

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

September 9, 2024

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on September 9, 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; Michelle Weydert, the District’s Aquatic Manager; Amanda Shugart, the District’s Human Resources Generalist; Ashlee Martin of McCall Gibson Swedlund Barfoot PLLC; and Jennifer and Sterling Leavitt, members of the public.

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. Ms. Leavitt addressed the Board and stated that she represented the Friends of the Library Group, which supported the Jarrell Community Library and Resource Center (the “*Library*”). She stated that the Friends of the Library Group would like to use the District office building parking lot for a Community Market event every other Saturday during the fall and winter, which would serve as a fundraiser for the Library, while also bringing a family friendly event to the community. She stated that various vendors would pay the Friends of the Library Group a booth fee, and that the event would include one or more food trucks and children’s activities. Director Faske asked if the District’s liability insurance would cover this type of event. Mr. Dean responded that he believed so, but would check and include an item on the next agenda for the Board to consider the Community Market event.

Director Cosimeno next stated that the Board would consider the Consent Items on the agenda, including (i) the minutes of the August 19, 2024 and August 27, 2024 Board meetings; and (ii) the proposal from McCall Gibson Swedlund Barfoot PLLC for audit services for fiscal year ending September 30, 2024, including the fraud questionnaire, attached collectively as **Exhibit “B”**. Ms. Martin presented the proposal and fraud questionnaire to the Board. Upon motion by Director Dunbar and second by Director Faske, the Board voted unanimously to approve the Consent Items, as presented.

Director Cosimeno next stated that the Board would consider the Budget and Tax Items. Mr. Dean stated that the District had published the tax rate proposed by the Board at its last

Board meeting and notice of the public hearing on the rate. Director Cosimeno opened the public hearing on the District's proposed 2024 tax rate of \$0.7035 per \$100 of taxable value, allocated \$0.1285 to operation and maintenance and \$0.5750 to debt service. There being no one present wishing to comment, Director Cosimeno closed the public hearing. Mr. Douthitt then presented the proposed 2024 District budget and reviewed it with the Board, noting the changes that had been made since the District's special budget meeting. Upon motion by Director Faske and second by Director Payne, the Board voted unanimously to approve the Resolution Adopting Budget, attached as **Exhibit "C"**. Then, upon motion by Director Faske and second by Director Payne, the Board voted unanimously to adopt a 2024 tax rate of \$0.7035 per \$100 of taxable value, allocated \$0.1285 to operation and maintenance and \$0.5750 to debt service, and to approve the Order Levying Taxes, attached as **Exhibit "D"**, with Directors Cosimeno, Faske, Dunbar, Roark, and Payne present and voting "aye". Mr. Dean then concluded the budget and tax items by indicating that Board action to amend the District's information form was not necessary this year because the District's tax rate had not changed.

Director Cosimeno then stated that the Board would consider the arbitrage rebate and yield restriction compliance summary and letter from BLX Group LLC for the District's Unlimited Tax and Revenue Bonds, Series 2013, attached collectively as **Exhibit "E"**. Mr. Dean reviewed the summary and letter with the Board and stated that there was no rebate or yield restriction liability due with respect to the bonds.

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 "F"** and recommended approval of the transfers and the Director and vendor payments listed in his report. Upon motion by Director Dunbar 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.

Director Cosimeno next stated that the Board would receive a report from the District's General Manager. Mr. Reynolds first introduced Michelle Weydert, who he stated had been hired as the District's new Aquatic Manager, and had previously worked as an Aquatic Supervisor at the City of Round Rock. Director Reynolds then reviewed his report with the Board. He stated that he had met with and received recommendations from a few vendors regarding how to address the defective shade poles at the splash pads; that he and Mr. Brown had attended the LSI Industries factory tour, as well as various playgrounds in Minneapolis; that he would be interviewing landscape architects for the District's upcoming projects soon; that he planned to have a meeting soon with Shirley Ross of Wells Branch; and that he planned to have a meeting with Commissioner Boles soon regarding maintenance of the roads near the entrance to Sonterra and the pothole at the entrance. Ms. Shugart then reviewed the draft new Employee Handbook with the Board. She stated that she had worked on the new Employee Handbook with Mr. Reynolds and the District's employment counsel, Ann Price, and that it was drafted to have policies similar to those of other large MUDs in the area, such as Brushy Creek MUD and Wells Branch MUD. She stated that the handbook was mostly the same as the current handbook, but with various notable differences, which she reviewed with the Board. She stated, among other things, that the social media, sick leave, personal days, holidays, vacation, bereavement, cell phone, and FMLA policies had been revised. Director Cosimeno commented that there seemed to be too many days off of various types, particularly for new employees. Director Roark asked if a doctor's note was required for FMLA. Ms. Shugart responded that she would ensure that this was included in the handbook. Director Faske asked that Ms. Shugart identify comparisons for the various types of days offs, to determine whether what was being proposed was standard. Ms. Shugart stated that she would present comparable policies to the Board at its next meeting. Mr. Faske additionally asked that Ms. Shugart look into whether the accrual schedule should be different for different types of employees or not. Director Cosimeno added that the vacation and sick leave policies needed to be revised. The Board agreed to table

