

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

March 18, 2024

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 March 18, 2024 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:

Michael Cosimeno	-	President
John Faske	-	Vice President
Raven Dunbar	-	Secretary
Sherry Roark	-	Assistant Secretary
Jesse Payne	-	Assistant Secretary

and all of the Directors were present, thus constituting a quorum. Also present at the meeting were Jason Jones of Jones-Heroy & Associates, Inc.; Carter Dean of Armbrust & Brown, PLLC; Darrell Goldman and Andy Bilger of Vecindario Management, LLC; Allen Douthitt of Bott & Douthitt, PLLC; Eddie Castro of Landscape Designs and Lawn Care LLC; Aiden Pineda, the District’s pool technician; Tyler Brown, the District’s Parks and Recreation Supervisor; Blake Reynolds, the District’s Parks and Recreation Director; Jason Nobbe of Oro Design Group; Janet Hage of the Jarrell Community Library and Resource Center; and Ashlee Martin of McCall Gibson Swedlund Barfoot PLLC.

After the Pledges of Allegiance to the United States and Texas flags, Director Cosimeno stated that the Board would receive any Board member remarks and citizens communications. There being none, Director Cosimeno next recognized Ms. Martin to present an audit report for fiscal year ended September 30, 2023 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 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 operator and bookkeeper in making the representations set forth in the letter. After discussion, upon motion by Director Faske and second by Director Cosimeno, 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 Cosimeno next stated that the Board would consider the Election Items on the Supplemental Agenda. Mr. Dean reported that the District's 2024 director election was uncontested, as reflected in the Certification of Unopposed Status of Candidates for the May 4, 2024 Director Election attached as **Exhibit "D"**, and that the election could, therefore, be canceled. He then directed the Board's attention to the Order Declaring Election of Unopposed Candidates and Canceling May 4, 2024 Director Election attached as **Exhibit "E"** (the "Election Cancellation Order"), which he noted would cancel the election and declare Directors Cosimeno, Faske, and Dunbar re-elected for additional four-year terms beginning on May 4th. After discussion, upon motion by Director Faske and second by Director Cosimeno, the Board voted unanimously to approve the Election Cancellation Order, as presented.

Director Cosimeno stated that the Board would consider the Consent Items on the agenda, including the minutes of the February 12 and February 28, 2024 Board meetings. Upon motion by Director Faske and second by Director Dunbar, the Board voted unanimously to approve the minutes, as presented.

Director Cosimeno then stated that the Board would receive the operator's report and recognized Mr. Hendrix. Mr. Hendrix reviewed his report attached as **Exhibit "F"** with the Board. He stated that the water accountability was +3.53% for the month, which he believed was due to a data entry error; that Crossroads continued to subsidize the flows to Lift Station No. 4 in order to eliminate the bad odor, which there had been no complaints about recently; that the AMI system was nearly complete; and that he had no write-offs to present. He then presented the First Amendment to Operations Services Agreement attached as **Exhibit "G"** to the Board, which he explained added Lift Station No. 5, located in Cool Water MUD, to the list of facilities operator by Crossroads. He added that the compensation amount under the agreement was increased accordingly. Upon motion by Director Cosimeno and second by Director Faske, the Board voted unanimously to approve the First Amendment to Operations Services Agreement.

Director Cosimeno then stated that the Board would receive a report from the District's bookkeeper. Mr. Douthitt reviewed the bookkeeper's report attached as **Exhibit "H"** and recommended approval of the transfers and the Director and vendor payments, as listed in his report. Upon motion by Director Faske and second by Director Dunbar, the Board voted unanimously to approve the transfers and the Director and vendor payments. Mr. Douthitt then presented the Amended Secretary's Certificate and Resolutions Regarding Bookkeeper's Account attached as **Exhibit "I"** to the Board, which he explained would increase the maximum amount that could be on deposit in the Bookkeeper's Account to \$200,000. He noted that this was necessary due to an increase in the District's financial activity. Upon motion by Director Faske and second by Director Dunbar, the Board voted unanimously to approve the Amended Secretary's Certificate and Resolutions Regarding Bookkeeper's Account.

