

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

August 19, 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 August 19, 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; Allen Douthitt of Bott & Douthitt, PLLC; Eddie Castro of Landscape Designs and Lawn Care LLC; Blake Reynolds, the District’s General Manager; Dennis Hendrix of Crossroads Utility Services; Trent Rush of Hitchcock Design Group; Susan Gregurek and Janet Hage of the Jarrell Community Library and Resource Center (the “Library”); Garry Kimball of Specialized Public Finance Inc.; Andy Bilger, the Vice President of the Sonterra West Homeowners’ Association (the “HOA”); Tom Slowbe of Louie Management, LLC; various District employees; and various residents of the District.

After the Pledges of Allegiance to the United States and Texas flags, Director Cosimeno then stated that the Board would receive any Board member remarks or citizens communications. Mr. Dean stated that he understood that many residents were in attendance to comment on and observe the Board’s decision regarding the Real Property Lease/Purchase Agreement between the District and the HOA. He then briefly explained the structure of the agreement and explained that entering into a new agreement with the HOA under which the District would receive no consideration in exchange for it collecting and paying \$5 per water connection per month to the HOA would be illegal. He noted that the current agreement was legal, however, since the real property leased and purchased by the District under the agreement constituted valid consideration. Daniel Islas next addressed the Board and stated that he would like the District to figure out a way to continue the District’s current arrangement with the HOA under the Real Property Lease/Purchase Agreement. Dale Olson then addressed the Board, stating that he would like the District’s current arrangement with the HOA under the Real Property Lease/Purchase Agreement to continue. Mr. Bilger then addressed the Board, stating that it was untrue that the HOA had not been in contact with the District regarding the Real Property Lease/Purchase Agreement, and that he would like the District to figure out a way to continue the District’s current arrangement with the HOA under the Real Property Lease/Purchase Agreement. Danielle Mitchell then addressed the Board and stated that she would like the District’s current arrangement with the HOA under the Real Property Lease/Purchase Agreement to continue. She added that, if it did not continue, she would like the District to decrease its fees. Vincent Richardson addressed the Board and stated that the HOA

was not adequately enforcing Sonterra's restrictive covenants with respect to overgrown lawns. Heather Mosely addressed the Board and asked who was permitted to use the District's and Cool Water MUD's parks and recreation amenities. She also stated that she would like the District's current arrangement with the HOA under the Real Property Lease/Purchase Agreement to continue. Mr. Dean stated that residents of both MUDs were permitted to use the amenities in both MUDs, and that the amenities were not built with the intention of accommodating non-residents. Jenny Roberts-Axelrod then addressed the Board and stated that she would like the District's current arrangement with the HOA under the Real Property Lease/Purchase Agreement to continue since the HOA would have a difficult time collecting assessments itself. Terry English next addressed the Board, stating that he would like the District to find a "loophole" to allow the continuance of the current arrangement with the HOA. Mr. Slowbe then addressed the Board and stated that if the HOA had to collect assessments itself, it would have to increase its fees significantly to make up for the low collection rates. Olayinka Clark addressed the Board and stated that she would like to know the breakdown of the charges on her water and wastewater bill. Mr. Dean stated that he would send her the District's Rate Order, which contained the District's rates and fees.

Director Cosimeno next stated that the Board would consider the Consent Items on the agenda, including (i) the minutes of the July 15, 2024 Board meeting; (ii) the Order Establishing Revised Water Conservation and Drought Contingency Plan attached as **Exhibit "B"** (the "Order"); and (iii) the Plumbing Inspection Services Agreement with Roadrunner Inspection Services attached as **Exhibit "C"**. Mr. Dean briefly reviewed the Order and the Plumbing Inspection Services Agreement with the Board. Upon motion by Director Faske and second by Director Dunbar, the Board voted unanimously to approve the Consent Items.

Director Cosimeno next stated that the Board would consider the Budget and Tax Items. Mr. Kimball addressed the Board and stated that the District was considered a "developing" district for purposes of its tax rate classification under the Water Code, due to its stage of build-out. Mr. Jones concurred. Mr. Kimball then reviewed the District's 2024 certified appraised values from Williamson Central Appraisal District attached as **Exhibit "D"**. He then stated that he recommended a proposed 2024 tax rate of \$0.7035 per \$100 of taxable value, which was the same as the District's 2023 tax rate. He added that he recommended that \$0.575 be allocated to debt service and \$0.1285 be allocated to maintenance and operation. Mr. Douthitt then reviewed the draft budget with the Board. Upon motion by Director Payne and second by Director Roark, the Board voted unanimously to (i) classify the District as a "developing" district for purposes of its 2024 tax rate classification under the Water Code; (ii) propose a 2024 tax rate of \$0.7035 per \$100 of taxable value; (iii) schedule a public hearing on the District's proposed 2024 tax rate for September 9, 2024 at 6:00 p.m.; and (iv) authorize Mr. Dean's office to publish notice of the public hearing on the proposed tax rate, with Directors Cosimeno, Faske, Dunbar, Roark, and Payne present and voting "aye".