the Employee Handbook. Ms. Shugart next reviewed alternative proposals from NEOGOV for human resources software, stating that NEOGOV would, among other things, streamline employee onboarding, provide electronic forms, and help with payroll. Ms. Weydert stated that she used the software during her time at the City of Round Rock and recommended it. Director Faske asked which NEOGOV services were most recommended for the District. Ms. Shugart responded that she recommended “Onboard” and “eForms”. Mr. Reynolds added that “Perform” was also recommended. Director Faske asked whether the District’s part-time and seasonal employees counted toward the District’s employee count, which would place the District in a more expensive NEOGOV service tier. Mr. Reynolds and Ms. Shugart agreed to obtain this information for the Board.

Mr. Reynolds next stated that he had been in touch with Mike Wallace of 401Plans regarding setting up an employee retirement plan, and would like to work with Mr. Wallace, Chuck Campbell, and Mr. Dean to establish such a plan. Upon motion by Director Roark and second by Director Payne, the Board voted unanimously to authorize proceeding with the next steps towards establishing a retirement plan. Mr. Dean then stated that the District’s website maintenance agreement with James Williams would expire at the end of September, and that the District needed to enter into a new website maintenance agreement. Mr. Reynolds stated that he had obtained a proposal from Digital Donkey Marketing for a new agreement. Upon motion by Director Dunbar and second by Director Payne, the Board voted unanimously to authorize Mr. Dean to negotiate a website maintenance agreement with Digital Donkey Marketing. Mr. Dean stated that he would ask Mr. Williams to assist transitioning the website to Digital Donkey Marketing through October. Mr. Reynolds then presented various plan options from Intuit QuickBooks, stating that he would like District staff to be able to access the District’s books for purposes of budget tracking. Mr. Douthitt stated that, rather than purchasing QuickBooks, his office could provide the District with access to the District’s books through “the cloud”. Mr. Reynolds stated that he would discuss this possibility further with Mr. Douthitt. Mr. Reynolds then asked whether the District would like to renew its membership with the Jarrell Chamber of Commerce, which he stated the District had been a member of previously. Mr. Dean stated that he was not sure there was a benefit to the District joining. The Board decided not to renew the District’s membership. Mr. Reynolds presented the proposal from Fidelis Publishing Group, LLC attached as **Exhibit “G”** for advertising in My Jarrell Monthly in 2025. Director Payne recused himself from discussion. After discussion, upon motion by Director Faske and second by Director Roark, the Board voted 4-0-1, with Director Payne abstaining from the vote. Mr. Dean reviewed the Amended and Restated Resolution Adopting Credit Card Use Policy attached as **Exhibit “H”** (the “*Credit Card Resolution*”) with the Board, which he explained would authorize only certain employees to use the District’s credit card, and that the District’s general manager would keep the card. He added that the Credit Card Resolution would restrict monthly use to \$10,000 for certain District purposes listed therein. He noted that he thought that the \$10,000 limit was an appropriate limit for general staff spending purposes as well. The Board asked Mr. Dean to add the Aquatic Manager as an authorized user of the credit card and to add a second card as a backup. After discussion, upon motion by Director Dunbar and second by Director Faske, the Board voted unanimously to approve the Credit Card Resolution, as modified, and to authorize a monthly \$10,000 purchase authorization for the District’s general manager. Mr. Reynolds then presented the Team Activity Calendar attached as **Exhibit “I”** to the Board. Upon motion by Director Dunbar and second by Director Payne, the Board voted unanimously to approve events on the Team Activity Calendar.