Director Cosimeno next stated that the Board would receive a report from the District manager and recognized Mr. Goldman. Mr. Goldman provided his report to the Board. He stated that the remodel of the clubhouse was nearly complete. He next updated the Board regarding the purchase of work trucks for use by the District's employees, and stated that he had received proposals for two Ford F-250s and two Ford Mavericks. Upon motion by Director Faske and second by Director Cosimeno, the Board voted unanimously to approve the purchase of the four work trucks, instead of three as approved at the prior Board meeting. The Board then considered the design of the new District logo attached as **Exhibit "J"**. Upon motion by

Director Roark and second by Director Faske, the Board voted unanimously to approve the new logo. Mr. Nobbe then addressed the Board and presented the Eastwood Amenity Center - Proposal for Professional Landscape Architectural Services from Oro Design Group attached as **Exhibit "K"**, and the Phase 2 Trails - Change Order No. 1 to Proposal for Professional Landscape Architectural Services from Oro Design Group attached as **Exhibit "L"**. He stated that the change order for the Phase 2 Trails project was necessary in order to comply with Williamson County's requirements in its right-of-way, and to address ADA compliance matters. Upon motion by Director Dunbar and second by Director Payne, the Board voted unanimously to approve the Phase 2 Trails - Change Order No. 1 to Proposal for Professional Landscape Architectural Services from Oro Design Group. Mr. Nobbe then stated that the Eastwood Amenity Center proposal was for the preliminary design of the Eastwood Amenity Center, and would allow the Board to design the facility from scratch, rather than starting with the previously considered design. Director Cosimeno asked how long the design process would take. Mr. Nobbe responded that it would likely take about six months. After discussion, upon motion by Director Roark and second by Director Faske, the Board voted unanimously to approve the Eastwood Amenity Center - Proposal for Professional Landscape Architectural Services from Oro Design Group.

Director Cosimeno next stated that the Board would next receive a report from the District's Director of Parks and Recreation. Mr. Reynolds addressed the Board and provided his report. He stated that Mr. Pineda had begun work as the District's new pool technician the prior week; that the youth basketball league had gone smoothly and that the season was over; that about half of the lifeguards that the District would need to hire for the summer had been hired so far; that the pool renovation was complete; that Trent Rush of Hitchcock Design Group would attend the next Board meeting in order to present the proposed new Parks Master Plan; and that the spring cleanup facilitated by Clawson Disposal would take place on April 20th. Mr. Reynolds next stated that he had been receiving lots of questions from residents regarding the opening date of the Cool Water Amenity Center. Mr. Bilger stated that the Cool Water Amenity Center should be complete in the next six weeks. Mr. Reynolds stated that it did not look like it would be done that quickly. Mr. Reynolds then stated that the Williamson County Fire Marshall had completed an inspection of the District office and identified various violations of fire code, which Dave Forbes was working on addressing. Mr. Reynolds then stated that the District would need to purchase various items for the District's pool, before it opened for the summer. Upon motion by Director Roark and second by Director Payne, the Board voted unanimously to authorize Directors Payne and Dunbar to work with Mr. Reynolds to approve and purchase the necessary items. Mr. Reynolds next suggested that the District's pool hours be 7:00 a.m. to 10:00 p.m. The Board agreed. Mr. Reynolds then stated that payment processing services for parks and recreation activities were necessary, and presented a Pricing Fee Schedule, Merchant Application, and Payment Processing Agreement from CSG Forte to provide such services. Upon motion by Director Payne and second by Director Dunbar, the Board voted unanimously to authorize the negotiation and execution of a Payment Processing Agreement with CSG Forte attached as **Exhibit "M"**. The Board then considered a proposal from Progressive Commercial Aquatics to refinish the shade canopy poles on the splash pads, which had become rusty. Director Faske asked what the warranty on the work would be. Mr. Reynolds responded that there was a one year warranty. After discussion, the Board agreed to table the item until after an attempt had been made by District staff to address the issue. Mr. Reynolds stated that he was working on setting up nine different activity camps. Upon motion by Director Payne and second by Director Roark, the Board voted unanimously to authorize the negotiation and execution of agreements for the camps. The Board then asked Mr. Dean to move Mr. Reynolds' annual review to the August agenda.

Director Cosimeno next stated that the Board would consider hiring and employment related matters. He stated that an offer to the candidate selected for the District's Human

Resources Generalist position had been made and was pending completion of a background check.

Director Cosimeno next reviewed the security patrol report with the Board.

Director Cosimeno then stated that the Board would consider the Landscape Irrigation Report from Landscape Designs & Lawn Care. Mr. Castro reviewed his report attached as **Exhibit “N”** with the Board. He then stated that he planning to bring a few proposals for additional work to the next meeting for Board consideration.