Director Cosimeno then stated that the Board would consider a request from the Library to hold a fundraiser event at the District's office building. Ms. Gregurek stated that the event would be that fall and alcoholic beverages would be sold. She added that the Library would ensure that the applicable license(s) would be obtained to serve alcohol, along with liability insurance, and that other appropriate precautions would be taken to prevent any alcohol-related incidents. Upon motion by Director Dunbar and second by Director Payne, the Board voted unanimously to permit the Library's Fall Festival to be held at the District's office on November 16th.

Director Cosimeno 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 listed in his report. Mr. Douthitt then reported that the District was about \$52,000 "to the good" with

respect to its budget for the month. Upon motion by Director Roark and second by Director Faske, the Board voted unanimously to approve the transfers and the Director and vendor payments listed in the bookkeeper's report. Mr. Douthitt then reviewed the Amended Secretary's Certificate and Resolutions Regarding Bookkeeper's Account attached as **Exhibit "F"** with the Board, stating that it would increase the accounts deposit limit from \$200,000 to \$300,000. Upon motion by Director Faske and second by Director Payne, 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 next receive a report from the District's General Manager. Mr. Reynolds reviewed his report attached as **Exhibit "G"** with the Board. He first reported that he had been working with Mr. Douthitt on the District's 2024-2025 budget. He then reviewed the Parks and Recreation Department's upcoming events with the Board. He next stated he had reviewed the Statements of Qualifications received from various landscape architecture firms and consulted with Mr. Jones. Accordingly, he recommended that the Board prequalify Hitchcock Design Group, Oro Design Group, Halff, RVI Planning + Architecture, and Studio 16:19 for engagement on future projects. Upon motion by Director Dunbar and second by Director Payne, the Board voted unanimously to prequalify Hitchcock Design Group, Oro Design Group, Halff, RVI Planning + Architecture, and Studio 16:19 for engagement on future projects, with the stipulation that this did not guarantee that any of the firms would be engaged by the District. Mr. Reynolds next presented the document entitled "Facilities Rental Information" from Jarrell ISD attached as **Exhibit "H"** with the Board, which he explained needed to be approved in order for the District to use the one of the school district's indoor gyms. Mr. Dean stated that he had reviewed the document and did not see any problems with it, but that he thought the school district would provide a separate agreement for consideration. Mr. Reynolds stated that a separate agreement had not been provided and that, according to the school district, this was the only document that needed to be approved in order to rent the gym. Upon motion by Director Payne and second by Director Dunbar, the Board voted unanimously to approve the "Facilities Rental Information". Mr. Reynolds then requested authorization for him and Tyler Brown, the District's Manager of Parks and Recreation, to attend the Landscape Structures Manufacturer Tour. After discussion, upon motion by Director Dunbar and second by Director Payne, the Board voted unanimously to approve the trip and a \$65/day per diem, with the understanding that the remainder of the trip costs would be covered by the host organization. The Board directed Mr. Dean to draft an amendment to its travel policy to incorporate a \$65 per diem amount.

Director Cosimeno next stated that the Board would consider the hiring and employment matters. There being no items to consider, Director Cosimeno recognized Deputy Kidwell to address the Board. Deputy Kidwell reviewed the security patrol report with the Board and stated that there had been very few incidents in Sonterra that month. Mr. Dean then reviewed the Amendment to Standard Agreement with Local Government Entity Regarding Off-Duty Contracting of County Sheriff Deputies attached as **Exhibit "I"** with the Board. He explained that the Williamson County Sheriff's Office had requested the amendment, which would increase the patrol vehicle rate from \$13/hr. to \$14/hr. beginning on October 1st. Upon motion by Director Payne and second by Director Dunbar, the Board voted unanimously to approve the Amendment to Standard Agreement with Local Government Entity Regarding Off-Duty Contracting of County Sheriff Deputies.

Director Cosimeno stated that the Board would next consider the District's mowing and landscape maintenance and recognized Mr. Castro. Mr. Castro reviewed the Landscape/Irrigation Report attached as **Exhibit "J"** with the Board. He report that landscaping had begun at the Cool Water Amenity Center. The Board then discussed whether to seek bids for landscaping services since the District's two current landscaping maintenance agreements expired at the end of September. After discussion, the Board directed Messrs. Reynolds and Dean to solicit bids.

