

**SONTERRA MUNICIPAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTOR'S MEETING**

February 20, 2018

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Sonterra Municipal Utility District was held on February 20, 2018, 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 following members of the Board were present, constituting a quorum:

John Faske	President
David Chandos	Vice President
Tom Slowbe	Assistant Secretary
Dale Thornton	Treasurer

Director Michael McCloskey was absent. Also present at the meeting were Andy Bilger of Vecendario Management, LLC; Dennis Hendrix of Crossroads Utility Services ("Crossroads"); Taylor Kolmodin of Municipal Accounts and Consulting ("MAC"); Darrell Goldman of DMG Construction; Ken Heroy of Jones Heroy & Associates; Kelly MacIntyre, and several other residents of the District; Menashe "Manny" Akiva, candidate for appointment to the Board; and Sue Brooks Littlefield of Armbrust & Brown, PLLC.

Director Faske called the meeting to order at 6:00 p.m. After the Pledges of Allegiance to the United States and Texas flags, Director Faske stated that the Board would receive Board member remarks and citizens communications. There being none, Director Faske stated that the Board would discuss park and recreational facilities. Director Slowbe moved that the Board establish a five-member committee with staggered terms to propose locations for walking trails, propose locations for sports fields, propose improvements to existing parks, recommend priorities and recommend park rules, but to have no spending authority and with all recommendations coming back to the Board for approval. Director Chandos seconded the motion. Upon being put to a vote, the motion was adopted by a vote of 4-0.

Director Faske then stated that the Board would discuss establishing the park and trails committee. Director Slowbe stated that about 20 or 25 people had expressed an interest in serving on the committee, and noted that several candidates had multiple years of relevant experience, including parks, project management and public administration. He moved that the Board appoint Blake Reynolds, who had been involved in municipal parks for about 11 years, for a one and one-half year term; Butch Price, who was a project manager, for a one-year term; Miranda Grosse, who was a civil engineer and had been a resident of the District for a couple of years, for a one and one-half year term; Teddy Vasquez, a Jarrell native, for a one-year term; and himself as the Board member representative. Upon second by Director Chandos, the motion was adopted by a vote of 4-0. Director Faske thanked Director Slowbe for his work in developing the recommendations.

Director Faske stated that the Board would next discuss the proposed substitution of land of equal value and would first conduct a public hearing on the Application of Substitution of Land of Equal Value, including Application to Exclude Property from Sonterra Municipal

Utility District (245.95 acres) and Applications to Include Property Within Sonterra Municipal Utility District (88.504 acres), attached as **Exhibit “B”**. At 6:08 p.m., Director Faske opened the public hearing and inquired whether there was anyone present wishing to address the Board on this matter. Mr. Bilger addressed the Board and presented the map of the proposed annexation and de-annexation areas attached as **Exhibit “C”**. He explained that the areas darkly crisscrossed would come into the District and the lighter areas would be removed. He noted that, as previously discussed, the reason for the proposal was to include property in the District that would be developed immediately, which would reduce the debt load on the District while adding value sooner rather than over a longer period of time. He added that a lot less facilities would be required to serve the substitute area. Mr. Heroy concurred. There being no one else present wishing to address the Board, Director Faske closed the public hearing. Ms. Littlefield then called the Board’s attention to the certificates from the District’s financial advisor and engineer attached as **Exhibits “D”** and **“E”**, respectively, and reviewed them with the Board, noting that these certificates documented the compliance of the proposed substitution of land with certain requirements under the Texas Water Code. Ms. Littlefield then presented the Waivers of Special Appraisal for the 88.504 acres attached as **Exhibits “F”**, **“G”** and **“H”**. She also presented the Tax Certificates attached as **Exhibits “I”** through **“L”** which she explained confirmed that all of the taxes had been paid on the 245.95 acres proposed to be removed from the District. Mr. Bilger then presented a check in the amount of \$1,030 to the District as payment for the projected 2018 taxes on the 245.95 acres. Ms. Littlefield then reviewed the Resolution of City of Jarrell, Texas Consenting to the Annexation of Land Into and the Provision of Out of District Service by Sonterra Municipal Utility District attached as **Exhibit “M”** with the Board. After discussion of the proposed substitution of land, Ms. Littlefield presented the Resolution and Order Granting Application to Substitute Land, Excluding Certain Land From and Including Certain Land In Sonterra Municipal Utility District, and Redefining the Boundaries of the District (Excluding 245.95 Acres and Including 88.504 Acres) attached as **Exhibit “N”** and reviewed it with the Board. Director Slowbe asked for confirmation that the cost to serve the land proposed to be removed would be much more than the cost to serve the land proposed to be included and Mr. Bilger and Mr. Heroy confirmed that this was the case. Mr. Heroy advised the Board that his firm had already received plans for the area planned to be annexed and that he expected its development to proceed quickly. After discussion, upon motion by Director Chandos and second by Director Slowbe, the Board voted 4-0 to accept the Certificates, Waivers of Special Appraisal, Tax Certificates, check and City of Jarrell resolution and to adopt the Resolution and Order, as presented.