Mr. Reynolds stated that the District would eventually need to acquire the land on which the Eastwood Amenity Center, which was currently under design, would be built. Mr. Jones stated that it would be preferable if the land was acquired sooner than later, in order to eliminate the chance that the District designed, but could not acquire the land to build, the amenity center. He noted that the land should be conveyed to the District at no cost initially, then the District could reimburse the developer for the land from bond proceeds later. The

Board directed Mr. Dean to discuss early acquisition of the land with Andy Bilger, and agreed that design of the Eastwood Amenity Center should continue. Mr. Reynolds stated that he was considering whether additional property should be acquired for other parks and recreational facilities. The Board authorized Mr. Reynolds to further investigate the possibility of acquiring additional land. Mr. Reynolds next presented alternative proposals from Alpha Paving to repair the pool parking lot, which had been vandalized. Director Faske stated that he would like to see what TMLIRP would cover before selecting one of the proposals. Mr. Reynolds then presented a proposal from Viking Fencing to install new fencing at the District pool, attached as **Exhibit “J”**. Upon motion by Director Faske and second by Director Dunbar, the Board voted unanimously to approve the proposal from Viking Fencing. Mr. Reynolds then presented a proposal from Grid for flooring at the District clubhouse. Director Cosimeno stated that he did not think this was necessary, since the floor had recently been redone. The Board agreed. Mr. Reynolds then presented the proposal from Certa Pro for work on the bathroom floors and lifeguard room at the Cool Water Amenity Center, which he stated he planned to present to the Cool Water MUD Board for approval. Mr. Reynolds presented a proposal from Nexus Build to install a new Sonterra MUD sign at the District’s office. Director Faske noted that the proposal was expensive. Director Cosimeno asked Mr. Reynolds to obtain a quote to install a less expensive sign in the already existing structure. Mr. Reynolds next stated that the materials had arrived to repair the bathrooms at the basketball pavilion, but that Hitchcock Design Group recommended removing the bathrooms from the pavilion, since they took up so much space. Director Faske suggested that the Board base its decision on how much had already been spent on repair of the bathrooms. Mr. Reynolds stated that he thought the bathrooms should be removed. After discussion, the Board agreed that it would make a decision after Mr. Reynolds determined how much money had been spent on the project so far, whether labor for the bathroom repairs had already been paid for, and whether there was a restock fee for the materials that had been received. Mr. Reynolds next stated that he was organizing a “trunk or treat” event on October 26th in partnership with Williamson County ESD No. 5, and requested a \$5,000 budget for the event. The Board authorized a \$5,000 budget. Mr. Reynolds then presented his plan for park improvements during the 2024-2025 fiscal year, which he stated largely consisted of addressing defective improvement, including repairing the splash pad, replacing the shade poles at the splash pad, a modifying the Phase 1 trails. The Board generally agreed with the plan.

There being no hiring and employment or District security items to consider, Director Cosimeno stated that the Board would receive the mowing and landscape maintenance report from Mr. Castro of Landscape Designs & Lawn Care. Mr. Castro reviewed his report attached as **Exhibit “K”** with the Board. He asked whether the Board would like rye grass installed in November. The Board decided against planting rye. Mr. Dean then presented the Landscape Maintenance Agreement with Landscape Designs & Lawn Care and the Landscape Maintenance Agreement [Shared Parks and Recreational Facilities] with Landscape Design & Lawn Care, attached collectively as **Exhibit “L”**. Mr. Dean stated that the agreements had two year terms and, besides adding the Cool Water Amenity Center for landscape maintenance, the scope of the agreements remained the same, with only minor revisions. He noted that the exhibits showing the areas to be maintained were not complete yet. Upon motion by Director Faske and second by Director Dunbar, the Board voted unanimously to approve both agreements, subject to the attachment of the exhibits, when completed.