Director Cosimeno then recognized Mr. Jones for the purpose of receiving the engineer’s report. Mr. Jones reviewed his report with the Board, attached as **Exhibit “O”**. Mr. Jones reported that Lone Star Regional Water Authority’s discussions regarding the possibility of entering into an agreement with Unity Water to provide retail service to certain developments in the area were ongoing. He next stated that updating the District’s property schedule for insurance purposes had proven difficult, and that his office continued to work on the update. Mr. Jones then recommended that the Board accept the park projects listed in the Bond Issue No. 13 Recreational Bond Issue No. 1 Draft Summary of Costs attached as **Exhibit “P”** prior to submitting the bond application to the TCEQ. Upon motion by Director Payne and second by Director Faske, the Board voted unanimously to accept the park projects listed in the Bond Issue No. 13 Recreational Bond Issue No. 1 Draft Summary of Costs for operation and maintenance. Mr. Jones then presented Pay Application No. 3 from Caldwell Tanks, Inc. for the Elevated Storage Tank at WTP No. 2 project attached as **Exhibit “Q”** and recommended approval. Upon motion by Director Dunbar and second by Director Faske, the Board voted unanimously to approve Pay Application No. 3. Mr. Jones concluded his report by asking if the Board would like him to solicit a proposal to prepare a rendering of the District’s logo on the new elevated storage tank. The Board responded affirmatively.

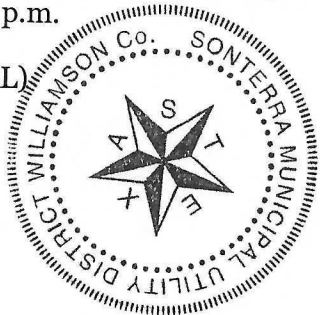
Director Cosimeno stated that the Board would receive a report from the District’s attorney. Mr. Dean first presented the Sourcewell Cooperative Purchasing Program Participation Agreement attached as **Exhibit “R”**, which he stated would serve to register the District with Sourcewell. He explained that Sourcewell was similar to BuyBoard, and would allow the District to make purchases in a similar manner. Upon motion by Director Payne and second by Director Dunbar, the Board voted unanimously to approve the Sourcewell Cooperative Purchasing Program Participation Agreement. Mr. Dean then presented the Parks Improvements Construction and Reimbursement Agreement with SonWest Co. attached as **Exhibit “S”** to the Board. He stated that the agreement was necessary in order to purchase the developer-constructed park facilities that the District had accepted for operation and maintenance. Mr. Bilger asked that the agreement be revised to have a term coterminous with that of the Utility Construction and Reimbursement Agreement with SonWest Co. Mr. Dean then presented the Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds attached as **Exhibit “T”**. He stated that the resolution had a blank for the amount of the bonds, as Jones-Heroy had not yet finalized the amount reimbursable to the developer from the bonds. After discussion, upon motion by Director Dunbar and second by Director Faske, the Board voted unanimously to approve the Parks Improvements Construction and Reimbursement Agreement with SonWest Co., as modified to make the term coterminous with that of the Utility Construction and Reimbursement Agreement with SonWest Co., and the Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds, as modified to state that the bond issue amount would not exceed \$4,000,000. The Board considered whether to amend the Rate Order to change the name of the “Parks and Recreation Fee” to the “Parks Fee”. After discussion, the Board decided not to amend the Rate Order for this purpose, since according to Mr. Dean, Cool Water MUD would not be amending their Rate Order to make the change.

Director Cosimeno then stated that the Board would convene in executive session at 7:36 p.m. to consider personnel matters related to Vecindario Management. Director Cosimeno stated the Board would reconvene in open session at 7:55 p.m., noting that no action had been taken during executive session. Then, upon motion by Director Roark and second by Director Faske, the Board voted unanimously to direct Mr. Dean to deliver 30 days' notice to Vecindario Management terminating the Amended and Restated Professional Management Services Agreement and asking for cooperation with the transition to new management. Mr. Bilger expressed disappointment with the decision, but wished the Board the best. The Board asked Mr. Reynolds to coordinate with Vecindario to ensure that the transition occurred smoothly and the District received all information and property held by Vecindario. The Board agreed that it would consider designation of an interim general manager at its next meeting.

Director Cosimeno stated that the Board would consider its future meeting schedule and agenda items. The Board agreed that it would hold its next meeting on April 10th, in order to consider and approve the new Parks Master Plan.

There being no further business to come before the Board, the meeting was adjourned at 8:05 p.m.

(SEAL)



~~XXXXXXXXXX~~ Jesse Payne
Asst. Secretary, Board of Directors

Date: April 10, 2024