Director Faske then stated that the Board would discuss the proposed creation of Cool Water Municipal Utility District (“*Cool Water MUD*”). Ms. Littlefield presented the letter of intent to provide retail water and wastewater services attached as **Exhibit “O”** and noted that this was a letter of intent only, but documented the District’s intent to provide retail services to the proposed Cool Water MUD, and had been prepared with input from Mr. Jones as well as Jay Joyce. Mr. Heroy explained that this proposal was beneficial to the District as it would utilize the excess capacity that the District had contracted to obtain from the Lone Star Regional Water Authority (“*LSRWA*”). In response to a question from Director Slowbe, Mr. Bilger pointed out the boundaries of the proposed Cool Water MUD in a map. After discussion, upon motion by Director Chandos and second by Slowbe, the Board voted 3-0 to approve the letter of intent, with Director Thornton out of the room at the time of the vote.

Ms. Littlefield then presented the Third Amendment to Agreement for Wholesale Wastewater Service attached as **Exhibit “P”**, which she explained documented the City’s agreement to provide additional wastewater capacity as well as an additional point of delivery and approved the service to Cool Water MUD. The Board discussed the fact that the developer had agreed to provide a 15-acre wastewater treatment plant site to the City. Mr. Bilger stated that this was part of the City’s long-term utility plans. Upon motion by Director Slowbe and second by Director Thornton, the Board voted 4-0 to approve the Third Amendment.

Director Faske then stated that the Board would consider approving the minutes of the January 22, 2018 Board meeting. Upon motion by Director Chandos and second by Director Faske, the Board voted 4-0 to approve the minutes.

Ms. Littlefield then presented the engagement letter with BLX Group for arbitrage rebate compliance services attached as **Exhibit “Q”** and reviewed it with the Board. Upon motion by Director Faske and second by Director Slowbe, the Board voted 4-0 to approve the engagement letter.

Ms. Littlefield then reviewed the Amended and Restated Information Form, including Notice to Purchaser and District Boundary Map, attached as **Exhibit “R”**. Upon motion by Director Faske and second by Director Slowbe, the Board voted 4-0 to approve the Form and Map.