Director Cosimeno next stated that the Board would consider the operator’s report and recognized Mr. Hendrix. Mr. Hendrix reviewed the operator’s report attached as **Exhibit “M”** with the Board. He reported that Crossroads had been monitoring Lift Station No. 4 for bad odor, which it was attempting to reduce. Mr. Hendrix next presented the Operations Services Agreement attached as **Exhibit “N”** to the Board, stating that it was a two-year renewal of the District’s current engagement with Crossroads. He stated that the scope of the agreement would change to remove the drop box collection services, which reduced the monthly compensation

amount due to Crossroads. Director Roark asked Mr. Hendrix to provide 30 days' notice to residents before removing the drop box. Mr. Hendrix responded that he would do so. After discussion, upon motion by Director Faske and second by Director Roark, the Board voted unanimously to approve the Operations Services Agreement. Mr. Hendrix then stated that, due to a technical issue caused by the District's credit card processor, Bluefin, \$17,614.31 of utility payments from residents to the District had not been processed, and needed to be collected. He added that this issue affected 116 accounts and went back eight months. Mr. Hendrix stated that Bluefin refused to cover the uncollected amount since the payments never processed. Director Roark stated that collecting eight month old utility bills was not fair to customers. Board discussion ensued regarding whether to seek payment of the unpaid amount from customers. After discussion, upon motion by Director Roark and second by Director Payne, the Board voted 4-1 to write-off the \$17,614.31 of uncollected utility bills. Mr. Hendrix next stated that a sewer backup had occurred in a resident's house due to the nearby manhole being filled with gravel of unknown origin. Mr. Hendrix stated that the District had supplemental sewer backup coverage that could be used to cover some of the resident's losses caused by the backup. Upon motion by Director Dunbar and second by Director Roark, the Board voted unanimously to file a claim with TMLIRP under the District's supplemental sewer back up coverage.

Director Cosimeno then recognized Mr. Jones for the purpose of receiving the engineer's report. Mr. Jones presented his report attached as **Exhibit "O"** to the Board. He reported that construction of the Cool Water Amenity Center, including all punch list items, had been completed, and that Cool Water MUD had approved final acceptance of the amenity center at its meeting earlier in the day. Mr. Jones then presented and recommended approval of Pay Application No. 8 from Caldwell Tanks for the EST at WTP No. 2 project, attached as **Exhibit "P"**. Upon motion by Director Dunbar and second by Director Roark, the Board voted unanimously to approve Pay Application No. 8.

Director Cosimeno stated that the Board would receive a report from the District's attorney. Mr. Dean first stated that Williamson County sought to acquire a replacement utility easement from the District for relocation of Jarrell-Schwertner WSC's water line in connection with the County's CR 314 roadway expansion project. Upon motion by Director Faske and second by Director Roark, the Board voted unanimously to authorize negotiation of such an easement to be conveyed at no cost, in order to accommodate the public project. Mr. Dean then presented the Order Establishing Rates, Charges, and Tap Fees and Adopting Rules and Policies With Respect to the District's Water, Wastewater, and Drainage Systems, attached as **Exhibit "Q"** (the "*Amended Rate Order*"). He stated that the Amended Rate Order would reduce the District's monthly parks and recreation fee by \$5.00 per household. Upon motion by Director Dunbar and second by Director Faske, the Board voted unanimously to approve the Amended Rate Order. Mr. Dean then presented the Inspection Services Agreement with Williams Mapping and the Inspection Services Agreement [Wastewater Cleanouts] with Williams Mapping, attached collectively as **Exhibit "R"**. He stated that the inspection services were still recommended due to ongoing home construction in the District, and that the new one-year contracts did not have price increases. Upon motion by Director Faske and second by Director Roark, the Board voted unanimously to approve the both agreements. Mr. Dean concluded his report by advising that the District's cyber insurance coverage would expire at the end of September unless to approved coverage from TMLIRP under a new interlocal agreement. Upon motion by Director Faske and second by Director Roark, the Board voted unanimously to approve the Cyber Liability and Data Breach Response Interlocal Agreement with TMLIRP, attached as **Exhibit "S"**, and to choose the Core+ coverage option.

The Board considered its future meeting schedule and agenda items and agreed that it would meet next month as regularly scheduled.

There being no further business to come before the Board, the meeting was adjourned at 9:52 p.m.

(SEAL)





Raven Dunbar
Secretary, Board of Directors

Date: October 21, 2024