ask Deputy Kidwell to direct the officers parked at the pool for this purpose to get out of their vehicles from time to time in order to further deter misconduct.

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 noted that the District had lost many tree limbs and two entire trees as a result of the recent freeze.

Director Faske then stated that the Board would receive a report from the District's 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 3,985 occupied single-family connections and a total of 4,247 accounts and that there had been 5 new taps sold in January and a total of 693 for the fiscal year. Mr. Hendrix reported that there had been a water loss of 0.68% during the prior reporting period and that there were no write-offs. He then stated that clearing of the debris discovered in the wastewater lines in Eastwood Sections 1, 2, and 3 was underway and that the offsite mains would be cleared in the next few weeks. Mr. Hendrix then informed the Board that Crossroads had, as required by the PUC, provided a one-time notice to all of the District's customers regarding the new PUC rule, which prohibited charging late fees and making disconnections during extreme weather events. Mr. Hendrix then stated that the reverse osmosis station was still broken and would require approximately \$2,000 to repair. Director Reynold stated that she was unsure that the reverse osmosis station remained necessary to operate, since the reason for its installation was for public use over five years ago due to water quality issues that had since been resolved. Upon motion by Director Reynolds, and second by Director Cosimeno, the Board voted unanimously to decommission the reverse osmosis station. Mr. Hendrix stated that he would have the station decommissioned. Mr. Hendrix then stated that inflow and infiltration into the District's wastewater lines continued to occur due to open, broken, and improperly sealed wastewater cleanouts. He stated that he had discussed the issue with Mr. Collins and Mr. Dean and had come up with certain recommendations for the Board to address the issue. He stated that the first recommendation was that the District's Construction and Development Procedures be amended to require additional inspection and cleaning by developers prior to the District's acceptance of facilities. The next recommendation was to amend the District's Rate Order to require a \$750 builder deposit for each home, which amount would be sufficient, in the aggregate, to cover the cost of any line inspection and cleaning by the District. The final recommendation was to engage Colin Williams d/b/a Williams Mapping to conduct a weekly inspection of wastewater cleanouts at active construction sites and send notices of violations to homebuilders for open, broken, and improperly sealed wastewater cleanouts. Mr. Jones stated that the scope of work with Williams Mapping should additionally include a monthly inspection of all sites with wastewater cleanouts that were not yet under active home construction. Mr. Dean reviewed the Inspection Services Agreement [Wastewater Cleanout] attached as **Exhibit "G"** with the Board and asked if it would like to expand the scope of the agreement as recommended by Mr. Jones and authorize an appropriate price increase for the additional work. After discussion, upon motion by Director Reynolds and second by Director Cosimeno, the Board voted unanimously to approve amendments to the District's Construction and Development Standards and Procedures and its Rate Order attached as **Exhibit "H"** to incorporate the recommended modifications. Then, upon motion by Director Faske and second by Director Dunbar, the Board voted unanimously to approve the Inspection Services Agreement [Wastewater Cleanout] upon its modification to include a monthly inspection of non-active construction sites and any related reasonable price increase.

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 reported that a meeting had been held regarding the District's purchase of developer-constructed parks and recreational facilities and its eventual construction of additional parks and recreational facilities. He stated that he believed hiring a landscape architect to review the facilities before the District purchased the facilities was necessary. He added that a landscape architect could additionally prepare a

new park plan for the District. Mr. Dean stated that Trent Rush of Hitchcock Design was a well-known landscape architect in the area who may be engaged by the District. Director Faske stated that he was aware of Mr. Rush and thought he would do a good job. He directed Mr. Jones to identify a qualified landscape architect for Board consideration at a later meeting. Mr. Jones next stated that his firm was currently working on an updated GIS map and would have it completed within the next month. He then stated that the appraisals of the land that the District had deferred purchasing with bond funds had been received, which meant that the District could purchase the land following the execution of a cost-sharing agreement with Cool Water MUD, which benefited from the drainage facilities on the land. Mr. Jones presented Pay Application No. 17 in the amount of \$316,589.06 from TTE, LLC for the Water Treatment Plant No. 1 High Service Pump Station project, **Exhibit “J”**, and recommended approval. Upon motion by Director Cosimeno and second by Director Dunbar, the Board voted unanimously to approve Pay Application No. 17. Mr. Jones then stated that Cool Water MUD Phase 4 had been completed, and recommended acceptance of the project for operation and maintenance and conveyance of the facilities to the District. Upon motion by Director Reynolds and second by Director Dunbar, the Board voted unanimously to accept Cool Water MUD Phase 4 for operation and maintenance. Mr. Jones then presented a proposal from his office to prepare a bond application for submission to the TCEQ for the District’s first parks and recreational bond issue. Upon motion by Director Faske and second by Director Reynolds, the Board voted unanimously to approve the proposal **Exhibit “K”**.

Director Faske stated that the Board would receive a report from the District’s attorney. Mr. Dean reviewed his directives with the Board and stated that he had not heard back from the Williamson County engineer regarding the District’s request for the installation of crosswalks at various locations throughout the District. Mr. Dean then presented the memorandum detailing the prior month’s requests for corrective action and penalties for violation of the District’s rules regarding erosion control. Mr. Dean then stated that the District’s Inspection Services Agreement with Williams Mapping related to erosion control had expired, and presented a new Inspection Services Agreement for approval. Upon motion by Director Faske and second by Director Dunbar, the Board voted unanimously to approve the Inspection Services Agreement attached as **Exhibit “L”**.

Director Faske stated that the Board would consider its future meeting schedule and agenda items. Director Reynolds asked that an item be added to the next agenda regarding purchase of computers or tablets for use by Directors during Board meetings. Director Dunbar asked that an item be added to the next agenda for the addition of an emergency line item to the District’s budget.

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



Date: March 20, 2023

Michael Cosimeno
Secretary, Board of Directors