Director Faske stated that the Board would next receive the manager’s report and recognized Mr. Bilger. Mr. Bilger stated nearly 300 lots were expected to go out for bid in the next month and an additional 300 by the end of the year. He stated that the contracts with the landscape maintenance contractor still needed to be finalized. Mr. Bilger advised the Board that the pool decks needed to be recoated and estimated that the cost would be about \$25,000, including pressure washing, fixing any cracks, and resealing. He requested authorization to solicit bids for this work, which he explained he would present at the next Board meeting for approval. Director Faske asked if this was the expected life expectancy of the decking and Mr. Bilger stated that it was. Director Faske asked if there were any longer-term options, and Mr. Bilger responded that Sun Deck was desirable since it wasn’t hard on the kids’ feet, noting that concrete got very hot. Director Slowbe inquired if there was an option to add additional outlet boxes while this work was being done. Mr. Bilger explained that there were outlet boxes at the stage and clarified that the work just involved resurfacing, and not tearing out and replacing the decking. Director Faske asked about the concrete roadways in some areas of the District and Mr. Bilger responded that these were private streets in the condo developments. Director Slowbe asked about additional “no parking” signage for the road. Mr. Bilger stated that the District had expended a considerable amount of money on signs and the signs kept being run over. After discussion, the Board agreed to delete the roadway signage directive from Mr. Bilger’s list of directives. Director Slowbe expressed his desire to get the website taken care of. Mr. Bilger explained that a resident who was a web designer had done a mock-up and agreed that he would provide this information to the Board members for their input. He stated that the designer was also looking at the standards for ADA compliance and would incorporate them.

Mr. Bilger then requested that Mr. Heroy update the Board on the LSRWA waterline project. Mr. Heroy reported that the LSRWA was very close to getting the project out to bid. He stated that nearly all of the easements had been obtained and the LSRWA was optimistic it would get them all soon. He stated that the LSRWA had authorized proceeding with the project. He also stated that, in another highlight to address potential add-ons to the project to provide water to additional customers, the LSRWA had sent an application to the Texas Water Development Board for additional financing if the participants decided this was something they wanted to do. He stated that the LSRWA could still move ahead with the base project and added that the project engineer anticipated that the base project would come in within budget. Mr. Bilger stated that the participating entities were also working on reducing the offshoot facilities in order to reduce costs.

Director Slowbe then called the Board’s attention to the patrol report that had been received from the City police department. He stated that he was very pleased with the form of the report and explained that it would be provided on a monthly basis. Director Chandos noted that it did appear the police were doing the desired parking enforcement. Director Slowbe confirmed that he had relayed that the District’s emphasis was the semi-trucks and the security

of the parks. Mr. Bilger noted that complaints regarding after-hours activities in the parking lot around the park had gone down dramatically since patrols were initiated.

Director Faske then recognized Mr. Hendrix for purposes of receiving the District operator's report. Mr. Hendrix presented Crossroads' report, attached as **Exhibit "S"**, and noted that the District had 1,597 occupied single-family connections, a total of 1,743 accounts, and an estimated population of 5,613 as of the end of January. He stated 270 taps had been sold in 2017, and 16 for 2018 to-date, but noted that he had received a lot of additional tap applications from DR Horton earlier in the day. Mr. Hendrix reported that the District had experienced a water loss of 12.28% during the prior reporting period. He stated that a booster pump check valve had failed shortly after the last Board meeting and Pump Solutions had ordered a replacement. Mr. Hendrix also stated that the subtrol unit on the new well pump had been problematic, noting that he had to have it reset and, since then, there had been no operational issues. He stated that the hydropneumatic tank would be drawn down and physically inspected and its condition documented. Mr. Hendrix noted that all water samples were good and that there was one account in the amount of \$94.28 that had been sent to collections and one write-off in the amount of \$9.07. Mr. Hendrix stated that, per his directive, the manufacturer was covering the cost of the pump that had been replaced under warranty, and the District only had to cover the cost of labor which was \$1,950. He stated that he was putting a sign on the reverse osmosis system as directed. He stated that Crossroads' crews would be monitoring for illegal connections. He stated that he had requested a flushing log from the new contractor. Director Faske asked if this had been put in the contract. Mr. Bilger stated that it had not been for Joe Bland. The Board reiterated the directive to include this in future contracts. The Board agreed that it would not approve pay estimates or change orders without this documentation in a form satisfactory to the District's engineer. Mr. Bilger asked Mr. Hendrix to provide a form so the contractor would know the form that was required, which should include the date, time, location, pressure and time period. Mr. Bilger confirmed that the contractors were paying for construction water, which was metered. Mr. Hendrix stated that Crossroads did log the approximate usage for flushing water when it flushed District facilities. After discussion, the Board agreed that water quality and water supply should be moved to Crossroads' report. Ms. Littlefield and Director Chandos called the Board's attention to the reconnect fees proposed. Mr. Hendrix reviewed the policy for disconnections and stated that the reconnection fee was \$200 for after hours and \$250 for holidays. After discussion, the Board agreed to the fees as proposed, but directed that no disconnections be made on Fridays or before holidays. Director Slowbe asked for confirmation that Crossroads would work with customers who were experiencing difficulties and Mr. Hendrix confirmed that Crossroads would do so.