Director Cosimeno stated that the Board would receive the operator's report and recognized Mr. Hendrix. Mr. Hendrix reviewed the operator's report attached as **Exhibit "K"** with the Board. He reported that the District was under a Stage 1 water restriction; that there were two utility bill write-offs; and that the auditor conducting the District's annual audit had determined that approximately \$17,000 had been under-collected from District customers, and needed to be collected now. Director Faske stated that, before taking any action, he would like more information regarding the under-collection at the next Board meeting for discussion. The Board agreed and tabled the item. Director Cosimeno stated that, depending on the circumstances, it may be reasonable for Crossroads to cover the under-collected amount rather than back-billing customers. Mr. Hendrix next discussed the renewal of the District's Operations Services Agreement with Crossroads for 2024-2026, noting that the draft agreement removed the bill payment drop box and associated cost. Mr. Hendrix stated that Crossroads would provide advance notice to residents before removing the drop box. Board discussion ensued regarding the utility of keeping the drop box, given the associated cost. After discussion, the Board tabled the Operations Services Agreement for the next Board meeting, in order to further consider the drop box issue. Mr. Hendrix then reviewed the notice of violation from the Texas Commission on Environmental Quality attached as **Exhibit "L"**. He stated that the violation, which was a violation of required public notice, had been addressed and no further action was needed.

Director Cosimeno then recognized Mr. Jones for the purpose of receiving the engineer's report. Mr. Jones presented his report attached as **Exhibit "M"** to the Board. He first reported that he and Mr. Dean still needed to present a revised Out-of-District Service policy to the Board for consideration. He next stated that one of the District's water lines was in conflict with Williamson County's CR 313 roadway project and, based on the portion of the water line located in the County's right-of-way, the District would be responsible for 15% of the relocation costs. He then reported that Lone Star Regional Water Authority ("**LSRWA**") had increased its cost of water by 25%. He presented and recommended payment of the invoice from LSRWA attached as **Exhibit "N"** for the District's share of excess flow charges from the Brazos River Authority. Upon motion by Director Roark and second by Director Dunbar, the Board voted unanimously to approve the invoice. Mr. Jones then presented and recommended approval of Pay Application No. 7 from Caldwell Tanks, Inc. for the Elevated Storage Tank at WTP No. 2 project attached as **Exhibit "O"**. Upon motion by Director Dunbar and second by Director Faske, the Board voted unanimously to approve Pay Application No. 7. Mr. Jones next stated that the District should hear back from the TCEQ soon regarding its application for approval of project and bonds for its first park bond issue. Mr. Reynolds stated that one of the splash pads and the trails constructed by the developer had various defects, which needed to be accounted for in the reimbursement of the developer through the bonds. Mr. Jones stated that he would prepare a letter to the TCEQ documenting the defects for this purpose. Mr. Jones requested authorization to work with Oro Design Group on documenting the defects and preparing such a letter. Upon motion by Director Dunbar and second by Director Faske, the Board voted unanimously to so authorize Mr. Jones. He concluded his report by stating that Parker Communications had still not reimbursed the District for the damaged caused to its utility lines in connection with Parker Communications' installation of fiber. The Board directed Mr. Dean to send a letter demanding payment, since it had been months since the request was first made.

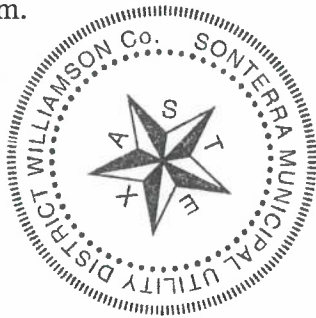
Director Cosimeno stated that the Board would receive a report from the District's attorney. Mr. Dean reviewed the Texas Municipal League Intergovernmental Risk Pool Cyber Liability and Data breach Response Coverage Critical Alert with the Board. He explained that the District would need to approve the associated interlocal agreement with TMLIRP for cyber coverage by the end of September in order to continue receiving the coverage. The Board directed Mr. Dean to seek further information regarding the benefits of cyber coverage for the Board to consider at its next regular meeting. At 7:34 p.m., Director Cosimeno announced that the Board would convene in executive session to received legal advice regarding the Real

Property Lease/Purchase Agreement pursuant to Section 551.071 of the Texas Open Meetings Act, and to discuss real property matters related to acquisition of the site for the Eastwood Amenity Center pursuant to Section 551.072 of the Texas Open Meetings Act. At 7:44 p.m., Director Cosimeno announced that the Board would reconvene in open session, noting that no action had been taken while in executive session. After discussion, upon motion by Director Cosimeno and second by Director Roark, the Board voted unanimously to make final payment to Sonterra West HOA under the Real Property Lease/Purchase Agreement, and directed Mr. Dean to send a letter along with the payment stating that conveyance of the real property to the agreement must occur within 30 days of receipt of the payment. The Board further directed Mr. Dean to draft an amendment to the District's Rate Order to decrease its park fee by \$5 per month for consideration at its next meeting. The Board additionally directed Mr. Dean to contact Mr. Bilger regarding conveyance of the Eastwood Amenity Center site to the District.

The Board considered its future meeting schedule and agenda items and agreed that it would meet next on August 27th for a budget workshop and September 9th for its regular monthly Board meeting.

There being no further business to come before the Board, the meeting was adjourned at 7:48 p.m.

(SEAL)





Raven Dunbar
Secretary, Board of Directors

Date: September 9, 2024