Director Faske then stated that the Board would receive the bookkeeper's report and recognized Ms. Kolmodin. Ms. Kolmodin reviewed her directives, confirming that she had corrected RBank's name and held the payment to the City until the patrol report had been received. She confirmed that the bond debt service payments had been made timely. She then called the Board's attention to the check register, attached as **Exhibit "T"** and the supplemental check register attached as **Exhibit "U"**. She stated that there was nothing out of the ordinary. Upon motion by Director Chandos and second by Director Faske, the Board voted 4-0 to approve the bookkeeper's report and the payments as presented.

Director Faske stated that the Board would next receive the engineer's report and recognized Mr. Heroy. Mr. Heroy reviewed the report attached as **Exhibit "V"** with the Board. He advised the Board that the focus was the new water well and bringing District projects in on time. He called the Board's attention to the action items, noting that Mr. Jones had approved a Change Order in the amount of \$16,215.64 pursuant to the Board's previous approval.

Mr. Heroy then presented Pay Estimate No. 1 in the amount of \$118,335.06, attached as **Exhibit "W"**, and Change Order No. 1 in the amount of \$16,215.64, attached as **Exhibit "X"**, for the 8" waterline and site improvements project and recommended approval. Upon motion by Director Faske and second by Director Chandos, the Board voted 4-0 to approve the Pay Estimate and Change Order as presented.

Director Faske then stated that the Board would next receive the attorney's report and recognized Ms. Littlefield. Ms. Littlefield called the Board's attention to the Texas Municipal League Intergovernmental Risk Pool Summary of Claim Experience Report.

Director Faske stated that the Board would next consider accepting the resignation of Director McCloskey and taking action to fill the vacancy created by the resignation. Mr. Bilger introduced Mr. Akiva and explained that he was a property owner in the District, has been in real estate and building, and has been a part of Sonterra for about ten years. Mr. Bilger stated that he felt Mr. Akiva would be a great asset to the Board. The Board then discussed the Board's responsibilities and history of some of the items that had been acted on at the meeting. Director Slowbe stated that he felt Mr. Akiva would be a great asset. Mr. Akiva stated that he felt it would be a good thing to be a part of the process and he realized there would be a learning curve. After discussion, Director Slowbe moved that the Board accept Director McCloskey's resignation, appoint Mr. Akiva to serve for Director McCloskey's remaining term, and approve the Statement of Appointed Officer, Oath of Office and Bond for Director Akiva. Upon second by Director Chandos, the motion was adopted by a vote of 4-0.


Director Faske then stated that the Board would consider the election of officers. Director Slowbe moved that the Board appoint Director Slowbe to Secretary and Director Akiva to the position of Assistant Secretary and maintain the remaining slate of officers. Upon second by Director Chandos, the motion was unanimously adopted.

Director Faske then stated that the Board would consider approving a revised District Registration Form due to the resignation of Director McCloskey and the appointment of Director Akiva, and to reflect the revised slate of officers. After discussion, upon motion by Director Chandos and second by Director Slowbe, the Board voted unanimously to approve the Form.

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



Date: April-16-2018


Menashe "Manny" Akiva, Assistant Secretary
Board of Directors